INDIVIDUAL FINANCIAL STATEMENTS

Annual Report
BANCO DE NEGÓCIOS INTERNACIONAL

2021

INDIVIDUAL BALANCE SHEETS AS AT 31 DECEMBER 2021 AND 2020

(thousands of kwanzas)

Balance	Notes	31-12-2021	31-12-2020
Assets			
Cash and deposits at central banks	4	30 332 458	29 366 217
Cash and deposits at other credit institutions	5	16 851 106	13 260 357
Investments in central banks and other credit institutions	6	45 602 171	70 280 407
Financial assets at fair value through profit and loss	7	24 617 258	5 994 417
Financial assets at fair value through other comprehensive income	8	601 593	469 565
Investments at amortised cost	9	75 982 553	122 150 678
Credit to customers	10	137 201 326	126 526 782
Non-current assets held for sale	11	17 757 253	24 561 525
Other tangible assets	12	16 440 118	15 793 457
Intangible assets	12	1 435 221	679 279
Current tax assets	13	2 045 794	405 706
Deferred tax assets	13	14 158 071	11 846 503
Other assets	14	4 498 673	19 185 742
Total Assets		**387 523 595**	**440 520 635**
Liabilities and Equity			
Deposits from central banks and other credit institutions	15	26 314 262	13 842 398
Customer deposits and other loans	16	281 490 453	344 278 076
Provisions	17	4 088 952	4 272 196
Current tax liabilities	13	-	3 238 407
Deferred tax liabilities	13	10 504 172	3 676 983
Subordinated liabilities	18	6 746 747	27 676 556
Other liabilities	19	13 863 880	18 588 974
Total Liabilities		**343 008 466**	**415 573 590**
Share Capital	20	26 879 946	26 879 946
Own shares	20	(70 914)	(339 713)
Other equity instruments	20	15 300 000	-
Revaluation reserves	21	949 421	(291 038)
Other reserves and retained earnings	21	(2 593 640)	(4 704 259)
Individual net income for the fiscal year	22	4 050 316	3 402 109
Total Equity		**44 515 129**	**24 947 045**
Total Liabilities and Shareholders' Equity		**387 523 595**	**440 520 635**

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

INDIVIDUAL INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2020

(thousands of kwanzas)

Individual Income Statements	Notes	31-12-2021	31-12-2020
Interest and similar income	23	28 140 541	29 092 144
Interest and similar expense	23	(11 419 700)	(11 094 453)
Net interest income		**16 720 841**	**17 997 691**
Income from equity instruments	8	6 007	-
Income from services and commissions	24	5 359 459	5 504 428
Fee and commission expense	24	(2 420 080)	(2 143 493)
Income from financial assets and liabilities measured at fair value through income	25	(209 619)	(5 583)
Investment results at amortised cost	26	2 987 759	-
Profit/loss from services and commissions		**5 723 526**	**3 355 352**
Foreign exchange results	27	22 111 969	16 552 612
Income from the disposal of other assets	28	6 461 373	2 030 182
Other operating income	29	(1 037 169)	10 541 079
Profit/loss from financial operations		**27 536 173**	**29 123 873**
Banking activity income		**49 980 540**	**50 476 916**
Personnel expenses	30	(9 634 042)	(9 925 767)
Supplies and third-party services	31	(10 140 136)	(9 710 768)
Depreciation and amortisation for the fiscal year	12	(2 060 934)	(1 993 782)
Net provisions of annulments	32	(2 645 544)	(3 128 552)
Impairment for credit to customers net of reversals and recoveries	32	(22 273 305)	(7 599 035)
Impairment for other financial assets net of reversals and recoveries	32	9 245 334	(8 563 612)
Impairment for other assets net of reversals and recoveries	32	(6 888 729)	(2 828 636)
Income before taxes from continuing operations		**5 583 184**	**6 726 764**
Income taxes			
Current	13	2 384 530	(3 558 094)
Deferred	13	(3 917 398)	233 439
Profit/loss after taxes from ongoing operations		**4 050 316**	**3 402 109**
Individual net income for the fiscal year		**4 050 316**	**3 402 109**

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

INDIVIDUAL COMPREHENSIVE INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021 AND 2020

(thousands of kwanzas)

Individual Comprehensive Income Statements	31-12-2021	31-12-2020
Individual net income for the fiscal year	4 050 316	3 402 109
Items that will not be reclassified to the income statement	-	-
Items that may be reclassified to the income statement	-	-
Individual comprehensive income for the financial year	**4 050 316**	**3 402 109**

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

STATEMENTS OF CHANGES IN INDIVIDUAL EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021 AND 2020

(thousands of kwanzas)

Statements of Changes in Individual Equity	Notes	Share capital	Own shares	Other equity instruments	Revaluation reserves	Other reserves and retained earnings	Individual net income for the fiscal year	Total Equity
Balance as at 31 December 2019		**19 000 000**	**(339 713)**	**-**	**(291 038)**	**711 483**	**2 501 732**	**21 582 464**
Application of the individual net income for the financial year 2019								
Transfer to legal reserve	21	-	-	-	-	500 346	(500 346)	-
Transfer to retained earnings	21	-	-	-	-	1 963 858	(1 963 858)	-
Social Fund	21	-	-	-	-	-	(37 528)	(37 528)
Increase in share capital	20	7 879 946	-	-	-	(7 879 946)	-	-
Individual net income for the fiscal year	22	-	-	-	-	-	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**
Application of the individual net income for the financial year 2020								
Transfer to legal reserve	21	-	-	-	-	680 422	(680 422)	-
Transfer to retained earnings	21	-	-	-	-	2 670 656	(2 670 656)	-
Social Fund	21	-	-	-	-	-	(51 031)	(51 031)
Disposal of own shares	20	-	268 799	-	-	-	-	268 799
Issuance of perpetual subordinated debt	20	-	-	15 300 000	-	-	-	15 300 000
Exchange rate effect associated with perpetual subordinated debt	20	-	-	-	1 240 459	(1 240 459)	-	-
Individual net income for the fiscal year	22	-	-	-	-	-	4 050 316	4 050 316
Balance as at 31 December 2021		**26 879 946**	**(70 914)**	**15 300 000**	**949 421**	**(2 593 640)**	**4 050 316**	**44 515 129**

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

INDIVIDUAL CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2020

(thousands of kwanzas)

Individual Cash Flow Statements	Notes	31-12-2021	31-12-2020
Cash Flow from Operating Activities			
Interest, commissions and other similar income received		36 411 158	31 024 273
(-) Interest, commissions and other similar costs paid		(12 048 195)	(12 605 915)
(-) Payments to employees and suppliers		(13 294 431)	(19 636 535)
(-) Payments and contributions to pension funds and other benefits		(51 031)	(37 528)
Recovery of credits written off from assets		443 804	11 642 367
Cash flows before changes in operating assets and liabilities		**11 461 305**	**10 386 662**
(Increases)/ Decreases in operating assets:			
Investments in central banks and other credit institutions		24 628 295	(11 254 098)
Financial assets at fair value through other comprehensive income		(132 028)	(281 526)
Investments at amortised cost		54 823 089	21 531 877
Credit to customers		(5 028 818)	(49 613 921)
Non-current assets held for sale		(14 163 680)	-
Other assets		7 020 669	-
Net cash flow from operating assets		**67 147 527**	**(39 617 668)**
Increases/(decreases) in operating liabilities:			
Deposits from central banks and other credit institutions		12 434 774	2 240 957
Customer deposits and other loans		(64 006 835)	(1 372 678)
Other liabilities		(10 291 766)	(383 192)
Net cash flow from operating liabilities		**(61 863 827)**	**485 087**
Net cash flow from operation activities before tax		16 745 005	(28 745 919)
Net cash flow from operating activities		**16 745 005**	**(28 745 919)**
Cash Flows from Investment Activities			
Acquisitions of other tangible assets and intangible assets, net of disposals		(4 538 802)	(998 762)
Net cash flow from investment activities		**(4 538 802)**	**(998 762)**
Cash flows from financing activities			
Disposals of own shares		537 599	-
Issuance of other equity instruments, net of repayments and purchases		15 300 000	-
Issuance of subordinated liabilities, net of repayments and purchases		(20 891 590)	8 420 172
(-) Remuneration paid for subordinated liabilities		(573 502)	(631 220)
Net cash flow from financing activities		**(5 627 493)**	**7 788 952**
Variation in cash and cash equivalents		**6 578 710**	**(21 955 729)**
Cash and cash equivalents at the beginning of the financial year		42 627 385	59 041 557
Effects of exchange rate variation on cash and cash equivalents		(2 011 172)	5 541 557
Cash and cash equivalent at the end of the period		**47 194 923**	**42 627 385**
Cash and cash equivalents includes			
Cash and deposits at central banks	4	30 332 458	29 366 217
Cash and deposits at other credit institutions	5	16 862 465	13 261 168
		47 194 923	**42 627 385**

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

ANNEX TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021 AND 2020

NOTE 1

INTRODUCTORY NOTE

Banco de Negócios Internacional, S.A., (hereinafter also referred to as "BNI" or "Bank"), with registered office in Luanda, is a private capital financial institution which was authorised to incorporate by the National Bank of Angola ("BNA") on 27 December 2005, and was 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 purpose is the practice of banking activity, under the terms and within the limits defined by the National Bank of Angola. The Bank is dedicated to obtaining third-party funds, as deposits or others, which it invests, together with its own funds, in granting loans, deposits with the National Bank of Angola, investments in credit institutions and purchases of securities and other assets, for which it is duly authorised.

NOTE 2

BASES OF PRESENTATION AND MAIN ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

Within the scope of the provisions of Notice no. 05/2019, of 23 August, of the National Bank of Angola, the Bank's individual financial statements are prepared on the assumption of continuity of operations and in accordance with the International Accounting and Financial Reporting Standards ("IAS / IFRS"). 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.

These financial statements refer to the Bank's individual activity for the financial year ended 31 December 2021. In accordance with the legislation in force, the Bank prepares and presents separate consolidated financial statements.

The Bank's individual financial statements were prepared on the assumption of continuity of operations, based on the accounting books and records maintained in accordance with the principles set forth in IAS 1 – Presentation of the financial statements ("IAS 1"). The Board of Directors assessed the Group's ability to continue to operate, based on all relevant information, facts and circumstances of a financial, commercial or other nature available with regard to the future. As a result of the assessment carried out, the Board of Directors concluded that the Bank has adequate levels of capital and liquidity to maintain its activities, and therefore considered it appropriate to use the continuity of operations assumption in the preparation of the financial statements.

The Bank's individual financial statements as at 31 December 2021 and 2020 are expressed in thousands of kwanzas, rounded to the nearest thousand, with assets and liabilities denominated in other currencies having been converted into national currency, based on the indicative average exchange rate published by the National Bank of Angola on those dates.

As at 31 December 2021 and 2020, the exchange rates of the Kwanza ("AOA") against the United States Dollar ("USD") and the Euro ("EUR") are as follows:

Exchange	31-12-2021	31-12-2020
1 USD	554,981	649,604
1 EUR	629,015	798,429

The financial statements were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value.

The accounting policies applied in the preparation of the financial statements are consistent as at 31 December 2021 and 2020.

The Bank makes judgments, employs estimates and resorts to assumptions that have a bearing on the application of accounting policies and on income, expenses, assets and liabilities amounts. 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 judgment or complexity, or where significant assumptions and estimates are used in the preparation of the financial statements, are described in Note 3.

Regarding the financial years ended on 31 December 2017 and 2018, the Angolan Banking Association ("ABANC") and the National Bank of Angola expressed their interpretation that not all requirements set out in IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") had been met that would lead the Angolan economy to 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 2021 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 financial year ended 31 December 2019, given that the accumulated inflation indicator for the years 2017, 2018 and 2019 was less than 100 %, and since there were no other significant adverse effects, Angola was no longer considered a hyperinflationary economy. Accordingly, IAS 29 ceases to apply, prospectively, for the financial years beginning on 1 January 2019.

The individual financial statements and management report for the financial year ended 31 December 2021 were approved at a meeting of the Board of Directors on 21 April 2022 and will be submitted for approval by the Shareholders' Meeting. The Board of Directors considers that those documents will be approved without significant changes.

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

The following standards, interpretations, amendments and revisions are mandatory for the first time in the financial year beginning 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 of the benchmark interest rate reform ("IBOR Reform"): Corresponds to additional amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, related to the second phase of the interest rate benchmark reform project (known as "IBOR reform"), for changes in benchmark interest rates and impacts on modifications to financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures;
- Amendment to IFRS 16 - Leases - "Covid 19 Related Rent Concessions beyond 30 June 2021": This amendment extends to 30 June 2022 the application of the optional practical expedient whereby lessees are exempted from analysing whether income concessions until that date, typically suspensions or reductions in income, related to the Covid-19 pandemic correspond to contractual modifications;
- Amendment to standard IFRS 4 Insurance Contracts - deferral of IFRS 9: Corresponds to the amendment to IFRS 4 which extends the application deferral of IFRS 9 to financial years starting on or after 1 January 2023.

No significant effects were produced on the Bank's financial statements for the year ending on 31 December 2021, 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:

- Amendments to IFRS 3, IAS 16, IAS 37 and Annual improvements 2018-2020: 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.

They are applicable for financial years beginning on or after 1 January 2022.

- IFRS 17 - Insurance Contracts This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. It is applicable for financial years beginning on or after 1 January 2023;
- Amendment to IAS 1 Presentation of financial statements - Classification of liabilities as current and non-current: This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. It is applicable for financial years beginning on or after 1 January 2023;
- Amendment to IAS 1 - Presentation of financial statements and IFRS Practice Statement 2 - Disclosure of accounting policies: This amendment published by the IASB in February 2021 clarifies that material accounting policies should be disclosed rather than significant accounting policies, and has introduced examples for identifying material accounting policies. It is applicable for financial years beginning on or after 1 January 2023;
- Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates: This amendment published by the IASB in February 2021 changes the definition of accounting estimate to a monetary amount in the financial statements subject to measurement uncertainty. It is applicable for financial years beginning on or after 1 January 2023;
- Amendment to IAS 12 Income taxes - Deferred taxes: This amendment published by the IASB in May 2021 clarifies that the exemption from initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences. It is applicable for financial years beginning on or after 1 January 2023;
- Amendment to IFRS 17 - Insurance contracts - initial application of IFRS 17 and IFRS 9 - comparative information: This amendment published by the IASB in December 2021 introduces changes regarding comparative information to be presented when an entity adopts the two IFRS 17 and IFRS 9 standards at the same time. It is applicable for financial years beginning on or after 1 January 2023.

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. ACCRUAL ACCOUNTING

Income and costs are recognised according to the validity period of the transactions, in accordance with the accrual accounting principle, and are recorded as they are generated, irrespective of when they are received or paid

2.4. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency (Kwanza) at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate in effect on the balance sheet date. Exchange rate differences resulting from the conversion are recognised as profit and loss. Non-monetary assets and liabilities in foreign currency and recorded at historical cost are converted into the functional currency at the exchange rate in force on the transaction date. Non-monetary assets and liabilities recorded at fair value are converted into the functional currency at the exchange rate in force when the fair value is determined and recognised against profit and loss, with the exception of those recognised at fair value through other comprehensive income, the difference of which is recorded against reserves.

On their contract date, spot and forward purchases and sales of foreign currency are immediately recorded at the spot or forward exchange rate 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 National Bank of Angola on that date, giving rise to changes in the currency position account (national currency), against income.

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 income or the cost of revaluation of the forward currency position, is recorded in assets or liabilities under the "Foreign Exchange Income" item (Note 27).

2.5. FINANCIAL INSTRUMENTS

2.5.1 CLASSIFICATION, INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

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

- Investments at amortised cost;
- Financial assets measured at fair value through other comprehensive income; or
- 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 under 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;
- How business managers are remunerated; 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 Bank 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 bodies, 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 business model that involves holding financial assets to receive contractual cash flows. Therefore, in accordance with the requirements of IFRS 9, the Bank defined the frequency criterion as 5 sales per six-month period and significance as 10 % of the portfolio, corresponding to the ratio between the book value of sales in the period and the average of the opening and closing balances of the period. The review of the adequacy of the portfolios to the business models, which includes the analysis of frequency and significance, takes place every six months.

Assessment of whether the contractual cash flows correspond solely to payments of principal and interest (SPPI)

The assessment of whether the contractual cash flows correspond only to the reimbursement of capital and interest is carried out whenever the financial assets are originated (and meet the criteria for recognition), based on their original contractual terms.

The Bank assesses whether the cash flows from the financial instrument correspond solely to contractual capital payments or are consistent with a basic loan agreement, i.e., interest includes only considerations relating to the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a basic credit agreement. 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 income.

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.

A) FINANCIAL ASSETS CARRIED 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).

Initial recognition and subsequent measurement

The balances of the items "Investments in central banks and other credit institutions" and "Credit to customers" are recognised on the date on which the funds are made available to the counterparty (settlement date). Debt securities are recognised under the item "Investments at amortised cost" on the trade date, i.e., when the Bank commits to acquiring 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 23), based on the effective interest rate method and in accordance with the principles detailed in Note 2.18.

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 the instrument is neither held for trading nor has a contingent consideration recognised by an acquirer in a business combination to which IFRS 3 - "Business combinations" applies. This alternative is exercised investment by investment and only financial instruments falling within the scope of the definition of equity instruments set out in the provisions of IFRS 9 - "Financial instruments" and IAS 32 - "Financial instruments: presentation" 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 equity 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 accounted for at fair value through income. 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 the fair value of these financial assets are recorded against other comprehensive income and, at the time of their disposal, the respective accumulated gains or losses in other comprehensive income are reclassified to a specific income item.

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

- Interest or, where applicable, dividends are recognised in income under "Interest and similar income" and "Income from equity instruments", respectively. For interest, the procedure is the same as for assets at amortised cost;
- Exchange differences are recognised in income under "Foreign exchange income", in the case of monetary financial assets, and as other comprehensive income in the case of non-monetary financial assets;
- In the case of debt instruments, impairment losses or gains on their recovery are recognised in income under "Impairment for other financial assets net of reversals and recovery"; and
- 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 income 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. 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 equity.

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:

- Changes in fair value are recorded directly under income, making a separation between the instrument's income, which is recorded as interest or dividends according to its 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 income"; and
- The interest and premium/discount intervals (when applicable) are recognised under the "Interest and similar income" item, based on each transaction's effective interest rate, as well as the interest intervals on derivatives associated with financial instruments classified under this category. Dividends are recognised as profit and loss when the right to receive them is attributed.

2.5.2 RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

The Bank reclassifies financial assets only if the business model used in their 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.

2.5.3 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).

2.5.4 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 transactions involving 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.

2.5.5 WRITE-OFFS POLICY

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;
- The credits must be registered as overdue, without any outstanding debt; and
- Credits cannot have the mark of overdue renegotiated credits or be involved within the scope of an active payment agreement.

Credits written off are recorded in off-balance-sheet accounts.

2.5.6 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 income, 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 National Bank of Angola'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.

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.

In September 2021, the ratings agency Moody's increased the rating of the sovereign debt of the Republic of Angola, with an improvement in the external rating, from Caa1 to B3. The published note mentions the positive impacts on the macroeconomic environment associated with the increase in the price of oil and the stability of exchange rates.

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 the deterioration of the counterparty's rating level (stage 2 classification) or by observing a default event (stage 3 classification). The Bank considers that there is a significant increase in credit risk when there is a drop of three notches with at least two rating agencies (Moody's and Fitch Ratings) subsequent to the date of acquisition of the securities;
- Exposures relating to sovereign entities rated investment grade by recognised agencies are classified according to the criterion of low credit risk, thus qualifying for the calculation of losses at 12 months.

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

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 are 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"), Loss Given Default ("LGD") and Exposure at Default (EAD) discounted to the reporting date using the effective interest rate.

Regarding cash and cash equivalents balances at other credit institutions, investments in other credit institutions and investments at amortised cost, the Bank applies the guidelines of Directive No. 13/DSB/DRO/2019, of 27 December, of the National Bank of Angola, verifying the entity's rating, or if this is not available, the rating of the country in which the entity is headquartered. To obtain the risk factors to be considered, the Moody's study "Sovereign default and recovery rates, 1983-2020" is used:

- For cash equivalents at other credit institutions, the PD is considered to be equivalent to 1/12 (one twelfth) of the 12-month PD for companies taking into account the rating and the LGD of 60 % for all counterparties that have not recorded a significant increase in credit risk;
- For investments in other credit institutions, the PD is considered to be 12 months for companies taking into account the rating and the LGD of 60 % for all counterparties that have not recorded a significant increase in credit risk;
- For investments at amortised cost the PD is considered to be 12 months for sovereign issuers taking into account the rating and the LGD associated with the sovereign default events verified, indicated in the study (60 %) for all operations that have not recorded a significant increase in credit risk.

Regarding cash and cash equivalents balances at central banks the LGD is considered null because there are no recovery risks, and no impairments estimated, in accordance with Directive No. 13/DSB/DRO/2019, of 27 December, of the National Bank of Angola.

Individual analysis for the calculation of impairment losses for credit to customers

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 Bank defined the amount of the institution's regulatory own funds as the benchmark for identifying individually significant exposures. The criteria defined by the Bank for the identification of individually significant customers or economic groups follow the following assumptions:

- Customers/economic groups for which there is no evidence of a significant increase in credit risk or objective evidence of impairment with gross exposure (including off-balance sheet liabilities) greater than 2.5 % of the institution's regulatory own funds;
- Customers/economic groups for which there is evidence of a significant increase in credit risk or objective evidence of impairment with gross exposure (including off-balance sheet liabilities) greater than 1.5 % of the institution's regulatory own funds.

For the identification of significant exposures, the Bank considers the total balance sheet and off-balance sheet liabilities of each customer/economic group.

The materiality criteria adopted by the Bank ensure coverage of the liabilities analysed individually above 80 % of the gross exposure value (including off-balance sheet liabilities) of credit granted to customers, which is why the indicative materiality levels presented in Instruction no. 08/2019, of 27 August, of the National Bank of Angola are not applied. The Board of Directors believes that no contingencies will arise for the Bank from this situation.

In determining impairment losses for the liabilities analysed individually, 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); and
- 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.

For the purpose of valuing real estate collateral, the Bank considers the assessments of expert appraisers duly certified by the Capital Markets Commission ("CMC"). The valuation value is adjusted using the specific discount rates depending on the age of the valuation.

In situations where the project valuation is based on the income method or the residual value method, and the assumptions used are considered acceptable, the Bank does not apply any time discount factor.

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 income. 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.

These criteria are in accordance with Directive No. 13/DSB/DRO/2019, of 27 December, of the National Bank of Angola – Guide on the Recommendations for the Implementation of the Methodologies of the AQA for the 2019 Financial Year, with no further guidance having been issued, and the requirements of Instruction No. 08/2019, of 27 August, of the National Bank of Angola.

Individual analysis for the calculation of impairment losses for credit to customers

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.

The EAD is the exposure to risk of loss if the operation defaults, which includes balance sheet liabilities and a conversion factor for off-balance-sheet liabilities. For the purposes of converting off-balance-sheet liabilities, the Bank applies credit conversion factors according to the nature of the exposures, taking into account the guidelines of the National Bank of Angola's Instruction no. 08/2019, of 27 August, with regards to the absence of duly verifiable historical conversion factors.

2.6. 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. 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.

2.7. 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.

In 2021 and 2020, the Bank did not purchase derivatives for hedging.

2.8. 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 IAS/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 on buildings/facilities of third parties are capitalised, and depreciated by the lower out of their useful life and the period of time that the Board of Directors intends 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:

	Years of useful life
Own-use properties (buildings)	25 to 50
Equipment	
Furniture and Material	8 and 10
Machinery and Tools	4 and 10
Computer Equipment	3 to 6
Interior Installations	4 to 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.

2.9. 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.

2.10. PARTICIPATION UNITS

The Bank classifies under the heading "Financial assets and financial liabilities at fair value through income" the participation units held in collective investment undertakings ("investment funds") managed by management companies of collective investment undertakings ("Management Company") certified by the Capital Markets Commission, when applicable.

CLASSIFICATION AND MEASUREMENT

When an entity prepares separate financial statements, it must account for investments in subsidiaries, joint ventures and associates, alternatively:

- At cost;
- At fair value, in accordance with IFRS 9, whenever applicable; or
- By using the equity method, as described in IAS 28 – Investments in associates and joint ventures.

The Bank has decided on the second option, and applying the same accounting method consistently to all investments of the same category.

Upon acquisition, the Bank records these assets at their purchase price, determined by the Management Company, based on accepted financial techniques for determining the fair value of the assets in the portfolio, according to their type.

SUBSEQUENT MEASUREMENT

The Bank determines the fair value of the participation units by multiplying the number of participation units it holds by the price/quotation of these units, with the closing price/quotation updated and provided on a monthly basis by the Management Company.

In order to verify and validate fair value, the Bank uses valuation techniques that take into account the specificity and type, namely:

- Analysis of the accounting policies and valuation models (determination of fair value) of the investment portfolios held;
- Analysis of opinions issued by independent auditors on the financial statements, verifying relevant issues with a possible impact on the price of participation units; and
- Analysis of the adequacy of the criteria and methodologies used by the Management Company for the valuation of the investment portfolio to the regulatory requirements of the market.

Capital gains and losses recorded when updating the market value or fair value of the participation units are recorded against the income statement, under "Income from financial assets and liabilities valued at fair value through income" (Note 25).

2.11. 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 any interest associated with the term of the transaction are not derecognised on 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 any interest associated with the term of the transaction are not recognised on 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 derecognised on the balance sheet, but are classified and valued in accordance with the accounting policy referred to in Note 2.5. Securities received through loan agreements are not recognised in the balance sheet.

2.12. 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 less 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, the Bank recognises additional losses if it has assumed 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.

2.13 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 IAS/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 the Bank's circumstances, non-current assets no longer comply with the conditions to be classified as held for sale, these assets are reclassified according to their nature and are re-measured 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 the date of their reclassification by nature. These adjustments are recognised in the profit and loss for the fiscal year.

With regard to discontinued operations, in accordance with the provisions set out in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the Bank does not recognise potential capital gains on these assets.

2.14. 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 circumstances of the asset:

a) Market Method
This method aims to estimate the value of the property based on the transaction values of properties similar and comparable to the property under consideration, obtained through market prospecting 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

This method aims to estimate the value of the property by breaking down the value of the property into its fundamental components: value of the underlying land, value of the construction and value of indirect costs.

The valuations are carried out by independent valuation experts specialising in this type of service, duly certified by the Capital Markets Commission. 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 IFRS 13 - Fair Value Measurement corresponds to level 3.

2.15. LEASES

The Bank adopted IFRS 16 - Leases with reference to 1 January 2019 to replace IAS 17 - Leases

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 a right-of-use asset at the value of its cost which corresponds to the initial amount of the lease liability, adjusted for: i) any advance payments; (ii) rental incentives received; and iii) initial direct costs incurred.

To the right-of-use asset may be added 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).

2.16. INCOME TAXES

Income taxes recorded in income 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 through other comprehensive income and cash flow hedging derivatives are, where applicable, later recognised in income when the corresponding gains and losses are recognised in income.

INDUSTRIAL 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.

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

With the publication of Law no. 19/14, of 22 October, which came into force on 1 January, 2015, amended by Law no. 26/20, of 20 July, which approves the Industrial Tax Code, this tax must be provisionally settled in a single instalment to be paid in August, calculated through the application of a 2 % rate on the income derived from financial intermediation transactions, calculated in the first six months of the previous financial year, and excluding income subject to Capital Gains Tax, unless there is a loss during the previous financial year.

Law No. 26/20 of 20 July increased the Industrial Tax rate for banking sector activities from 30 % to 35 %. Moreover, the aforementioned Law creates rules with important impacts on calculation of the taxable income, 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, provided by 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 above, the Bank must exclude, in order to calculate taxable income, the amounts of potential favourable and unfavourable exchange rate variations recorded during the year;
- **Costs related to impairment losses on loans with collateral** - In view of the new wording of Article 45 of the Industrial Tax Code, provided by Law No. 26/20, of 20 July, the provisions on loans where the risk is covered by collateral 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.

Tax losses calculated in a given financial year, as provided for in article 48 of the Industrial Tax Code, are deducted from the taxable income, for one or more years, of the five subsequent years.

In accordance with Article 67 of Law No. 19/14 of 22 October, as amended by Law No. 26/20 of 20 July, revenue from the provision of services of any kind provided by taxpayers with effective management or a permanent establishment in Angola is 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 %.

However, Law no. 32/21, of 30 December, which approved the General State Budget for 2022, established that during the 2022 financial year, the rate of withholding Industrial Tax levied on the overall value of incidental services provided by legal persons without a head office, effective management or a permanent establishment in Angola to entities with a head office, effective management or a permanent establishment in Angola is reduced to 6.5 %.

In the case of 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 withholding at source rate, provide that the formalities are duly complied with.

CAPITAL GAINS TAX

The Presidential Legislative Decree No. 2/14, of 20 October, in force since 19 November 2014, revised and introduced several legislative amendments to the Capital Gains Tax 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 earnings from public debt securities, according to the latest understanding of the tax authorities addressed to ABANC, 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 that was also transmitted to ABANC, 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, furthermore, the earnings subject to CGT will be deducted from the tax base, in accordance with Article 47 of the Industrial Tax Code.

PROPERTY TAX

On 9 August 2020, the new Property Tax Code ("CIP") came into force, which is levied on holdings of own property, rents and onerous transfer of property, approved by Law No. 20/20, of 9 July.

According to the new Property Tax Code, there are three tax brackets for urban buildings:

- 0.1 % for properties with a value of up to 5 million kwanzas, inclusive;
- 5 000 kwanzas, for properties with a value between 5 million kwanzas and 6 million kwanzas inclusive; and
- 0.5 % for properties with a value above 6 million kwanzas (applicable on the amount in excess of 5 million kwanzas).

Specific rates are applicable for building plots (0.6 %) and rural buildings (sum of hectares). Additionally, an increase in Property Tax rates is applicable in the case of unoccupied urban buildings.

With regard to properties leased by the Bank, as lessee, the Bank withholds the tax due, at the effective rate of 15 %, on the payment or delivery of rents from leased properties.

PROPERTY TAX ON FREE OR ONEROUS TRANSFERS OF PROPERTY

In accordance with the Property Tax Code, approved by Law no. 20/20, of 9 July, the Property Tax on free or onerous transfers of property is levied at the rate of 2 % on free or onerous transfers of the right of ownership or part of this right, namely usufruct, surface rights and easements, including acquisitions by adverse possession on movable property.

STAMP DUTY

The Stamp Duty is generally levied on all acts, contracts, documents, instruments, operations and other facts provided for in the table annexed to the Stamp Duty Code, or in special laws, occurring within national territory.

According to the Stamp Duty Code, approved by Presidential Legislative Decree No. 3/14 of 21 October, the Bank is responsible for settlement and delivery to the State of Stamp Duty due from its customers in general banking operations, such as financing and collection of interest on financing, with the Bank settling the tax according to the rates set out in the Stamp Duty Table.

VALUE ADDED TAX

The Value Added Tax ("VAT") Code, approved by Law No. 7/19, of 24 April, and amended by Law No. 17/19, of 13 August, introduced a new consumption tax to Angolan law, which came into force on 1 October 2019. The following are subject to this tax: (i) transfers of goods and services made within the national territory, for valuable consideration by a taxable person, acting in that capacity; and (ii) imports of goods. In effect, VAT has revoked and replaced the Consumption Tax that until its introduction had been in force in the legal system.

As a general rule, commissions and expenses charged for services provided by the Bank (in lieu of Stamp Duty) are subject to VAT at a rate of 14 %. Other financial intermediation operations are exempt from VAT, namely interest on financing operations, to which Stamp Duty will continue to be applied, when due.

In this regard, since the Bank is a taxpayer which carries out taxed transactions and operations exempt from VAT, it is also subject to restrictions on the right to deduct VAT paid to suppliers, so the Bank deducts the tax by applying the methods provided for in the legislation in force – with the exception of VAT on expenses expressly excluded from the right to deduct.

On a monthly basis, the Bank is required to comply with the obligations associated with VAT, namely: (i) submission to the General Tax Administration ("AGT") of the periodic statement, including the respective Annexes, in which it calculates the amount of VAT payable to the State (or any credit generated); (ii) payment of the tax calculated, by the last day of the following month to which the operations carried out relate; and (iii) the remaining reporting obligations, such as reporting the SAF-T (AO) files for Invoicing and Acquisitions of goods and services.

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.

DEFERRED TAX

Deferred taxes on assets and liabilities correspond to the amount of tax to be recovered or payable in future financial years resulting from deductible or taxable temporary differences between the value of assets and liabilities on the balance sheet and their taxable base, using the tax rates approved or substantially approved at the balance sheet date and which are 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 either accounting or tax profit and differences related to investments in subsidiaries to the extent that they are not likely to be reversed in the future.

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

In order to analyse the recoverability of deferred tax assets, the Bank makes projections of taxable profit according to the time horizon in which they may be recoverable, recognising deferred tax assets to the extent that it is possible to demonstrate their recoverability by the existence of future taxable profit.

2.17. 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.

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

In cases where the effect of the discount is material, in order to calculate the corresponding provisions, the current value of the expected future payments is calculated, 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, where the Bank is opposed to third-party entities, are set up in accordance with internal risk assessments made 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 party entities which, as off-balance-sheet items (see Note 33), and therefore contingent liabilities, may be converted into credit exposures to be recorded on the Bank's balance sheet. The Bank assesses, at each reporting date, the potential credit risk involved in these contracts in accordance with the expected credit loss model (see Note 2.5) and whenever losses are estimated due to credit risk, a provision is recorded on the balance sheet.

2.18. INTEREST RECOGNITION

Income related to interest on financial instrument assets and liabilities measured at amortised cost are recognised under the "Interest and similar income" or "Interest and similar charges" items (net interest income) using the effective interest rate method. Interest at the effective rate on financial assets at fair value through other comprehensive income is also recognised in net interest income, as is interest on financial assets and liabilities at fair value through income.

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.

Revenue from interest recognised in income associated with contracts classified under stage 1 or stage 2 is calculated 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 in income based on its balance sheet value net of impairment.

For derivative financial instruments, other than those classified as instruments for hedging interest rate risk, the interest component is not separated from changes in their fair value, and is recognised under the item "Income from financial assets and liabilities measured at fair value through income". For derivatives used to hedge interest rate risk and associated with financial assets or financial liabilities recognised under the fair value option category, the interest component is recognised in net interest income.

2.19. DIVIDEND RECOGNITION

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

2.20. RECOGNITION OF SERVICES AND COMMISSIONS INCOME

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

- When it is obtained as the services are provided, it is recognised in income in the period to which it relates in accordance with IFRS 15 – Revenue from Contracts with Customers ("IFRS 15");
- When it results from provision of services, it is recognised when the corresponding service is completed, in accordance with IFRS 15; or
- When it is an integral part of a financial instrument's effective interest rate, revenue from services and commissions is recorded in net interest income in accordance with IFRS 9.

2.21. FINANCIAL 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.

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.

2.22. 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.

2.23. CASH AND CASH EQUIVALENTS

For the purpose of preparing the cash flow statement, cash and cash equivalents include the balances under the items "Cash and cash equivalents at central banks" and "Cash and deposits at other credit institutions" (Notes 4 and 5), without considering impairment.

2.24. OTHER EQUITY INSTRUMENTS

A financial instrument issued is classified as an equity instrument only if (i) the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer and (ii) if the instrument is or can be settled in the issuer's equity instruments and is a non-derivative that does not include any contractual obligation for the issuer to deliver a variable number of its own equity instruments, or a derivative that will be settled by the issuer only by exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

An equity instrument, irrespective of its legal form, evidences a residual interest in an entity's assets after deducting all of its liabilities.

Transaction costs directly attributable to the issuance of equity instruments are recorded against equity as a deduction from the issuance value. Amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

Remuneration on other equity instruments is recognised when the obligation to pay them is established, and deducted from equity. Exchange variations are recognised in equity.

2.25. 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 IAS/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.

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 INSTRUMENTS 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 MEASURED AT AMORTISED COST OR AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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.

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.

e) Models and assumptions used
The Bank uses various 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.

IMPAIRMENT LOSSES ON CREDIT TO CUSTOMERS AND ACCOUNTS RECEIVABLE

The Bank periodically reviews its credit portfolio in order to assess the existence of impairment losses, as referred to in the accounting policy described in Note 2.5.

The process of evaluating the portfolio of credit to customers and accounts receivable in order to determine whether an impairment loss should be recognised is subject to different estimates and judgments. This process includes factors such as the probability of default, risk ratings, the value of collateral associated with each transaction, recovery rates and estimates of both future cash flows and cash flows from the time of receipt of the respective credit.

The calculation of impairment associated with credit to customers and accounts receivable is based, among other factors and when applicable, on assessments of the collateral for credit operations, such as mortgages on properties. These were carried out on the assumption that all property market conditions would be maintained during the life of the operations, corresponding to the best estimate of the fair value of said collateral at the balance sheet date.

Property valuations are prepared by independent experts registered with the Capital Markets Commission and imply a set of assumptions whose verification involves uncertainty in view of the current circumstances of the property market. Additionally, the Bank also uses estimates regarding the date of recovery and sale of the property collateral.

Additionally, the recovery of credit granted to customers and other accounts receivable, which underlies debtors' business plans and collateral valuation, can be significantly impacted by the evolution of Angola's macroeconomic indicators.

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 2.5.

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, 9, 10 and 14, with consequent impact on the Bank's income.

3.3. INCOME AND DEFERRED TAXES

Taxes, including those levied on income (current and deferred), are determined by the Bank based on the rules defined by the tax framework in force. However, in some situations, tax legislation may not be sufficiently clear and objective, giving rise to different interpretations. In these cases, the amounts recorded result from the better understanding of the Bank's Board of Directors regarding the correct framework of its operations, which may, however, be questioned by the Tax Authorities.

The General Tax Administration 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 their probability, the Board of Directors considers that they will not have a materially relevant effect on the Bank's individual financial statements.

3.4. PROPERTIES RECEIVED AS CREDIT RECOVERY

The Bank classifies properties received 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 14) 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 2.13, 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 valuations are carried out by independent valuation experts specialising in this type of service, duly certified by the Capital Markets Commission. 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 guidelines of the National Bank of Angola.

3.5. EQUITY HOLDINGS

The Bank assesses, at each financial reporting date, the recoverable amount of the financial investments held, or whenever there are indications of loss of value. Impairment losses are calculated based on the difference between the recoverable value of investments in financial holdings and the 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 determination of the valuation of financial holdings corresponds to a complex estimate, and the use of alternative methodologies and other assumptions and estimates could result in different levels of impairment losses recognised and reported in Note 11, with consequent impact on the Bank's income.

NOTE 4
CASH AND DEPOSITS AT CENTRAL BANKS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Cash	**5 713 787**	**6 305 847**
In national currency	4 064 049	3 776 514
In foreign currency	1 649 738	2 529 333
In Euros	1 218 279	1 960 902
In United States Dollars	327 252	415 627
Other currencies	104 207	152 804
Demand deposits at the National Bank of Angola	**24 618 671**	**23 060 370**
In national currency	10 384 090	12 937 660
In foreign currency	14 234 581	10 122 710
In United States Dollars	13 805 001	9 577 430
In Euros	429 580	545 280
	30 332 458	**29 366 217**

As at 31 December 2021 and 2020, the item "Demand deposits at the National Bank of Angola" includes deposits made to meet legal requirements regarding the constitution and maintenance of mandatory minimum reserves, which are not remunerated.

As at 31 December 2021, the mandatory minimum reserves are calculated in accordance with the provisions of Instruction No. 02/2021, of 10 February, Instruction No. 08/2021, of 14 May, Directive No. 05/DMA/2021, of 5 May, Directive No. 06/DMA/DSP/2021, of 21 May and Directive No. 07/DMA/2021, of 6 July.

As at 31 December 2020, the mandatory minimum reserves were calculated in accordance with the provisions of Instruction No. 16/2020, of 2 October, and Directive No. 04/DMA/2020, of 6 October.

Compulsory reserves are made in national currency and foreign currency, depending on the respective denomination of the liabilities that constitute their reserve base.

As at 31 December 2021 and 2020, the requirement to maintain mandatory minimum reserves in demand deposits at the National Bank of Angola was calculated by applying the coefficients summarised in the following table:

		31-12-2021		31-12-2020	
		Currency Domestic	Currency Language	Currency Domestic	Currency Language
Reserve Base Rate					
Central Government	Daily calculation	100%	100%	22%	100%
Local Governments and Municipal Administrations	Daily calculation	22%	100%	22%	100%
Other sectors	Weekly calculation	22%	22%	22%	17%

As at 31 December 2021 and 2020, 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 amount required in national currency, 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.

As at 31 December 2021, the mandatory minimum reserves in foreign currency may be constituted with 50 % of the amounts deposited with the National Bank of Angola and 50 % in foreign currency treasury bonds, belonging to BNI's own portfolio and referring to the special issue of 10 December 2015.

As at 31 December 2020, the mandatory minimum reserves in foreign currency may be constituted with 20 % of the amounts deposited with the National Bank of Angola and 80 % in treasury bonds in foreign currency, belonging to BNI's own portfolio and issued from 2015 onwards.

NOTE 5
CASH AND DEPOSITS AT OTHER CREDIT INSTITUTIONS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Cash and cash equivalents in credit institutions abroad	**13 146 313**	**10 774 431**
In United States Dollars	8 714 743	5 503 541
In Euros	4 337 687	5 240 881
Other currencies	93 883	30 009
Credits in the payment system	**3 715 448**	**2 486 348**
Checks to collect	**704**	**389**
Impairment losses (Note 32)	**(11 359)**	**(811)**
	16 851 106	**13 260 357**

As at 31 December 2021 and 2020, the balance of the "Credits in the payment system" item refers to Visa and Mastercard cards and balances in EMIS – Empresa Interbancária de Serviços, S.A.R.L. presented for clearing in the sessions in the business days following the financial statements' reference date.

As at 31 December 2021 and 2020, the balances of cash and cash equivalents in credit institutions abroad have the following composition, by counterparty:

(thousands of kwanzas)

	31-12-2021	31-12-2020
International Investment Bank, S.A.	6 863 478	-
Compagnie Bancaire Helvétique, S.A.	2 050 928	2 431 480
Aktif Yatirim Bankasi A.S.	1 523 595	-
African Export-Import Bank	758 207	148 173
Byblos Bank Europe, S.A.	561 000	1 921 363
Commerzbank AG	403 030	2 548 530
ODDO BHF	333 232	280 265
Banca Popolare di Sondrio, S.A.	231 273	-
Absa Bank, Limited	172 993	447 786
Banco de Negócios Internacional (Europa), S.A.	163 223	2 828 415
Other credit institutions	85 354	168 419
	13 146 313	**10 774 431**

As at 31 December 2021 and 2020, cash and cash equivalents balances in credit institutions abroad are not remunerated.

NOTE 6

INVESTMENTS IN CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Investments in domestic credit institutions	**7 432 606**	**1 300 356**
Liquidity transfers	7 400 000	1 300 000
Revenue receivable	32 606	356
Impairment losses (Note 32)	**(110 285)**	**(91 358)**
Investments in credit institutions abroad	**38 367 548**	**69 105 393**
Collateral deposits	34 583 726	15 503 180
Liquidity transfers	3 774 090	53 582 931
Revenue receivable	9 732	19 282
Impairment losses (Note 32)	**(87 698)**	**(33 984)**
	45 602 171	**70 280 407**

As at 31 December 2021 and 2020, investments in central banks and other credit institutions, excluding revenue receivable and impairment, have the following composition, by counterparty:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Investments in domestic credit institutions		
Banco Keve, S.A.	7 400 000	-
Banco Sol, S.A.	-	1 300 000
Investments in credit institutions abroad		
Commerzbank AG	13 874 525	34 429 012
Byblos Bank Europe S.A.	12 841 166	15 341 783
International Investment Bank, S.A.	4 439 848	-
United Overseas Bank, Limited	3 651 047	6 869 286
FirstRand Bank, Limited	1 689 407	1 974 414
Aktif Yatirim Bankasi A.S.	1 276 456	-
PNC Financial Services	585 367	649 604
Banco de Negócios Internacional (Europa), S.A.	-	9 822 012
	45 757 816	**70 386 111**

As at 31 December 2021 and 2020, investments in central banks and other credit institutions, excluding revenue receivable and impairment, present the following composition, by residual maturities:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Up to three months	30 742 943	20 129 117
Between three and six months	14 429 506	40 464 490
Between six months and one year	585 367	9 792 504
	45 757 816	**70 386 111**

As at 31 December 2021 and 2020, investments in credit institutions in Angola are remunerated at average annual rates of 19.07 % and 10.00 %, respectively.

As at 31 December 2021 and 2020, investments in credit institutions abroad, excluding revenue receivable and impairment, have the following composition, by counterparty:

(thousands of kwanzas)

	31-12-2021	31-12-2020
In United States Dollars	34 583 726	61 101 821
In Euros	3 774 090	7 984 290
	38 357 816	**69 086 111**

As at 31 December 2021 and 2020, investments in credit institutions abroad are remunerated at the following average annual rates, weighted by the respective nominal value of the investments:

(thousands of kwanzas)

	31-12-2021	31-12-2020
In United States Dollars	0,39%	0,16%
In Euros	0,00%	0,00%

NOTE 7

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Participation units		
Omega Fund	24 617 258	5 994 417
	24 617 258	**5 994 417**

As at 31 December 2021, the Bank has recorded under the “Financial assets at fair value through income” item the valuation of its holding in OMEGA – Fundo Especial de Investimento Imobiliário de Subscrição Particular Special Private Subscription Property Investment Fund (“Omega Fund”).

The Omega Fund was registered on 27 October 2020, and its Management Company is BNI - Asset Management, Sociedade Gestora de OIC, S.A. The Omega Fund's objective is to achieve, with a medium- and long-term perspective, increased capital appreciation through the constitution and management of a portfolio of predominantly property assets. The property investments are based on the criteria defined by the Management Company and within legal and regulatory limits. The Omega Fund directs its investment towards the acquisition of property assets, namely the 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 the subdivision, construction and development of property ventures. The Omega Fund may, in accordance with applicable law, acquire property assets as well as holdings in property companies and participation units in other Real Estate Collective Investment Undertakings. The Omega Fund's assets may include cash, bank deposits, participation units 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, the Bank subscribed 6 000 Omega Fund participation units in the amount of AOA 6 000 000 000, as a contribution in kind for the "Complexo Industrial do Sossego" property. The property was valued by three external and independent expert property valuers registered with the Capital Markets Commission, with an average valuation value of AOA 6 444 312 000, using the sales comparison method.

On 16 December 2021, as part of a capital increase, the Bank subscribed 18 850 participation units in the Omega Fund in the amount of AOA 18 820 190 000, of which 11 419 participation units were paid in kind for the "Edifício Urbisoyo" property, corresponding to AOA 11 400 942 000, and 7 431 participation units were paid in cash, corresponding to AOA 7 419 248 000.

The "Edifício Urbisoyo" property was appraised by three external and independent expert property valuers registered with the Capital Markets Commission. As at 31 December 2020, this property was recorded under the item "Non-current assets held for sale" for the amount of AOA 6 461 604 000 and held in co-ownership with another financial institution. On 16 December 2021, the Bank sold its share in the property to the Omega Fundo, and received in exchange 11 419 participation units corresponding to AOA 11 400 942 000. With this operation, the Bank recorded a capital gain of AOA 4 939 338 000 (Note 28).

In December 2021, the Bank also sold to the Omega Fund, for the amount of AOA 3 733 960 000, a set of other properties that were recorded under the item "Non-current assets held for sale" on 31 December 2020 for the amount of AOA 2 234 726 000. With this operation, the Bank recorded a capital gain of AOA 1 499 234 000 (Note 28).

As at 31 December 2021 and 2020, the participation units held by the Bank represent 80.30 % and 49.70 %, respectively, of the capital of the Omega Fund.

In accordance with the accounting policy described in Note 2.5, the financial assets at fair value through income 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 (solely payments of principal and interest) requirements.

NOTE 8

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item has the following composition:

(thousands of kwanzas)

31-12-2021	Stake in capital	Currency	Acquisition cost	Capital increases/ decreases	Balance Sheet value
Aliança Seguros, S.A.	9,985%	AOA	99 850	381 653	481 503
EMIS- Empresa Interbancária de Serviços S.A.R.L.	3,070%	AOA	88 189	31 901	120 090
			188 039	**413 554**	**601 593**

(thousands of kwanzas)

31-12-2020	Stake in capital	Currency	Acquisition cost	Capital increases/ decreases	Balance Sheet value
Aliança Seguros, S.A.	9,985%	AOA	99 850	249 625	349 475
EMIS- Empresa Interbancária de Serviços S.A.R.L.	3,070%	AOA	88 189	31 901	120 090
			188 039	**281 526**	**469 565**

As at 31 December 2021 and 2020, the item corresponds to the Bank's holdings in Aliança Seguros, S.A. and EMIS – Empresa Interbancária de Serviços, S.A.R.L., both measured at historical cost, in accordance with the requirements of IFRS 9, considering the impossibility of estimating fair value reliably.

In accordance with the accounting policy described in Note 2.5, the Bank regularly assesses whether there is objective evidence of impairment in its portfolio of equity instruments classified as financial assets at fair value through other comprehensive income, observing the criteria described in the aforementioned Note 2.5.

NOTE 9
INVESTMENTS AT AMORTISED COST

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Treasury Bonds		
From public issuers	**71 285 123**	**130 777 584**
Indexed to the US dollar	49 687 653	88 666 530
In foreign currency	19 851 670	27 458 760
In national currency	1 745 800	14 652 294
Open market operations	**4 669 372**	**-**
Revenue receivable	**1 193 324**	**1 882 721**
Impairment losses (Note 32)	**(1 165 266)**	**(10 509 627)**
	75 982 553	**122 150 678**

As at 31 December 2021 and 2020, the Bank classifies the financial assets in this portfolio, as they comply with the SPPI requirements and the associated business model consists of collecting contractual cash flows.

As at 31 December 2021, there was a decrease in the item, essentially resulting from the sale of securities that took place during the financial year, as well as the reimbursement of securities that had reached their maturity. It is understood that the registered sales do not call into question the business model associated with this portfolio because they are not cumulatively frequent and significant in accordance with the criteria defined by the Bank in relation to the requirements of IFRS 9 (Note 2.5).

The accounting policy and the main estimates regarding the calculation of impairment of the financial assets in this portfolio are described in Notes 2.5. and 3.2.

Directive No. 13/DSB/DRO/2019, of 27 December, of the National Bank of Angola, states that "In the specific case of impairment losses for national public debt in national and foreign currency (measured at amortised cost), the following criteria should be considered: (i) 12-month probability of default ("PD") for Angola's rating published in Moody's "Sovereign default and recovery rates" study applicable to the financial year in question; and (ii) loss given default ("LGD") associated with confirmed sovereign default events, as indicated in the aforementioned study." The Bank adopted said methodology regarding this matter.

In accordance with the accounting policy described in Note 2.5, 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 2021, 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 deemed to be a significant increase in credit risk for securities for which, up to the reference date, a downgrade of three notches is recorded with at least two rating agencies (Moody's and Fitch Ratings), which implies the transfer of these assets from stage 1 to stage 2 impairment, and the application of PD according to the residual maturity of the security and the LGD of 60 %;
- There is deemed to be no significant increase in credit risk for securities issued after the date on which the downgrade of three notches is recorded with at least two rating agencies (Moody's and Fitch Ratings), which implies the maintenance of operations at stage 1, and the application of PD at 12 months and LGD of 60 % according to the study. As at 31 December 2021 and 2020, a 12-month PD of 2.473 % and 11.325 %, respectively, is considered, with a reduction due to the increase in the rating by Moody's, recorded in September 2021.

As at 31 December 2021 and 2020, according to the criterion for significant increase in credit risk, securities with a net book value of AOA 19 592 980 000 (AOA 315 955 000 of impairment) and AOA 31 049 221 000 (AOA 3 867 836 000 of impairment), respectively, were classified as stage 2.

As at 31 December 2021 and 2020, investments at amortised cost, excluding revenue receivable and impairment, have the following composition, by residual maturities:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Up to three months	5 417 570	909 648
Between three and six months	-	4 500 000
Between six months and one year	19 851 670	9 967 487
Between one and three years	997 600	36 448 400
Between three and five years	25 184 221	41 586 299
More than five years	24 503 434	37 365 750
	75 954 495	**130 777 584**

As at 31 December 2021 and 2020, investments at amortised cost have the following composition:

(thousands of kwanzas)

31-12-2021	Average rate	Cost of acquisition	Revenue receivable	Losses due to impairment	Value of balance sheet
Treasury Bonds					
From public issuers					
Indexed to the US dollar	8,50%	49 687 653	938 996	(751 198)	49 875 451
In foreign currency	5,00%	19 851 670	57 264	(315 955)	19 592 979
In national currency	16,39%	1 745 800	97 210	(27 347)	1 815 663
Open market operations	15,09%	4 669 372	99 854	(70 766)	4 698 460
		75 954 495	**1 193 324**	**(1 165 266)**	**75 982 553**

(thousands of kwanzas)

31-12-2020	Average rate	Cost of acquisition	Revenue receivable	Losses due to impairment	Value of balance sheet
Treasury Bonds					
From public issuers					
Indexed to the US dollar	7,16%	88 666 530	119 958	(6 671 129)	82 115 359
In foreign currency	4,35%	27 458 760	1 451 179	(2 821 703)	26 088 236
In national currency	12,89%	14 652 294	311 584	(1 016 795)	13 947 083
		130 777 584	**1 882 721**	**(10 509 627)**	**122 150 678**

The fair value of financial assets at amortised cost is presented in Note 37, within the scope of the disclosure requirements defined in IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") and IFRS 9.

NOTE 10

CREDIT TO CUSTOMERS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
In national currency		
Business and public sector	150 552 235	135 306 309
Individuals	9 763 576	7 508 301
In foreign currency		
Business and public sector	16 141 192	29 514 424
Individuals	342 297	1 685 909
	176 799 300	**174 014 943**
Impairment losses (Note 32)	**(39 597 974)**	**(47 488 161)**
	137 201 326	**126 526 782**

As at 31 December 2021 and 2020, customer credit operations have the following composition by status:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Credits to customers		
Balance Due	151 350 570	145 337 154
Overdue credit	6 277 647	7 262 245
Total credit granted	**157 628 217**	**152 599 399**
Revenue receivable	**19 171 083**	**21 415 544**
	176 799 300	**174 014 943**

As at 31 December 2021 and 2020, customer credit operations, excluding overdue credit, revenue receivable and impairment, have the following composition, by residual maturities:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Up to three months	33 134 593	28 717 289
Between three and six months	12 429 806	934 415
Between six months and one year	9 700 686	6 117 164
Between one and two years	2 206 099	22 391 505
Between two and five years	46 385 653	42 390 815
More than five years	47 493 733	44 785 966
	151 350 570	**145 337 154**

As at 31 December 2021 and 2020, the breakdown of exposures and impairment by sector of activity is as follows:

(thousands of kwanzas)

31-12-2021	Credit to customers		Total Exposure	Relative weight	Impairment	
Sector of activity	Vincendo	Overdue			Value	Impairment %
Companies						
Other collective, social and personal service activities	39 761 626	1 844 633	41 606 259	24%	(11 968 801)	29%
Public administration, defence and compulsory social security	24 309 390	9 832	24 319 222	14%	(1 530 764)	6%
Construction	20 078 280	40 549	20 118 829	11%	(4 564 271)	23%
Property activities, rentals and services provided to companies	10 774 694	2 270 631	13 045 325	7%	(2 578 372)	20%
Transport, storage and communications	12 514 685	-	12 514 685	7%	(2 116 294)	17%
Wholesale and Retail	10 993 623	734 730	11 728 353	7%	(2 897 539)	25%
IT and related activities	8 469 826	-	8 469 826	5%	(2 399 625)	28%
Financial activities	8 048 042	-	8 048 042	5%	(5 278 379)	66%
Mining industries	7 051 856	-	7 051 856	4%	(353 947)	5%
Manufacturing industries	6 850 597	-	6 850 597	4%	(410 252)	6%
Food, beverage and tobacco industries	4 888 549	-	4 888 549	3%	(134 291)	3%
Education	4 374 934	-	4 374 934	2%	(1 752 516)	40%
Agriculture, animal production, hunting and forestry	2 300 162	-	2 300 162	1%	(1 211 108)	53%
Health	1 218 507	-	1 218 507	1%	(122 167)	10%
Accommodation and catering (restaurants and similar)	134 366	-	134 366	0%	(5 748)	4%
Production and distribution of electricity, gas and water	29 373	-	29 373	0%	(3 018)	10%
International organisations and other extraterritorial institutions	6 086	-	6 086	0%	(988)	16%
Private						
Consumption	3 334 317	483 801	3 818 118	2%	(1 194 063)	31%
Housing	2 603 870	785 881	3 389 751	2%	(494 106)	15%
Other Purposes	2 778 870	107 590	2 886 460	2%	(581 725)	20%
	170 521 653	**6 277 647**	**176 799 300**	**100%**	**(39 597 974)**	**22%**

(thousands of kwanzas)

31-12-2020	Credit to customers				Impairment	
Sector of activity	Vincendo	Overdue	Total Exposure	Relative weight	Value	Impairment %
Companies						
Other collective, social and personal service activities	33 774 672	42 132	33 816 804	19%	(4 479 451)	13%
Wholesale and Retail	27 101 258	2 189 061	29 290 319	17%	(14 699 783)	50%
Construction	26 689 772	69	26 689 841	15%	(11 547 521)	43%
Property activities, rentals and services provided to companies	12 204 454	2 270 631	14 475 085	8%	(1 120 672)	8%
Transport, storage and communications	12 820 355	144 752	12 965 107	7%	(3 367 744)	26%
Public administration, defence and compulsory social security	10 678 759	-	10 678 759	6%	(1 744 317)	16%
Mining industries	9 135 954	1 076 616	10 212 570	6%	(1 158 173)	11%
Financial activities	9 074 064	-	9 074 064	5%	(5 597 343)	62%
Manufacturing industries	6 817 059	23 154	6 840 213	4%	(737 292)	11%
IT and related activities	4 761 791	-	4 761 791	3%	(114 940)	2%
Education	4 687 550	3 023	4 690 573	3%	(115 373)	2%
Agriculture, animal production, hunting and forestry	1 180 739	-	1 180 739	1%	(45 921)	4%
Accommodation and catering (restaurants and similar)	74 149	-	74 149	0%	(3 863)	5%
Health	42 845	-	42 845	0%	(4 405)	10%
Production and distribution of electricity, gas and water	21 861	-	21 861	0%	(2 245)	10%
International organisations and other extraterritorial institutions	6 012	-	6 012	0%	(6 012)	100%
Private						
Consumption	4 328 132	356 568	4 684 700	3%	(1 002 277)	21%
Housing	2 117 172	968 587	3 085 759	2%	(724 139)	23%
Other Purposes	1 236 100	187 652	1 423 752	1%	(1 016 690)	71%
	166 752 698	**7 262 245**	**174 014 943**	**100%**	**(47 488 161)**	**27%**

As at 31 December 2021 and 2020, the breakdown of the exposures and impairment constituted by segment and stage is as follows:

(thousands of kwanzas)

31-12-2021	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
Companies	143 826 090	40 667 655	1 357 950	78 904 690	22 267 006	4 416 627	24 253 745	893	14 251 322	(36 987 044)	(10 593 502)	(19 829 942)	(6 563 600)
Public entities	22 867 337	22 867 337	-	-	-	-	-	-	-	(339 164)	(339 164)	-	-
Employees	2 259 708	2 206 376	3 854	33 862	16 298	1 843	19 470	15 630	2 128	(61 439)	(39 920)	(12 853)	(8 666)
Individuals - Rents	5 548 914	2 687 200	2 909	1 290 638	30 385	1 907	1 571 076	23 419	665 371	(1 515 710)	(49 701)	(571 318)	(894 691)
Individuals - Revolving	2 297 251	237 682	2 197	2 058 700	-	-	869	-	-	(694 617)	(71 961)	(622 159)	(497)
	176 799 300	**68 666 250**	**1 366 910**	**82 287 890**	**22 313 689**	**4 420 377**	**25 845 160**	**39 942**	**14 918 821**	**(39 597 974)**	**(11 094 248)**	**(21 036 272)**	**(7 467 454)**

(thousands of kwanzas)

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
Companies	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 entities	9 359 738	9 359 738	3 862 599	-	-	-	-	-	-	(640 333)	(640 333)	-	-
Employees	1 977 254	1 850 017	-	55 759	-	8 236	71 478	-	16 092	(70 468)	(28 265)	(5 738)	(36 465)
Individuals - Rents	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)
Individuals - Revolving	2 503 264	212 993	-	2 290 005	16	-	266	-	-	(1 006 233)	(62 259)	(943 855)	(119)
	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)**

As at 31 December 2021 and 2020, the breakdown of the exposures and impairment constituted by segment and range of days late is as follows:

(thousands of kwanzas)

31-12-2021	Total exposure								
	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
Companies	40 667 655	-	-	78 904 690	-	-	10 711 649	-	13 542 096
Public entities	22 867 337	-	-	-	-	-	-	-	-
Employees	2 206 376	-	-	33 276	586	-	16 139	-	3 331
Individuals - Rents	2 687 200	-	-	971 756	318 882	-	25 060	-	1 546 016
Individuals - Revolving	237 682	-	-	2 058 700	-	-	869	-	-
	68 666 250	**-**	**-**	**81 968 422**	**319 468**	**-**	**10 753 717**	**-**	**15 091 443**

(thousands of kwanzas)

31-12-2021	Impairment losses								
	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
Companies	(10 593 502)	-	-	(19 829 942)	-	-	(4 056 152)	-	(2 507 448)
Public entities	(339 164)	-	-	-	-	-	-	-	-
Employees	(39 920)	-	-	(12 725)	(128)	-	(7 401)	-	(1 265)
Individuals - Rents	(49 701)	-	-	(494 237)	(77 081)	-	(12 274)	-	(882 417)
Individuals - Revolving	(71 961)	-	-	(622 159)	-	-	(497)	-	-
	(11 094 248)	**-**	**-**	**(20 959 063)**	**(77 209)**	**-**	**(4 076 324)**	**-**	**(3 391 130)**

(thousands of kwanzas)

31-12-2020	Total exposure								
	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
Companies	33 289 799	-	-	78 400 479	5 909	7 760 354	28 331 677	52 550	7 620 227
Public entities	9 359 738	-	-	-	-	-	-	-	-
Employees	1 850 017	-	-	55 203	-	556	68 850	-	2 628
Individuals - Rents	1 785 363	-	-	748 327	-	46 545	201 191	1 290	1 930 976
Individuals - Revolving	212 993	-	-	2 290 005	-	-	266	-	-
	46 497 910	**-**	**-**	**81 494 014**	**5 909**	**7 807 455**	**28 601 984**	**53 840**	**9 553 831**

(thousands of kwanzas)

31-12-2020	Impairment losses								
	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
Companies	(957 835)	-	-	(35 701 603)	(872)	(930 266)	(4 290 788)	(35 645)	(2 187 712)
Public entities	(640 333)	-	-	-	-	-	-	-	-
Employees	(28 265)	-	-	(5 676)	-	(62)	(35 198)	-	(1 267)
Individuals - Rents	(48 633)	-	-	(461 105)	-	(13 107)	(87 724)	(556)	(1 055 281)
Individuals - Revolving	(62 259)	-	-	(943 855)	-	-	(119)	-	-
	(1 737 325)	**-**	**-**	**(37 112 239)**	**(872)**	**(943 435)**	**(4 413 829)**	**(36 201)**	**(3 244 260)**

As at 31 December 2021 and 2020, the breakdown of exposures and impairment by segment and year of concession of operations is as follows:

(thousands of kwanzas)

31-12-2021	Companies			Public entities			Employees		
Grant year	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2016 and earlier	181	31 578 513	(11 666 901)	1	95 858	(1 419)	26	576 139	(15 306)
2017	9	6 382 037	(178 013)	2	11 664 733	(200 434)	4	33 808	(936)
2018	11	8 386 827	(255 139)	1	11 106 746	(137 311)	11	102 917	(3 258)
2019	29	6 479 650	(2 731 631)	-	-	-	51	388 353	(20 671)
2020	22	60 666 836	(19 329 573)	-	-	-	14	106 663	(2 093)
2021	113	30 332 227	(2 825 787)	-	-	-	122	1 051 828	(19 175)
	365	**143 826 090**	**(36 987 044)**	**4**	**22 867 337**	**(339 164)**	**228**	**2 259 708**	**(61 439)**

(thousands of kwanzas)

31-12-2021	Individuals - Rents			Individuals - Revolving			Total		
Grant year	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2016 and earlier	707	1 188 048	(785 071)	2 150	2 045 289	(618 243)	3 065	35 483 847	(13 086 940)
2017	15	14 317	(7 277)	30	2 165	(655)	60	18 097 060	(387 315)
2018	29	67 494	(25 509)	43	7 440	(2 242)	95	19 671 424	(423 459)
2019	71	962 599	(298 838)	22	4 039	(1 272)	173	7 834 641	(3 052 412)
2020	44	840 460	(325 241)	7	2 691	(816)	87	61 616 650	(19 657 723)
2021	38	2 475 996	(73 774)	308	235 627	(71 389)	581	34 095 678	(2 990 125)
	904	**5 548 914**	**(1 515 710)**	**2 560**	**2 297 251**	**(694 617)**	**4 061**	**176 799 300**	**(39 597 974)**

(thousands of kwanzas)

31-12-2020	Companies			Public entities			Employees		
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)
	408	**155 460 995**	**(44 104 721)**	**4**	**9 359 738**	**(640 333)**	**237**	**1 977 254**	**(70 468)**

(thousands of kwanzas)

31-12-2020	Individuals - Rents			Individuals - Revolving			Total		
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)
	896	**4 713 692**	**(1 666 406)**	**2 653**	**2 503 264**	**(1 006 233)**	**4 198**	**174 014 943**	**(47 488 161)**

As at 31 December 2021 and 2020, the breakdown of exposures and impairment constituted by individual and collective analysis and activity sector is as follows:

(thousands of kwanzas)

		31-12-2021		31-12-2020	
Sector of activity		**Individual analysis**	**Collective analysis**	**Individual analysis**	**Collective analysis**
Companies					
Other collective, social and personal service activities	Total Exposure	41 125 513	480 746	32 864 049	952 755
	Impairment	(11 873 510)	(95 291)	(4 350 287)	(129 164)
Public administration, defence and compulsory social security	Total Exposure	24 213 533	105 689	10 582 901	95 858
	Impairment	(1 526 477)	(4 287)	(1 737 795)	(6 522)
Construction	Total Exposure	19 287 804	831 025	26 381 176	308 665
	Impairment	(4 533 684)	(30 587)	(11 517 428)	(30 093)
Property activities, rentals and services provided to companies	Total Exposure	12 901 011	144 314	11 961 511	2 513 574
	Impairment	(2 564 628)	(13 744)	(320 768)	(799 904)
Transport, storage and communications	Total Exposure	12 096 815	417 870	12 283 455	681 652
	Impairment	(2 042 703)	(73 591)	(3 212 695)	(155 049)
Wholesale and Retail	Total Exposure	7 533 644	4 194 709	25 623 242	3 667 077
	Impairment	(2 003 919)	(893 620)	(13 889 548)	(810 235)
IT and related activities	Total Exposure	7 736 920	732 906	4 082 183	679 608
	Impairment	(2 362 466)	(37 159)	(98 561)	(16 379)
Financial activities	Total Exposure	8 038 310	9 732	8 517 305	556 759
	Impairment	(5 278 143)	(236)	(5 593 222)	(4 121)
Mining industries	Total Exposure	7 001 619	50 237	10 132 081	80 489
	Impairment	(351 730)	(2 217)	(1 153 823)	(4 350)
Manufacturing industries	Total Exposure	6 496 235	354 362	6 561 547	278 666
	Impairment	(379 846)	(30 406)	(701 057)	(36 235)
Food, beverage and tobacco industries	Total Exposure	4 888 549	-	-	-
	Impairment	(134 291)	-	-	-
Education	Total Exposure	4 374 934	-	3 289 173	1 401 400
	Impairment	(1 752 516)	-	(79 315)	(36 058)
Agriculture, animal production, hunting and forestry	Total Exposure	2 130 862	169 300	987 573	193 166
	Impairment	(1 208 500)	(2 608)	(26 082)	(19 839)
Health	Total Exposure	1 159 926	58 581	-	42 845
	Impairment	(116 151)	(6 016)	-	(4 405)
Accommodation and catering (restaurants and similar)	Total Exposure	-	134 366	-	74 149
	Impairment	-	(5 748)	-	(3 863)
Production and distribution of electricity, gas and water	Total Exposure	-	29 373	-	21 861
	Impairment		(3 018)	-	(2 245)
International organisations and other extraterritorial institutions	Total Exposure	-	6 086	-	6 012
	Impairment	-	(988)	-	(6 012)
Base metallurgical and metal products industries	Total Exposure	-	-	-	-
	Impairment	-	-	-	-
Private					
Consumption	Total Exposure	-	3 818 118	492 882	4 191 818
	Impairment	-	(1 194 063)	(101 513)	(900 764)
Housing	Total Exposure	-	3 389 751	-	3 085 759
	Impairment	-	(494 106)	-	(724 139)
Other Purposes	Total Exposure	-	2 886 460	-	1 423 752
	Impairment	-	(581 725)	-	(1 016 690)
Total	**Total Exposure**	**158 985 675**	**17 813 625**	**153 759 078**	**20 255 865**
	Impairment	**(36 128 564)**	**(3 469 410)**	**(42 782 094)**	**(4 706 067)**

As at 31 December 2021 and 2020, the breakdown of exposures and impairment constituted by individual and collective analysis and segment is as follows:

(thousands of kwanzas)

		31-12-2021		31-12-2020	
Segment		**Individual analysis**	**Collective analysis**	**Individual analysis**	**Collective analysis**
Companies	Total Exposure	136 214 196	7 611 894	144 002 318	11 458 677
	Impairment	(35 790 818)	(1 196 226)	(42 046 770)	(2 057 951)
Public entities	Total Exposure	22 771 479	95 858	9 263 878	95 860
	Impairment	(337 746)	(1 418)	(633 811)	(6 522)
Employees	Total Exposure	-	2 259 708	-	1 977 254
	Impairment	-	(61 439)	-	(70 468)
Individuals - Rents	Total Exposure	-	5 548 914	492 882	4 220 810
	Impairment	-	(1 515 710)	(101 513)	(1 564 893)
Individuals - Revolving	Total Exposure	-	2 297 251	-	2 503 264
	Impairment	-	(694 617)	-	(1 006 233)
Total	**Total Exposure**	**158 985 675**	**17 813 625**	**153 759 078**	**20 255 865**
	Impairment	**(36 128 564)**	**(3 469 410)**	**(42 782 094)**	**(4 706 067)**

As at 31 December 2021 and 2020, the entire credit exposure refers to customers in Angola.

As at 31 December 2021 and 2020, the breakdown of the exposures and impairment constituted according to impairment calculation and stage is as follows:

(thousands of kwanzas)

31-12-2021	**Impairment Stages**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
With impairment assigned based on Individual Analysis				
Total Exposure	60 839 602	75 584 041	22 562 032	158 985 675
Impairment losses	(10 884 264)	(19 390 886)	(5 853 414)	(36 128 564)
With impairment assigned based on collective analysis				
Total Exposure	7 826 648	6 703 849	3 283 128	17 813 625
Impairment losses	(209 984)	(1 645 386)	(1 614 040)	(3 469 410)
	57 572 002	**61 251 618**	**18 377 706**	**137 201 326**

(thousands of kwanzas)

31-12-2020	**Impairment Stages**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
With impairment assigned based on Individual Analysis				
Total Exposure	39 865 235	81 505 533	32 388 310	153 759 078
Impairment losses	(1 522 390)	(36 199 107)	(5 060 597)	(42 782 094)
With impairment assigned based on collective analysis				
Total Exposure	6 632 675	7 801 845	5 821 345	20 255 865
Impairment losses	(214 935)	(1 857 439)	(2 633 693)	(4 706 067)
	44 760 585	**51 250 832**	**30 515 365**	**126 526 782**

As at 31 December 2021 and 2020, the breakdown of exposures and impairment constituted in accordance with the calculation of impairment and class of default is as follows:

(thousands of kwanzas)

31-12-2021	Default class					
	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
With impairment assigned based on Individual Analysis						
Total Exposure	147 039 883	-	776 684	10 241 226	927 882	158 985 675
Impairment losses	(34 276 978)	-	(346 787)	(871 766)	(633 033)	(36 128 564)
With impairment assigned based on collective analysis						
Total Exposure	14 368 226	319 467	556 903	2 386 781	182 248	17 813 625
Impairment losses	(1 852 658)	(77 209)	(230 326)	(1 188 730)	(120 487)	(3 469 410)
	125 278 473	**242 258**	**756 474**	**10 567 511**	**356 610**	**137 201 326**

(thousands of kwanzas)

31-12-2020	Default class					
	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	More than 5 years	Total
With impairment assigned based on Individual Analysis						
Total Exposure	140 290 712	52 550	-	11 021 619	2 394 197	153 759 078
Impairment losses	(40 613 949)	(35 645)	-	(346 282)	(1 786 218)	(42 782 094)
With impairment assigned based on collective analysis						
Total Exposure	16 267 172	7 335	594 374	3 182 447	204 537	20 255 865
Impairment losses	(2 649 446)	(1 428)	(182 147)	(1 759 552)	(113 494)	(4 706 067)
	113 294 489	**22 812**	**412 227**	**12 098 232**	**699 022**	**126 526 782**

As at 31 December 2021 and 2020, there are no credit exposures without impairment.

As at 31 December 2021 and 2020, the breakdown of overdue credit with impairment according to the impairment calculation and stage is as follows:

(thousands of kwanzas)

31-12-2021	Impairment Stages			
Overdue credit and interest	Stage 1	Stage 2	Stage 3	Total
With impairment attributed on individual analysis	4 301	2 115 557	3 928 472	6 048 330
With impairment assigned on collective analysis	481	44 803	184 033	229 317
	4 782	**2 160 360**	**4 112 505**	**6 277 647**

(thousands of kwanzas)

31-12-2020	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 assigned on collective analysis	6 801	35 129	1 443 976	1 485 906
	6 801	**35 129**	**7 220 315**	**7 262 245**

As at 31 December 2021 and 2020, the breakdown of overdue credit with impairment according to the impairment calculation and class of default is as follows:

(thousands of kwanzas)

31-12-2021	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	1 843 100	276 759	491 805	3 436 666	6 048 330
With impairment assigned on collective analysis	670	44 693	32 847	151 107	229 317
	1 843 770	**321 452**	**524 652**	**3 587 773**	**6 277 647**

(thousands of kwanzas)

31-12-2020	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 assigned on collective analysis	9 096	1 390	14 352	1 461 069	1 485 907
	9 096	**53 905**	**14 352**	**7 184 892**	**7 262 245**

As at December 31, 2021 and 2020, the breakdown of restructured exposures and impairment constituted by restructuring measure applied is as follows:

(thousands of kwanzas)

31-12-2021	Stage 2			Stage 3			Total		
Applied Measure	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
Increase in repayment term	4	3 750	(330)	7	7 992 989	(166 301)	11	7 996 739	(166 631)
Change in the frequency of payment of interest and/or principal	1	2 634 642	(263 464)	62	2 766 595	(997 220)	63	5 401 237	(1 260 684)
Introduction of a grace period for principal and/or interest	2	1 519 370	(199 337)	6	3 009 406	(1 974 920)	8	4 528 776	(2 174 257)
Capitalisation of interest	-	-	-	1	212 446	(147 751)	1	212 446	(147 751)
Forgiveness of interest and/or partial principal	-	-	-	2	23 064	(15 251)	2	23 064	(15 251)
Interest rate reduction	-	-	-	2	11 979	(8 170)	2	11 979	(8 170)
Other	1	262 615	(27 227)	13	902 342	(390 943)	14	1 164 957	(418 170)
	8	**4 420 377**	**(490 358)**	**93**	**14 918 821**	**(3 700 556)**	**101**	**19 339 198**	**(4 190 914)**

(thousands of kwanzas)

31-12-2020	Stage 2			Stage 3			Total		
Applied Measure	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
Increase in repayment term	7	6 824 078	(141 357)	8	44 461	(29 261)	15	6 868 539	(170 618)
Change in the frequency of payment of interest and/or principal	13	5 572 299	(4 806 064)	59	5 240 087	(827 676)	72	10 812 386	(5 633 740)
Introduction of a grace period for principal and/or interest	3	4 584 066	(3 485 849)	3	1 487 506	(1 008 737)	6	6 071 572	(4 494 586)
Capitalisation of interest	-	-	-	-	-	-	-	-	-
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	4	10 293 358	(6 581 308)	8	931 443	(224 793)	12	11 224 801	(6 806 101)
	27	**27 273 801**	**(15 014 578)**	**82**	**8 807 291**	**(3 003 431)**	**109**	**36 081 092**	**(18 018 009)**

As at 31 December 2021 and 2020, the movement of restructured credit inflows and outflows shows the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Opening balance of restructured credit portfolio	**36 081 092**	**29 796 781**
Restructured credits in the period	2 718 552	9 396 558
Accrued interest on the restructured credits portfolio	2 180 314	2 067 836
Settlement of restructured credits (partial or total)	(1 509 294)	(2 801 553)
Write-offs	(21 479 518)	(2 155 590)
Credits classified from 'restructured' to 'normal'	1 528 142	(412 182)
Other	(180 090)	189 242
Closing balance of restructured credit portfolio	**19 339 198**	**36 081 092**

As at December 31, 2021 and 2020, the breakdown of restructured exposures and impairment constituted by status is as follows:

(thousands of kwanzas)

31-12-2021

	Credit			
Sector	Due	Overdue	Total	Impairment losses
Companies	17 056 549	1 611 400	18 667 949	(3 796 635)
Individuals				
Consumption	565 675	105 574	671 249	(394 279)
Housing	-	-	-	-
Other purposes	-	-	-	-
	17 622 224	**1 716 974**	**19 339 198**	**(4 190 914)**

(thousands of kwanzas)

31-12-2020

	Credit			
Sector	Due	Overdue	Total	Impairment losses
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)
	33 042 750	**3 038 342**	**36 081 092**	**(18 018 009)**

As at 31 December 2021 and 2020, the breakdown of restructured exposures and impairment constituted by stage is as follows:

(thousands of kwanzas)

31-12-2021				
	Impairment Stages			
Sector	Stage 1	Stage 2	Stage 3	Total
Companies	-	4 416 627	14 251 321	18 667 948
Individuals				
Consumption	-	3 750	667 500	671 250
Housing	-	-	-	-
Other purposes	-	-	-	-
	-	**4 420 377**	**14 918 821**	**19 339 198**

(thousands of kwanzas)

31-12-2020				
	Impairment Stages			
Sector	Stage 1	Stage 2	Stage 3	Total
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
	-	**27 273 800**	**8 807 292**	**36 081 092**

As at 31 December 2021 and 2020, the disclosure of the risk factors associated with the impairment model by segment presents the following composition:

(thousands of kwanzas)

31-12-2021				
	Probability of default			
Segmento	Stage 1	Stage 2	Stage 3	Losses given default
Companies	9,8%	15,7%	100,0%	50,5%
Employees	3,6%	3,8%	100,0%	35,2%
Individuals - Rents	2,8%	2,9%	100,0%	87,2%
Individuals - Revolving	77,7%	77,7%	100,0%	41,8%

(thousands of kwanzas)

31-12-2020				
	Probability of default			
Segmento	Stage 1	Stage 2	Stage 3	Losses given default
Companies	10,1%	17,5%	100,0%	28,93%
Employees	3,8%	5,2%	100,0%	35,04%
Individuals - Rents	9,4%	10,8%	100,0%	41,45%
Individuals - Revolving	77,7%	77,7%	100,0%	41,86%

The risk factors presented correspond to the weighted average of the segment's operations.

The impairment movement for credit to customers is presented in Note 32.

In the financial years ended on 31 December 2021 and 2020, the Bank recognised impairment for credit to customers in the amount of AOA 21 064 947 000 and AOA 2 155 590 000, respectively, corresponding to exposures where the Bank concludes that there is no reasonable expectation of recovery of the assets (Note 32).

As at 31 December 2021 and 2020, the breakdown of the fair value of the guarantees underlying the credit portfolio of the companies, construction, property development and housing segments is as follows:

(thousands of kwanzas)

31-12-2021	Companies				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	50 705	126	1 352 509	-	-	10	175 882	15	353 981	90	1 522 701
≥ 50 MAOA and < 100 MAOA	2	144 359	14	811 819	-	-	-	-	5	363 497	29	1 687 453
≥ 100 MAOA and < 500 MAOA	25	4 900 380	44	11 301 997	1	400 560	5	1 648 556	15	2 440 493	19	2 794 701
≥ 500 MAOA and < 1 000 MAOA	5	3 553 380	15	11 811 134	-	-	3	2 247 286	1	570 629	5	3 434 640
≥ 1 000 MAOA and < 2 000 MAOA	5	7 540 553	14	20 064 217	-	-	6	6 816 343	-	-	-	-
≥ 2 000 MAOA and < 5 000 MAOA	6	22 123 952	16	53 788 327	2	6 851 312	6	20 022 485	-	-	-	-
≥ 5 000 MAOA	6	166 954 837	3	19 298 628	1	12 423 723	3	20 877 551	-	-	-	-
	53	**205 268 166**	**232**	**118 428 630**	**4**	**19 675 595**	**33**	**51 788 103**	**36**	**3 728 600**	**143**	**9 439 495**

(thousands of kwanzas)

31-12-2020	Companies				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 < 1 000 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	-	-	-	-
	52	**107 717 113**	**239**	**120 966 054**	**5**	**16 445 633**	**27**	**47 055 263**	**37**	**3 746 158**	**86**	**7 194 982**

As at 31 December 2021 and 2020, the financing-guarantee ratio of the companies, construction and property development and housing segments has the following composition:

(thousands of kwanzas)

31-12-2021						
Segment/ ratio	**Number of Properties**	**Number of Other Guarantees**	**Credit in stage 1**	**Credit in stage 2**	**Credit in stage 3**	**Impairment losses**
Companies						
No guarantee associated	n.a.	n.a.	13 392 130	268 217	27 461 875	(5 560 776)
<50 %	13	131	486 657	1 003 139	10 798 663	(7 897 546)
>=50 % and <75 %	-	8	31 851	-	16 769 409	(8 685 669)
>=75 % and <100 %	2	11	8 548 521	7 012 355	2 366 256	(3 566 568)
>=100 %	38	82	14 424 243	100 726	30 887 512	(4 474 909)
Construction and real estate promotion	-	-	-	-	-	-
No guarantee associated	n.a.	n.a.	1 653 109	135 167	29 537	(974 243)
<50 %	2	5	-	-	501 959	(14 563)
>=50 % and <75 %	-	-	-	-	-	-
>=75 % and <100 %	-	5	8 415 000	133	12 687 004	(5 227 491)
>=100 %	2	23	239 852	2 831	9 488 826	(926 320)
Housing	-	-	-	-	-	-
No guarantee associated	n.a.	n.a.	-	84 993	-	(24 311)
<50 %	2	4	-	-	273 630	(166 930)
>=50 % and <75 %	-	-	-	-	-	-
>=75 % and <100 %	-	3	564 763	-	-	(13 121)
>=100 %	34	136	803 727	145 564	1 519 954	(290 554)
	93	**408**	**48 559 853**	**8 753 125**	**112 784 625**	**(37 823 001)**

(thousands of kwanzas)

31-12-2020						
Segment/ ratio	**Number of Properties**	**Number of Other Guarantees**	**Credit in stage 1**	**Credit in stage 2**	**Credit in stage 3**	**Impairment losses**
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)
	94	**352**	**44 663 816**	**86 344 281**	**36 898 397**	**(48 121 972)**

NOTE 11
NON-CURRENT ASSETS HELD FOR SALE

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Equity holdings	**47 881 628**	**45 523 992**
Banco de Negócios Internacional (Europa), S.A.	47 881 628	45 173 994
BNI – Asset Management, Sociedade Gestora de OIC, S.A.	-	349 998
Properties	**2 620 586**	**9 079 270**
Impairment losses (Note 32)	**(32 744 961)**	**(30 041 737)**
Banco de Negócios Internacional (Europa), S.A.	(32 744 961)	(29 734 739)
BNI – Asset Management, Sociedade Gestora de OIC, S.A.	-	(306 998)
	17 757 253	**24 561 525**

As at 31 December 2021, the balance of the item "Financial holdings" corresponds to the interest held by the Bank in Banco de Negócios Internacional (Europa), S.A. ("BNI Europa"), amounting to the entire share capital. In recent financial years, the Bank has been making efforts to complete the sale of the holding, after two sales agreements entered into with investors that were not concluded. The last of the agreements was signed on 30 June 2021, and the operation was cancelled on 18 November 2021 by agreement between the parties.

On 26 November 2021, an agreement was signed for the sale of this holding for the amount of EUR 13 000 000 (equivalent on 31 December 2021 to AOA 8 177 195 000), and the Bank received as a down payment the amount of EUR 8 500 000 (equivalent on 31 December 2021 to AOA 5 346 628 000), an amount that was used for a capital increase, of the same amount, carried out by the Bank at BNI Europa (Note 19). The remainder of the sale amount will be paid by the buyer after approval of the transaction by the competent authorities. Under the terms of the agreement entered into, all capitalisation needs that may be required until the approval of the transaction will be assumed by the buyer. The BNI Europa sales process is already in the phase of approval by the competent authorities; if the aforementioned approvals are not obtained or if there is any opposition, the sales agreement may be terminated by either party, which would require the Bank to return the down payment received. Within the scope of this operation, in order to guarantee the return of the down payment received, the Bank has established a financial pledge over all the shares representing BNI Europa's share capital.

If approvals are not obtained from the competent supervisory bodies, or if there is any opposition, the Board of Directors of the Bank is responsible for any BNI Europa capital needs, considering the comfort letter in which it undertakes to provide the financial resources necessary through capital increases and/or other means that prove necessary, in order to allow BNI Europa to fulfil its obligations, the commitments assumed with third parties and its business plan.

The National Bank of Angola, by letter dated 31 March 2022, granted the Bank's request to waive the deduction from its regulatory own funds of the shareholding held in BNI Europa for the financial year 2021 and until 30 June 2022. The Board of Directors believes that the Bank has the support of its shareholders in meeting any need for capital increases, and therefore considers it appropriate to use the continuity of operations assumption in the preparation of the individual financial statements attached.

As at 31 December 2021 and 2020, the holding in BNI Europa amounts to EUR 76 122 000 and EUR 56 579 000, corresponding to the net value of EUR 22 138 000 and EUR 19 337 000, respectively. The variation observed in the 2021 financial year corresponds to the capital increases, by regulatory imposition. Additionally, there is a reduction in the amounts on the balance sheet due to the appreciation of the Kwanza.

In 2021, the Bank carried out capital increases in BNI Europa in the amount of EUR 17 500 000, and also settled the purchase of 0.004 % of the share capital of this entity.

In 2020 the Bank carried out capital increases in BNI Europa in the amount of EUR 7 450 000, and having acquired an additional 1 500 shares now holds the entire share capital.

On 8 December 2020, the contract was signed for the purchase and sale of 700 000 nominative shares representing the share capital of BNI - Asset Management, Sociedade Gestora de OIC, S.A. ("BNI - Asset Management"), with a nominal value of AOA 500 each. The shares were sold at a price of AOA 61.43 per share, therefore the total transaction value amounted to AOA 43 001 000.

On 11 December 2020, the Bank, pursuant to the terms of Article 56(3)(b) of Presidential Legislative Decree No. 7/13, of 11 October, informed the Capital Markets Commission of its intention to sell all the shares held in BNI – Asset Management. On 13 April 2021, the Capital Markets Commission decided to approve this transaction and it was completed in the 2021 financial year. This transaction did not generate any value in 2021 since the holding in BNI - Asset Management was recorded on 31 December 2020 at its sale value.

As at 31 December 2021 and 2020, the balance of the item "Properties" corresponds to properties received in lieu of credit obligations.

As at 31 December 2021 and 2020, the fair value and net book value of properties received in lieu of credit obligations, by type of property, are broken down as follows:

(thousands of kwanzas)

	31-12-2021			31-12-2020		
Type of property	Number of properties	Fair value of the asset	Net carrying amount	Number of properties	Fair value of the asset	Net carrying amount
Constructed buildings						
Housing	2	6 797 179	2 620 586	3	14 603 858	8 378 244
Commercial vehicles	-	-	-	1	2 274 300	701 026
	2	**6 797 179**	**2 620 586**	**4**	**16 878 158**	**9 079 270**

As at 31 December 2021 and 2020, the net book value of the properties received in lieu of credit obligations, by age, has the following breakdown:

(thousands of kwanzas)

	31-12-2021			31-12-2020		
Type of property	Number of properties	Fair value of the asset	Net carrying amount	Number of properties	Fair value of the asset	Net carrying amount
Constructed buildings						
Housing	2 487 746	132 840	2 620 586	6 783 344	1 594 900	8 378 244
Commercial vehicles	-	-	-	701 026	-	701 026
	2 487 746	**132 840**	**2 620 586**	**7 484 370**	**1 594 900**	**9 079 270**

The movement under the item for the financial years ended 31 December 2021 and 2020 has the following breakdown:

(thousands of kwanzas)

	31-12-2021		31-12-2020	
	Properties	Equity holdings	Properties	Equity holdings
Opening balance	**9 079 270**	**45 523 992**	**-**	**26 569 557**
Entries	2 487 746	12 294 862	7 484 370	5 948 296
Outflows/ Disposals	(8 946 430)	(349 998)	-	-
Transfers	-	-	1 594 900	349 998
Exchange differences and other	-	(9 587 228)	-	12 656 141
Closing balance	**2 620 586**	**47 881 628**	**9 079 270**	**45 523 992**

In the financial year ended 31 December 2021, inflows in the amount of AOA 2 487 746 000 correspond to properties received in lieu of compliance with a customer's credit obligations. In the financial year ended 31 December 2021, the outflows correspond to the payment in kind of the property "Edifício Urbisoyo" in the Omega Fund (valuation of AOA 6 461 604 000 on 31 December 2020) and the sale of other properties to the Omega Fund (valuation of AOA 2 234 726 000 on 31 December 2020), with the remaining properties being sold to third parties (valuation of AOA 250 100 000 on 31 December 2020), resulting in capital gains in the amount of AOA 6 454 765 000 (Note 7 and 28).

NOTE 12
OTHER TANGIBLE ASSETS AND INTANGIBLE ASSETS

The movement under these items for the financial years ended 31 December 2021 and 2020 has the following breakdown:

(thousands of kwanzas)

	31-12-2020	Increases	Write-offs	Regularizations / Transfers	31-12-2021
Other tangible assets					
Gross assets					
Furniture, utensils, installations and equipment	21 594 528	2 225 179	(33 219)	-	23 786 488
Rights of use	3 751 076	3 312	-	(298 111)	3 456 277
Tangible assets in progress	797 787	639 327	-	(24 849)	1 412 265
	26 143 391	**2 867 818**	**(33 219)**	**(322 960)**	**28 655 030**
Accumulated depreciation					
Furniture, utensils, installations and equipment	(7 609 782)	(1 078 431)	33 219	(752 305)	(9 407 299)
Rights of use	(2 740 152)	(67 461)	-	-	(2 807 613)
	(10 349 934)	**(1 145 892)**	**33 219**	**(752 305)**	**(12 214 912)**
	15 793 457	**1 721 926**	**-**	**(1 075 265)**	**16 440 118**
Intangible assets					
Gross assets	3 775 561	1 670 984	(170 002)	-	5 276 543
Accumulated amortisation	(3 096 282)	(915 042)	170 002	-	(3 841 322)
	679 279	**755 942**	**-**	**-**	**1 435 221**

(thousands of kwanzas)

	31-12-2019	Increases	Write-offs	Regularizations / Transfers	31-12-2020
Other tangible assets					
Gross assets					
Furniture, utensils, installations and equipment	22 705 034	552 511	-	(1 663 017)	21 594 528
Rights of use	2 041 965	1 709 111	-	-	3 751 076
Tangible assets in progress	392 481	446 251	(40 945)	-	797 787
	25 139 480	**2 707 873**	**(40 945)**	**(1 663 017)**	**26 143 391**
Accumulated depreciation					
Furniture, utensils, installations and equipment	(6 889 890)	(520 279)	-	(199 613)	(7 609 782)
Rights of use	(1 992 389)	(747 763)	-	-	(2 740 152)
	(8 882 279)	**(1 268 042)**	**-**	**(199 613)**	**(10 349 934)**
	16 257 201	**1 439 831**	**(40 945)**	**(1 862 630)**	**15 793 457**
Intangible assets					
Gross assets	3 182 675	594 235	(1 349)	-	3 775 561
Accumulated amortisation	(2 371 891)	(725 740)	1 349	-	(3 096 282)
	810 784	**(131 505)**	**-**	**-**	**679 279**

NOTE 13
INCOME TAX

As at 31 December 2021 and 2020, deferred tax assets and liabilities recognised on the balance sheet are as follows:

(thousands of kwanzas)

	Assets		Liabilities		Net	
	31-12-2021	31-12-2020	31-12-2021	31-12-2020	31-12-2021	31-12-2020
Impairment losses on financial holdings (Note 11)	9 549 126	8 619 154	-	-	9 549 126	8 619 154
Adjustments for transition to IAS/IFRS	2 336	468 371	-	-	2 336	468 371
Adjustments for transition to IFRS 9	177 017	123 431	-	-	177 017	123 431
Unrealised exchange rate variations	-	-	(10 504 172)	(3 676 983)	(10 504 172)	(3 676 983)
Tax losses	4 188 356	-	-	-	4 188 356	-
Impairment losses for the financial year not accepted	241 236	2 635 547	-	-	241 236	2 635 547
	14 158 071	**11 846 503**	**(10 504 172)**	**(3 676 983)**	**3 653 899**	**8 169 520**

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 of the balance sheet. In the financial years ended 31 December 2021 and 2020, deferred tax was calculated based on a rate of 35 %.

In accordance with the provisions of IAS 12, deferred tax liabilities must be recognised in their entirety, whereas a deferred tax asset should only be recognised if there is certainty that future taxable revenue will be recoverable within the time frame provided for under tax law.

The Bank assessed the recoverability of deferred tax assets recorded on the balance sheet based on the expectation of future taxable profits in the subsequent three years.

As at 31 December 2021 and 2020, deferred tax assets and liabilities recognised on the income statement are as follows:

(thousands of kwanzas)

	31-12-2020	Recognised in profit and loss	Exchange rate variations	31-12-2021
Impairment losses on financial holdings (Note 11)	8 619 154	1 528 195	(598 223)	9 549 126
Adjustments for transition to IAS/IFRS	468 371	(466 035)	-	2 336
Adjustments for transition to IFRS 9	123 431	53 586	-	177 017
Unrealised exchange rate variations	(3 676 983)	(6 827 189)	-	(10 504 172)
Tax losses	-	4 188 356	-	4 188 356
Impairment losses for the financial year not accepted	2 635 547	(2 394 311)	-	241 236
	8 169 520	**(3 917 398)**	**(598 223)**	**3 653 899**

(thousands of kwanzas)

	31-12-2019	Recognised in profit and loss	Exchange rate variations	31-12-2020
Impairment losses on financial holdings (Note 11)	5 465 975	2 737 942	415 237	8 619 154
Adjustments for transition to IAS/IFRS	605 535	(552 402)	415 238	468 371
Adjustments for transition to IFRS 9	618 858	(910 665)	415 238	123 431
Unrealised exchange rate variations	-	(3 676 983)	-	(3 676 983)
Tax losses	-	-	-	-
Impairment losses for the financial year not accepted	-	2 635 547	-	2 635 547
	6 690 368	**233 439**	**1 245 713**	**8 169 520**

As at 31 December 2021 and 2020, deferred tax assets and liabilities associated with unrealised exchange variations have the following breakdown:

(thousands of kwanzas)

	31-12-2020	Recognised in profit and loss	31-12-2021
Income with unrealised exchange rate variations	(33 356 287)	(10 463 984)	(43 820 271)
Revenue from exchange variations realised and taxed in the past	-	(5 691 146)	(5 691 146)
Costs with unrealised exchange rate variations	29 679 304	5 585 602	35 264 906
Costs due to exchange variations realised and taxed in the past	-	3 742 339	3 742 339
	(3 676 983)	**(6 827 189)**	**(10 504 172)**

Presidential Legislative Decree No. 5/11, of 30 December (revised and republished through Presidential Legislative Decree No. 2/14, of October 20) subjects income derived from public debt securities issued by the Angolan State to capital gains tax. In accordance with Article 47 of the Industrial Tax Code, when determining the tax base, income subject to capital gains tax is deducted. Likewise, the expense determined with regard to the settlement of capital gains tax is excluded from the fiscally accepted costs for calculating the tax base, as provided for in Article 18(1)(a) of the Industrial Tax Code.

In the financial years ended 31 December 2021 and 2020, the Bank presents the capital gains tax cost recognised in income under current taxes, as it considers that this tax complies with the requirements defined in IAS 12 to be considered current tax.

As at 31 December 2021 and 2020, the calculation of taxes on income is as follows:

(thousands of kwanzas)

	31-12-2021		31-12-2020	
	Rate %	Value	Rate %	Valor
Income before tax		**5 583 184**		**6 726 764**
Nominal tax rate	35,00%		35,00%	
Tax calculated based on the nominal tax rate		(1 954 114)		(2 354 367)
Tax benefits on income from government bonds		3 161 252		10 246 229
Impairment and provisions temporarily not accepted		(1 944 591)		(15 123 797)
Non-deductible (income)/costs		737 456		3 599 996
Reportable tax losses		-		393 532
Excess tax estimate		948 175		-
Capital gains tax		(190 049)		(319 687)
		758 129		**(3 558 094)**
Industrial Tax Credit		1 626 401		-
Current tax		**2 384 530**		**(3 558 094)**
Deferred tax		**(3 917 398)**		**233 439**
		(1 532 868)		**(6 882 749)**

The accounting policy on income taxes is described in Notes 2.16. and 3. 3.

NOTE 14
OTHER ASSETS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Advance for credit operations	2 061 124	-
Expenses paid in advance	1 082 979	1 950 457
Employee benefits	822 640	461 922
Miscellaneous debtors	932 929	7 862 363
Other operations awaiting settlement	416 488	389 762
General Tax Administration commissions	290 570	254 899
Artistic heritage	10 364	10 364
Letters of credit pending settlement (Note 19)	-	10 291 766
Impairment losses (Note 32)	(1 118 421)	(2 035 791)
	4 498 673	**19 185 742**

As at 31 December 2021, the items "Advance for credit operations" corresponds to the advance to a customer whose contractual formalisation of the operation and recording of the balance under the item "Credit to customers" took place in 2022.

As at 31 December 2021 and 2020, the item "Prepaid expenses" essentially corresponds to the deferral of expenses associated with an advertising contract in euros, in force between 2015 and 2025, in the amount of AOA 901 588 000 and AOA 1 463 787 000, respectively.

As at 31 December 2020, the item "Letters of credit pending settlement" corresponds to import documentary credit transactions which were overdue and were settled during the following month.

NOTE 15
DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Funds from credit institutions in the country		
Transactions in the interbank market	9 000 000	-
Funds from credit institutions abroad		
Transactions in the interbank market	15 072 039	11 067 310
Payment system obligations	2 161 281	2 731 236
Interest payable	80 942	43 852
	26 314 262	**13 842 398**

As at 31 December 2021, the item "Funds from credit institutions in the country" refers to short-term liquidity borrowings in national currency, which bear interest at the average annual rate of 20.16 %.

As at 31 December 2021 and 2020, the item "Funds from credit institutions abroad" refers to short-term liquidity borrowings in foreign currency, which bear interest at the average annual rate of 2.78 % and 1.14 %, respectively.

As at 31 December 2021 and 2020, the heading "Obligations in the payment system" refers to amounts to be offset with other credit institutions in the payment system.

As at 31 December 2021 and 2020, funds credit institutions in the country and abroad, excluding interest payable and obligations in the payment system, show the following breakdown, by residual maturities:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Up to one month	4 843 755	1 121 988
Between one and three months	13 915 470	4 027 129
Between three and six months	2 812 814	3 522 906
Between six months and one year	2 500 000	2 395 287
	24 072 039	**11 067 310**

NOTE 16
CUSTOMER DEPOSITS AND OTHER LOANS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Demand deposits	**119 813 350**	**150 137 502**
National currency	66 718 363	75 227 609
Foreign currency	53 094 987	74 909 893
Term Deposits	**157 673 628**	**191 226 510**
National currency	90 121 278	74 433 003
Foreign currency	58 422 493	75 202 155
Indexed to the US Dollar	9 129 857	41 591 352
Interest payable on term deposits	**3 570 761**	**2 351 549**
National currency	2 696 202	1 248 086
Foreign currency	481 236	320 843
Indexed to the US Dollar	393 323	782 620
Total term deposits and interest payable	**161 244 389**	**193 578 059**
Other deposits	**432 714**	**562 515**
	281 490 453	**344 278 076**

As at 31 December 2021 and 2020, term deposits, excluding interest payable, show the following breakdown, by residual maturities:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Up to one month	16 734 941	22 345 253
Between one and three months	34 540 612	40 827 687
Between three and six months	40 937 898	26 205 107
Between six months and one year	55 812 675	83 798 206
Between one and three years	5 358 843	7 692 516
Between three and five years	1 513 588	5 954 670
More than five years	2 775 071	4 403 071
	157 673 628	**191 226 510**

As at 31 December 2021 and 2020, term deposits are remunerated at the following average annual rates, weighted by the respective nominal value of the operations:

(thousands of kwanzas)

	31-12-2021		31-12-2020	
	Average interest rate	Amount	Average interest rate	Amount
In national currency	12,70%	90 121 278	9,18%	74 433 003
Indexed to the US dollar	4,21%	9 129 857	2,54%	41 591 352
In United States Dollars	1,89%	46 954 516	1,36%	59 877 752
In Euros	1,37%	11 467 977	1,03%	15 324 403
		157 673 628		**191 226 510**

NOTE 17
PROVISIONS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Guarantees and other commitments (Note 33)	2 708 808	3 268 215
Other risks and charges	1 380 144	1 003 981
	4 088 952	**4 272 196**

The movement under this item is presented in Note 32.

Provisions for guarantees and other commitments relate to estimated losses for these liabilities, including import documentary credits, guarantees provided and limits on credit to customers operations (Note 2.5).

As at 31 December 2021 and 2020, provisions for other risks and charges correspond to potential contingencies associated with tax proceedings.

NOTE 18
SUBORDINATED LIABILITIES

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Capital	6 686 322	27 577 912
Interest payable	60 425	98 644
	6 746 747	**27 676 556**

As at 31 December 2021 and 2020, subordinated liabilities correspond to subordinated bonds indexed to the United States Dollar and have the following breakdown:

(thousands of kwanzas)

	31-12-2021				
Name	Date of issue	Rate of interest	Maturity date	Issuance Amount	Balance Sheet value
Subordinated bonds	15-10-2019	5,50%	15-10-2026	4 000 000	5 482 350
Subordinated bonds	30-10-2020	5,50%	30-10-2027	1 500 000	1 264 397
				5 500 000	**6 746 747**

(thousands of kwanzas)

	31-12-2020				
Name	Date of issue	Rate of interest	Maturity date	Issuance Amount	Balance Sheet value
Subordinated bonds	25-11-2016	7,75%	25-11-2023	5 000 000	19 723 663
Subordinated bonds	15-10-2019	5,50%	15-10-2026	4 000 000	6 462 940
Subordinated bonds	30-10-2020	5,50%	30-10-2027	1 500 000	1 489 953
				10 500 000	**27 676 556**

In the financial year ended 31 December 2021, the Bank carried out an operation to convert part of the subordinated bonds issued in 2016 into perpetual subordinated bonds indexed to the United States Dollar (Note 20).

NOTE 19
OTHER LIABILITIES

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Advance under the BNI Europa sale agreement (Note 11)	5 346 628	-
Accrued costs	4 454 665	5 464 834
Capital gains tax	1 977 967	478 966
Staff, salaries and remuneration - Bonuses (Note 30)	1 483 939	1 342 829
Staff, salaries and remuneration - Allowances (Note 30)	355 109	442 497
Value Added Tax	119 523	189 358
Other taxes	121 849	289 805
Lease liabilities	4 200	88 919
Letters of credit pending settlement (Note 14)	-	10 291 766
	13 863 880	**18 588 974**

As at 31 December 2021, the item "Advance under the BNI Europa sale agreement" corresponds to the down payment received by the Bank under the BNI Europa sale agreement in the amount of EUR 8 500 000 (Note 11).

As at 31 December 2021, the item "Capital Gains Tax" includes the amount of AOA 1 731 791 000, corresponding to the amount of capital gains tax withheld at source and payable at a rate of 15 %, on the capital gains of subordinated bonds issued in 2016 that were converted into perpetual subordinated bonds indexed to the United States Dollar (Note 18).

As at 31 December 2021 and 2020, the item "Staff, salaries and remuneration – Bonuses" corresponds to the estimated bonuses to the Bank's employees and corporate bodies payable in the following financial year.

NOTE 20

SHARE CAPITAL, OWN SHARES AND OTHER EQUITY INSTRUMENTS

As at 31 December 2021 and 2020, holdings of the Bank's share capital are as follows:

(thousands of kwanzas)

	31-12-2021			31-12-2020		
	%	Total shares	Share capital	%	Total shares	Share capital
Mário Abílio Rodrigues Palhares	35,28%	705 600	9 483 245	37,28%	745 600	10 020 844
João Baptista de Matos(1)	11,63%	232 600	3 126 138	11,63%	232 600	3 126 138
Grupo BGI	10,00%	200 000	2 687 995	10,00%	200 000	2 687 995
Ivan Leite Morais	5,29%	105 800	1 421 949	5,29%	105 800	1 421 949
Salim Anwarali Kamani	5,00%	100 000	1 343 997	5,00%	100 000	1 343 997
José Teodoro Garcia Boyol	4,38%	87 600	1 177 342	4,38%	87 600	1 177 342
Arnaldo Leiro Octávio	4,32%	86 400	1 161 214	4,32%	86 400	1 161 214
Chen Zhihao	4,00%	80 000	1 075 198	0,00%	-	-
Joaquim Manuel Nunes	3,70%	74 000	994 558	3,70%	74 000	994 558
Leonel da Rocha Pinto	3,21%	64 200	862 846	3,21%	64 200	862 846
Mário de Almeida Dias	2,14%	42 800	575 231	2,14%	42 800	575 231
Rui António da Cruz	2,11%	42 200	567 167	2,11%	42 200	567 167
Manuel Arnaldo Calado	1,10%	22 000	295 679	1,10%	22 000	295 679
Celso Miguel Leiro Furtado	1,00%	20 000	268 799	1,00%	20 000	268 799
Justino José Fernandes	1,00%	20 000	268 799	0,00%	-	-
António Marques de Oliveira	0,50%	10 000	134 400	0,50%	10 000	134 400
Other shareholders	5,02%	100 400	1 349 373	6,02%	120 400	1 618 173
Share capital	0,32%	6 400	86 016	2,32%	46 400	623 615
	100%	**2 000 000**	**26 879 946**	**100%**	**2 000 000**	**26 879 946**

(1) Inventory (inheritance) proceedings underway in the courts.

In the financial year ended 31 December 2021, the sale of a total of 40 000 own shares to shareholders was completed.

At the Extraordinary Shareholders' Meeting of 6 October 2020, the Board of Directors decided to increase the Bank's share capital from AOA 19 000 000 000 to AOA 26 879 946 000 by incorporating reserves in the amount of AOA 7 879 946 000. This capital increase aimed to provide the Bank with an adequate equity structure, placing it on more solid ground and enabling it to develop its activity and meet capital ratio requirements under the regulatory framework.

Equity holdings of the members of the management and supervisory bodies are as follows:

(thousands of kwanzas)

	%	Total shares	Share capital	Acquisition
Mário Abílio Rodrigues Palhares	35,28%	705 600	9 483 245	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

As at 31 December 2021 and 2020, the item "Other equity instruments" is broken down as follows:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Other equity instruments		
Perpetual subordinated bonds	15 300 000	-
	15 300 000	**-**

As mentioned in Note 18, during the financial year ended 31 December 2021, the Bank carried out an operation to convert part of the subordinated bonds issued in 2016 into perpetual subordinated bonds indexed to the United States Dollar. The perpetual subordinated bonds subscription operation had a subscription limit of AOA 18 000 000, and by the end of the year AOA 15 300 000 000 had been subscribed.

The perpetual subordinated bonds bear interest at an annual nominal interest rate of 7.75 %, and interest is paid quarterly. The Bank, on its own initiative or by order of the National Bank of Angola, may: (i) cancel the payment of interest for an unlimited period of time and/or allocate interest to cover losses; (ii) convert these bonds into common shares, in each interest payment period, in the amount necessary to cover losses; and (iii) convert, in whole or in part, these bonds into non-voting preferred shares, entitled to a priority dividend of 5 %, in the amount corresponding to the repayment of the bonds at the date of conversion. Under IAS 32, these bonds have the same accounting framework as preferred shares with discretionary dividends, which is why they are recognised under the item "Other equity instruments" in the Bank's equity. Considering the described contingency associated with the payment of interest, they are recognised when the payment occurs (Note 2.24.).

NOTE 21

REVALUATION RESERVES, OTHER RESERVES AND RETAINED EARNINGS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Revaluation reserves	949 421	(291 038)
Legal reserve	7 348 305	6 667 883
Results carried forward	2 670 656	1 963 858
Other reserves	(12 612 601)	(13 336 000)
	(1 644 219)	**(4 995 297)**

In accordance with article 165 of the Law on the General Regime of Financial Institutions, the legal reserve must be credited annually with at least 10 % of the annual net profit, up to a limit equivalent to the value of the share capital.

The movements under these items in the financial years ended 31 December 2021 and 2020 are detailed in the statement of changes in equity.

By unanimous resolution of the Shareholders' Meeting of 5 May 2021, the following application of the net income for the 2020 financial year was decided, which amounted to AOA 3 402 109 000:

- AOA 680 422 000 to the legal reserve, corresponding to 20 % of the net income for the financial year;
- AOA 2 670 656 000 to retained earnings, corresponding to 78.5 % of net income for the financial year; and
- AOA 51 031 000 to the Social Fund, corresponding to 2.5 % of the net income for the financial year.

By unanimous resolution of the Shareholders' Meeting of 31 May 2020, the following application of the net income for the 2019 financial year was decided, which amounted to AOA 2 501 732 000:

- AOA 500 346 000 to the legal reserve, corresponding to 20 % of the net income for the financial year;
- AOA 1 963 858 000 to retained earnings, corresponding to 78.5 % of net income for the financial year; and
- AOA 37 528 000 to the Social Fund, corresponding to 2.5 % of the net income for the financial year.

NOTE 22
INCOME PER SHARE

Basic earnings per share correspond to the ratio between the income that can be allocated to the Bank's shareholders and the weighted average number of ordinary shares outstanding and are broken down as follows:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Individual net income attributable to the Bank's shareholders	**4 050 316**	**3 402 109**
Weighted average number of common shares issued (units)	2 000 000	2 000 000
Average number of common shares outstanding (units)	**1 973 600**	**1 953 600**
Basic earnings per share attributable to the Bank's shareholders (in kwanzas)	**2052,25**	**1741,46**

Basic earnings per share are equivalent to diluted earnings per share. The share capital increase in 2020 was carried out through the incorporation of reserves and therefore had no impact on the number of Bank shares (see Note 20).

NOTE 23
NET INTEREST INCOME

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Interest and similar income	**28 140 541**	**29 092 144**
Credit interest to customers	19 108 391	18 689 837
Investment interest at amortised cost	8 524 900	9 684 013
Interest from investments in central banks and other credit institutions	507 250	718 294
Interest and similar expense	**(11 419 700)**	**(11 094 453)**
Interest on funds from customers and other loans	(10 352 225)	(9 310 987)
Other subordinated liabilities	(535 283)	(631 220)
Interest on funds from central banks and other credit institutions	(532 192)	(1 152 246)
	16 720 841	**17 997 691**

In 2021 and 2020, net interest income results exclusively from assets and liabilities recorded at amortised cost.

NOTE 24
INCOME FROM SERVICES AND COMMISSIONS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Income from services and commissions	**5 359 459**	**5 504 428**
Opening lines of credit	2 059 059	1 556 824
Transactions at EMIS	1 651 776	1 876 139
Maintenance expenses	437 756	532 184
Transfers	418 924	794 887
Public debt securities	222 829	138 697
Other commissions	569 115	605 697
Fee and commission expense	**(2 420 080)**	**(2 143 493)**
Transactions at EMIS	(697 467)	(833 839)
Visa and Mastercard	(630 635)	(598 374)
Correspondent costs	(284 539)	(276 739)
Irrevocable lines of credit	(71 712)	(51 823)
Other commissions	(735 727)	(382 718)
	2 939 379	**3 360 935**

In 2021 and 2020, the balances of the items "Transactions at EMIS" correspond to the commissions charged by the Bank to its customers and paid to EMIS in relation to transactions processed by the latter entity.

NOTE 25

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

In 2021 and 2020, the balance of this item corresponds to the capital losses calculated in the valuation of the Omega Fund (Note 7).

NOTE 26

INCOME FROM INVESTMENTS AT AMORTISED COST

In 2021, the balance of this item corresponds to the capital gains realised on the sale of public debt securities (Note 9).

NOTE 27

FOREIGN EXCHANGE RESULTS

This item has the following composition:

(thousands of kwanzas)

	Income	Charges	Results	Income	Charges	Results
Foreign exchange operations	4 382 836	(725 385)	3 657 451	8 623 839	(3 704 450)	4 919 389
Exchange rate revaluation of balance sheet	3 017 780	(3 997 756)	(979 976)	4 283 171	(2 861 857)	1 421 314
Exchange rate revaluation of operations indexed to the US Dollar						
Treasury Bonds	-	(10 162 619)	(10 162 619)	24 367 235	-	24 367 235
Credit operations	22 875 865	-	22 875 865	6 364 044	-	6 364 044
Term Deposits	3 837 910	-	3 837 910	-	(12 572 809)	(12 572 809)
Subordinated liabilities	2 883 338	-	2 883 338	-	(7 946 561)	(7 946 561)
	36 997 729	**(14 885 760)**	**22 111 969**	**43 638 289**	**(27 085 677)**	**16 552 612**

The evolution of this item's balances is directly related to the evolution of the Kwanza exchange rate against foreign currencies. In the financial year ending 31 December 2021 the Kwanza appreciated, contrary to what had occurred in previous years, which saw a significant devaluation of the Kwanza.

In 2021 and 2020, this item includes the income resulting from the exchange rate revaluation of monetary assets and liabilities expressed in foreign currency and in national currency indexed to the United States Dollar (Note 2.4.), as well as revenue and charges from foreign currency purchase and sale operations.

In 2021 and 2020, the balance of the item "Exchange rate revaluation of operations indexed to the United States Dollar – Credit operations" includes the effect of the change in the accounting treatment associated with one customer's two credit operations contracted in the 2017 financial year and maturing in 2024. Up to the financial year ended 31 December 2020, the Bank only recognised foreign exchange gains on capital and interest instalments that fell due on a quarterly basis, and did not perform an exchange rate revaluation of the capital outstanding and accrued interest. In 2021, the Bank's Board of Directors obtained a legal opinion, as well as confirmation from the customer, that the two operations are indexed to the U.S. Dollar in terms of capital and interest. In this context, the Board of Directors recognised the exchange rate indexation of the outstanding capital and accrued interest, with the consequent revaluation of the asset, against a profit in the income statement, in the amount of AOA 15 485 731 000. Considering that the capital outstanding and the accrued interest of those operations should have been revalued since their origination, as at 31 December 2021 the net income for the financial year is overvalued and the retained earnings are undervalued in the amount of AOA 25 567 426 000, without affecting the total equity on that date.

NOTE 28

INCOME FROM THE DISPOSAL OF OTHER ASSETS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Properties	6 454 765	2 001 842
Other tangible assets	6 740	129 222
Intangible assets	(132)	(100 882)
	6 461 373	**2 030 182**

In 2021 and 2020, the balance of this item corresponds essentially to the capital gains generated in the sale to the Omega Fund of properties classified as "Non-current assets held for sale" (Notes 7 and 11).

NOTE 29

OTHER OPERATING INCOME

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Income	**926 417**	**12 124 934**
Credit recovery	443 804	11 642 367
Other income	482 613	482 567
Charges	**(1 963 586)**	**(1 583 855)**
Credit management commission	(518 376)	(416 020)
Taxes and fees not levied on results	(480 560)	(628 939)
Penalties imposed by regulatory entities	(227 147)	(108 431)
Other charges	(737 503)	(430 465)
	(1 037 169)	**10 541 079**

In 2021 and 2020, the balance of the item "Recovery of credits" essentially corresponds to the receipt of amounts outstanding from credit to customers operations, for which the Bank did not expect to receive any amount and had constituted an impairment in the amount of exposure in previous years; however, as a result of the Bank's efforts, it was possible to recover part of the amounts owed.

In 2021 and 2020, the balance of the item "Credit management commission" corresponds to commissions paid, associated with an agreement entered into by the Bank in the context of credits sold.

NOTE 30
PERSONNEL COSTS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Management and supervisory bodies	**4 040 825**	**3 830 200**
Base salary	2 074 431	2 050 838
Subsidies and Bonuses	1 966 394	1 779 362
Employees	**5 179 165**	**5 645 200**
Base salary	2 773 125	3 241 757
Subsidies and Bonuses	2 406 040	2 403 443
Social contributions	**334 887**	**397 724**
Mandatory	328 506	387 854
Optional	6 381	9 870
Other costs	**79 165**	**52 643**
	9 634 042	**9 925 767**

The management and supervisory bodies and employees do not have any benefit associated with the existence of a pension fund.

In 2021 and 2020, the item "Other costs" corresponds to costs related to employee training and events involving Bank employees.

In 2021 and 2020, personnel costs related to members of the management and supervisory bodies have the following breakdown:

(thousands of kwanzas)

	Board of Directors	Audit Committee	Other key management personnel	Total
Remuneration and other short-term benefits	2 446 510	24 412	34 285	2 505 207
Long-term benefits and other social contributions	179 556	1 953	2 742	184 251
Other remuneration - Bonuses	1 351 367	-	-	1 351 367
31 December 2021	**3 977 433**	**26 365**	**37 027**	**4 040 825**
Remuneration and other short-term benefits	2 217 667	29 311	178 323	2 425 301
Long-term benefits and other social contributions	179 045	2 345	8 999	190 389
Other remuneration - Bonuses	1 214 510	-	-	1 214 510
31 December 2020	**3 611 222**	**31 656**	**187 322**	**3 830 200**

As at 31 December 2021 and 2020, the number of Bank employees, considering permanent and fixed-term contract employees, has the following breakdown by professional category:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Directive functions	34	34
Management functions	107	103
Specific functions	198	262
Administrative functions and other	44	50
	383	**449**

NOTE 31

SUPPLIES AND THIRD-PARTY SERVICES

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Consulting and auditing	5 829 320	4 175 586
Rents and leases	1 519 038	2 422 582
Travel and representation	746 498	735 201
Retainers and fees	575 696	353 128
Security and surveillance	314 419	611 509
Communications and shipping	307 082	252 622
Advertising and publications	250 295	200 518
Water, energy and fuels	51 048	57 088
Insurances	39 903	125 363
Other supplies and third-party services	506 837	777 171
	10 140 136	**9 710 768**

In 2021, the increase under the item "Consulting and auditing" corresponds essentially to investment in IT consultancy.

In 2021, the reduction in the item "Rents and rentals" essentially corresponds to the reduction in rent expenses.

NOTE 32
IMPAIRMENT AND PROVISIONS

The movement under these items for the financial years ended 31 December 2021 and 2020 has the following breakdown:

(thousands of kwanzas)

	31-12-2020	Reversals / (endowments)	Uses	Variation exchange rate	31-12-2021
Impairment for other financial assets (Notes 5, 6 and 9)	(10 635 780)	9 245 334	-	15 838	(1 374 608)
Impairment for credit to customers (Note 10)	(47 488 161)	(22 273 305)	27 340 964	2 822 528	(39 597 974)
Impairment for non-current assets held for sale (Note 11)	(30 041 737)	(6 888 729)	306 997	3 878 508	(32 744 961)
Impairment for other assets (Note 14)	(2 035 791)	(1 353 523)	2 237 339	33 554	(1 118 421)
Provision for guarantees and other commitments (Notes 17 and 33)	(3 268 215)	(476 377)	-	1 035 784	(2 708 808)
Provisions for other risks and charges (Note 17)	(1 003 981)	(815 644)	439 481	-	(1 380 144)
	(94 473 665)	**(22 562 244)**	**30 324 781**	**7 786 212**	**(78 924 916)**

(thousands of kwanzas)

	31-12-2019	Reversals / (endowments)	Uses	Variation exchange rate	31-12-2020
Impairment for other financial assets (Notes 5, 6 and 9)	(1 956 493)	(8 563 612)	-	(115 675)	(10 635 780)
Impairment for credit to customers (Note 10)	(36 977 601)	(7 599 035)	2 155 590	(5 067 115)	(47 488 161)
Impairment for non-current assets held for sale (Note 11)	(18 229 646)	(2 828 636)	-	(8 983 455)	(30 041 737)
Impairment for other assets (Note 14)	(2 627 143)	(1 477 433)	2 130 185	(61 400)	(2 035 791)
Provision for guarantees and other commitments (Notes 17 and 33)	(2 453 827)	4 653	-	(819 041)	(3 268 215)
Provisions for other risks and charges (Note 17)	(450 956)	(1 655 772)	1 102 747	-	(1 003 981)
	(62 695 666)	**(22 119 835)**	**5 388 522**	**(15 046 686)**	**(94 473 665)**

In the financial year ended 31 December 2021, the reversal of impairment under the item "Impairment for other financial assets" essentially results from the increase in the Republic of Angola's sovereign debt rating. The impairment allocated to this item in the financial year ended 31 December 2020 is mainly the result of a decrease in the Republic of Angola's sovereign debt rating (Notes 2.5, 3.2 and 9).

NOTE 33
GUARANTEES PROVIDED AND OTHER COMMITMENTS

This item has the following composition:

(thousands of kwanzas)

	31-12-2021	31-12-2020
Import documentary credits	55 770 469	55 026 269
Guarantees provided	2 632 930	3 421 656
Third-party commitments assumed	2 025 197	5 611 183
Custody of securities	75 458 196	82 105 338
	135 886 792	**146 164 446**

Documentary credits are irrevocable commitments, assumed by the Bank on behalf of its customers, to pay/have a specific amount paid to the supplier of a given good 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 means that its cancellation or alteration is not feasible without the express agreement of all parties involved.

Revocable and irrevocable commitments assumed towards third parties introduce contractual agreements for the granting of credit with the Bank's customers (e.g., unused lines of credit), which are generally contracted for fixed terms or together with other expiration requirements and usually require a commission payment. Essentially, all existing credit granting commitments require customers to maintain certain requirements that are verified when such commitments are contracted.

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.

Provisions are made for these liabilities in accordance with the accounting policy described in Note 2.5.; the maximum credit exposure is represented by the nominal value that could be lost by the Bank in the event of default by the respective counterparties.

NOTE 34
RELATED PARTIES

In accordance with IAS 24 – Related Party Disclosures ("IAS 24"), the Bank considers the following to be related parties:

- All entities holding qualifying shareholdings:
  - Shareholders who hold, directly or indirectly, a percentage equal to or greater than 10 % of the Bank's share capital.
- All entities directly or indirectly owned in more than 10 % by the shareholders, covered by the above mentioned point;
- All entities in which the Bank holds, directly or indirectly, at least 10 % of the capital or voting rights of the investee company, or in which, for any reason, the Bank can exercise control and/or significant influence in the management of the investee institution;
- 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.
- Entities in a direct or indirect controlling relationship or in a group relationship with the Bank;
- Members of the Bank's management and/or supervisory bodies, as well as any person or entity, regardless of their legal form,

that has a relationship with a member of a management and/or supervisory body, 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 the latter hold a qualifying holding;
- Entities controlled by one of the people listed in the first sub-point.

- Entities where the majority of members in administrative, directive or management bodies coincide with those of the Bank, or if different people are linked to the former by marriage, de facto union or direct descendants/ancestors and those twice removed;
- Key Bank management personnel and their families: first-line directors, their spouses, descendants or ascendants and those twice removed;
- Affiliates, associates and jointly controlled entities or those that constitute joint ventures directly or indirectly in a controlling or group relationship with the Bank;
- 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 and those twice removed.

Details of the Bank's related parties are presented below:

Shareholders	Members of the Governing Bodies
Mário Abílio Rodrigues Palhares	Rui António da Cruz
João Baptista de Matos(1)	Joaquim Faria Briote
Grupo BGI	Vanda Adriano Marques Costa
Ivan Leite Morais	José Teodoro Garcia Boyol
Salim Anwarali Kamani	Mário Abílio Rodrigues Palhares
José Teodoro Garcia Boyol	Sandro Cunha Pereira Africano
Arnaldo Leiro Octávio	Carlos Manuel De Carvalho Rodrigues
Chen Zhihao	Joaquim Manuel Nunes
Joaquim Manuel Nunes	Hélio Ricardo Coelho Domingos Pitra
Leonel da Rocha Pinto	Jean Baptist Dominique Bernard Fiscel
Mário de Almeida Dias	Pedro Paulo Louro Palhares
Rui António da Cruz	Gaspar dos Santos Cardoso
Manuel Arnaldo Calado	Manuel Arnaldo Calado
Celso Miguel Leiro Furtado	Licínio Manuel Menezes Assis
Justino José Fernandes	Clotilde Jesus Moreira
António Marques de Oliveira	Jorge Machado Chico
	Aida Juliana Mussumar
	Carlos Maria da Silva Feijó
	Arnaldo Leiro Octávio
	Salim Anwarali Kamani
	Leonel da Rocha Pinto
	Chen Zhihao
	Celso Miguel Leiro Furtado

Shareholder subsidiaries and associates	Other
Banco de Negócios Internacional (Europa), S.A.	Direct relatives of members of the corporate bodies
Fundo Omega	
Aliança Seguros, S.A.	
Urban Property Sociedade de Desenvolvimento Imobiliário, Lda.	

(1) Inventory (inheritance) proceedings underway in the courts.

As at 31 December 2021 and 2020, the balances and transactions with related parties have the following breakdown:

(thousands of kwanzas)

31-12-2021	Shareholders	Members of the Governing Bodies	Shareholder subsidiaries and associates	Other	Total
Assets					
Cash and cash equivalents at other credit institutions (Note 5)	-	-	163 223	-	163 223
Financial assets at fair value through income (Note 7)	-	-	24 617 258	-	24 617 258
Credit to customers (Note 10)	1 159 956	1 023 208	5 428 830	448 529	8 060 523
Non-current assets held for sale (Note 11)	-	-	15 136 667	-	15 136 667
	1 159 956	**1 023 208**	**45 345 978**	**448 529**	**47 977 671**
Liabilities					
Funds from customers and other loans (Note 16)	(4 416 798)	(631 118)	(4 902 305)	(205 078)	(10 155 299)
	(4 416 798)	**(631 118)**	**(4 902 305)**	**(205 078)**	**(10 155 299)**

(thousands of kwanzas)

31-12-2020	Shareholders	Members of the Governing Bodies	Shareholder subsidiaries and associates	Other	Total
Assets					
Cash and cash equivalents at other credit institutions (Note 5)	-	-	2 828 415	-	2 828 415
Investments in central banks and other credit institutions (Note 6)	-	-	9 822 012	-	9 822 012
Financial assets at fair value through income (Note 7)	-	-	5 994 417	-	5 994 417
Credit to customers (Note 10)	282 827	842 922	7 841 537	178 809	9 146 095
Non-current assets held for sale (Note 11)	-	-	15 482 255	-	15 482 255
	282 827	**842 922**	**41 968 636**	**178 809**	**43 273 194**
Liabilities					
Funds from customers and other loans (Note 16)	(6 147 302)	(889 768)	(7 283 563)	(270 432)	(14 591 065)
	(6 147 302)	**(889 768)**	**(7 283 563)**	**(270 432)**	**(14 591 065)**

(thousands of kwanzas)

31-12-2021	Shareholders	Members of the Governing Bodies	Shareholder subsidiaries and associates	Other key management personnel and family members	Total
Interest and similar income	17 015	103 957	704 748	114 791	940 511
Interest and similar expense	(121 243)	(33 545)	(308 026)	(6 901)	(469 715)
Net interest income	**(104 228)**	**70 412**	**396 722**	**107 890**	**470 796**
Income from services and commissions	13 289	15 193	17 650	4 493	50 625
Fee and commission expense	(91)	(42)	(36)	(49)	(218)
Income from financial assets and liabilities measured at fair value through income	-	-	(209 619)	-	(209 619)
Foreign exchange results	29 985	11 781	196 497	4 741	243 004
Income from the disposal of other assets	-	-	6 454 765	-	6 454 765
Other operating income	(1 832)	(151)	134	162	(1 687)
Banking activity income	**(62 877)**	**97 193**	**6 856 113**	**117 237**	**7 007 666**
Personnel expenses	-	(4 040 824)	-	-	(4 040 824)
Net provisions of annulments	(945)	12	2 063	(1 753)	(623)
Impairment for credit to customers net of reversals and recoveries	(9 722)	(5 724)	3 842	(41 491)	(53 095)
Impairment for other assets net of reversals and recoveries	-	-	(6 888 729)	-	(6 888 729)
	(73 544)	**(3 949 343)**	**(26 711)**	**73 993**	**(3 975 605)**

(thousands of kwanzas)

31-12-2020	Shareholders	Members of the Governing Bodies	Shareholder subsidiaries and associates	Other key management personnel and family members	Total
Interest and similar income	18 284	69 787	137 768	63 545	289 385
Interest and similar expense	(459 042)	(4 919)	(101 983)	(19 055)	(584 999)
Net interest income	**(440 758)**	**64 868**	**35 785**	**44 490**	**(295 614)**
Income from services and commissions	19 378	12 215	19 771	7 546	58 911
Fee and commission expense	(104)	(55)	(16)	(51)	(226)
Income from financial assets and liabilities measured at fair value through income	-	-	(5 583)	-	(5 583)
Foreign exchange results	(1 753 348)	(848)	(543 972)	18 547	(2 279 621)
Income from the disposal of other assets	-	-	2 001 842	-	2 001 842
Other operating income	239	162	49	(1)	449
Banking activity income	**(2 174 593)**	**76 342**	**(488 382)**	**70 531**	**(519 843)**
Personnel expenses	-	(3 830 200)	-	-	(3 830 200)
Supplies and third-party services	-	(33 912)	-	-	(33 912)
Net provisions of annulments	780	1 248	9 487	737	12 252
Impairment for credit to customers net of reversals and recoveries	(1 341)	(766)	114 099	(80 444)	31 548
Impairment for other assets net of reversals and recoveries	-	-	(2 828 636)	-	(2 828 636)
	(2 175 154)	**(3 787 288)**	**(3 193 433)**	**(9 176)**	**(7 168 792)**

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

As at 31 December 2021 and 2020, the amounts pertaining to members of the corporate bodies who are also shareholders of the Bank are allocated to "Shareholders".

In 2021 and 2020, the Bank carried out capital increases in BNI Europa (Note 11).

In 2021, a total of 40 000 own shares were sold to shareholders, as disclosed in Note 20.

Costs of remuneration and other benefits attributed to the members of the Bank's management and supervisory bodies (short- and long-term) are presented in Note 30.

NOTE 35
BOOK VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 2021 and 2020, the book value of financial instruments is as follows:

(thousands of kwanzas)

31-12-2021	Valued at fair value	Valued at amortised cost	Valued at historical cost	Net value
Assets				
Cash and deposits at central banks	-	30 332 458	-	30 332 458
Cash and deposits at other credit institutions	-	16 851 106	-	16 851 106
Investments in central banks and other credit institutions	-	45 602 171	-	45 602 171
Financial assets at fair value through profit and loss	24 617 258	-	-	24 617 258
Financial assets at fair value through other comprehensive income	-	-	601 593	601 593
Investments at amortised cost	-	75 982 553	-	75 982 553
Credit to customers	-	137 201 326	-	137 201 326
Non-current assets held for sale	-	-	17 757 253	17 757 253
	24 617 258	**305 969 614**	**18 358 846**	**348 945 718**
Liabilities				
Deposits from central banks and other credit institutions	-	(26 314 262)	-	(26 314 262)
Customer deposits and other loans	-	(281 490 453)	-	(281 490 453)
Subordinated liabilities	-	(6 746 747)	-	(6 746 747)
	-	**(314 551 462)**	**-**	**(314 551 462)**

(thousands of kwanzas)

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
	5 994 417	**361 584 441**	**25 031 090**	**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)
	-	**(385 797 030)**	**-**	**(385 797 030)**

In the financial years ended 31 December 2021 and 2020, the Bank did not reclassify financial assets.

As at 31 December 2021 and 2020, the Bank's balance sheet does not include offset financial instruments or financial instruments not offset but related.

NOTE 36

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

As at 31 December 2021 and 2020, net gains and losses on financial instruments are as follows:

(thousands of kwanzas)

31-12-2021	Through profit and loss		
	Gains	Losses	Net
Assets			
Balances and investments with credit institutions	507 250	(100 780)	406 470
Financial assets at fair value through profit and loss	-	(209 619)	(209 619)
Investments at amortised cost	20 880 042	-	20 880 042
Credit to customers	21 167 450	(22 273 305)	(1 105 855)
	42 554 742	**(22 583 704)**	**19 971 038**
Liabilities			
Deposits from central banks and other credit institutions	-	(532 192)	(532 192)
Customer deposits and other loans	-	(10 352 225)	(10 352 225)
Subordinated liabilities	-	(535 283)	(535 283)
	-	**(11 419 700)**	**(11 419 700)**
Off-balance-sheet			
Guarantees and other commitments	120 026	(476 377)	(356 351)
	42 674 768	**(34 479 781)**	**8 194 987**

(thousands of kwanzas)

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)**
Off-balance-sheet			
Guarantees and other commitments	83 062	-	83 062
	29 175 206	**(27 369 442)**	**1 805 764**

In the financial years ended 31 December 2021 and 2020, the amount of revenue and expenses with commissions not included in the calculation of the effective interest rate of financial instruments not measured at fair value through income is immaterial.

NOTE 37
FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is based on market prices, whenever these are 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 solely the value attributed to the different financial instruments.

As at 31 December 2021 and 2020, the fair value of financial instruments is as follows:

(thousands of kwanzas)

31-12-2021	Net book value	Fair Value	Difference	Assets valued at historical cost	Total book value
Assets					
Cash and deposits at central banks	30 332 458	30 332 458	-	-	30 332 458
Cash and deposits at other credit institutions	16 851 106	16 851 106	-	-	16 851 106
Investments in central banks and other credit institutions	45 602 171	45 602 171	-	-	45 602 171
Financial assets at fair value through profit and loss	24 617 258	24 617 258	-	-	24 617 258
Financial assets at fair value through other comprehensive income	-	-	-	601 593	601 593
Investments at amortised cost	75 982 553	75 982 553	-	-	75 982 553
Credit to customers	137 201 326	137 201 326	-	-	137 201 326
Non-current assets held for sale	-	-	-	17 757 253	17 757 253
	330 586 872	**330 586 872**	**-**	**18 358 846**	**348 945 718**
Liabilities					
Deposits from central banks and other credit institutions	(26 314 262)	(26 314 262)	-	-	(26 314 262)
Customer deposits and other loans	(281 490 453)	(281 490 453)	-	-	(281 490 453)
Subordinated liabilities	(6 746 747)	(6 746 747)	-	-	(6 746 747)
	(314 551 462)	**(314 551 462)**	**-**	**-**	**(314 551 462)**

(thousands of kwanzas)

31-12-2020	Net book value	Fair Value	Difference	Assets valued at historical cost	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
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
Non-current assets held for sale	-	-	-	24 561 525	24 561 525
	367 578 858	**367 578 858**	**-**	**25 031 090**	**392 609 948**
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)**

The main methodologies and assumptions used in estimating the fair value of the financial instruments measured are as follows:

Cash and cash equivalents in central banks, cash and cash equivalents in other credit institutions and investments in central banks and other credit institutions
Given the short maturity and high liquidity of financial instruments, the fair value corresponds to the amortised cost.

Investments at amortised cost
Given that (i) there is no transactional active market that sustains the fair value of the financial asset, (ii) there are no transactions representing the fair value of the assets and (iii) the assumption that the rates of Treasury Bonds correspond to market rates, the fair value is considered to correspond to the recovery value of the asset, i.e., the respective balance sheet value.

Credit to customers, funds from central banks and credit institutions and subordinated liabilities
Fair value is not calculated, given that the Bank considers that the amortised cost corresponds to the best estimate of fair value based on the available information.

Financial assets at fair value through profit and loss and Financial assets at fair value through other comprehensive income
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, fair value corresponds to amortised cost.

The Bank uses the following fair value hierarchy, with three levels of valuation of financial instruments, 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: Fair value is determined based on valuation techniques supported by data observable in active markets, whether direct data (prices, rates, spread) or indirect data (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 active market conditions exist, 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.

As at 31 December 2021 and 2020, the hierarchy of valuation of financial instruments at fair value has the following breakdown:

(thousands of kwanzas)

31-12-2021	Valuation hierarchy			
	Level 1 Active market prices	Level 2 Observable market data	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit and loss	-	-	24 617 258	24 617 258
Financial assets at fair value through other comprehensive income	-	-	601 593	601 593
	-	**-**	**25 218 851**	**25 218 851**

(thousands of kwanzas)

31-12-2020	Valuation hierarchy			
	Level 1 Active market prices	Level 2 Observable market data	Level 3 Other valuation techniques	Total
Assets				
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
	-	**-**	**6 463 982**	**6 463 982**

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 is particularly important, namely the credit risk, market risk, liquidity risk, property market risk and operational risk to which the Bank's activity is subject.

The disclosures presented in this Note are based on the requirements and methodologies defined in IFRS 7 and Instruction No. 09/2018, of 27 August, of the National Bank of Angola.

MAIN RISK CATEGORIES

Credit risk – Credit risk is associated to the degree of uncertainty of recovering an investment and its return, due to a debtor's incapacity (and that of its guarantor, if any), thus causing a financial loss for the creditor.

Liquidity risk – 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 conditions of access to financing (financing risk) and/or from the sale of its assets at prices below market value (market liquidity risk).

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

Property market risk – Property market risk is defined as the potential loss the Bank may suffer due to changes in the prices of property assets held.

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

The Bank's Board of Directors is responsible for approving the Bank's risk appetite, overall 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 lines of business.

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

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

Risk management duties are performed by the Risk Management Directorate, which is responsible for monitoring and reporting the Bank's risk situation, namely by establishing and promoting risk management policies, procedures, methodologies and tools; monitoring the operational units' risk-taking and promoting the importance of control carried out by the operating units as a first line of defence; collecting relevant information from operational units in order to regularly control risk appetite metrics; and automatically producing (whenever possible) risk appetite reports.

The Compliance Directorate is in charge of compliance, covering all of the Bank's departments, processes and activities. 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 laws, regulations, the code of conduct and good banking practices; it also promotes the observance of all applicable norms by the Bank and its employees, acting independently and in articulation with all of the Bank's organisational units.

The risk and compliance functions report functionally to non-executive directors, who do not accumulate operating unit portfolios, and hierarchically to the Board of Directors.

CREDIT RISK

Credit risk models play an essential role in the credit decision process. Thus, the decision-making process for credit portfolio operations is supported by a set of policies using scoring models for individual customers and rating models for corporate customers.

As at 31 December 2021 and 2020, the maximum exposure to credit risk is as follows:

(thousands of kwanzas)

31-12-2021	Gross book value	Impairment losses	Net book value
Cash and deposits at central banks	30 332 458	-	30 332 458
Cash and deposits at other credit institutions	16 862 465	(11 359)	16 851 106
Investments in central banks and other credit institutions	45 800 154	(197 983)	45 602 171
Financial assets at fair value through profit and loss	24 617 258	-	24 617 258
Financial assets at fair value through other comprehensive income	601 593	-	601 593
Investments at amortised cost	77 147 819	(1 165 266)	75 982 553
Credit to customers	176 799 300	(39 597 974)	137 201 326
Non-current assets held for sale	50 502 214	(32 744 961)	17 757 253
Other assets	5 617 094	(1 118 421)	4 498 673
Balance sheet exposure	**428 280 355**	**(74 835 964)**	**353 444 391**
Import documentary credits	55 770 469	(2 104 829)	53 665 640
Guarantees provided	2 632 930	(51 589)	2 581 341
Third-party commitments assumed	2 025 197	(552 390)	1 472 807
Off-balance sheet exposure	**60 428 596**	**(2 708 808)**	**57 719 788**
	488 708 951	**(77 544 772)**	**411 164 179**

(thousands of kwanzas)

31-12-2020	Gross book value	Impairment losses	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
Non-current assets held for sale	54 603 262	(30 041 737)	24 561 525
Other assets	21 221 533	(2 035 791)	19 185 742
Balance sheet exposure	**501 997 159**	**(90 201 469)**	**411 795 690**
Import documentary credits	55 026 269	(2 927 299)	52 098 970
Guarantees provided	3 421 656	(131 081)	3 290 575
Third-party commitments assumed	5 611 183	(209 835)	5 401 348
Off-balance sheet exposure	**64 059 108**	**(3 268 215)**	**60 790 893**
	566 056 267	**(93 469 684)**	**472 586 583**

As at 31 December 2021 and 2020, the geographical concentration of credit risk is as follows:

(thousands of kwanzas)

31-12-2021	Angola	Other African countries	Europe	Other	Total
Cash and deposits at central banks	30 332 458	-	-	-	30 332 458
Cash and deposits at other credit institutions	3 716 152	7 832 034	5 302 920	-	16 851 106
Investments in central banks and other credit institutions	7 322 320	4 380 204	33 899 647	-	45 602 171
Financial assets at fair value through profit and loss	24 617 258	-	-	-	24 617 258
Financial assets at fair value through other comprehensive income	601 593	-	-	-	601 593
Investments at amortised cost	75 982 553	-	-	-	75 982 553
Credit to customers	137 201 326	-	-	-	137 201 326
Non-current assets held for sale	2 620 586	-	15 136 667	-	17 757 253
Other assets	4 498 673	-	-	-	4 498 673
	286 892 919	**12 212 238**	**54 339 234**	**-**	**353 444 391**

(thousands of kwanzas)

31-12-2020	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	641 885	10 131 735	-	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
Non-current assets held for sale	9 079 270	-	15 482 255	-	24 561 525
Other assets	19 185 742	-	-	-	19 185 742
	316 468 406	**641 885**	**33 597 206**	**61 088 193**	**411 795 690**

For the purpose of reducing credit risk, financial property collateral is important, which allows a direct reduction of the value of the position. 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.

With regard to mortgage collateral, asset valuations are carried out periodically (annually) by independent valuers. The revaluation of assets is carried out by on-site appraisals, by an appraiser, in accordance with the best market practices.

The disclosures regarding credit to customers and guarantees and other collateral provided in connection with credit to customers are presented in Notes 10 and 11.

The impairment model is described in Note 2.5. and the movement is presented in Note 32.

LIQUIDITY RISK

The liquidity risk assessment is carried out using internal metrics defined by the Bank's Board of Directors, 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, monitoring of liquidity positions is also carried out from a prudential point of view, calculated according to the rules mandated by the National Bank of Angola.

As at 31 December 2021 and 2020, the breakdown of cash flows relating to capital according to the contractual residual maturities is as follows:

(thousands of kwanzas)

31-12-2021	Contractual residual maturities									
	In Sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	30 332 458	-	-	-	-	-	-	-	-	30 332 458
Cash and deposits at other credit institutions	16 862 465	-	-	-	-	-	-	-	-	16 862 465
Investments in central banks and other credit institutions	-	-	30 742 943	14 429 506	585 367	-	-	-	-	45 757 816
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-	24 617 258	24 617 258
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	601 593	601 593
Investments at amortised cost	-	-	5 417 570	-	19 851 670	997 600	25 184 221	24 503 434	-	75 954 495
Credit to customers	-	-	33 134 593	12 429 806	9 700 686	2 206 099	46 385 653	47 493 733	6 277 647	157 628 217
Non-current assets held for sale	-	-	-	-	-	-	-	-	50 502 214	50 502 214
Other assets	-	-	-	-	-	-	-	-	5 617 094	5 617 094
	47 194 923	**-**	**69 295 106**	**26 859 312**	**30 137 723**	**3 203 699**	**71 569 874**	**71 997 167**	**87 615 806**	**407 873 610**
Liabilities										
Deposits from central banks and other credit institutions	(2 161 281)	(4 843 755)	(13 915 470)	(2 812 814)	(2 500 000)	-	-	-	-	(26 233 320)
Customer deposits and other loans	(120 246 064)	(16 734 941)	(34 540 612)	(40 937 898)	(55 812 675)	(5 358 843)	(1 513 588)	(2 775 071)	-	(277 919 692)
Subordinated liabilities	-	-	-	-	-	-	(5 433 249)	(1 253 073)	-	(6 686 322)
Other liabilities	-	-	-	-	-	-	-	-	(13 863 880)	(13 863 880)
	(122 407 345)	**(21 578 696)**	**(48 456 082)**	**(43 750 712)**	**(58 312 675)**	**(5 358 843)**	**(6 946 837)**	**(4 028 144)**	**(13 863 880)**	**(324 703 214)**
	(75 212 422)	**(21 578 696)**	**20 839 024**	**(16 891 400)**	**(28 174 952)**	**(2 155 144)**	**64 623 037**	**67 969 023**	**73 751 926**	**83 170 396**

(thousands of kwanzas)

31-12-2020	Contractual residual maturities									
	In Sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 years 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	13 259 546	-	-	-	-	-	-	-	-	13 259 546
Investments in central banks and other credit institutions	-	-	20 129 117	40 464 490	9 792 504	-	-	-	-	70 386 111
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	-	-	909 648	4 500 000	9 967 487	36 448 400	41 586 299	37 365 750	-	130 777 584
Credit to customers	-	-	28 717 289	934 415	6 117 164	22 391 505	42 390 815	44 785 966	7 262 245	152 599 399
Non-current assets held for sale	-	-	-	-	-	-	-	-	54 603 262	54 603 262
Other assets	-	-	-	-	-	-	-	-	21 221 533	21 221 533
	42 625 763	**-**	**49 756 054**	**45 898 905**	**25 877 155**	**58 839 905**	**83 977 114**	**82 151 716**	**89 551 022**	**478 677 634**
Liabilities										
Deposits from central banks and other credit institutions	(2 731 236)	(1 121 988)	(4 027 129)	(3 522 906)	(2 395 287)	-	-	-	-	(13 798 546)
Customer deposits and other loans	(150 700 017)	(22 345 253)	(40 827 687)	(26 205 107)	(83 798 206)	(7 692 516)	(5 954 670)	(4 403 071)	-	(341 926 527)
Subordinated liabilities	-	-	-	-	-	(19 653 364)	-	(7 924 548)	-	(27 577 912)
Other liabilities	-	-	-	-	-	-	-	-	(18 588 974)	(18 588 974)
	(153 431 253)	**(23 467 241)**	**(44 854 816)**	**(29 728 013)**	**(86 193 493)**	**(27 345 880)**	**(5 954 670)**	**(12 327 619)**	**(18 588 974)**	**(401 891 959)**
	(110 805 490)	**(23 467 241)**	**4 901 238**	**16 170 892**	**(60 316 338)**	**31 494 025**	**78 022 444**	**69 824 097**	**70 962 048**	**76 785 675**

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 considers the requirements of Notice No. 08/2016, of 16 May, of the National Bank of Angola, regarding interest rate risk in the banking portfolio (financial instruments not held in the trading portfolio).

The Bank's investment portfolio corresponds to Treasury Bonds issued by the Republic of Angola.

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.

As at 31 December 2021 and 2020, the breakdown of financial instruments by exposure to interest rate risk is as follows:

(thousands of kwanzas)

31-12-2021	Exposure to		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
Assets				
Cash and deposits at central banks	-	-	30 332 458	30 332 458
Cash and deposits at other credit institutions	-	-	16 851 106	16 851 106
Investments in central banks and other credit institutions	45 602 171	-	-	45 602 171
Financial assets at fair value through profit and loss	-	-	24 617 258	24 617 258
Financial assets at fair value through other comprehensive income	-	-	601 593	601 593
Investments at amortised cost	75 982 553	-	-	75 982 553
Credit to customers	111 318 706	25 882 620	-	137 201 326
Non-current assets held for sale	-	-	17 757 253	17 757 253
Other assets	-	-	4 498 673	4 498 673
	232 903 430	**25 882 620**	**94 658 341**	**353 444 391**
Liabilities				
Deposits from central banks and other credit institutions	(24 152 981)	-	(2 161 281)	(26 314 262)
Customer deposits and other loans	(161 244 389)	-	(120 246 064)	(281 490 453)
Subordinated liabilities	(6 746 747)	-	-	(6 746 747)
Other liabilities	-	-	(13 863 880)	(13 863 880)
	(192 144 117)	**-**	**(136 271 225)**	**(328 415 342)**

(thousands of kwanzas)

31-12-2020	Exposure to		Not subject to interest rate risk	Total
	Fixed rate	Variable rate		
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
Other assets	-	-	19 185 742	19 185 742
	298 060 876	**20 896 991**	**92 837 823**	**411 795 690**
Liabilities				
Deposits from central banks and other credit institutions	(11 111 162)	-	(2 731 236)	(13 842 398)
Customer deposits and other loans	(193 578 059)	-	(150 700 017)	(344 278 076)
Subordinated liabilities	(27 676 556)	-	-	(27 676 556)
Other liabilities	-	-	(18 588 974)	(18 588 974)
	(232 365 777)	**-**	**(172 020 227)**	**(404 386 004)**

As at 31 December 2021 and 2020, financial instruments with exposure to interest rate risk according to the maturity or reset date have the following breakdown:

(thousands of kwanzas)

31-12-2021	Reset dates/Maturity dates								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Assets									
Investments in central banks and other credit institutions	-	30 742 943	14 429 506	585 367	-	-	-	-	45 757 816
Investments at amortised cost	-	5 417 570	-	19 851 670	997 600	25 184 221	24 503 434	-	75 954 495
Credit to customers	-	33 134 593	12 429 806	9 700 686	2 206 099	46 385 653	47 493 733	6 277 647	157 628 217
	-	**69 295 106**	**26 859 312**	**30 137 723**	**3 203 699**	**71 569 874**	**71 997 167**	**6 277 647**	**279 340 528**
Liabilities									
Deposits from central banks and other credit institutions	(4 843 755)	(13 915 470)	(2 812 814)	(2 500 000)	-	-	-	-	(24 072 039)
Customer deposits and other loans	(16 734 941)	(34 540 612)	(40 937 898)	(55 812 675)	(5 358 843)	(1 513 588)	(2 775 071)	-	(157 673 628)
Subordinated liabilities	-	-	-	-	-	-	(6 686 322)	-	(6 686 322)
	(21 578 696)	**(48 456 082)**	**(43 750 712)**	**(58 312 675)**	**(5 358 843)**	**(1 513 588)**	**(9 461 393)**	**-**	**(188 431 989)**
	(21 578 696)	**(15 321 489)**	**(31 320 906)**	**(48 611 989)**	**(3 152 744)**	**44 872 065**	**38 032 340**	**6 277 647**	**(30 803 772)**

(thousands of kwanzas)

31-12-2020	Reset dates/Maturity dates								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Undetermined	Total
Assets									
Investments in central banks and other credit institutions	-	20 129 117	40 464 490	9 792 504	-	-	-	-	70 386 111
Investments at amortised cost	-	909 648	4 500 000	9 967 487	36 448 400	41 586 299	37 365 750	-	130 777 584
Credit to customers	-	28 717 289	934 415	6 117 164	22 391 505	42 390 815	44 785 966	7 262 245	152 599 399
	-	**49 756 054**	**45 898 905**	**25 877 155**	**58 839 905**	**83 977 114**	**82 151 716**	**7 262 245**	**353 763 094**
Liabilities									
Deposits from central banks and other credit institutions	(1 121 988)	(4 027 129)	(3 522 906)	(2 395 287)	-	-	-	-	(11 067 310)
Customer deposits and other loans	(22 345 253)	(40 827 687)	(26 205 107)	(83 798 206)	(7 692 516)	(5 954 670)	(4 403 071)	-	(191 226 510)
Subordinated liabilities	-	-	-	-	(19 653 364)	-	(7 924 548)	-	(27 577 912)
	(23 467 241)	**(44 854 816)**	**(29 728 013)**	**(86 193 493)**	**(27 345 880)**	**(5 954 670)**	**(12 327 619)**	**-**	**(229 871 732)**
	(23 467 241)	**4 901 238**	**16 170 892**	**(60 316 338)**	**31 494 025**	**78 022 444**	**69 824 097**	**7 262 245**	**123 891 362**

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.

As at 31 December 2021 and 2020, the analysis of financial instruments' sensitivity to interest rate variations has the following breakdown:

(thousands of kwanzas)

31-12-2021	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Assets						
Investments in central banks and other credit institutions	(36 473)	(18 236)	(9 118)	9 118	18 236	36 473
Investments at amortised cost	(109 761)	(54 881)	(27 440)	27 440	54 881	109 761
Credit to customers	(60 786)	(30 393)	(15 197)	15 197	30 393	60 786
	(207 020)	**(103 510)**	**(51 755)**	**51 755**	**103 510**	**207 020**
Liabilities						
Deposits from central banks and other credit institutions	129 342	64 671	32 335	(32 335)	(64 671)	(129 342)
Customer deposits and other loans	-	19 322	9 661	(9 661)	(19 322)	-
Subordinated liabilities	5 397	2 699	1 349	(1 349)	(2 699)	(5 397)
	134 739	**86 692**	**43 345**	**(43 345)**	**(86 692)**	**(134 739)**
	(72 281)	**(16 818)**	**(8 410)**	**8 410**	**16 818**	**72 281**

(thousands of kwanzas)

31-12-2020	-200bp	-100bp	-50bp	+50bp	+100bp	+200bp
Assets						
Investments in central banks and other credit institutions	(56 224)	(28 112)	(14 056)	14 056	28 112	56 224
Investments at amortised cost	(93 905)	(46 953)	(23 476)	23 476	46 953	93 905
Credit to customers	(97 721)	(48 860)	(24 430)	24 430	48 860	97 721
	(247 850)	**(123 925)**	**(61 962)**	**61 962**	**123 925**	**247 850**
Liabilities						
Deposits from central banks and other credit institutions	155 312	77 656	38 828	(38 828)	(77 656)	(155 312)
Customer deposits and other loans	-	9 516	4 758	(4 758)	(9 516)	-
Subordinated liabilities	22 141	11 071	5 535	(5 535)	(11 071)	(22 141)
	177 453	**98 243**	**49 121**	**(49 121)**	**(98 243)**	**(177 453)**
	(70 397)	**(25 682)**	**(12 841)**	**12 841**	**25 682**	**70 397**

As at 31 December 2021 and 2020, financial instruments by currency have the following breakdown:

(thousands of kwanzas)

31-12-2021	Kwanza	Indexed to the US dollar	United States Dollar	Euro	Other currency	Total
Assets						
Cash and deposits at central banks	14 448 139	-	14 132 253	1 647 859	104 207	30 332 458
Cash and deposits at other credit institutions	3 601 904	-	8 707 046	4 448 362	93 794	16 851 106
Investments in central banks and other credit institutions	7 322 321	-	34 505 760	3 774 090	-	45 602 171
Financial assets at fair value through profit and loss	24 617 258	-	-	-	-	24 617 258
Financial assets at fair value through other comprehensive income	601 593	-	-	-	-	601 593
Investments at amortised cost	6 514 121	49 875 451	19 592 981	-	-	75 982 553
Credit to customers	104 899 832	22 482 871	8 492 836	1 325 787	-	137 201 326
Non-current assets held for sale	2 620 586	-	-	15 136 667	-	17 757 253
Other assets	3 595 776	-	1 309	901 588	-	4 498 673
	168 221 530	**72 358 322**	**85 432 185**	**27 234 353**	**198 001**	**353 444 391**
Liabilities						
Deposits from central banks and other credit institutions	(10 926 142)	-	(14 228 855)	(1 159 265)	-	(26 314 262)
Customer deposits and other loans	(159 968 557)	(9 523 180)	(87 687 558)	(24 302 107)	(9 051)	(281 490 453)
Subordinated liabilities	-	(6 746 747)	-	-	-	(6 746 747)
Other liabilities	(7 937 280)	-	(9 886)	(5 915 295)	(1 419)	(13 863 880)
	(178 831 979)	**(16 269 927)**	**(101 926 299)**	**(31 376 667)**	**(10 470)**	**(328 415 342)**
	(10 610 449)	**56 088 395**	**(16 494 114)**	**(4 142 314)**	**187 531**	**25 029 049**

(thousands of kwanzas)

31-12-2020	Kwanza	Indexed to the US dollar	United States Dollar	Euro	Other currency	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	2 485 926	-	5 503 541	5 240 881	30 009	13 260 357
Investments in central banks and other credit institutions	1 208 998	-	15 522 462	53 548 947	-	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	13 947 083	83 446 579	24 757 016	-	-	122 150 678
Credit to customers	114 851 310	-	9 927 867	1 747 605	-	126 526 782
Non-current assets held for sale	4 400 481	-	-	20 161 044	-	24 561 525
Other assets	7 251 903	-	7 182 708	4 751 131	-	19 185 742
	167 323 857	**83 446 579**	**72 886 651**	**87 955 790**	**182 813**	**411 795 690**
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	(109 098 098)	(42 373 972)	(158 075 420)	(34 718 929)	(11 657)	(344 278 076)
Subordinated liabilities	-	(27 676 556)	-	-	-	(27 676 556)
Other liabilities	(17 665 344)	-	(156 479)	(765 455)	(1 696)	(18 588 974)
	(128 704 030)	**(70 050 528)**	**(164 939 289)**	**(40 630 804)**	**(61 353)**	**(404 386 004)**
	38 619 827	**13 396 051**	**(92 052 638)**	**47 324 986**	**121 460**	**7 409 686**

The analysis of the sensitivity of financial instruments' equity value to exchange rate variations is presented without considering financial instruments indexed to foreign currency and considering financial instruments indexed to foreign currency.

As at 31 December 2021 and 2020, the analysis of the sensitivity of financial instruments' equity value to exchange rate variations, not considering financial instruments indexed to foreign currency, has the following breakdown:

(thousands of kwanzas)

31-12-2021	-20%	-10%	-5%	5%	10%	20%
United States Dollar	(3 720 693)	(1 860 347)	(930 173)	930 173	1 860 347	3 720 693
Euro	3 323 025	1 661 513	830 756	(830 756)	(1 661 513)	(3 323 025)
Other	37 507	18 753	9 377	(9 377)	(18 753)	(37 507)
	(360 161)	**(180 081)**	**(90 040)**	**90 040**	**180 081**	**360 161**

(thousands of kwanzas)

31-12-2020	-20%	-10%	-5%	5%	10%	20%
United States Dollar	1 663 704	831 852	415 926	(415 926)	(831 852)	(1 663 704)
Euro	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
	6 116 687	**3 058 343**	**1 529 172**	**(1 529 172)**	**(3 058 343)**	**(6 116 687)**

As at 31 December 2021 and 2020, the analysis of the sensitivity of financial instruments' equity value to exchange rate variations, considering financial instruments indexed to foreign currency, has the following breakdown:

(thousands of kwanzas)

31-12-2021	-20%	-10%	-5%	5%	10%	20%
United States Dollar	5 936 843	2 968 421	1 484 211	(1 484 211)	(2 968 421)	(5 936 843)
Euro	3 323 025	1 661 513	830 756	(830 756)	(1 661 513)	(3 323 025)
Other	37 507	18 753	9 377	(9 377)	(18 753)	(37 507)
	9 297 375	**4 648 687**	**2 324 344**	**(2 324 344)**	**(4 648 687)**	**(9 297 375)**

(thousands of kwanzas)

31-12-2020	-20%	-10%	-5%	5%	10%	20%
United States Dollar	(471 046)	(235 523)	(117 762)	117 762	235 523	471 046
Euro	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
	3 981 917	**1 990 958**	**995 479**	**(995 479)**	**(1 990 958)**	**(3 981 917)**

NOT3 39

COVID-19 PANDEMIC

In March 2020, the spread of the new coronavirus ("COVID-19") was declared a pandemic by the World Health Organisation, and significantly affected the world and Angolan economies.

With regard to the public health pandemic associated with the new COVID-19 virus, the Bank's Board of Directors defined a Contingency Plan aimed at preventing and mitigating the risks associated with the spread of the virus. This plan determines the adoption of the following measures: to ensure the life, health and safety of employees 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 2021.

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.

At this date, the pandemic is still active in Angola and worldwide and its evolution remains uncertain, which may significantly affect the Angolan economy and consequently the implementation of the main accounting estimates and projections considered by the Board of Directors in the preparation of the Bank's individual financial statements (Note 3). Thus, the realisation of the Bank's assets in subsequent years at their balance sheet values on 31 December 2021 may be influenced by the evolution of the Angolan economy and the success of its future operations.

NOTE 40

SUBSEQUENT EVENTS

In February 2022, military operations began in Ukraine, which resulted in the imposition of international sanctions against the Russian Federation and Belarus, as well as certain entities related to these countries. As of this date, the Board of Directors understands that the Bank's individual financial statements do not present significant direct or indirect exposures to Ukraine, the Russian Federation and Belarus. It is understood that since events are evolving daily, there may be negative future impacts on the world economy and financial system, as well as on the evolution of the Angolan economy and its financial system, in particular. Consequently, possible future impacts may occur on 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. The individual 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. Additionally, the Board of Directors believes that the Bank has the support of its shareholders in meeting any needs for a capital increase.

NOTE 41

NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Accounting and Financial Reporting Standards ("IAS/IFRS"), which, in some aspects, may not conform to or be required by the law or generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

INDEPENDENT AUDITOR'S REPORT

Deloitte & Touche - Auditores, Lda.
Condominio da Cidade Financeira
Via S8, Bloco 4 - 5º, Talatona
Luanda, Angola

Tel: +(244) 923 168 100
www.deloitte.co.ao

INDEPENDENT AUDITOR'S REPORT
(Translation of a report originally issued in Portuguese – in case of discrepancies, the original version in Portuguese prevails – Note 41)

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

Introduction

1. We have audit 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, 2021 that presents a total of 387 523 595 thousands of kwanzas and a shareholders' equity of 44 515 129 thousands of kwanzas, including a net profit of 4 050 316 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 Individual 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 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 the Technical Standards from the Angola 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.

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 judgement, 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 polices used and the reasonableness of the accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the individual financial statements.

Deloitte.

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 to the financial statements, on December 31, 2021, the Bank holds the entire share capital of Banco de Negócios Internacional (Europa), S.A. (hereinafter referred to as "BNI Europa") recorded under the item "Non-current assets held for sale", for the net amount of 15 136 667 thousands of kwanzas. On November 26, 2021, an agreement was formalized for the sale of this participation for the amount of 13 000 thousands of euros (equivalent, on December 31, 2021 to 8 177 195 thousands of kwanzas), having received, as down payment, the amount of 8 500 thousands of euros (equivalent, on December 31, 2021 to 5 346 628 thousands of kwanzas), an amount which was used for a capital increase, of the same amount, carried out by the Bank in BNI Europa (Note 19 to the financial statements). Under the terms of that agreement, all capitalization which may be required up to the approval of the transaction will be assumed by the purchaser. The sale process of BNI Europa is already at the approval stage by the competent authorities. If the referred approvals are not obtained or if there is opposition, the sale agreement may be terminated by either party, obliging the Bank to return the down payment received. Considering that the net book value of the stake in BNI Europa is higher than the amount for which the Bank agreed to sell that stake, the uncertainty associated to the approval by the competent authorities of the operation and the consequent need for the Bank to be obliged to make capital reinforcements in BNI Europa, the item "Non-current assets held for sale" is overvalued and the item "Provision" may be undervalued by amounts that we are not able to quantify. On the other hand, as disclosed in Note 13 to the financial statements, the Bank has recorder deferred tax assets in the amount of 14 158 071 thousand kwanzas, of which 9 549 126 thousand kwanzas refer to the impairment recorded for that participation, temporarily not deductible. We do not have sufficient information to allow us to conclude on the recoverability of the deferred tax assets recorded by the Bank as of December 31, 2021.

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 from the year 2019 onwards, as a result, essentially, of the reduction of the inflation rate in Angola. As disclosed in Note 2.1 to the financial statements, with reference to December 31, 2017 and 2018 the Angolan Banking Association ("Associação Angolana dos Bancos" – ABANC) and the National Bank of Angola ("Banco Nacional de Angola" – BNA) expressed its interpretation that not all the requirements established in IAS 29 to consider Angolan economy as an hyperinflationary economy were 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 de necessary adjustments to the individual financial statements of subsequent years, with respect to the opening balances and to 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, 2021.

Deloitte.

8. As disclosed in Note 27 to the financial statements, the item "Foreign exchange results" of the profit and loss statement includes the effect of the change in accounting treatment associated with two loan operations of a customer contracted in the financial year of 2017 and maturing in 2024. Until the year ended December 31, 2020 the Bank only recognized foreign exchange results for the instalments of principal and interest due quarterly, not performing the exchange revaluation of the outstanding principal and accrued interest. In 2021, after strengthening the documentation supporting the exchange rate indexation of these loans, the Bank's Board of Directors changed the accounting treatment and recognized the indexation of the outstanding principal and accrued interest, with the consequent revaluation of the asset, against a gain in the profit and loss statement. Considering that the outstanding principal and accrued Interest on these operations should have been revalued since their origination, at December 31, 2021, the net profit for the year was overvalued and the retained earnings was undervalued in the amount of 25 567 426 thousand kwanzas, without affecting total equity in that date.

Qualified Opinion

9. In our opinion, except for the effects of the matters described in paragraphs 6 to 8 of the “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 12, the financial position of Banco de Negócios Internacional, S.A. as of December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Emphasis of a Matter

10. As disclosed in Note 39 to the financial statements, in March 2020 the spread of the disease resulting from the coronavirus (“Covid-19”) was declared a pandemic by the World Health Organization, which significantly affected the world and Angolan economies. Currently, the pandemic is still active worldwide and its evolution still reveals some uncertainty. Additionally, and as disclosed in Note 40 to the financial statements, in February 2022 military operations began in Ukraine which resulted in the imposition of sanctions, at the international level, directed to the Russian Federation and Belarus, as well as to certain entities related to these countries. As indicated in Note 40 to the financial statements, the Board of Directors believes that since events are evolving on a daily basis, there may be negative future impacts on the world economy and financial system, as well as on the evolution of the Angolan economy and its financial system, in particular. Consequently, possible future impacts may occur and affect 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 to the financial statements. Thus, the realization of the Bank’s assets at their book values as of December 31, 2021 may be influenced by the evolution of the Angolan economy and by the success of its future operations.

Deloitte.

11. As disclosed in Note 11 to the financial statements, the National Bank of Angola ("Banco Nacional de Angola" – BNA), through a letter dated March 31, 2022, granted the Bank's request for exemption of deduction from its regulatory own funds of the shareholding held in BNI Europa for the year 2021 and until June 30, 2022. It is Board of Directors conviction that the Bank has the support of its Shareholders to meet any needs for capital increases and therefore considers adequate the use of the going concern assumption in the preparation of the individual financial statements.

    Our opinion is not modified with respect to these matters.

Other matters

12. The attached financial statements refer to the individual activity of the Bank and were prepared by Board of Directors for approval by the General Meeting of Shareholders and to comply with the legal requirements and those of National Bank of Angola ("Banco Nacional de Angola" – BNA) for the presentation of individual financial statements. As disclosed in Note 7 to the financial statements, the item "Financial assets at fair value through profit and loss" refers to the Bank's 80.30% participation in the capital of Fundo Omega. In addition, as disclosed in Note 11 to the financial statements, the item "Non-current assets held for sale" includes the shareholdings in BNI Europa, which are classified in the consolidated financial statement as "Non-current assets held for sale – Operation discontinued". The attached financial statements do not include the effect of the full consolidation of these subsidiaries, which will be done in consolidated financial statements to be approved and published separately.

13. The individual financial statements for the year ended December 31, 2020 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 us and our independent auditor's report, dated April 30, 2021, contained a qualified audit opinion on the matters described in paragraphs 6 and 7 above and two emphasis of a matter.

Luanda, April 22, 2022

Deloitte & Touche – Auditores, Limitada
Represented by José António Mendes Garcia Barata
OCPCA member number 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 should not be signed. In the event of discrepancies, the Portuguese language version prevails.)

OPINION OF THE AUDIT COMMITTEE

OPINION OF THE AUDIT COMMITTEE

With regard to the Individual Financial Statements of Banco de Negócios Internacional, S.A., prepared on 31 December 2021.

1. In compliance with the mandate that you have conferred upon us and in accordance with the legal provisions in force, namely Law no. 1/04, of 13 February 2004, Commercial Companies Law, as well as the Statutes of BANCO DE NEGÓCIOS INTERNACIONAL, S.A. (Banco NI), 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 financial year ending on 31 December 2021.
2. These consist of the Balance Sheet, which shows total Assets in the amount of AOA 387 523 595 000, Liabilities of AOA 343 008 466 000 and total Equity of AOA 44 515 129 000, including a Net Profit of AOA 4 050 316 000, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the financial year and the corresponding Annex.
3. The Audit Committee monitored the activity carried out by Banco BNI during the financial year ending on 31 December 2021, reviewed the Financial Statements, obtained information and clarifications deemed relevant, and observed other procedures considered indispensable.
4. Regarding the limited opinion of the External Auditor on the valuation of Banco BNI's holding in Banco de Negócios Internacional Europa (BNIE), the Audit Committee took careful note and continues to closely monitor the impacts on Banco BNI, as well as the actions in progress for the sale of said holding.
5. Regarding the interpretation and recognition of IAS 29 – Financial reporting in hyperinflationary economies ("IAS 29") for the Angolan economy to be considered hyperinflationary in the financial year ended 31 December 2021, with regard to the opinion with reservations presented by the External Auditors, which carries over from previous years, the Audit Committee maintains the opinion that this continues to be transversal to the Angolan financial system and the interpretation of the External Auditors does not coincide with that of the National Bank of Angola.
6. As for the initial recognition of the credit operation and its impact on the item "Foreign exchange income", the Audit Committee is in agreement with the new accounting treatment of the referred operation.
7. Based on the audit results carried out according to the terms referred to in paragraph 3 above, we consider that:

i. The documents of accountability prepared by the Board of Directors, in our opinion, were prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), in compliance with the stipulations of Notice No. 6/2016 of the National Bank of Angola, and concisely describe the activity carried out by Banco BNI and help to interpret the results ascertained, to the extent that they highlight the most relevant facts and the 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 business continuity.

8. Thus, based on the foregoing, and considering that the documents referred to in paragraph 2 above allow, as a whole, an understanding of the Bank's financial situation and income, it is our opinion that the Financial Statements for the financial year ending on 31 December 2021 reflect, in all materially relevant aspects, the equity and financial position of BANCO DE NEGÓCIOS INTERNACIONAL, S.A. on that date, and are in a position to be submitted to the Shareholders' Meeting for approval.

Luanda, on 22 April 2022.

The Audit Committee

Manuel Arnaldo Sousa Calado

Chairman

Clotilde Saraiva

Board Member

Licínio de Assis

Board Member

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