



**BancoBIC**

Growing together

## Annual Report & Accounts

# 2020



**Annual Report  
& Accounts**

**2020**



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# Message from the

## Chairman of the Executive Committee

In 2020, the negative oil performance in Angola together with the COVID-19 virus pandemic contributed to various macroeconomic imbalances within the country, which embodied unrelenting challenges for economic agents and Commercial Banking, in particular. The economic decline was further accentuated along the second semester with the reinforcement of internal confinement measures, which led to a partial standstill of productive commercial and industrial activities.

Deprived of the inflow of public and private financial resources, now allocated to respond to the emergency situation, the Angolan economy suffered a backlash. The numerous macroeconomic imbalances caused by this context brought constant challenges to economic agents, and particularly commercial banks.

This reality, evidenced by factors like the decrease of production, the reduction of domestic consumption and the drop of exports, aggravated the decline of national economy.

Had the pandemic been an isolated phenomenon, maybe its effects on the economy would not have been so drastic. The pandemic crisis arose in the wake of another crisis of great proportions, the fall of oil prices declared in 2014, which is still underway. The magnitude of the negative effects that struck the Angolan economy in result of the oil crisis are understandable considering that oil was, far

above the rest, the major resource of this economy. Missing the usual backing provided by such a significant resource, the country underwent a severe shock on its economic and social development.

For the first time, an oil crisis was not temporary when compared to their usual transient nature. Over the years, the State was forced to resort to net reserves and take loans externally as a means of dealing with the crisis repercussions.

BIC was not indifferent to the effects of this scenery, endeavouring to find solutions that would enable its customers to solve, or at least alleviate, the problems they were being confronted with. Hence, just to mention one of various other actions, it increased the level of funding granted to business projects in the agricultural and agroindustry sectors within the scope of the Credit Support Program, i.e., the PAC (*"Programa de Apoio ao Crédito"*) hereinafter referred to as the CSP, as well as the Production Support, Export Diversification and Import Substitution Program, also known as the *PRODESI* Program (*"Programa de Apoio à Produção, Diversificação das Exportações e Substituição das Importações"*) which includes special credit conditions to a set of 54 products identified by the Government aimed at fostering national production and, concomitantly, dropping the weight of imports. We closed the year 2020 with 17 new projects, validated and financed in approximately 64 billion kwanzas, placing



**We closed the year 2020 with 17 new projects, validated and financed in approximately 64 billion kwanzas, placing BIC in the 2<sup>nd</sup> ranking position of the commercial banks carrying out financing within the scope of the PRODESI.**

BIC in the 2<sup>nd</sup> ranking position of the commercial banks carrying out financing within the scope of the PRODESI.

It should be also underlined the launch of new products for capturing individual savings with attractive repayment terms. BIC's CRESCER + account enabled the respective holders to increase their savings return at an interest rate of 15.5%, with advanced monthly payments.

We didn't win the crisis, but we helped minimizing some of the most adverse effects that some of our customer companies had to deal with. The teamwork carried out by our employees, committed to BIC's values, proved to be paramount to sustain the challenges we had to address.

WE GROW TOGETHER, and Together, we shall turn Angola into a More Developed and Safe Country.



**Hugo da Silva Teles**

The Chairman of the Executive Committee

# Main Performance Indicators



**2,052,121 AOA**  
TOTAL NET ASSETS

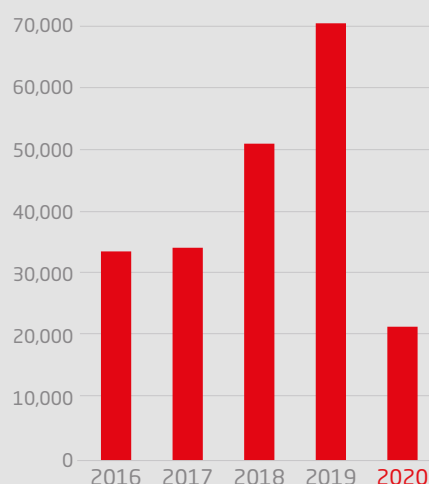


**3,247,404 AOA**  
TURNOVER



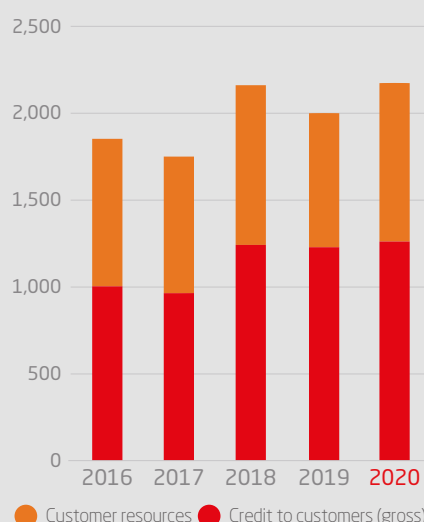
**2,075**  
EMPLOYEES

**PROFIT FOR THE FINANCIAL YEAR**  
(millions AOA)



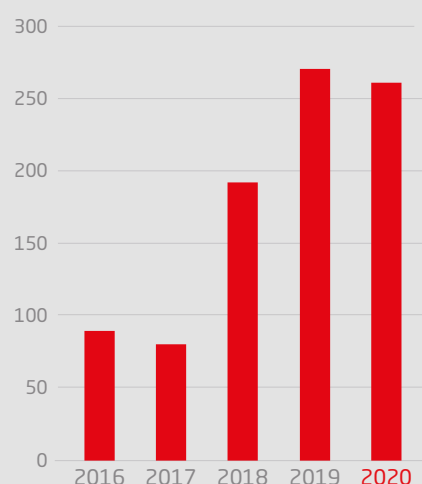
A 70% decrease compared to the financial year of 2019.

**CREDIT AND CUSTOMER RESOURCES**  
(millions AOA)



A 13% increase in turnover compared to 2019.

**BANKING PRODUCT**  
(millions AOA)



Slight decrease of the banking product compared to the previous financial year.

**43%**

## STRUCTURE COSTS/ BANKING PRODUCT

Increase in the cost-to-income ratio as a result of the decrease in banking product compared to the increase in structure costs

**25%**

## REGULATORY SOLVENCY RATIO

Ratio above the minimum 10% required by the Angolan National Bank

**32%**

## DEFAULTED CREDIT

The coverage degree amounted to 86%

Amounts expressed in millions of Angolan kwanzas

	'20	'19	$\Delta\%$ 2020/2019	$\Delta\%$ 2020/2019
Total net assets	2,052,121	1,740,931	311,190	18%
Turnover	3,247,404	2,879,911	367,493	13%
Credit to the Economy	1,900,767	1,677,126	223,641	13%
Credit to customers	910,682	771,591	139,091	18%
Credit to the State	905,813	778,950	126,863	16%
Off-balance	84,272	126,585	(42,313)	-33%
Customer resources	1,346,637	1,202,785	143,852	12%
Turnover per employee	1,565	1,382	183	13%
Profit from financial intermediation (Banking product)	262,181	272,728	(10,547)	-4%
Profit from financial intermediation per employee	126.35	130.87	(5)	-3%
Administrative and commercialization costs / Profit from financial intermediation (deducted from the net monetary position)	42.6%	32.6%	0.10	-31%
Expenses with personnel /Profit from financial intermediation (deducted of the net monetary position)	24.8%	20.9%	0.04	-19%
Net profit of the financial year	21,289	70,657	(49,368)	-70%
Net equity	482,697	363,719	118,978	33%
Profit before taxes/average net assets	1.1%	5.1%	(0.04)	-78%
Profit from financial intermediation/average net assets	13.8%	17.9%	(0.04)	-23%
Profit before taxes/average equity	5.0%	25.9%	(0.21)	-81%
Regulatory solvency ratio	25.3%	20.3%	0	25%
Number of Branches	232	232	-	0%
Number of employees	2,075	2,084	(9)	0%
Number of customers (in thousands)	1,632	1,566	66	4%

Amounts expressed in millions of United States Dollars

	'20	'19	$\Delta\%$ 2020/2019	$\Delta\%$ 2020/2019
Total net assets	3,159	3,610	(451)	-12%
Turnover	4,999	5,970	(971)	-16%
Credit to the Economy	2,926	3,476	(550)	-16%
Credit to customers	1,402	1,599	(197)	-12%
Credit to the State	1,394	1,615	(221)	-14%
Off-balance	130	262	(132)	-50%
Customer resources	2,073	2,494	(421)	-17%
Turnover per employee	2.4	2.9	(0)	-16%
Profit from financial intermediation (Banking product)	404	566	(162)	-29%
Profit from financial intermediation per employee	0.19	0.27	(0)	-28%
Administrative and commercialization costs / Profit from financial intermediation (deducted from the net monetary position)	42.5%	32.6%	0	30%
Expenses with personnel /Profit from financial intermediation (deducted of the net monetary position)	24.9%	20.9%	0	19%
Net profit of the financial year	33	147	(114)	-78%
Net equity	743	754	(11)	-1%
Profit before taxes/average net assets	1.0%	4.1%	(0)	-76%
Profit from financial intermediation/average net assets	11.9%	14.4%	(0)	-17%
Profit before taxes/average equity	4.4%	21.2%	(0)	-79%
Regulatory solvency ratio	25.3%	20.3%	0	25%
Number of Branches	232	232	-	0%
Number of employees	2,075	2,084	(9)	0%
Number of customers (in thousands)	1,632	1,566	66	4%





**BancoBIC**  
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01

Banco BIC  
Angola

# Organizational Structure

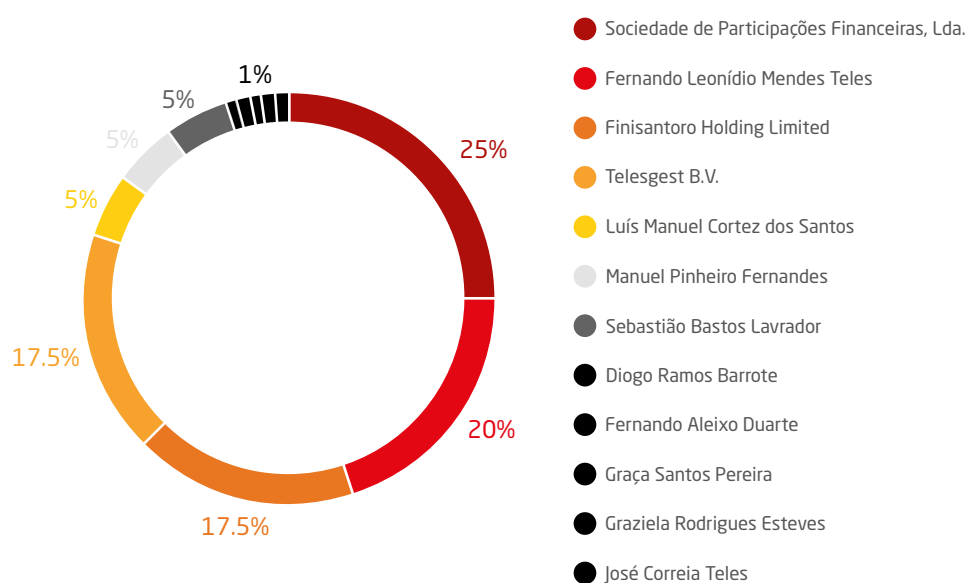
## Governance Model

The Bank's governance model is established in its Statutes and complies with the requirements of the Law on Financial Institutions (Law No. 12/2015, of June 17). Its Statutory Bodies are comprised by the different Governing Bodies, namely, the General Meeting and respective Chairman, the Board of Directors, the Executive Committee of the Board of Directors, the Supervisory Board, the Board of the General Meeting and the External Auditor.

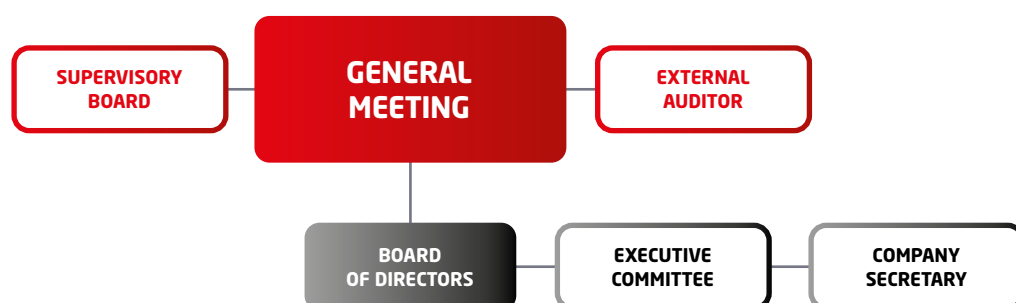
Banco BIC has been incorporated by Public Deed entered on April 22, 2005, following the communication of the Angolan National Bank on April 19, 2005, by which its incorporation has been authorized. The Bank's registered head office is located at Edifício Banco BIC (Banco BIC's Building), in Bairro de Talatona, Samba Municipality, in Luanda.

The Bank's business activity is to obtain resources from third parties by way of deposits or other, which it then applies, together with its own resources, in granting loans, holding deposits at the National Bank of Angola, investing in credit institutions, and acquiring securities and other assets, for all of which it is duly authorised. It also provides other banking services and carries out various types of operations in foreign currencies.

Banco BIC's share capital is broken down as follows:



The members of the Governing Bodies were elected for the triennium of 2017/2020 at the General Meeting of April 27, 2017. On this date, and pursuant to the Bank's Statutes, the Board of Directors appointed the composition of its Executive Committee and respective Chairman.



The members have been elected for the three-year term 2017/2020 at the General Meeting of April 27, 2017



## General Meeting

The General Meeting is the governing body comprised by all the Bank's Shareholders, being governed by the provisions laid down in its Statutes. Its main responsibilities include:

- Appointing the members of the Board of Directors, Supervisory Board, Chairman, Vice-Chairman and the Secretary of the Board of the General Meeting, in addition to appointing the External Auditor;
- Assessing the Board of Directors' annual report, discussing and voting the Bank's balance sheet and accounts taking into account the opinion of both the Supervisory Board and the External Auditor;
- Approving the fixed and/or variable remuneration of the members of the Bank's statutory bodies;
- Deliberating on the distribution of profits as proposed by the Board of Directors;
- Deliberating on any amendments to the Statutes.

## Board of Directors

The current Board of Directors is composed of nine members.

The Board of Directors' meetings are held at least monthly and whenever convened by the Chairman of the Board of Directors.

The Board of Directors delegated the Bank's executive management to an Executive Committee composed of seven members, thereby ensuring its managing operations.

## Executive Committee

Within the scope of its competences, the Executive Committee is subject to the action plans and the annual budget, as well as other measures and guidelines approved by the Board of Directors. It has broad management powers to conduct the Bank's daily and regular activity, which is continuously followed-up by the Board of Directors, the Supervisory Board and the External Auditor.

All Executive Committee members play an active role in the day-to-day management of the Bank's business, having under their responsibility one or more specific business areas in accordance with their respective profile and individual specializations.

The Executive Committee meets at least once a month, when convened by the Chairman.

## Company Secretary

The Company Secretary is appointed by the Board of Directors. The term of the respective functions is equivalent to the mandate of the members who comprise the governing bodies.

## Supervisory Board

The composition of the Supervisory Board is governed in accordance with the terms laid down in the Statutes, being constituted by a President and a full member. The Supervisory Board meets quarterly.

## External Auditor

The external audit is carried out by the company C&S - Assurance And Advisory, S.A. (Group Grant Thornton). The External Auditor's provision of services must comply with the rules established in Notice No. 04/2013 of April 22 of the National Bank of Angola. The Bank considers that the current External Auditors meet the availability, knowledge, experience and suitability requirements to perform adequately their duties.

# Composition of the Governing Bodies

## General Meeting

### Chairman

Manuel Pinheiro Fernandes

### Secretary

Luís Manuel Cortêz dos Santos

## Board of Directors

### Chairman

Fernando Aleixo Duarte

### Members

Fernando Mendes Teles  
Graziela Rodrigues Esteves  
Graça Maria Pereira  
Hugo da Silva Teles  
Jaime Galhoz Pereira  
José Manuel Cândido  
Pedro Nunes M'Bidingani  
Amadeu Maurício (\*)

## Executive Committee

### Chairman

Hugo da Silva Teles

### Members

Fernando Mendes Teles  
Graziela Rodrigues Esteves  
Graça Maria Pereira  
Jaime Galhoz Pereira  
José Manuel Cândido  
Pedro Nunes M'Bidingani

## Company Secretary

Victor Mendes

## Supervisory Board

### Chairman

Sérgio Henrique Serra

### Member

Maria Ivone dos Santos

## External auditor

C&S Assurance And Advisory, S.A. (Group Grant Thornton)

(\*) Independent Non-Executive Board Member





**From left to right:**

**Standing:** José Manuel Cândido (Director); Fernando Aleixo Duarte (Chairman of the Board of Directors);

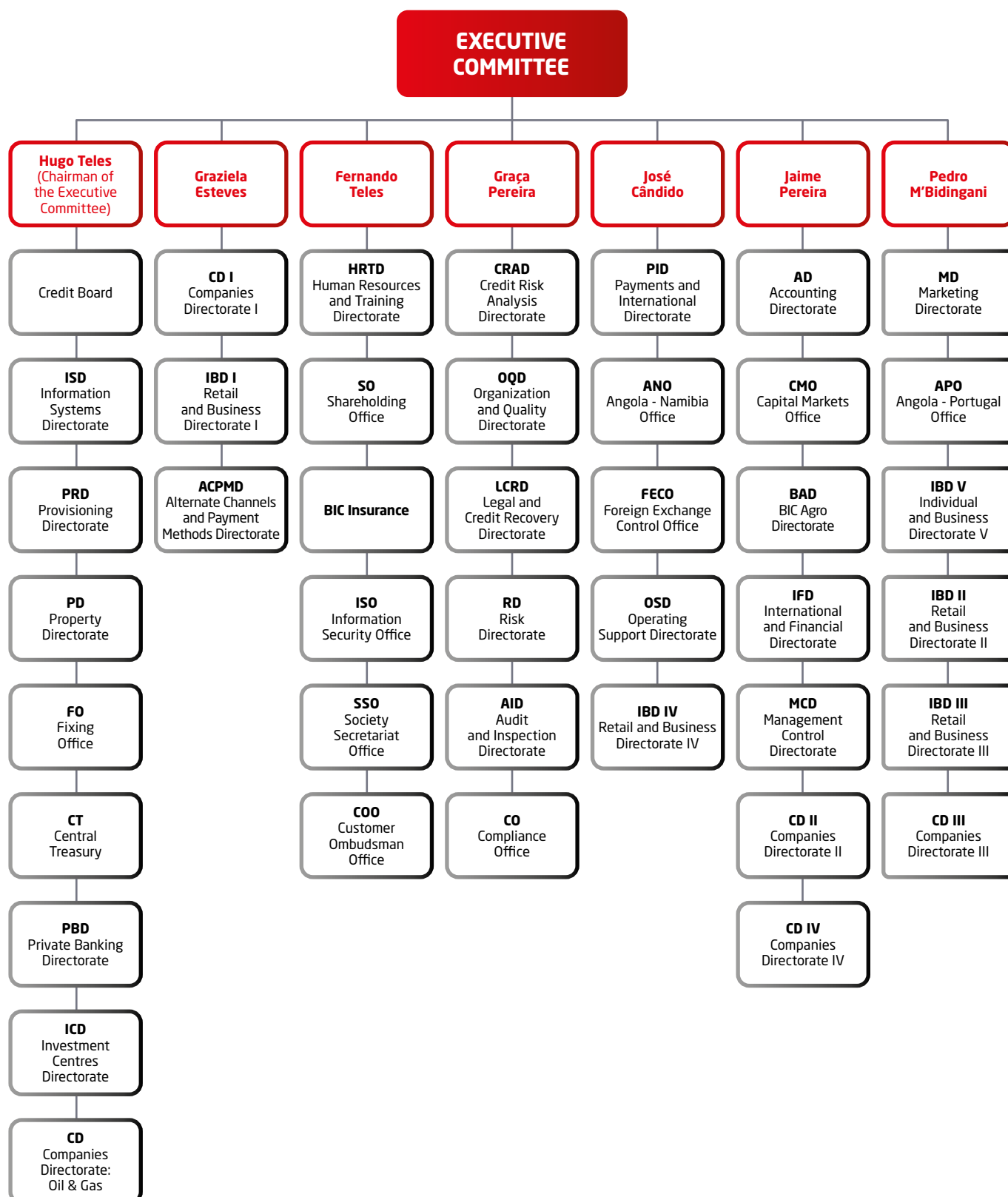
Fernando Mendes Teles (Director); Jaime Galhoz Pereira (Director); Pedro Nunes M'bidingani (Director);

**Sitting:** Graziela Rodrigues Esteves (Director); Hugo Silva Teles (Chairman of the Executive Committee); Graça Maria Pereira (Director)



# Functional Organization Chart

The Bank's functional structure allows a clear division of the specific areas and functions allocated to each Directorate and/or Office and managed under the responsibility of the respective executive directors. The Bank's functional organization chart is structured as follows:



## Composition of the structural units

### Hugo Teles

#### Chairman of the Executive Committee

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##### ISD

Information  
Systems  
Directorate

##### MAIN DUTIES:

- Detecting and promoting the definition of the strategic lines aimed at the Information Systems and respective technological support;
- Carrying out the integrated management of the information systems' and technological infrastructure's components in order to ensure an on-going alignment with the current needs and thus identify the foreseeable impact of the Business Units' new requests; and,
- Ensuring the planning and development of the necessary actions for the implementation of means and methods based on strict guiding principles in terms of productivity, efficiency, quality, control, safety, service levels and costs.

##### Support Body

Central Director: Luis Nikolai

Deputy Director: Rui Valente

Vice-Director: Gabriel Ferreira

Number of employees: 28

##### PRD

Provisioning  
Directorate

##### MAIN DUTIES:

- Launching consultations with suppliers of goods and services as long as those consultations should not be carried out by other Bank Organic Units due to their specific nature/technicality;
- Negotiating and entering into contracts with suppliers of goods and services, provided that these should not be entered into by other Bank Organic Units due to their specific nature/technicality;
- Acquiring, Storing and Distributing goods and services;
- Ensuring the conformity of the powers delegated to the various Bank Organic Units of the to approve costs and investments;
- Ensuring that invoices for the acquisition of goods and services are checked by the Bank and previously validated by the Organic Units that placed the orders and promote the corresponding payment with the Accounting Directorate (AD);
- To coordinate the quality control procedure regarding the goods and services supplied, which are managed by the PRD, as well as the compliance with the required service levels;
- Ensuring the management of recovered vehicles and equipment deriving from vehicle leasing or credit operations, so that their sale can be used to pay the amounts due;
- Ensuring safe conditions for people and assets within the Bank's premises.

##### Support Body

Central Director: Alberto Castelo Branco

Assistant Director: Alvaro Alves

Number of employees: 30

##### PD

Property  
Directorate

##### MAIN DUTIES:

- To launch consultations with suppliers of goods and services as long as those consultations should not be carried out by other Bank Organic Units due to their specific nature/technicality;
- To negotiate and enter into contracts with suppliers of goods and services, provided that these should not be entered into by other Bank Organic Units due to their specific nature/technicality;
- To acquire goods and services;
- Store and distribute goods and services
- Ensuring the conformity of the powers delegated authorizing expenses and investments to the various Bank Organic Units;
- Ensuring that invoices for the acquisition of goods and services are checked by the Bank and previously validated by the Organic Units that placed the orders and promote the corresponding payment with the Accounting Directorate (AD);

### Support Body

Central Director: Tiago Pacheco

Number of employees: 13

**FO**  
Fixing  
Office

#### MAIN DUTIES:

- Ensuring that all legal documents included in the process associated with each operation are checked and accurate;
- Carrying out a prior analysis of the operations approved along the decision-making course, validating the documentation submitted as well as the correct and appropriate framework in compliance with the current legislation and products and services' manuals;
- Requesting the reassessment of the operations to the appropriate decision circuit, should there be any deficiencies in their processing, and to suggest the proper framework in order to correctly formalize operations.

### Operational Body

Central Director: José Carlos Silva

Deputy Director: Helga Peres

Number of employees: 12

**CT**  
Central  
Treasury

#### MAIN DUTIES:

- Ensuring the collection and delivery of values, in the Branches' Vaults is carried out within the deadlines set for such purpose;
- Ensuring the maximum upper limit stipulated for the values in the Branches' vault is never exceeded, thus mitigating the operational risk;
- Ensuring the Bank's Treasury values are never exceeded, facilitating their deposit with the Central Bank;
- Launching consultations with suppliers of goods and services as long as those consultations should not be carried out by other Bank Organic Units due to their specific nature/technicality.

### Operational Body

Central Director: Inocência Almeida

Assistant Director: Afonso Nunda

Number of employees: 17

**PBD**  
Private Banking  
Directorate

#### MAIN DUTIES:

- To cooperate with the Board of Directors and the Marketing Directorate in defining the global commercial strategy and the value proposal regarding the Private segment, enabling its execution and implementation;
- To support the visits of Private Bankers to customers of significant importance, thus attracting business, as well as providing assistance in actions aimed at captivating relevant customers of high potential.

### Commercial Body

Central Director: Stephan Silva

Area Director: Lúcia Rodrigues

Number of Employees: 6

**ICD**  
Investment  
Centres  
Directorate

#### MAIN DUTIES:

- Developing best practices in monitoring and prospecting, in order to materialize the commitment with investors, aiming at achieving the successful implementation of each project, setting up strategic partnerships and synergies in value;
- Monitoring the entire investment project cycle with the Investors, from its conception to the moment it achieves its full activity;
- Studying investment alternatives which keep up with the development of the business reality, boosting the commercial network of economic agents which maintain financial relations with the Bank.

### Commercial Body

Central Director: Monalisa Dias

Area Director: Lucia Rodrigues

Number of employees: 6

**CD**

Companies  
Directorate:  
Oil & Gas

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Regina Guimarães

Centre Director: Ana Marques

Number of employees: 3

## Graziela Esteves

### Member

**CD I**

Companies  
Directorate I

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Pedro Velado

Area Directors: Dacia Nascimento/Luena Fundões/Dinamene Monteiro

Number of employees: 50

**IBD I**

Retail  
and Business  
Directorate I

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Setting commercial goals in coordination with the Board of Directors and the Commercial Directorates of the various Branches;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Henrique Oliveira

Area Directors: Edna Gaspar/Pedro Marta/Marcília Goncalves

Number of employees: 239

**ACPM**  
Alternate Channels  
and Payment  
Methods Directorate

**MAIN DUTIES:**

- Ensuring the implementation and efficient functioning of the operational processes concerning the products and services indicated below: Bank Cards (Debit, Credit or other); Point-of-Sale (POS) Terminals; Cash Machines (ATM); Interactive Service (Net Banking - Individuals; Net Banking - Companies); and Other Alternative Channels (Mobile Banking, Tablet Banking, SMS Banking, among others);
- Cooperating, in articulation with the Bank's other Organic Units, to the definition of new products and services, campaigns and promotional actions, new functionalities or improvements in the already existing ones;
- Guaranteeing the correct and permanent operation of POS and ATM.

**Operational Body**

Central Director: N'Kiniani Rangel

Assistant Director: Márcia Lima

Number of employees: 31

## Fernando Teles

### Member

**HRTD**  
Human Resources  
and Training  
Directorate

**MAIN DUTIES:**

- To recruit Human Resources, including human resources planning, candidate market search, recruitment, selection and integration;
- Allocating the various Human Resources, including role analysis and description, transfers of personnel (either horizontally, vertically or diagonally), career planning and merit or performance assessment;
- Managing the general matters regarding Human Resources, including remuneration (wage management), social benefit plans (health), other benefits (Credit), hygiene and safety at work, records, personnel controls and labour relations (statements, work certificates and others);
- Promoting the development of the company's Human Resources, including training and personnel development plans;
- Conducting the supervision of Human Resources, including management indicators, human resources information systems (search and data processing, statistics, records, reports, charts and demos).

**Support Body**

Central Director: Telma Pinheiro

Assistant Director: Sarah Figueiredo

Number of employees: 5

**SO**  
Shareholding  
Office

**MAIN DUTIES:**

- Ensuring the performance and issuing of Life Insurance and Non-Life Insurance, made subject to guarantees associated with Credits granted by the Bank; and
- Ensuring the Maintenance of Policies/Amendments/Cancellations/Repositions associated with Credit products.

**Support Body**

Central Directors: Fátima Monteiro/Joaquim Moutinho

Number of employees: 3

**BIC Insurance**

**ISO**  
Information  
Security Office

**SSO**  
Society  
Secretariat  
Office

**COO**  
Customer  
Ombudsman  
Office



## Graça Pereira

### Member

---

#### **CRAD** Credit Risk Analysis Directorate

#### **MAIN DUTIES:**

- Carrying out the analysis of credit operations on customer or Group risk, within the scope set forth in the Credit Regulations;
- To prepare Credit Risk Reports on customer/Group operations (Credit Reports), focused on assessments particularly developed to address larger and new exposures, uncommon and more complex credit situations, which are submitted to the Credit Council's appreciation;
- Ensuring the processes of creating Balance Grids and Risk Ratings, as well as Ensuring their maintenance;
- Guaranteeing the correct creation of Economic Groups and Circles, as well as Ensuring their maintenance;
- To provide obtaining management information on matters within its competence.

#### **Operational Body**

Central Director: Carla Estronca

Deputy Director: Maria Franco

Number of employees: 19

#### **OQD** Organization and Quality Directorate

#### **MAIN DUTIES:**

- To ensure the Internal Regulations' preparation and maintenance, in coordination with the Bank's Organic Units, and to facilitate the respective approval by the Board of Directors, disclosure and historical archive;
- To ensure or collaborate in the setting up of the organizational structure and the powers/ responsibilities of the Bank's Organic Units, and to facilitate the respective approval by the Board of Directors, disclosure and historical archive;
- To create and ensure the maintenance of the substance of the Bank's forms and templates;
- Promoting the collaboration and exchange of information and knowledge among the Bank's several Functional Structures;
- Managing complaints;
- Assisting complaints and timely resolving the matters submitted by customers;
- Ensuring the record-keeping and compliance control with regard to deadlines for handling complaints, as set by the Bank and by the BNA.

#### **Support Body**

Central Director: Augusto Valente

Sub-Director: Maria Manuela Pereira

Number of employees: 4

#### **LCRD** Legal and Credit Recovery Directorate

#### **MAIN DUTIES:**

- Analysing the processes sent by the Commercial Networks;
- Drafting proposals for agreements for the settlement of debts;
- Providing support related to all processes assigned to external Lawyers within the scope of the activity;
- Responding to any technical and legal inquiries submitted by all the Bank's Bodies;
- Preparing financial and commercial contracts.

#### **Support Body**

Central Director: Carlos Campos

Deputy Director: Victor Neves

Assistant Director: Isilda Tavares

Number of employees: 26

**RD**  
Risk  
Directorate

**MAIN DUTIES:**

- Acquiring an integrated perspective of the risks to which the Bank is exposed to understand its various impacts, including the evolution of the internal capital;
- Implementing risk management and risk measurement methodologies which are appropriate to the nature and features of each type of risk;
- Ensuring the implementation of a solid and reliable risk management and risk measurement system which allows for the integrated and segmented processing of risks and the understanding of their corresponding impacts;
- Promoting the level of internal control;
- Coordinating the preparation and maintenance of the Business Continuity Plan (BCP);
- Contributing to foster an internal risk culture and improving the services' quality.

**Control Body**

Control Body Director: Lilia Rangel

Number of employees: 4

**AID**  
Audit  
and Inspection  
Directorate

**MAIN DUTIES:**

- Defining and prepare the Annual Audit Plan, ensuring its execution;
- Ensuring the auditing of all the Bank's Branches, Business Centres, Investment Centres and Central Services;
- To prepare audit reports, proposing therein the adoption of corrective measures regarding situations found which are deemed less regular or deficient;
- Analysing customer complaints which justify the intervention of the AID, to liaise with the Bank's Body involved and to collaborate in the preparation of the respective response, when required;
- When required, to carry out inspections (analysis and technical assessment) to Bodies or events which may suggest irregularities or aiming at potentially determining responsibilities in situations in which illegitimate, fraudulent or contravening procedures to the established rules and guidelines occur or are indicated, which may affect the Bank's or third parties' financial interests.

**Control Body**

Central Director: Paula Sousa

Assistant Directors: Fernanda Pinto/Adilson Joaquim

Number of employees: 19

**CO**  
Compliance  
Office

**MAIN DUTIES:**

- At least once a year, to prepare and submit a report to the Board of Directors and to the Institution's Supervisory Body, identifying the defaults verified and the measures adopted to correct any deficiencies which have been detected;
- Providing information to the Board of Directors regarding any indications of violation of legal obligations, rules of conduct and relationship with customers or other responsibilities which may cause the Institution or its employees to incur in a misdemeanour;
- Following-up and disclosing the legislation and regulations published by the different supervisory and regulatory authorities;
- Ensuring the update of internal standards within the scope of the Prevention of Money Laundering and Terrorism Financing in the light of changes in current legislation and the reliability of IT applications for the Prevention of Money Laundering and Terrorism Financing.

**Control Body**

Central Director: Inês Carvalho

Assistant Director: Sónia Almeida

Number of employees: 6

## José Cândido

### Member

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#### **PID**

Payments and  
International  
Directorate

#### **MAIN DUTIES:**

- Opening, maintaining and settling external documentary and financing operations, PEOs and PWOs;
- Carrying out the tasks inherent to the REMUNERATION received;
- Carrying out the tasks inherent to the cheques over the Bank, paid or deposited within the Commercial Network.

#### **Operational Body**

Central Director: Mafalda Carvalho

Assistant Director: Paulo Brito

Number of employees: 32

#### **ANO**

Angola - Namibia  
Office

#### **MAIN DUTIES:**

- Ensuring and/or expediting the commercial relationship between Banco BIC Angola, S.A. and Bank BIC Namibia and their customers (current or potential) within the context of the Bank's further internationalization process;
- Within the scope of the business relationship referred to in the preceding paragraph, ensuring the creation and maintenance of efficient communication and procedural channels, in full compliance with the legal framework of both Countries as well as the internal standards of the Institutions.

#### **Support Body**

Officer in Charge: José Carlos Silva

Number of employees: 1

#### **FECO**

Foreign Exchange  
Control Office

#### **MAIN DUTIES:**

- Monitoring all regulations published by the BNA on foreign exchange operations;
- To enjoy appropriate control systems for compliance with the legislation and regulations in force, as well as their updating, when necessary;
- To certify the correct opening and movement of bank accounts held by foreign exchange non-residents, by means of collaboration of the CO;
- To comply with foreign exchange legislation and regulations with regard to operations not subject to licensing, in those cases where the Bank has delegated approval;
- To legitimate the correct creation of the procedures for applying for licensing or registration of operations and their timely submission to the BNA;
- To ensure the correct and timely execution of foreign exchange operations, as well as their accounting records and reporting systems to the BNA;
- To guarantee the timely and correct reporting of all information to be sent to the BNA;
- To represent the Bank with the BNA in all foreign exchange matters, through the person in charge with controlling foreign exchange;
- To verify the framework of the foreign exchange operations in for 'legal person' customers' businesses, taking into consideration, among other factors, their nature, dimension and financial situation and, in the case of 'individual' customers, the framework of their circumstances and financial capacity, within the scope of the transaction monitoring process established in the Law No. 34/11 on Money Laundering and Terrorism Financing.

#### **Control Body**

Officer-in-Charge: Lexter Soares

Number of employees: 4

#### **OSD**

Operating  
Support Directorate

#### **MAIN DUTIES:**

- Receiving the credit proposals issued by the Commercial Networks and carrying out their registration, for monitoring and control purposes;
- Providing full support to the Commercial Networks regarding requests for information on the status of credit operations;
- Debiting commissions and agreement expenses to customers, as applicable.

#### **Operational Body**

Central Director: Jerusa Guedes

Assistant Director: Katimbala Ingles

Number of employees: 11

**IBD IV**  
Retail and Business  
Directorate IV

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Setting commercial goals in coordination with the Board of Directors and the Commercial Directorates of the various Branches;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Horácio Almeida

Area Directors: Felícia Fortes/Paula Cajada/Nelson Guilherme

Number of employees: 268

## Jaime Pereira

Member

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**AD**  
Accounting  
Directorate

**MAIN DUTIES:**

- Preparing the Bank's financial statements and all accountability elements;
- Preparing and reporting all accounting, prudential, statistical and tax information to the supervisory entities and tax authorities, respectively, in order to ensure compliance with the accounting standards in force as well as regulatory and tax requirements;
- Managing the invoicing and payments to third parties.

**Operational Body**

Central Director: Alzira Gama

Assistant Directors: Edhylaine Tavares/Soraia Ramos

Number of employees: 16

**CMO**  
Capital Markets  
Office

**MAIN DUTIES:**

- Enabling customers to use the key capital market financial instruments at a single point of contact, while ensuring permanent and crucial conditions of reliability, security and transparency;
- Promoting the offer of investment consultancy with Bank customers of high asset value;
- Ensuring the organization and setting-up of capital market and debt operations.

**Support Body**

Officer in Charge: Irene Vezo

Number of employees: 1

**BAD**  
BIC Agro  
Directorate

**MAIN DUTIES:**

- Promoting, monitoring and providing technical support to the Bank's Commercial Network as regards Credit aimed at Agriculture, Livestock and Fisheries;
- Ensuring that protocol-based credit lines (Angola Invest) have the appropriate follow-up and supervision.

**Commercial Body**

Central Director: Jorge Velga

Number of employees: 3

**IFD**  
International  
and Financial  
Directorate

**MAIN DUTIES:**

- Coordinating the Bank's management of its position and foreign exchange risk as well as the management of its liquidity, and compliance with the mandatory reserves;
- Monitoring compliance with the limits of risk exposure to market and Counterparty;
- Controlling and ensuring that all operations carried out by the Bank are properly recorded in its systems;
- Ensuring the processing and recording of operations carried out with Counterparties in the appropriate information systems, in due time, and in accordance with the procedures defined for such purpose;
- Updating the Price List of Products and Services related with the Directorate's activity;
- Establishing the pricing for foreign exchange products (for transactions at sight and forward), Acquisition/Sale of Foreign Currency Banknotes and money market transactions;
- Monitoring of the market trends.

**Operational Body**

Central Director: Irene Vezo

Number of employees: 12

**MCD**  
Management  
Control  
Directorate

**MAIN DUTIES:**

- Ensuring technical support to the Board of Directors, proposing strategic guidelines, subject to the achievement of clearly defined business goals and to ensure the coordination of the different Business Areas and Central Services activity's planning and control. Preparing the Business Plan (at medium and long-term) and the Annual Budget;
- Guaranteeing the Business Units assessment and commercial activity and controlling the Central Services Directorates' operating costs, while ensuring the coordination, preparation and control of the implementation of the corresponding annual budget;
- Provision and preparation of information related to management in order to support the Bank's assessment on the monthly performance of each Business Unit and Central Services Directorate;
- Within the scope of the Bank's internationalization, ensuring the timely provision of consolidated financial, accounting and operational information on the Bank and other Entities of the BIC Universe to the different Supervisory Entities, namely the Angolan National Bank.

**Control Body**

Central Director: Sara Teles

Number of employees: 5

**CD II**  
Companies  
Directorate II

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Regina Guimarães

Area Directors: Ana Marques/Alfredo Castro

Number of employees: 39

**CD IV**  
Companies  
Directorate IV

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Jorge Veiga  
Ares Directors: Telmo Bernardo  
Number of employees: 13

## Pedro M'Bidingani

### Member

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**MD**  
Marketing  
Directorate

**MAIN DUTIES:**

- Proposing promotional campaigns in order to sustain the Bank's strategic goals, particularly those aimed at trading new products and services, while monitoring the accomplishment of the defined goals;
- Ensuring that all contents made available on the Intranet and Internet are always updated;
- Ensuring and validating all marketing material and publicity articles executed by Advertising Agencies and inherent to the implementation of campaigns (TV and radio spots, press advertisements, outdoors, banners, brochures, etc.);
- Coordinating and monitoring the organization of all events, including Directorate Meetings, Conventions and Anniversaries;
- Implementing the procedures necessary for the publication of Annual Reports and Accounts, guaranteeing the coordination with the Communications Agency selected for the corresponding edition and production;
- Analysing, negotiating and implementing sponsorships, monetizing investments and ensuring a correct application of the brand identity in the various materials.

**Support Body**

Central Director: Ramiro Mendes  
Assistant Director: Inês Fernandes  
Number of employees: 4

**APO**  
Angola - Portugal  
Office

**MAIN DUTIES:**

- Ensuring and/or expediting the commercial relationship between Banco BIC Angola, S.A. and Bank BIC Namibia and their customers (current or potential) within the context of the Bank's further internationalization process;
- Within the scope of the business relationship referred to in the preceding paragraph, ensure the existence and preservation of efficient channels of communication and procedures in full compliance with the legal framework of both countries and the internal rules of the mentioned Institutions.

**Support Body**

Officer in Charge: José Carlos Silva  
Number of employees: 1

**IBD V**  
Individual  
and Business  
Directorate V

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Directors: Anabela Santinho/José Zacarias

Area Directors: Rui Caetano/Armindo Cunha/Solange Martins

Number of employees: 326

**IBD II**  
Retail  
and Business  
Directorate II

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Setting commercial goals in coordination with the Board of Directors and the Commercial Directorates of the various Branches;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Directors: Amílcar Aguiar/Francisco Lourenço/António Silva/José Assis

Coordinating Directors: Maria Fátima Silva/Elizabeth Pina

Area Directors: Edgar Magalhães/Fabio Leitão/Francisco Melo/João Ivungo/

Justina Praça/Patrícia Faria/Simão Finde/José Antunes

Number of employees: 701

**IBD III**  
Retail  
and Business  
Directorate III

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Setting commercial goals in coordination with the Board of Directors and the Commercial Directorates of the various Branches;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Susana Silva

Deputy Director: Carlos Santos/Hélio Lopes

Number of employees: 123

**CD III**  
Companies  
Directorate III

**MAIN DUTIES:**

- Defining and implementing the commercial action policies in accordance with the commercial strategy outlined by the Bank's Board of Directors;
- Fomenting the attraction of customers and businesses of the targeted market segment;
- Assessing market conditions;
- Monitoring and controlling the Board of Directors' matured credit and facilitate the respective recovery;
- Following-up and cooperating with the implementation of measures aimed at minimizing potential risks arising from customers displaying warning signs other than non-compliance of operations;
- Analysing reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities to control and promote rectification of faults, being the Area's Director informed in writing on the actions taken.

**Commercial Body**

Central Director: Susana Silva

Number of employees: 9



# Remunerations Policy

## Quantitative information disclosure

In compliance with article 22(3)(d)(i) of the Angolan National Bank Notice No. 01/2013, of March 22, we disclose that the remuneration earned in the financial year 2019 by the Board of Directors and the Supervisory Board totalled around AOA 710 million. In the financial year 2019, this figure stood at about AOA 657 million.

## Annual statement on the remuneration policy

### 1. Remuneration of the Governing Bodies

The Banco BIC, S.A.'s Governing Bodies Remuneration Policy in force in the financial year 2020 has been approved by the General Assembly on the 25<sup>th</sup> of April 2019, upon proposal of the Board of Directors.

- 1.1. No external consultants nor a Remuneration Committee were involved in defining the Remuneration Policy.
- 1.2. In 2020, the Remuneration Policy was compatible with the Bank's long-term interests and did not encourage excessive risk taking.
- 1.3. The non-executive directors only benefit from a remuneration approved by the General Assembly.
- 1.4. The members of the Supervisory Board only benefit from a fixed-amount remuneration approved by the General Assembly.
- 1.5. Remuneration of the members of the Executive Committee:
  - a) All members of the Executive Committee receive a fixed-amount remuneration, which is paid 14 times per year;
  - b) On a yearly basis, the General Assembly assesses the Board of Directors, taking into consideration the achievement of its goals, the quantitative and qualitative results obtained, as well as their origin and type, their sustainability or occasional nature, the risk associated with obtaining them, the regulatory compliance, the added value for the shareholders and the way the institution has related with other Stakeholders.
- 1.6. Remuneration of the Members of the Board of the General Assembly:

The members of the Board of the General Assembly earn a fixed-amount attendance ticket for each presence in the General Assembly's meetings, as defined by the Assembly.

In 2020, the Remuneration Policy was compatible with the Bank's long-term interests and did not encourage excessive risk taking.

### 2. Remuneration of employees

- 2.1 The Banco BIC, S.A.'s employee Remuneration Policy in force has been approved by the General Assembly on the 26<sup>th</sup> of April 2019, upon proposal of the Board of Directors.
- 2.2 The employees' performance assessment is carried out at least once a year, being held by the corresponding hierarchical superior, and the attribution of the variable remuneration depends on the results of the former.
- 2.3 Employees who keep a legal-labour relationship with the Bank by means of an employment contract do not benefit from any forms of remuneration other than those deriving from the normal application of employment law, and do not benefit from any system of annual bonuses or any other non-monetary benefits, notwithstanding the possibility of receiving a variable remuneration under the terms of the remuneration policy in force.

# Mission, Vision and Values

## Mission

Being a solid, profitable, socially responsible, efficient, agile and value-creating Bank with national presence and international representation, a partner of companies and households, differentiating itself by the shown evidence of its assets' appreciation, the satisfaction of its Customers, and the fulfilment of employees, always accompanied by a highly ethical and socially responsible behaviour.

## Vision

To be the Best and the Largest private Bank operating in Angola, growing in a sustained and innovative manner while offering the best solutions to our Customers, with a permanent capacity for renewing itself and actively contributing to Angola's development and economic growth.

## Values

To convey in all our behaviours, actions and decisions the steering principles that guide us while carrying out our responsibilities and pursuing our goals:

### Customer Orientation

To build long-lasting relationships with our Customers, based on accuracy, integrity and transparency. Our dedication and commitment to our values assure customers they can count on us to provide excellent services and support them to accomplish their personal, professional and business goals.

### Innovation

Continuously observing and interpreting the market, so we can make a difference in a highly competitive environment, not only by anticipating solutions and acquiring new knowledge but also by the creation of value.

### Ambition

The permanent union between personal humbleness and professional ambition allows us to believe we can always do more and better, as this determination is one of the driving forces of each person's professional growth individually and of the team as a whole.

### Acknowledgement and continuous appreciation of employees

Human Resources are one of the key driving forces behind our growth and the achievement of our strategic objectives. We endeavour to create working conditions and individual career plans that enhance satisfaction and increase everyone's motivation, in addition to prioritizing the continuous investment in the development of their technical and behavioural skills by way of thematic training plans.

### Teamwork

The continuity of our Mission is not within the scope of a single person's work, but of all. The ongoing combination of talents and skills seeks to obtain effective teams with the capacity to always generate more and better outcomes and thus overcome our own ambitions.

## High integrity standard

The action of all employees complies with the highest level of ethical principles and is strictly guided by the Bank's regulations and recommendations, in accordance with the standards established by the Regulatory Entities, namely, the Angolan National Bank.

## Social Responsibility

Wherever we are, we endeavour to create a favourable environment for investment and growth and seek to achieve full integration in the Community, both in terms of our involvement with the population and regarding services provided. Each employee as an individual and the team as a whole shall leave the legacy of our work, to build a better world for future generations.

These values (Customer Orientation, Innovation, Ambition, Recognition and Continuous Valuing of Employees, Teamwork, Integrity and Social Responsibility) reflect Banco BIC's personality and corporate essence and are the inspiration to do more and better, day after day, year after year, for the benefit of all our Customers.







**BancoBIC**  
Growing together





02

## Macroeconomic Framework

# World Economy

In 2020, the world economy faced a global recession of proportions rarely seen in recent decades. This negative performance is closely linked to the pandemic situation of COVID-19, which began in the 1<sup>st</sup> quarter of 2020. Economic activity was particularly affected in sectors such as tourism and hotels, with very significant reductions in the activity of all major economic blocs worldwide. On the other hand, there was a major intervention of the budgetary policy to support the economy, families and companies, with the consequential increase of the budgetary imbalances and the accumulation of public indebtedness. Moreover, and in parallel with expansive budgetary policies, the main central banks maintained and/or reinforced the equally expansionist nature of their respective monetary policies, namely with low interest rates for granting liquidity and policies for the purchase of financial assets in the secondary market.

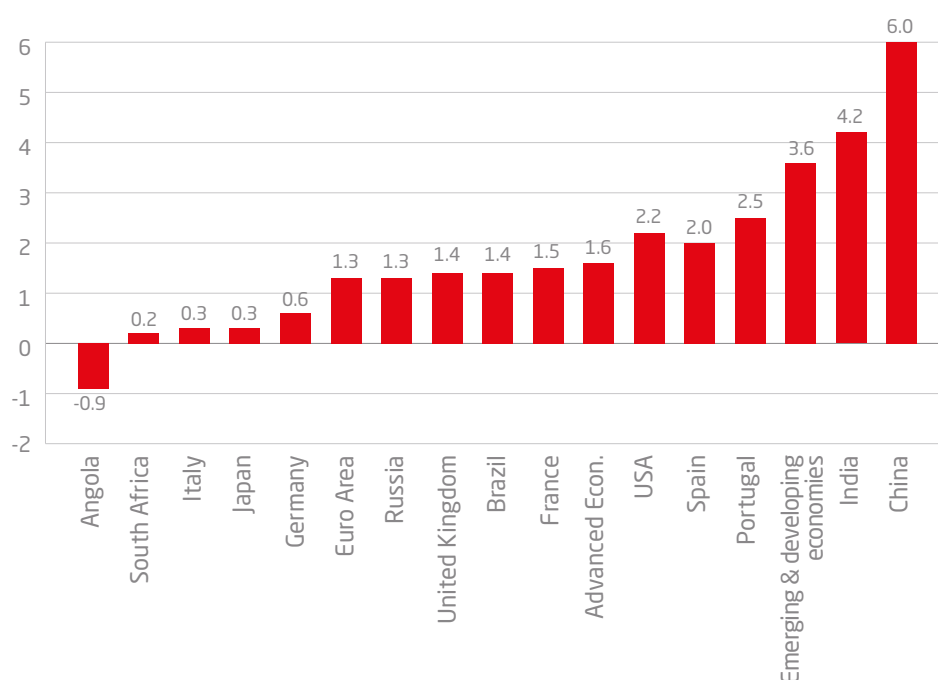
The main central banks maintained and/or reinforced low lending facility interest rates as well as policies for the purchase of financial assets in the secondary market.

## Global Activity

World GDP in 2020 recorded a contraction in actual terms to -3.5% (+2.8% in 2019) while the GDP in the euro area suffered an even sharper reduction, to -7.2% in that year (+1.3% in 2019), particularly based on estimates by the International Monetary Fund (IMF) and the European Central Bank (see Graph 1.1). This rather negative performance of economic activity in 2020 was more accentuated in the group of developed countries, of -4.9%, than in the emerging and developing economies, of -2.4%. The economic recession registered in 2020 was therefore of a magnitude greater than that verified in the global economic and financial crisis of 2008-2009. In terms of the composition of aggregate demand, within the 2020 recession, both private consumption and private investment also had important negative variations in real terms.

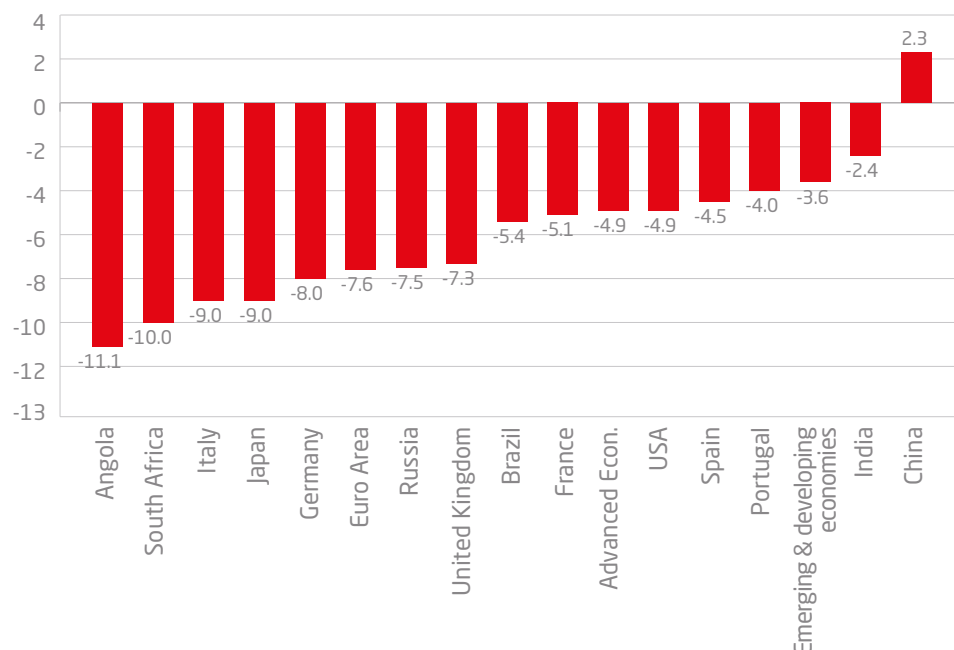
Amid the advanced economies, the economic recession of 2020 was more significant in the euro area and in the United Kingdom (also in the process of closing Brexit procedures). On the other hand, smaller recessions in relative terms have been registered in 2020, both in Japan and in the USA, with actual GDP drops of around 5%.

**GRAPH 1.1 - REAL GDP VARIATION (%)**  
**A - 2019**



Sources: IMF World Economic Outlook, January 2021;  
ECB, Eurosystem staff macroeconomic projections for the euro area, December 2020;  
INE Portugal; Banco de Portugal.

**GRAPH 1.1 - REAL GDP VARIATION (%)**  
**A - 2020**



Sources: IMF World Economic Outlook, January 2021;

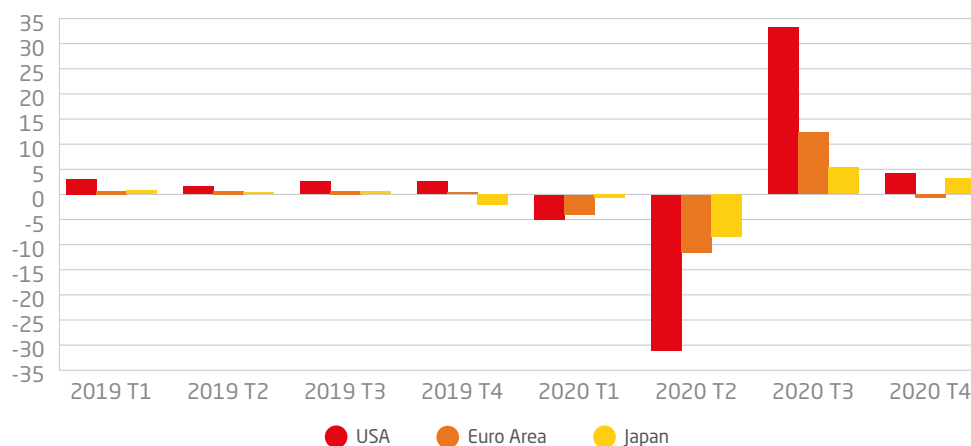
ECB, Eurosystem staff macroeconomic projections for the euro area, December 2020;

INE Portugal; Banco de Portugal

The extreme volatility of economic activity in 2020 is well reflected, for instance, in the case in the euro area, where there was a GDP chain-reduction in real terms of 11.4% in the 2<sup>nd</sup> quarter of 2020, and a 12.4% quarter-on-quarter increase in the 3<sup>rd</sup> quarter. In the US, the value of the GDP registered an accumulated fall of 10% in the first half of 2020, with chain variations of -31.4% and 33.4% respectively in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2020. (Graph 1.2).

In Japan, the reduction of economic activity was less severe and, as in the case of the USA, a real change in the 4<sup>th</sup> quarter of 2020 had already been detected.

**GRAPH 1.2 - GDP, ACTUAL CHAIN (QUARTER-ON-QUARTER) VARIATION (%)**



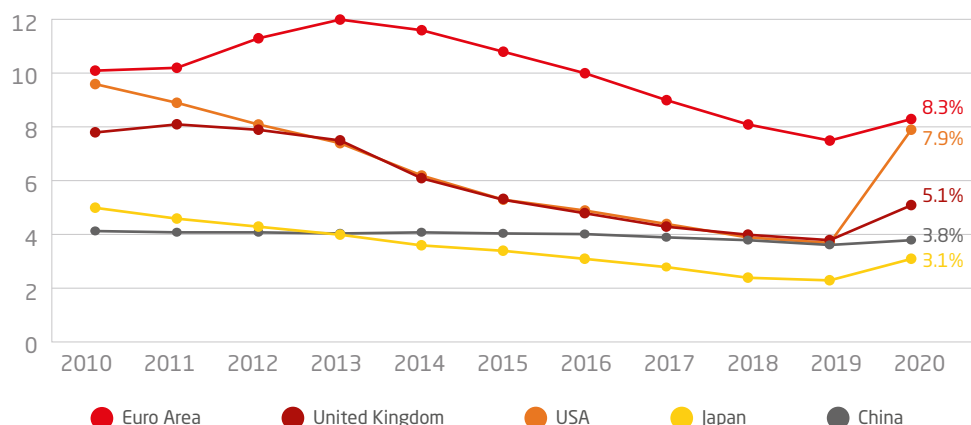
Sources: AMECO, European Commission; Federal Reserve Bank of St. Louis.

## Labour Market

In 2020, the global recession had unavoidable effects on the level of employment and on the increase in unemployment (Graph 1.3). The unemployment rate thus increased transversely, namely in the euro area (+0.8 p.p.) and in the United Kingdom (+1.3 p.p.), and particularly in the US (+4 p.p.).

In the case of the US, in the initial phase of the pandemic - March and April 2020 - the volume of employment contracted by 22 million jobs, while the unemployment rate rose to 14.8% in April, the highest figure since World War II. In Japan, the unemployment rate also increased to 3.1% (2.3% in 2019) and the labour market participation rate decreased in the middle of the year, with older workers, women and students with part-time jobs being unemployed due to the declaration of a state of emergency.

**GRAPH 1.3 - UNEMPLOYMENT RATE (%)**



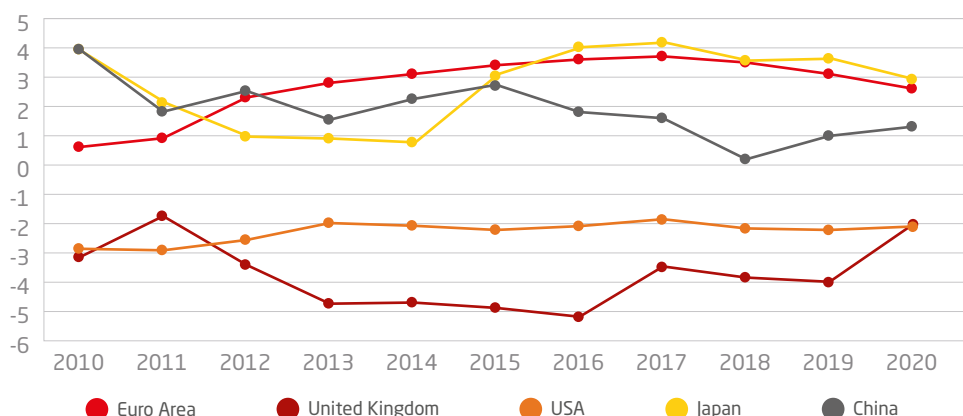
Source: Database of the AMECO, European Commission.

## International Trade and Foreign Exchange Rate

In 2020, the main economic groups worldwide underwent a reduction on the current account balance, namely in the euro area and in Japan. In China, the tendency was contrary to the former, with an increase of the current account balance. (Graph 1.4).

In terms of the evolution of bilateral exchange rates of the euro against several other markets (accurate price of the euro), in 2020 the exchange rate of the euro against the US dollar and against the British pound has maintained. On the other hand, there was a small depreciation (of 0.25%) of the euro against the Japanese yen and an appreciation (of 2.5%) of the euro against the Chinese yuan (Graph 1.5).

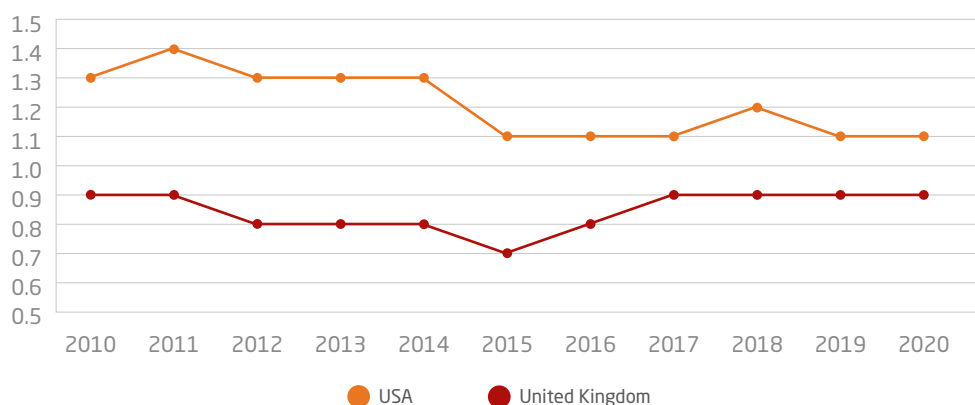
**GRAPH 1.4 - CURRENT ACCOUNT BALANCE (% OF GDP)**



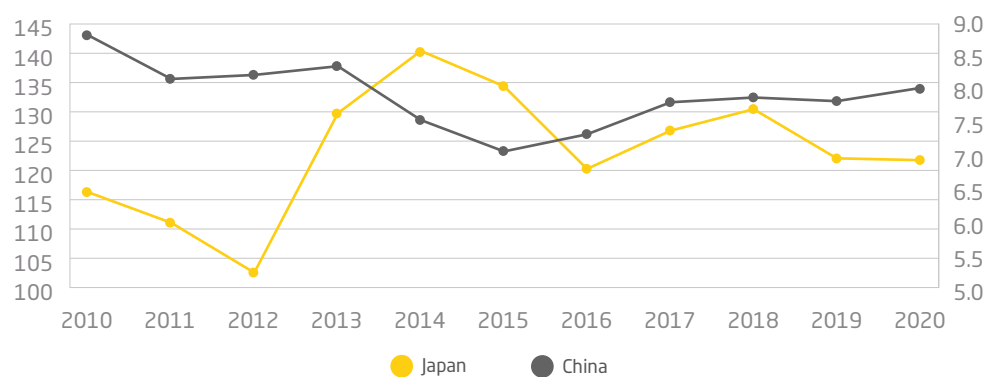
Source: IMF World Economic Outlook. Database of the AMECO, European Commission.



**GRAPH 1.5 - EXCHANGE RATE DIRECT QUOTATION FOR THE EURO**  
**A - EXCHANGE RATE, DIRECT QUOTATION FOR THE EUR**



**B - EXCHANGE RATE, DIRECT QUOTATION FOR THE EUR**  
**(JAPAN, LEFT SCALE; CHINA, RIGHT SCALE)**



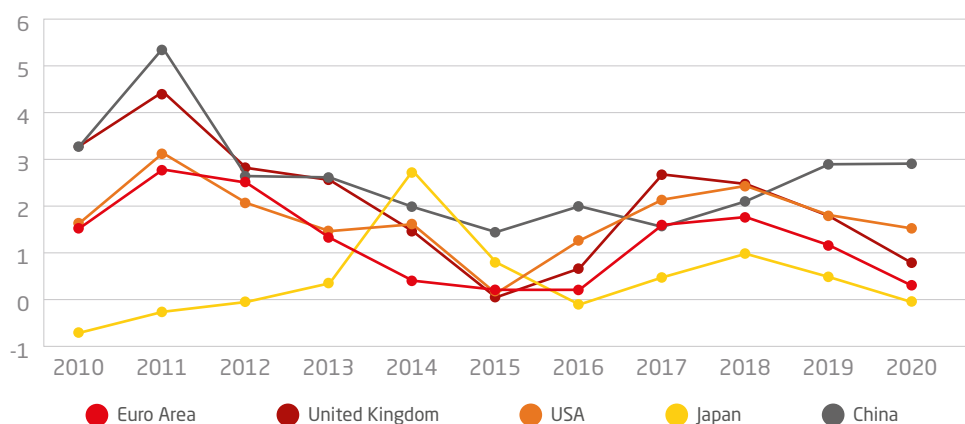
Source: IMF WEO Database of the AMECO, European Commission.

## Inflation Rate and Raw Material Prices

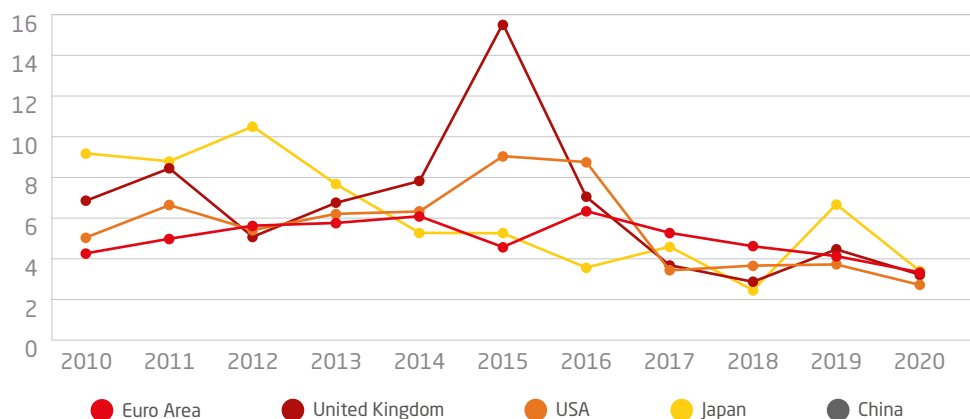
In 2020, the inflation rate, which is measured by the annual variation of the consumer price index, decreased in most of the main economic groups, namely in the euro area, Japan and the United Kingdom, dropping to values below 1 p.p. (Graph 1.6). In the case of the US, this reduction was further mitigated and registered only 0.3 p.p., while China displayed an inflation rate of basically 2.9%, thus essentially maintaining the same inflation rate of 2019.

The inflation rate also declined in 2020 for some of the most important emerging economies, namely in India (-3.3 p.p.), Russia (-1.3 p.p.), Brazil (-1.0 p.p.) and South Africa (-0.8 p.p.). In 2020, the average inflation (simple) in these economies was around 3.2% (Graph 1.6) while the average inflation (simple) in the same year for the group comprising the euro area, USA, UK and Japan as a whole was approximately 0.6%. This difference in terms of inflation rate, with a growth on the level of prices in the main developed economies of approximately less 2.6 p.p., is consistent with the fact that the real growth in 2020 was also about 2.5 p.p. lower in the first economic group compared to the second.

**GRAPH 1.6 - INFLATION RATE**  
**A - INFLATION, ANNUAL VAR. RATE OF THE CPI (%)**



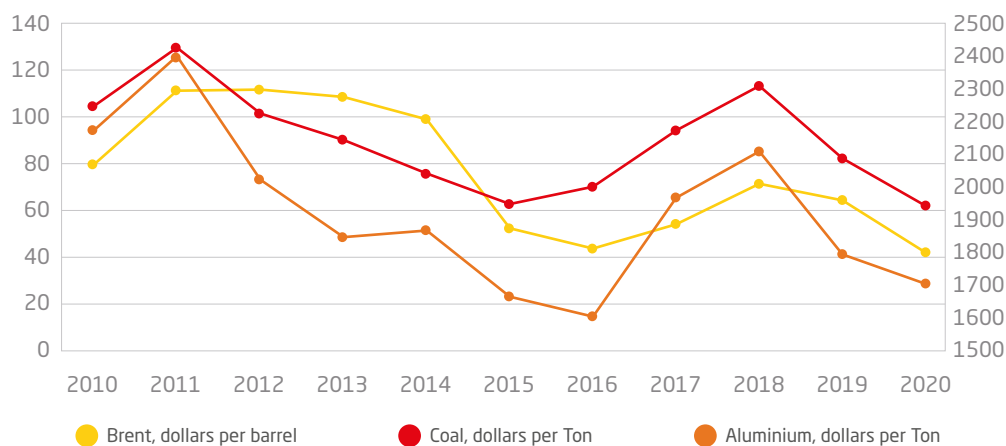
**B - INFLATION, ANNUAL VAR. RATE OF THE CPI (%)**



Source: IMF World Economic Outlook Database of the AMECO.

Also consonant with the downturn of economic activity observed worldwide in 2020, the prices of raw materials registered quite sharp decays thus maintaining the descending trend in prices already seen in 2019 and 2018 (Chart 1.7). For example, the price of crude oil (Brent), coal, and aluminium had variations in international markets in 2020 of -34.7% (-9.9% in 2019), -24.6% (-27.4% in 2019) and -5% (-14.9% in 2019) respectively.

**GRAPH 1.7 - PRICE OF RAW MATERIALS, DOLLARS: BRENT, COAL (LEFT SCALE); ALUMINIUM (RIGHT SCALE)**

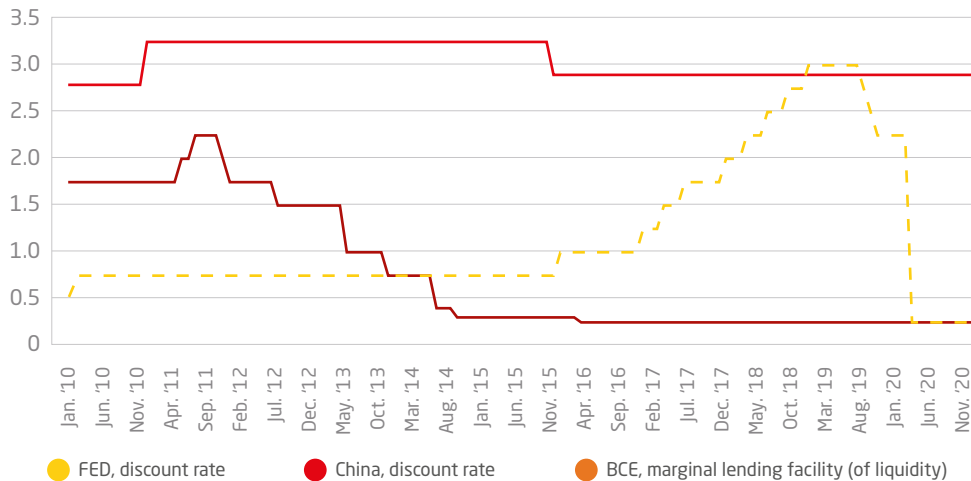


Source: Federal Reserve Bank of St. Louis.

## Monetary policy and interest rates

The monetary policy implemented along 2020 by several central banks was steered towards the reduction and maintenance of low discount interest rates. The FED in the USA reduced the discount rate in March 2020 by 2 p.p. to 0.25% within the monetary policy response to the pandemic situation. In the case of the euro area and China, the respective central banks maintained the core interest rates (Graph 1.8).

**GRAPH 1.8 - INTEREST RATES AND MONETARY POLICY OF CENTRAL BANKS**



Source: Federal Reserve Bank of St. Louis; BCE

In addition to the mentioned standstill of low interest rates in 2020, the monetary policy in several economic groups continued to favour the so-called unconventional monetary policy through programs for purchasing financial assets in the secondary market. In the case of the euro area, the Pandemic Emergency Purchase Program (PEPP) of the European Central Bank (ECB), announced in March 2020, for an amount of 750 billion euro. This is an unconventional monetary policy measure against the serious risks arising from the outbreak of the coronavirus (COVID-19) which may certainly impact the monetary policy transmission mechanism and the economic perspectives in the Euro area. On June 4, 2020, the BCE Council increased this amount by 600 billion euro, to 1,350 billion euro. On December 10, 2020, it decided to increase the global amount by another 500 billion euro, up to a total of 1,850 billion euro, attempting to support Member States along the second wave of infections by COVID-19. It also extended the horizon of net purchases under the PEPP, at least until the end of March 2022, although it proposes to maintain purchases of net assets until the end of this crisis.

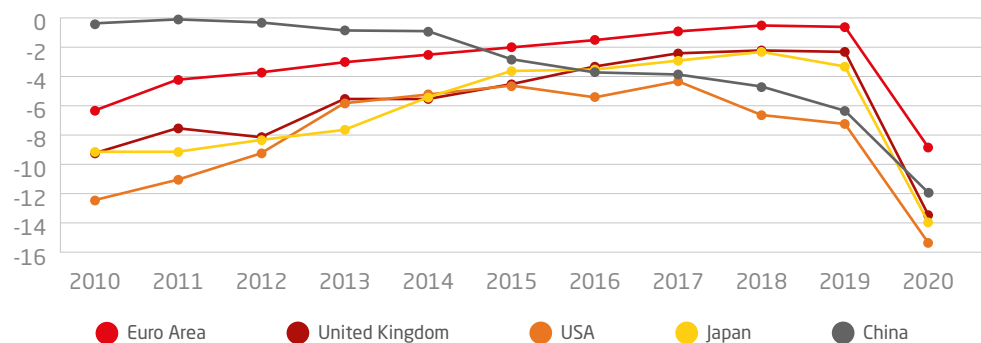
In the case of the US, unconventional monetary policy was also used in 2020. On March 15, 2020, the FED revealed that it would buy at least USD 500 billion in Treasury bonds and USD 200 billion in mortgage-backed securities. Thus, between mid-March and early December, securities in the FED's portfolio went from USD 3.9 trillion to USD 6.6 trillion. Similar interventions have been taken by the Bank of England (£300 billion) and the Bank of Japan.

## Public Accounts

With the need for governments to conduct expansionary fiscal policies in 2020 to face the public spending increase in order to suppress the effects of the pandemic, budget deficits have augmented significantly (Graph 1.9). Thus, while for the euro area as a whole, the UK, Japan and the USA the average budget balance in 2019 was of -3.4% of the GDP, in 2020 the average budget balance has reached around -13.0% of the GDP. China underwent a similar situation.

To face the pandemic health crisis, in the case of the European Union and in the context of the current budgetary rules, the European Commission recommended the maintenance of the general escape clause of the Stability and Growth Pact until the end of 2022. In 2020, several EU countries were able to implement strongly expansionist fiscal policies and present budget deficits above 3% of the GDP limit without starting an Excessive Deficit Procedure.

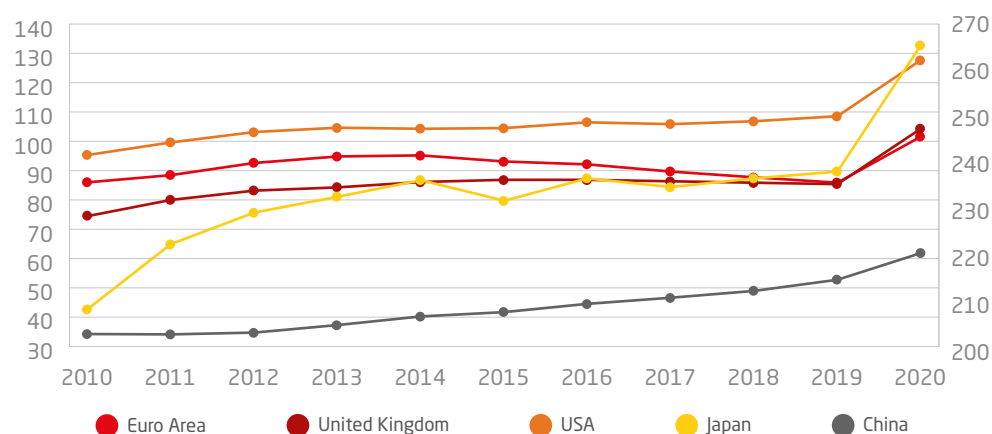
**GRAPH 1.9 - BUDGETARY BALANCE (% OF GDP)**



Source: AMECO, European Commission; IMF.

As expected, the expansionary nature of the fiscal policy applied in 2020 clearly contributes to increase public indebtedness in the various countries (Graph 1.10). Thus, in 2020, debt-to-GDP ratios above 100% were observed in the euro area, the United Kingdom, the USA and Japan, with China standing close to 62% of GDP. Specifically, the increase of the debt-to-GDP ratio in 2020 was 27.5 p.p., 19.2 p.p., 19.0 p.p., 15.8 p.p. and 9.1 p.p. of GDP, respectively in Japan, USA, United Kingdom, Euro Area and China.

**GRAPH 1.10 - PUBLIC DEBT (% OF THE GDP) EURO AREA, UK, USA, CHINA (LEFT SCALE); JAPAN (RIGHT SCALE)**



Source: AMECO, European Commission; IMF.

# Angolan Economy

## Gross domestic Product

The Angolan economy has faced increasingly rigid challenges in recent years due to the constant impact caused by the price of oil barrel (its main export commodity) and, on the other hand, by the still modest process of economic diversification, worsened by the negative impact of COVID-19 pandemic.

The year 2020 was marked by an international sharp drop of economic activity caused by the COVID-19 pandemic, announced in the first quarter of 2020 by the World Health Organization (WHO) and resulting in the adoption of several restrictive measures at domestic level.

The behaviour of the main Angolan commodity continued to represent one of the major factors for slowing down the Angolan economy, standing at around USD 51.80/bbl, representing a 22% drop compared to the USD 66/bbl of 2019.

This crisis led the BNA to implement temporary measures to alleviate its impact on the financial market, which translated into more flexible access to liquidity in order to face the negative impacts of the COVID-19 pandemic on domestic economy. The MPC (Monetary Policy Committee) also took a set of measures to stimulate the economy non-oil sector, aiming to support the recovery of its growth, among which the following can be underlined:

- The establishment of a liquidity line with a maximum value of AOA 100.00 billion for the acquisition of government bonds held by Small, Medium and Large Companies;
- Exemption from settlement limits by instrument for the import of goods of the basic food basket and medicines;

However, due to the potential impacts of these measures on inflation and depreciation of the national currency, the BNA resumed, as soon as possible, the trajectory traced at the end of 2017 in terms of liquidity control.

The behaviour of the financial market during the pandemic confirmed that the strategy defined at the end of 2017 was in fact the right one, helping to mitigate the crisis impact and allowing the foreign exchange market to continue its normal functioning.

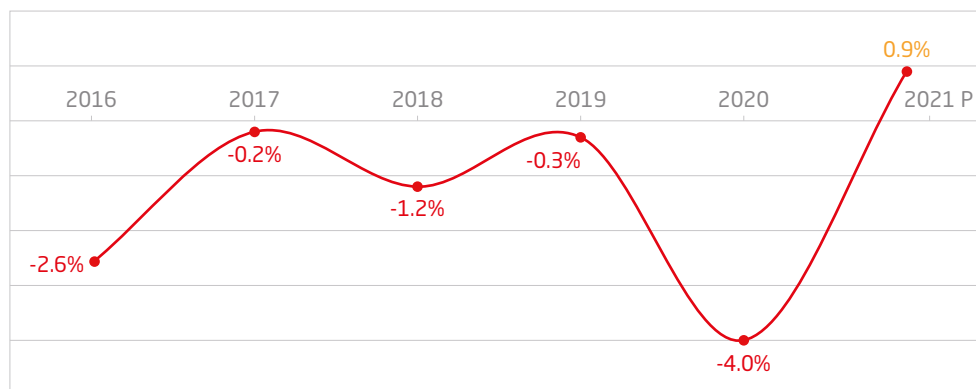
The World Bank's Global Economic Prospects revised downwards the Angolan economy's growth, to -4% in 2020 (the 2021 Rationale Report of the "OGE", i.e., the General State Budget, estimates a negative growth to a value of -3.6%), thus accumulating the fifth consecutive recession and the worst in the last five years. With the accumulation of recessions, there are increasing challenges in terms of the already initiated State reforms, carried out with a view to guaranteeing the social well-being of the populations.

Given the restrictions imposed on the mobility of people and goods as a result of the COVID-19 pandemic, the productivity of companies has reduced considerably, causing huge financial losses, the closure of activities and reducing purchasing power (as a result of the sudden increase of the inflation rate), which makes households more vulnerable. According to data released by the National Institute of Statistics ("*INE - Instituto Nacional de Estatísticas*"), the unemployment rate of the population aged 15 and over is estimated at around 30.6%, 1.2 percentage points lower when compared to the same period of 2019. Despite the slight reduction in the unemployment rate, there is still the on-going concern regarding vulnerable people (groups at risk of exposure to COVID-19) who cannot travel to their place of work, thus at risk of becoming economically inactive persons, according to the criteria of the International Labour Organization.

The results of the Integrated Intervention Plan in Municipalities ("*PIIM - Plano Integrado de Intervenção nos Municípios*") are still awaited with great expectations, which aims to build and improve essential infrastructures for the social sector, thus targeting life improvement in the country's 164 municipalities (financed by the Sovereign Fund of Angola with the equivalent amount in kwanza of two billion dollars), as well as the results of the Privatization Program (PROPRIV) which aims to reduce the State's participation in the economy as a direct producer of goods and services and to promote favourable conditions to private initiative.

The behaviour of the financial market during the pandemic confirmed that the strategy defined at the end of 2017 was in fact the right one, helping to mitigate the crisis impact and allowing the foreign exchange market to continue its normal functioning.

## REAL GDP GROWTH



Source: IMF/Bloomberg

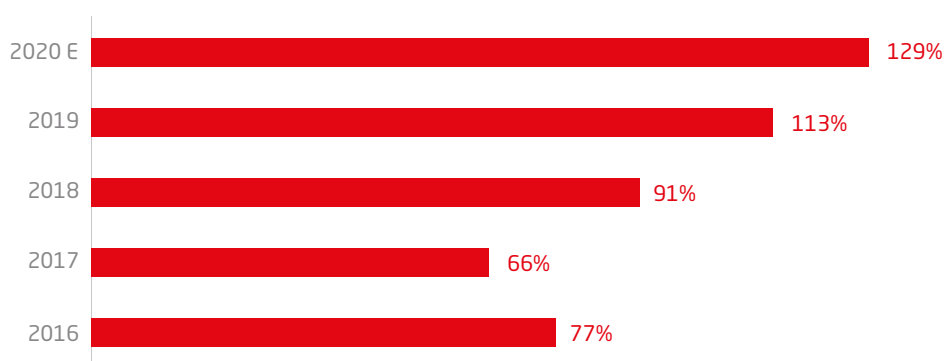


Real GDP  
**GROWTH**

Based on the Rationale Report of the General State Budget (OGE), the performance of the GDP in 2020 was essentially supported by the growth in the sectors of diamonds and metallic minerals extraction (-12.3%), market services (-1.9 %), energy sector (7.8%) and construction sector (-1.4%), with only the energy sector contributing positively to the growth of GDP variation, pointing to some optimism in terms of growth for 2021. In general terms, non-oil GDP presented a negative growth of around 1.2% and oil GDP, similarly, of 7.0%.

According to the Rationale Report on the General State Budget (OGE), it is estimated that the Angolan public debt rose to 129% of GDP in 2020, which is equivalent to an increase of 16 percentage points comparing to the same period of the previous year, but still considered sustainable by the IMF, so that Angola does not need debt restructuring. Net International Reserves reached USD 8,720 million and the inflation rate for the last 12 months registered 25.19% in December 2020.

## PUBLIC DEBT (% OF THE GDP)



Source: MINFIN/Bloomberg

## International Reserves and Petroleum Sector

The reforms occurred in the foreign exchange market allowed, to a certain extent, to protect the country's Net International Reserves (NIR) throughout the year despite the sharp decrease in annual terms. The latest data point to a reduction of reserves in December 2020 around USD 8,720 million, representing a decrease of approx. 25.5% compared to December 2019. However, with reference to December 2016, there is a significant reduction in reserves along the last five years, pointing to figures near 59%.

Preserving the international reserves level depends to a large extent on foreign currency inflows and outflows. The inflows side is represented by with exports of crude oil and diamonds, whose revenues have been volatile due to fluctuations in the average price of these commodities in international markets and in result of national production.

The BNA manages liquidity in domestic currency and the sale of foreign currency in order to adjust the demand for foreign currency to supply and maintain international reserves at satisfiable levels to ensure the country's solvency.

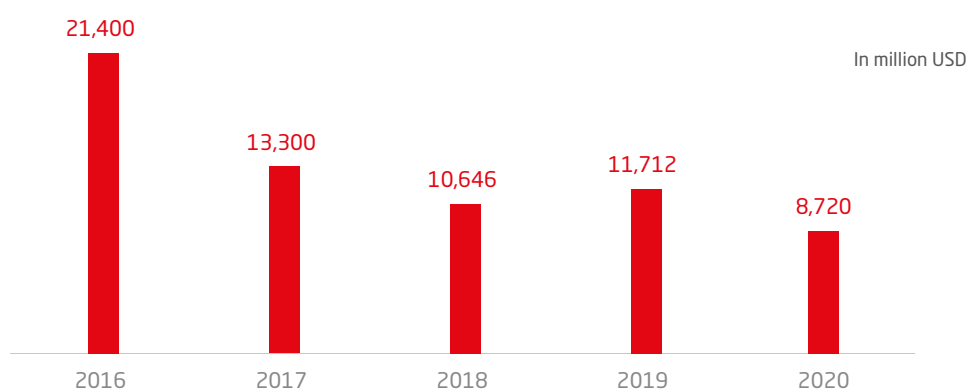
These measures allowed imports and other international transfers that are not covered by the oil sector's own resources or by external financing, to be limited in order to maintain an adequate level of international reserves, which in 2020 resulted in using USD 2.4 billion of these reserves for current account financing, which was the amount of the reduction of Gross International Reserves as of the end of 2019 and 2020.

Thus, despite the very significant reduction in foreign currency revenues, the measures implemented by the BNA made it possible to ensure the country's external solvency, being the Gross International Reserves at the end of 2020 capable of covering 12.20 months of imports of goods and services, compared to 7.74 months in 2017, and far above the 6-month target set as the SADC convergence indicator.

Net International Reserves ended the year 2020 above the minimum limit established in the IMF program, of USD 8.09 billion.

As of December 2020, the volume of Net International Reserves secured about twelve months of imports of goods and services, a level which is still considered relatively comfortable.

### NET INTERNATIONAL RESERVES

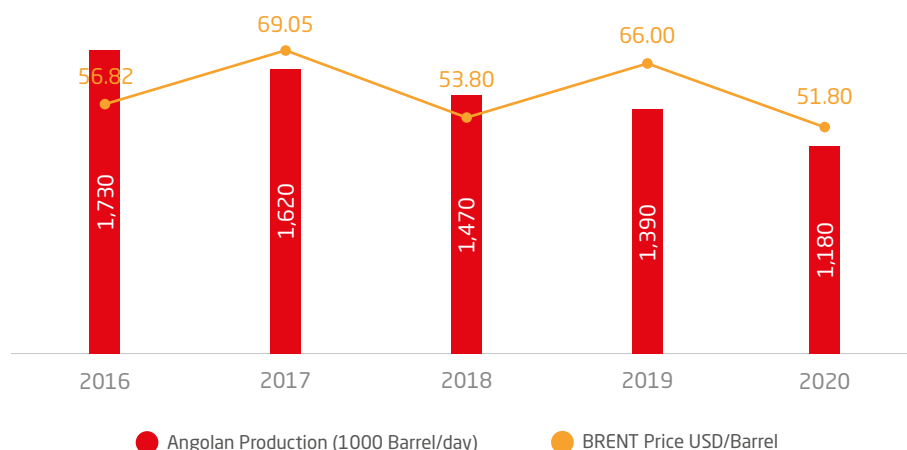


Source: BNA / Bloomberg

The General State Budget for 2020 projected an average oil barrel price of USD 55, which, in the context of the current uncertainties in world oil demand, has been reassessed to USD 33.

Notwithstanding the price level of the oil barrel having closed above USD 50 per barrel in December 2020, the lack of new investment in the Angolan oil sector has conditioned the increase of production, thus evidencing a downward trend with reference to December 2020, displaying a reduction by approximately 5% when compared to the same period of 2019 and of approximately 47% if comparing to 2016.

## OIL - PRICE AND PRODUCTION



Source: OPEP /Bloomberg.

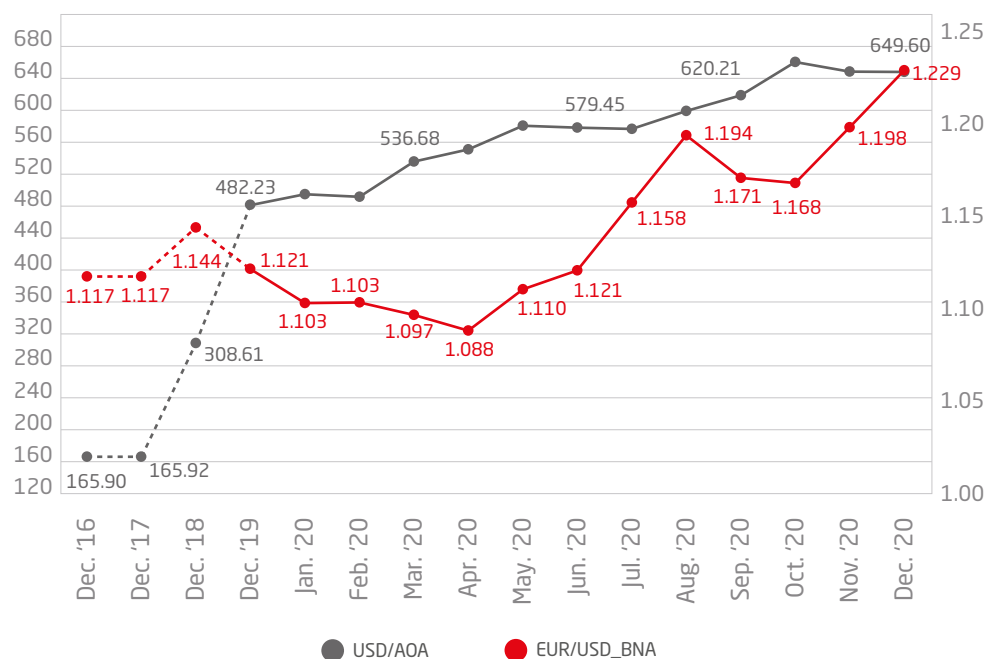
## Foreign Exchange Market

In 2020, the Angolan National Bank continued to implement the reforms previously carried out as regards the foreign exchange market in order to maintain some balance between the demand and supply of foreign currency and to control prices, given the strong dependence on imported products and services.

In order to provide greater predictability in terms of the kwanza exchange rate, the Angolan National Bank (BNA) has successfully implemented forward foreign exchange auctions with settlements in 30 days and three months (Forward 1M and Forward 3M). With these auctions, it is expected that commercial banks enter into agreements with their customers in order to facilitate access to future exchange rates, defining the exchange rate at the time of negotiation and thus reducing the pressure on the market in terms of demand, allowing the exchange rate to reach balanced levels as regards supply and demand, enabling the management of currencies and the levels of Net International Reserves (NIR).

Angola's national bank (BNA) successfully implemented forward currency auctions with settlements in 30 days and three months.

## DEVELOPMENT OF EXCHANGE RATES



Source: BNA

The foreign exchange market started to operate closer to demand and supply mechanisms, allowing an adjustment of the market exchange rate.



The BNA introduced Bloomberg's electronic trading platform (FXGO) on April 1, 2020, in which all banks are required to participate.

At the same time, as of April 2020, the BNA instructed oil companies to sell foreign currency directly to commercial banks via this platform whenever the transactions value exceeded USD 500 thousand.

As of June 2020, the BNA's foreign currency auctions began to be carried out via this platform.

At the end of June, diamond companies also started trading on the platform and in October, the National Treasury joined this proceeding.

The BNA also ordered commercial banks to register on the platform the rates of all foreign exchange transactions carried out with their customers with a value in excess of USD 50,000, even if they were not carried out via the platform, as well as submitting at predetermined times their indicative exchange rates, that is, rates at which they would be willing to negotiate the purchase and sale of foreign currency at that time.

The market exchange rate is calculated by the platform's operating system based on all exchange rates registered on the platform, which makes the exchange rate to be very representative of the market.

With these measures, the BNA's reference rate based only on sales through auctions to commercial banks was eliminated, and consequently, as of June 20, it turned out to be a true market reference rate.

It should be noted that the mandatory trading via the Bloomberg platform and the end of the tripartite agreements allowed banks to have a broader source of foreign exchange currency. Oil and diamond companies and the National Treasury traded high volumes of foreign exchange with the banks, which somehow made it possible to fulfil the customers' high demand.

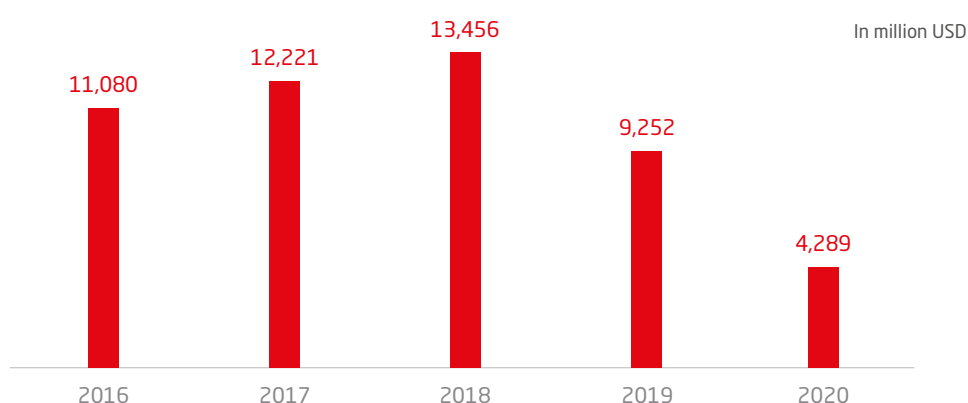
The exchange rate of the kwanza against the US dollar evolved towards an equilibrium, showing a deceleration of its depreciation at the end of 2020, having stabilized in early November 2020 at around USD/AOA 650.00 and upholding this level until 31/12/2020 around USD/AOA 649.604.

The kwanza depreciated in 2020 about 34% against the US Dollar, standing at 649.60 USD/AOA, with reference to December 31, 2020 (482.23 USD/AOA, in December 2019), approximately 21 percentage points below. The differential between the formal and informal markets ranged from around 22.97% in 2019 to 14.4% in 2020 (assessed by the Monetary Policy Committee of the BNA).

The Angolan National Bank (BNA) made available to the primary market, by way of commercial Banks (via auctions), approximately USD 4,289 million throughout the year 2020, which is equivalent to a reduction of approximately 53.64% in comparison with the preceding year. The reduction of more than 50% is justifiable given the low level of Net International Reserves (NIR).

Oil and diamond companies, as well as the National Treasury, traded high volumes of foreign exchange with the banks, which somehow made it possible to fulfil the customers' high demand.

## FOREIGN CURRENCY SALES OF THE BNA



Source: BNA

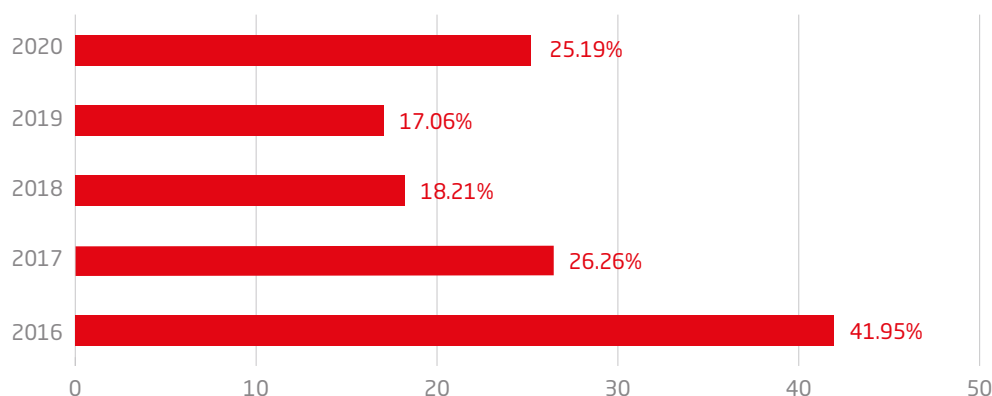
## Inflation and Money Market

The Angolan National Bank (BNA) launched a survey on inflation expectations in which banks are called to participate to assess the sensitivity of each institution in terms of price changes, reported on a monthly basis.

Although with a downward trend in recent years, the inflation rate stood at high levels.

According to the National Institute of Statistics, the Consumer Price Index at national level showed a monthly variation rate of 2.06% in December, slightly above that observed in the previous month (1.99%). The homologous inflation rate in 2020 stood at 25.19%, a level above the 17.06% recorded in 2019.

### ACCUMULATED ANNUAL INFLATION



Source: INE / MINFIN

Based on monetary statistics released by the Angolan National Bank, as of December 2020, the Monetary Base in national currency, operational variable of monetary policy, expanded by 4.53% compared to 2019 (AOA 1.59 billion).

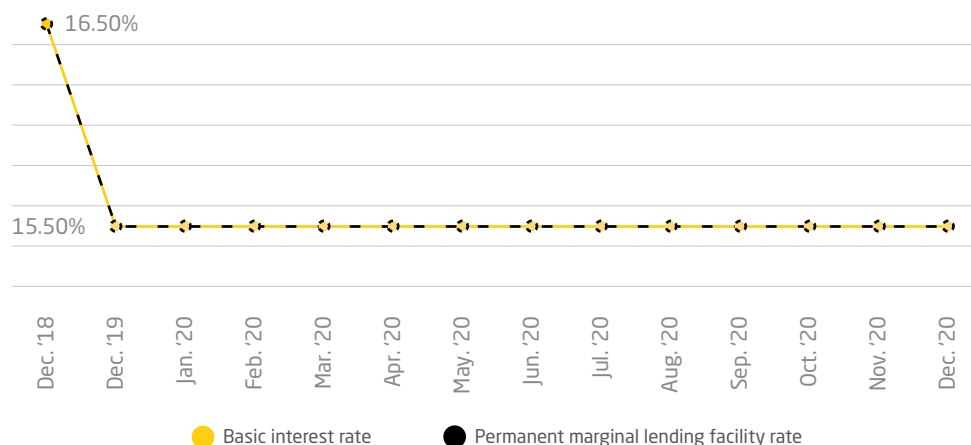
The LUIBOR Overnight rate dropped by 12.73 percentage points, from 22.48% at the end of 2019 to 9.75% in December 2020.

In order to maintain the economy price stability course and support the adopted foreign exchange rate regime, the Monetary Policy Committee (MPC) maintained a restrictive monetary policy throughout 2020.

In order to provide more dynamics to the money market, the Angolan National Bank (BNA) introduced the custody rate on the excess liquidity of commercial banks with itself, thus increasing the level of intermediation of financial resources between commercial banking and other economic agents and stimulate economic activity.

The basic interest rate, also referred to as the BNA rate, as well as the permanent marginal lending facility rate, both remained at 15.5% in December 2020. On the other hand, the BNA kept the compulsory reserve coefficient for national currency unchanged at 22% and decided to increase the coefficient of compulsory reserves for foreign currency from 15% to 17%, complying with this differential in national currency.

## MACROECONOMIC INDICATORS

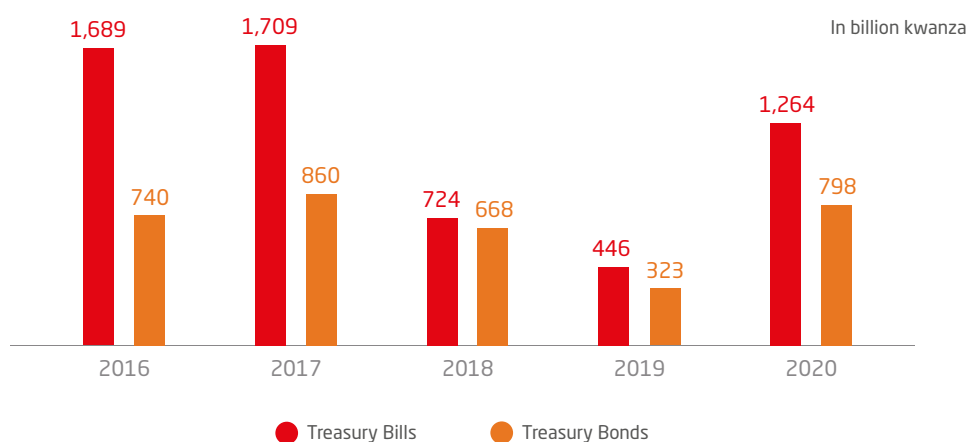


Source: BNA

The State resorted to the issuing of public debt to guarantee its operation and the implementation of several public projects.

Nevertheless, at the level of the primary market for public debt securities, in 2020 there was a huge increase of 168.04% in the issuing of Treasury Securities when compared to the same period of the previous year. In 2020, securities totalling AOA 2,061,90 billion have been placed, of which AOA 1,264 billion in Treasury Bills (TBI's) and AOA 798 billion in Treasury Bonds (TBn's).

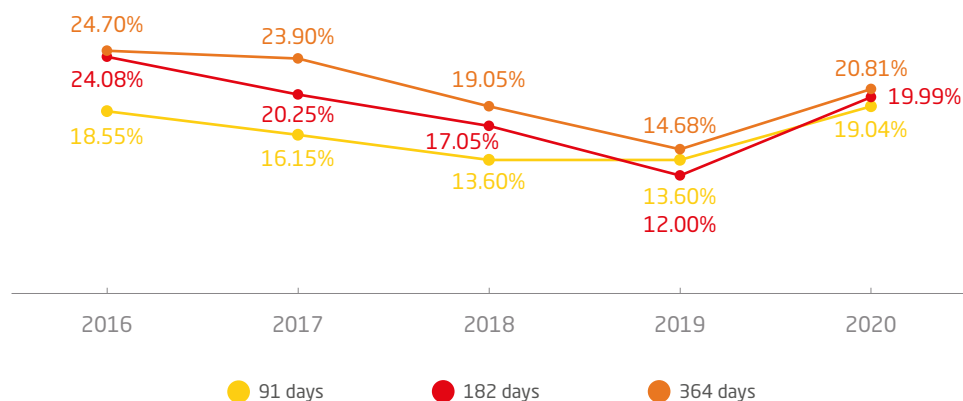
## ISSUING OF SECURITIES



Source: BNA

As of December 2020, the average interest rates in Treasury Bills stood at 19.04%, 19.99% and 20.81% for maturities of 91, 182 and 364 days, correspondingly, thus showing lower values than in the same period of the previous year, in which they stood at 13.60%, 12.00% and 14.68% for the same maturities, which reflects an increase of the cost of debt.

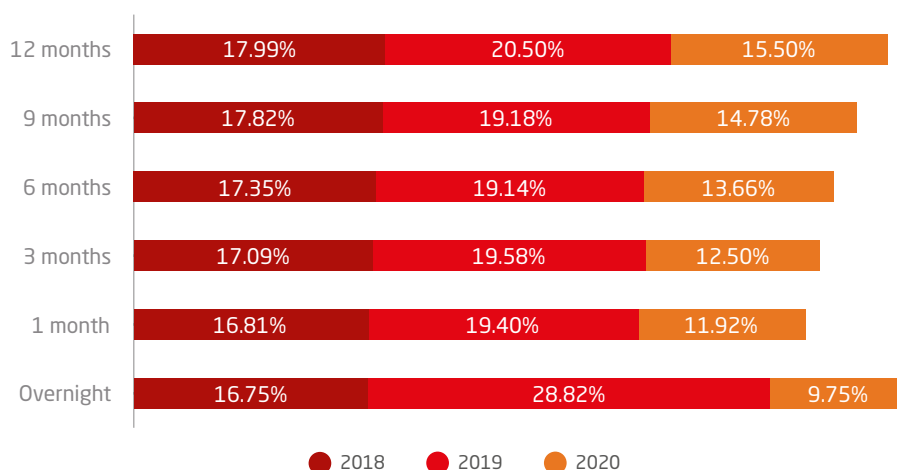
## INTEREST RATES - TREASURY BILLS



Source: BNA

LUIBOR rates at 3, 6 and 12 months fluctuated throughout the year, and on December 31, 2020 rates reached 12.50%, 13.66% and 14.78% (to 3.6 and 9 months), respectively, while on 31 December 2019 they were 19.58%, 19.14% and 19.18%, respectively, for the same maturities. Hence, inter-Bank loans became less expensive, as well as credit to the economy, as LUIBOR is increasingly the reference rate for granting credit to customers.

## LUIBOR



Source: BNA

As for interest rates, there was a downward trend for LUIBOR in all maturities, with greater emphasis on the overnight maturity, which recorded a reduction of 5.28 p.p., standing at 17.20%, 1.70 p.p. The LUIBOR reduction is essentially justified by the increase of the banking system liquidity.

# Banco BIC's Positioning in the Banking Sector

The constant macroeconomic imbalances of the last five years, aggravated by the COVID-19 pandemic, hardened the economic and social situation of Angola in 2020.

The financial services market will continue to face significant challenges both in terms of economic and financial sustainability and in terms of managing the different risks arising from its activity.

The strong dependence on tax revenues from oil (its main export commodity) and the still shy process of economic diversification have been the main factors pointed out to justify the weak growth of the Angolan economy.

The World Bank's Global Economic Prospects revised the Angolan economy's growth downwards, to -4% in 2020 (the Rationale Report of the General State Budget for 2021 estimates a negative growth to -3.6%), accumulating the fifth consecutive recession and the worst in the last five years. With the accumulation of recessions, the challenges are increasing in terms of State reforms that have already begun, with a view to guaranteeing the social well-being of the populations.

Given the restrictions imposed on the mobility of people and goods in result of the COVID-19 pandemic, the productivity of companies has reduced considerably, causing huge financial losses, the closure of activities and a decrease of the purchasing power (due to the sudden increase in inflation rate), which makes households more vulnerable. According to data released by the National Institute of Statistics ("INE - Instituto Nacional de Estatísticas"), the unemployment rate is estimated at around 30.6% for the population aged 15 and over.

Efforts at the level of the private corporate sector continued to be carried out, in line with the government policies aimed at promoting the diversification of the Angolan economy and thus reducing the excessive dependence on the imports of goods and services and contributing to the sustainability of Angola's external accounts, highlighting in this context the Credit Support Program (CSP), included within the scope of the Production Support, Export Diversification and Import Substitution Program, also referred to as the *PRODESI* Program (*Programa de Apoio à Produção, Diversificação das Exportações e Substituição das Importações*).

By way of Notices 4/2019 and 7/2019, of April 2 and September 30, correspondingly, the Angolan National Bank established specific rules on the banking sector for granting credit to national producers of goods deemed essential and with a national production that does not yet meet domestic demand, defining a minimum limit of 2% of the total assets reflected by financial institutions with reference to December 31 of each year, further determining that the annual interest rate and commissions shall not exceed 7.5% per year.

Taking into account the new challenges posed by the COVID-19 pandemic, the Angolan National Bank (BNA) determined that "Institutions may defer the impact of impairment losses for the Republic of Angola's public debt securities portfolio in the calculation of Regulatory Own Funds in the financial year of 2020, as there was a significant and extraordinary increase in the credit risk of such securities, resulting from the impact of COVID-19", as provided for in Notice No. 21/2020 of October 16.

Regarding the results obtained by Banco BIC, it should be noted that the Regulatory Solvency Ratio calculated at the reference date for the year 2020 is of 25.30%, still quite above the regulatory minimum of 10% defined in Notice 02/2016 of April 28.

In September 2020, the Monetary Policy Committee (MPC) of the Angolan National Bank (BNA), decided to increase the coefficient of compulsory reserves levied on customer deposit balances in foreign currency from 15% to 17%, complying with this differential in national currency. The coefficient in national currency remained unchanged at 22%.

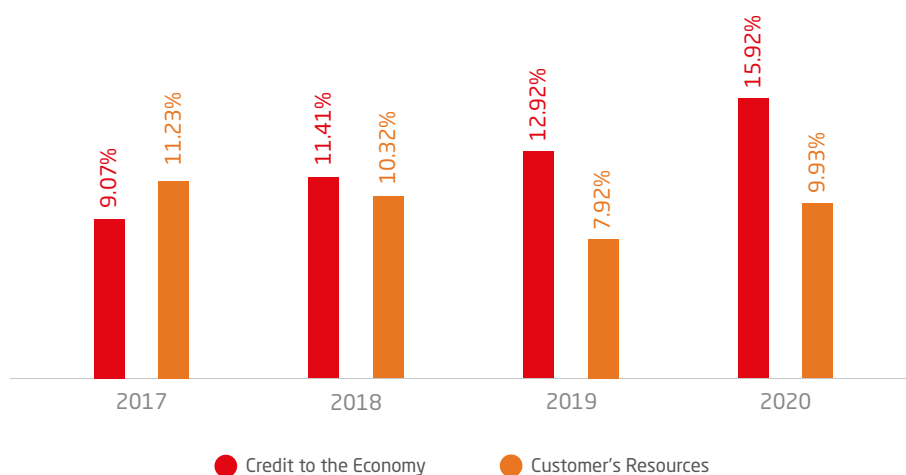
Efforts at the level of the private corporate sector continued to be carried out, in line with the government policies aimed at promoting the diversification of the Angolan economy, highlighting in this context the Credit Support Program.

In view of the above, Banco BIC's performance in 2020 has been fully consistent with the strategy set forth and, in face of an even more challenging macroeconomic context given the deceleration of global and domestic economy (due to COVID-19 pandemic), Banco BIC continues to maintain its position as a trustworthy bank, reinforcing prudence and precision in terms of granting and analysing new financing operations, in a liquidity management suitable to market mismatches, continuously reinforcing the remaining processes and policies of monitoring and risk control, namely operational risk and other market risks, as well as, in the light of the increasingly demanding international framework, permanently adjusting to compliance requirements and to those concerning the adoption of accounting standards.

As for Banco BIC's credit to the Economy, including credit granted to the State, with reference to the December 31, 2020, it amounted to USD 2,845 million, which, when compared to 2019, is equivalent to a contraction of USD 386 million (12%). This decrease was particularly boosted by the USD 193 million decrease in credit granted to the State and, inherently, by the effect of the devaluation of national currency.

With reference to December 31, 2020, Banco BIC's market share of Credit to the Economy stood at approximately 16%, while in Customer Resources it stood at approximately 10%, thus with values above those of the same period of 2019.

## MARKET SHARES



Credit granting has a crucial role in supporting the efforts in progress to diversify the Angolan economy, acting as a driving force for the different economic sectors. With the worsening of macroeconomic variables, the challenges carried out in order to leverage the growth of the Angolan economy. It was in this context that Banco BIC was one of the 8 banks that joined the CSP - Credit Support Project in 2019, within the scope of the PRODESI, with an available credit line of about AOA 30.0 billion.

In 2019 and 2020, the BNA issued Notices 04/2019, 07/2019 and 10/2020 defining and imposing rules on the banking sector for the GRANTING OF CREDIT TO THE REAL SECTOR OF THE ECONOMY, which reinforced our desire to be part of the change, diversification and economic growth of the country.

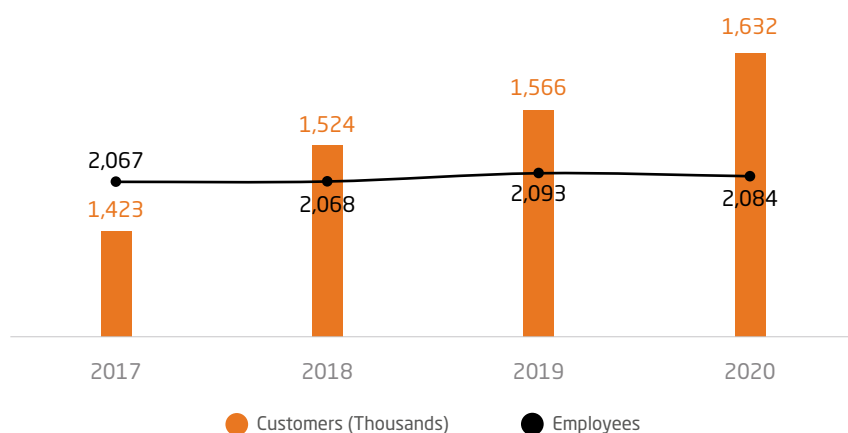
Of the various financing projects submitted to Banco BIC and, as reported to the BNA for the year 2020 and under Notice 10/2020, we analysed 59 projects, of which 22 were subject to financing approval by the BIC, which total value amounted to AOA 75,752,125,288. Also in 2020, within the scope of the CSP, 2 financing projects have been analysed and approved, with a total value of AOA 9,308,126,197.34.

For various reasons that transcend BIC, on December 31, only 13 projects under Notice 10/2020 were in disbursement conditions, with an amount disbursed by BIC of AOA 25,848,808,302 and 1 project under the CSP, with a disbursement of about AOA 1,524,990,000.

In global terms, the industry sector stood out with 38.3% of the value of approved financing, followed by Agriculture and Livestock with 22.4%, then, the Fisheries and Aquaculture sector with 16.8%, Agriculture with 14.1%, Financing Restructuring with 7.6% and finally the Wood sector with 0.8%.

Regarding its commercial network, Banco BIC maintained its business units in operation with a total of 232 units throughout the national territory, assisting a diversified customer base. The workforce reduced slightly to a total of 2,084 employees.

## MARKET INDICATORS



Banco BIC maintained its business units in operation with a total of 232 units throughout the national territory.

In a context of great challenges, Banco BIC maintained its identity as a reference bank in the Angolan market, not only because of its management model, but mainly due to its primary focus on Customers, reaffirming a strong commitment towards trust and quality of service.

The customer base increased by 4%, totalling around 1.63 million customers, including close to 50 thousand companies.

Banco BIC continues to ensure that the products and services included in its value proposal are made available to its customers, not only through the digital channels but also through its branch network spread throughout the national territory.

Angola's network of ATMs and POS terminals continued to show a growing trend, both in terms of the number of assets as well as in the figures displayed regarding registrations. ATMs had a slight decrease of 1% (assets) and the POS terminals saw an increase of 16% (assets) and 13.3% (registrations). Therefore, EMIS finished 2020 with a network of 87 476 POS terminals and 3,030 ATMs in operation.

The ongoing commitment towards diversification, the quality of the offer and the provision of banking services by Banco BIC is visible by making available to the network a total of 287 ATMs in 2020, distributing these terminals throughout the national territory (78 municipalities) and offering the population enhanced possibilities to execute transactions at any time of the day, avoiding the need to resort to the bank's branches.

As for POS terminals, a total of 4,764 assets have been accounted for by Banco BIC in 2020, representing about 5.5% of the total available in the market. The number of BIC's registered POS terminals increased by 13.4%, totalling 6,840.

In terms of debit cards, one of the segments of the products and services offer, a total of 390,574 cards were issued as of 2020, reflecting a market share of 9.5%.



**CARDS ISSUED  
IN 2020**

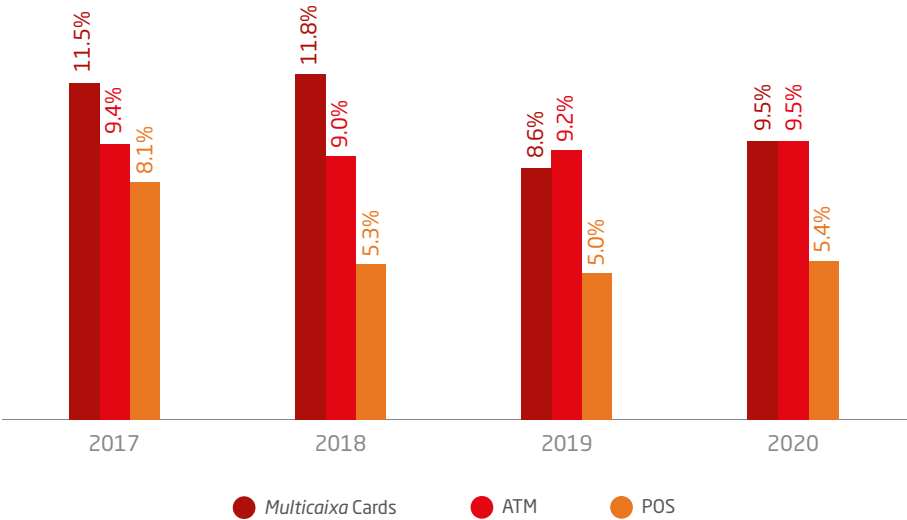


Banco BIC has made a major effort to modernize both in terms of hardware as well as regarding its software and systems in order to keep up with the best that is being done worldwide, complying with good banking practices.

Banco BIC is one of those responsible for the process of banking and financial inclusion of the population in Angola. It has been a source of pride for us, from the days of the Bankita accounts up to the Conta Fácil, and we will continue this line of work without a doubt.

Banco BIC is one of those responsible for the process of banking and financial inclusion of the population in Angola.

MARKET SHARE



The Angolan National Bank (BNA) recommended the use of alternatives to bank branches or ATMs, in which there are usually long queues. BNA suggests the use of internet and “mobile banking” solutions for commercial banks, as well as the use of the *Multicaixa* card and the *Multicaixa Express* application.



# Capital Market

The capital market core has the mission of executing the Bank's and its clients' operations through transactions in the debt markets (BODIVA), as well as managing the Bank's trading portfolios with a view to maximizing the return and respecting the risk levels accepted by Banco BIC, and its customers, namely the registration, deposit, as well as the custody services.

In accordance with Law No. 22/15 on Securities, as well as BODIVA Rule No. 6/20 of the Stock Market, the following financial instruments are traded in BODIVA: Treasury Bonds, Private Bonds, Participation Units and Shares.

Within its functions of Financial Intermediary, Banco BIC is eligible to:

- Intervene in the capital markets, respecting the limits established internally and/or imposed by law;
- Receive, negotiate and execute orders on behalf of clients;
- Execute orders on behalf of others in regulated markets or outside them;
- Daily monitoring of changes in the profitability of the trading portfolio in view of changes in the market prices of the Bank's assets;
- Report in due time to market players (supervisor, investors and BODIVA);
- Register the opening of accounts and orders of purchase or sale in the capital market, as well as ensure they are duly reflected in the Financial Statements;
- Other functions assigned by the management.

Through the Capital Markets unit, the International and Financial Department monitored the evolution of the Treasury Bond Exchange Market (*"MBTT - Mercado de Bolsa de Títulos do Tesouro"*), thus, in 2020, the Bank significantly increased the amount of assets under custody.

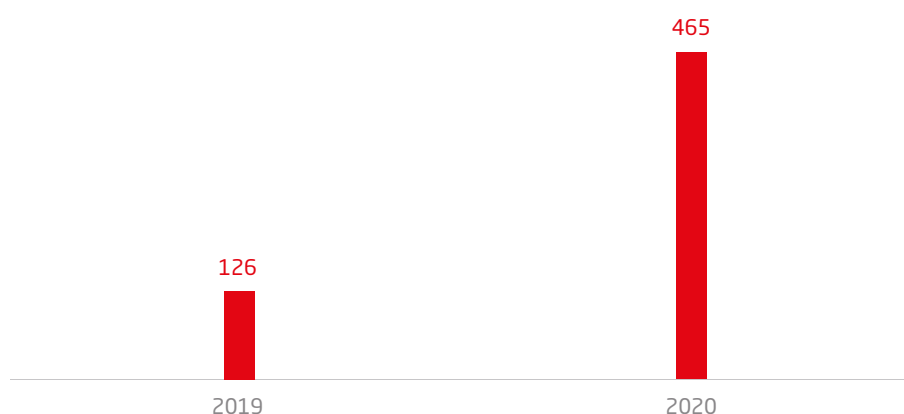
Currently, the Capital Markets unit assures its Customers a complete and integrated offer of Securities Market services, both in the primary market and in the secondary market (intermediation of securities in an organized market), with the Bank being registered with the Commission of Capital Market and accredited by BODIVA, as a Trading and Settler Member.

At the end of 2020, Banco BIC had 465 accounts open and active, which represents a weigh of 3% of the total accounts opened at CEVAMA (*"Central de Valores Mobiliários de Angola"* - Central Securities Exchange of Angola). The evolution of Customers' portfolios in the Bank's custody and the capital market turnover both reflect a sustained growth in transactions and revenues in this business area.

These figures validate not only the good performance of Banco BIC in 2020, but also the growing trust that customers have been placing in the Bank.

Throughout 2020, the number of accounts opened by Banco BIC with CEVAMA increased, having raised from 339 accounts in 2019 to 465.

## INDIVIDUALIZED ACCOUNTS - CEVAMA



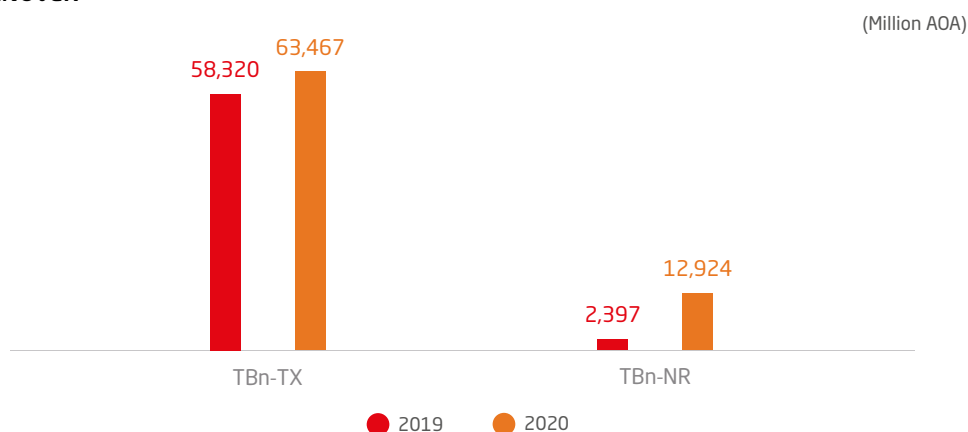
465

**ACCOUNTS OPENED  
IN 2020**

Following the change in the foreign exchange policy by the Angolan National Bank, there were successive devaluations of the national currency against the US dollar, thus encouraging the demand for Public Debt instruments, which guarantee exchange rate protection, namely regarding Treasury Indexed Bonds (OTTX).

During the financial year of 2020, the Capital Markets unit carried out intermediation operations in public debt securities in national currency in the BODIVA markets, in the total amount of AOA 76,39 billion.

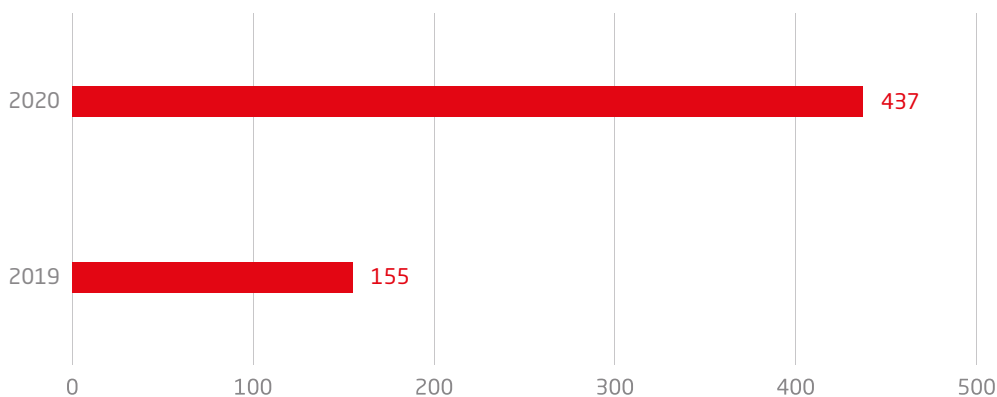
## TURNOVER



In addition to transactions carried out on the BODIVA regulated market, the International and Financial Directorate channelled a significant amount of purchases of Government Bonds by Customers, for investment in Treasury Bonds (TBn) and in bonds with shorter maturity, up to one year, (Treasury Bills - TBI), through participation in primary market auctions.

During 2020, Banco BIC registered 437 trades, with a total of AOA 76,39 billion traded.

## NO. OF TRADES OF BANCO BIC



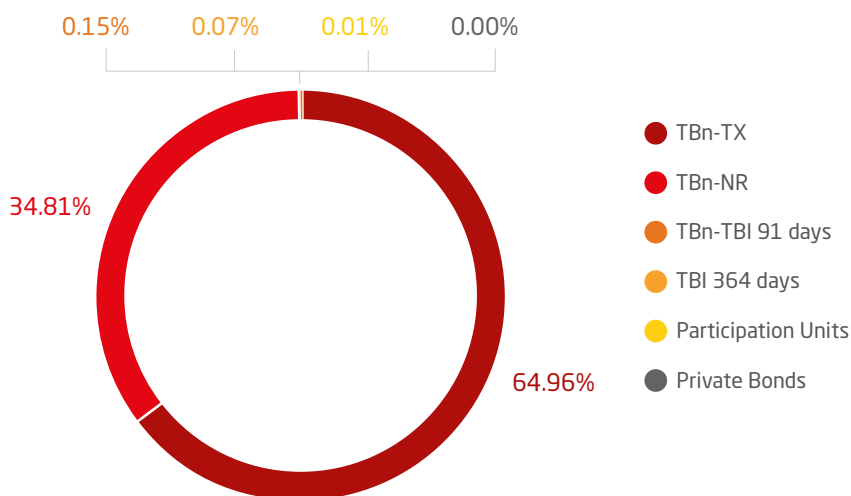
**437**

**BANCO BIC  
REGISTERED** a total  
of AOA 76.39 billion  
traded

In 2020, BODIVA registered a considerable increase in turnover, as economic agents sought to cover the risk of exchange rate devaluation by investing in Public Debt Securities, with a preference for issues indexed to the exchange rate (USD-AOA).

In this sense, during the year under review, BODIVA registered 5,512 trades, an increase of 27.4% over the same period of the previous year, in a total of AOA 1,829 billion traded. Analysing the typology of business carried out throughout the year, in terms of businesses numbers, there is a predominance of trades on Treasury Bonds (99.55%) when compared to Treasury Bills (0.13%).

As for the distribution by amount traded, there is a clear predominance of Treasury Bonds, which represent 99.92% of the values traded on BODIVA. The shorter maturities were the most sought after, with an increase in the number of deals carried out by private Customers, from 6.60% in 2019 to 9.31% in 2020.



BODIVA is a regulated market management company responsible for implementing the business environment that makes possible the transaction in the secondary market of the instruments traded therein.

Registration with BODIVA makes it possible for all market participants to have access to the same information, which allows full price transparency for those intending to transfer Treasury Bills. This factor is critical and crucial in the implementation of a Capital Market, leveraging the transaction of securities between different market players.







**BancoBIC**

Growing together



03

Activity  
Framework



# Main Business Lines

Since the incorporation of Banco BIC, the provision of services marked by excellence and a permanent orientation to the needs of each customer has been one of Banco BIC's strategic and differentiating pillars.

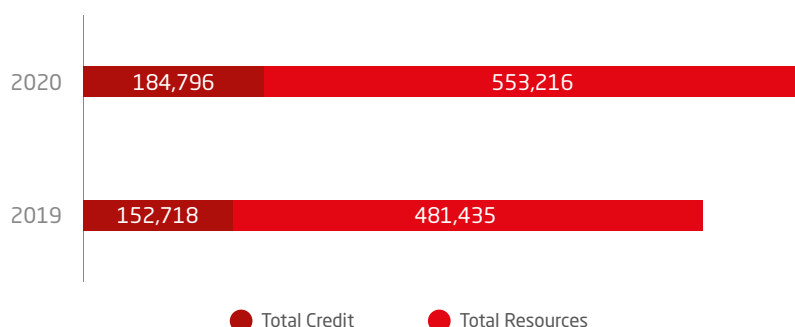
The Bank's commercial structure has been established taking into account a better focus on the customer's needs and is thus divided into four key segments, i.e., Retail (Individuals) and Business, Private Banking, Investment and Companies.

The reinforcement of the international activity, notably with Banco BIC Português, Banco BIC Cabo Verde, the Representative Office in South Africa and Bank BIC Namíbia has allowed the Bank to focus on levels of efficiency and synergies between institutions, which represent a source of growth and an increase in fundamental value for our customers.

## Retail and Business Directorate

On December 31, 2020, the Retail and Business Directorate (hereinafter RBD) had a total of 204 branches and 6 service desks spread across all Angolan provinces, representing 91% of Banco BIC's total commercial network.

Such Directorate, which supports the Banco BIC's Branch Network, had a credit portfolio of AOA 184,796 million with reference to December 31, 2020 (a 21% increase in comparison to December 31, 2019). Customer resources amounted to AOA 553,216 million with reference to December 31, 2020 (a 15% increase in comparison to December 31 2019).



## Companies Directorate

In the financial year of 2020, the Companies Directorate (hereinafter referred to as CD) kept on building customer loyalty by the provision of qualified services. As of December 31, 2020, Banco BIC had 17 business centres.

On the 31<sup>st</sup> December 2020, the total resources raised by the CD totalled AOA 474,489 million (an increase of 9% when compared to December 31, 2019). In terms of credit granted to customers, as of December 31, 2020, the total managed by the CD reached AOA 664,919 million, an increase of 16% when compared to December 31, 2019.

Permanently taking into consideration the Bank's solvency ratios, the soundness of its business and the quality of its credit portfolio, the CD kept a close monitoring of its customer portfolio and, for those who evidenced signs of greater difficulties, it has established a thorough policy of operations' renewal, as the strengthening of guarantees associated with credit operations is one of the decisive management tools.

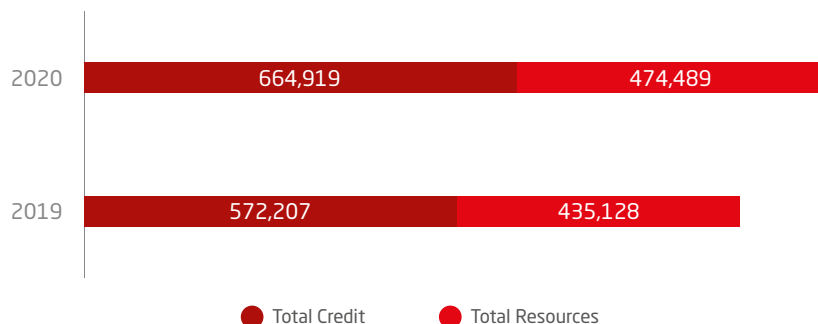
With reference to December 31, 2020, the Companies Directorate contributed with around 73% to the credit portfolio and 35% to the Bank's total resources portfolio.

The Bank's commercial structure is divided into four key segments, namely, Retail (Individuals) and Business, Private Banking, Investment and Companies.

73%

**CONTRIBUTION**  
of the Companies  
Directorate to the  
credit portfolio



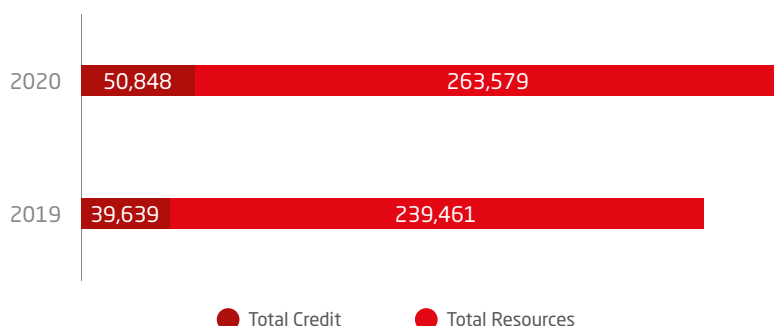


## Private Banking

This Directorate's activity is secured by Private managers with high level technical and relational skills, based on a real-time trust relationship. As of December 31, 2020, resources stood at AOA 263,579 million, reflecting an increase of 10% relatively to December 31, 2019. As for credit, the portfolio totalled AOA 50,848 million on December 31, 2019.

We are committed to the continuous improvement of the service provided to our customers, as this is the highest and most differentiated level of banking service, providing a structure that aims at being even more customized, based on the sale of financial consulting products in line with the risk profile identified for each customer, keeping as our key goal the sustained preservation of the customer's property rather than performance, thus maintaining the activity's growth and consolidation.

We are committed to the continuous improvement of the service provided to our customers.

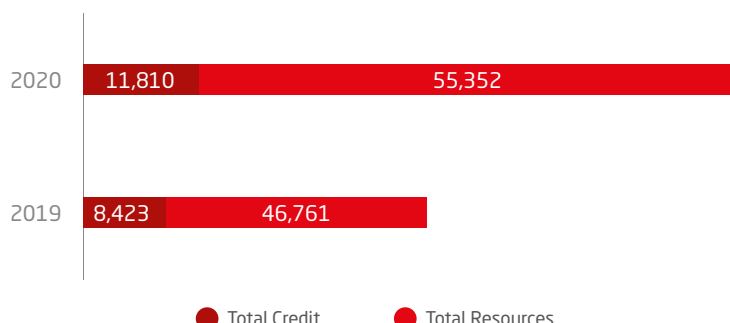


## Investment Directorate

The Investment Directorate is governed by the banking segmentation traditional model for its customers, according to their level of investment/income. The Directorate grounds its work on a better knowledge of each customer and on developing the best monitoring and prospecting practices in order to materialize the commitment with investors, aiming at achieving a successful implementation of each project, setting up strategic partnerships and generating value through the creation synergies.

For those investors who are willing to diversify their investment and bet in this segment, Banco BIC has several investment alternatives in line with the current evolution of the business context, furthering the commercial network of economic agents holding financial relations with the Bank.

As of the period ended December 31, 2019, this Directorate encompasses 3 Investment Centres, providing permanent and specialized support in both the daily management of the customer portfolio and on the decision-making process as regards investment. In the same period, the balance of the portfolio's total resources amounted to AOA 55,352 million, representing a 18% increase when compared to the December 31, 2019. The portfolio of the credit granted totalled AOA 11,810 million, an increase of 40% compared to that of December 31, 2019.



**40%**

**INCREASE**  
on the portfolio  
of the credit granted

## Angola Portugal Office and Angola Namibia Office

The Angola Portugal Office (hereinafter, the APO) has been constituted in May 2012 with the goal of boosting the bilateral business between Angola and Portugal, ensuring the management of financial flows between the two countries and supporting Angolan and Portuguese entrepreneurs with their internationalization. Likewise, in 2016, the Angola Namibia Office ("ANO") has been set up.

In line with the Bank's commercial strategy, these Offices' goal consists in increasingly strengthening commercial relations between both countries, while continuing to ensure the required excellence and professionalism levels.

One the main activities of the APO and ANO is assisting companies in financial matters along their daily activity with some degree of presence or business relationship in those countries, namely, export financing services, the provision of information on the specificities of each market and monitoring the flows generated between different countries with particular attention to process speed and price competitiveness.

## BIC Agro Directorate

Being aware of the significance of Agriculture, Live-stock and Fisheries sectors like in the Angolan economy, in 2017, the Bank created the BIC Agro Directorate. The key activities of this Directorate include promoting, providing technical support and monitoring to the Bank's Commercial Networks with regard to Credit products aimed at the primary sector, as well as guaranteeing the follow-up and monitoring of the officially protocolled credit lines ("*Angola Investe*" and "*Projecto de Apoio ao Crédito*", i.e., Credit Support Project).



# Distribution Network and Geographic Presence



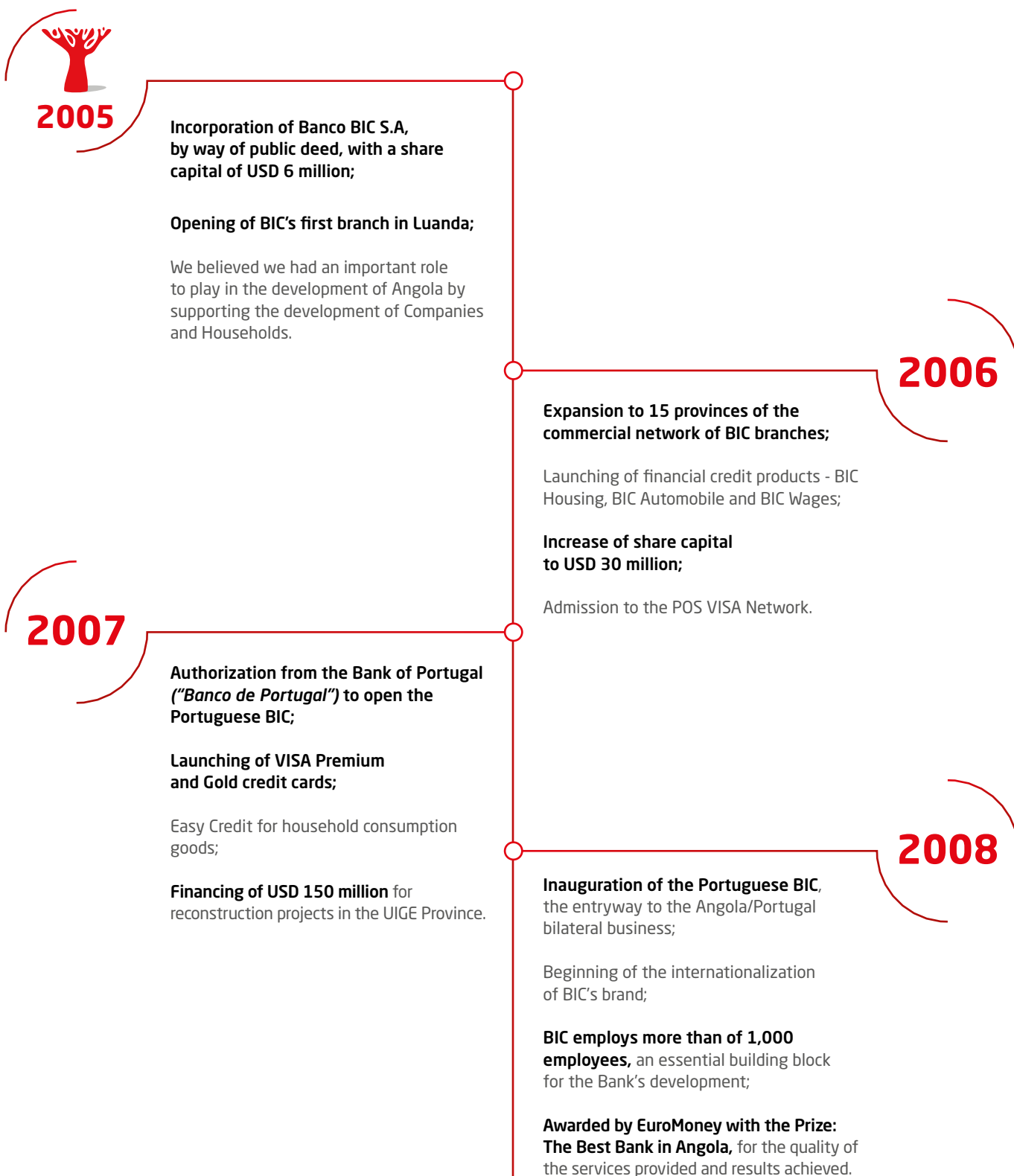
**BancoBIC**

Growing Together

# Historical Milestones

We are a financial institution of reference in the Angolan banking market, encompassing the largest private network of commercial branches in the national territory, the young dynamism of 2075 employees, symbolized in the resilience of the Baobab tree, the root of our growth.

This is how Banco BIC was born and grew up.





**2009**

**Strengthening of the campaign “We Invest Together”, linked to the slogan “Growing Together”** as a bridge to the Portuguese BIC, the driving force for the investment from Portugal to Angola;

**Strengthening of the campaigns** BIC VISA, GOLD and PLATINUM, connected to the VISA network.

**2010**

**Banco BIC supports the Angolan national football team in the AFCON** by awarding performance monetary prizes to the Palancas Negras team;

The Bank reaches 500 thousand customers and is chosen as the **42<sup>nd</sup> largest Bank of Africa** by the magazine Africa Business;

**Launching of the BIC Wages product** for Public Administration employees;

**Supports the investment** of 2 Coca-Cola fund projects in Angola;

Increases the number of branches and becomes **the largest private Angolan Bank in terms of geographical coverage**.

**2011**

**BIC inaugurates its central headquarters in Talatona**, a 10-story building, where it has installed its main services;

In 6 years of activity and with an initial capital of USD 6 million, **Banco BIC has surpassed**, as of December 31, 2011, the amount of USD 650 million in equity;

**Launches the internal magazine BIC MAIS**, a vehicle for information and promotion of the Bank’s activities and services, as well as its commercial products;

Finishes the year as **the largest private commercial Bank with territorial coverage in Angola and keeps a privileged position in the African ranking** (32<sup>nd</sup> position), according to the African Business magazine.

**2012**

**BIC formalizes the acquisition of the Portuguese Bank BPN**, expands its desk network in Portugal and secures the maintenance of over one thousand job places in the Portuguese market;

**Increases its customer number to 800,000;**

Consolidates the **32<sup>nd</sup> position in the ranking of Largest African Bank** awarded by the African Business magazine;

**Sets up the Oil & Gas Department** for a greater connection with oil companies.

**2013**

**Expands the internationalization of the BIC's brand in Portugal, started in 2008**, with its entry into the Cape Verde's financial system;

**Distinguished as the Best Company of the Year in the Angolan financial sector, awarded by the Sirius Awards;**

The Banker magazine of the Financial Times group, grants it the **Best Bank in Angola Award**.

**2014**

**Launches its insurance business and creates its own insurance company - BIC Seguros** - offering its customers a personalised and direct insurance;

**Reaches one million customers**, continues its internationalization with the opening of a representative office in South Africa and is awarded the 32<sup>nd</sup> position for the third time in the ranking of the 100 largest African Banks, selected by The Banker magazine.

**2015**

**Ten years of activity** marked by growth and contribution dedicated to investment in Angola;

**Strong commitment with Credit for the development of the Angolan economy;**

The commercial network increases to **220 branches throughout the Country;**

BIC enjoys the **4<sup>th</sup> place in the ranking of Banks installed in Angola and the first as the bank with the largest private national commercial network.**

**2016**

**Continues to Grow - reaches 1 million and 300 thousand customers;**

Strengthens its international activity, **settles in Namibia**, and deepens its commercial relations with southern Africa;

Launches its commercial activities in Namibia with the incorporation of **Bank BIC Namibia**.

## 2017

In the context of the ups and downs of the Angolan economy's adverse effects in the preceding 3 years, **Banco BIC commits to the diversification of production in the Country;**

**Launches the new agribusiness credit** aimed at supporting agricultural and livestock projects - **BIC AGRO** - associated with the Angola Investe program;

**Promotes two bilateral conferences,** one in Angola and another in Portugal, **bringing together entrepreneurs from the agricultural sector and government entities of both countries** with the purpose of enhancing Angola's natural resources;

**Banco BIC Portugal changes the name of the brand to EUROBIC** and presents the new commercial strategy.

## 2018

**The Bank increases its share capital by 6 times,** from AOA 3.3 billion to AOA 20 billion;

**Begins a technological modernization process by installing FOREX,** a new digital management tool for payment operations and activation of its customers' accounts;

**Strengthens the areas of Risk and Compliance management and control,** and installs the Risk Management Application (RMAS), a digital data processing tool with automatic reporting to the BNA.

## 2019

**The Bank invests in new information technologies, strengthens investment in the agribusiness and fisheries sectors by granting more credit to projects which leverage the national economy;**

**Becomes a reference partner of the CSP,** Credit Support Project, making available a credit line of AOA 30 billion, aimed at financing national production;

**Approved and financed 26 projects** valued at AOA 33.4 billion under the CSP;

**Joins 3G, a digital processing platform, fast and secure in the management of services;**

**Launches the MULTICAIXA EMV debit card** with a customized chip with advanced technology, more secure against fraud and cloning.

## 2020

**Migration of the Core Banking System Promosoft Financial Suite (PFS), 3G release. The PFS Core System Banka 3G is a significant technical and functional evolution to the various PFS modules;**

With the Banka 3G application, several solutions and concepts were included in a fully integrated system. **Banco BIC was positioned at the top of the ranking of Angolan banks financing the highest number of development projects of the primary economy of the CSP program under the PRODESI.**



# Marketing and Communication

The main mission of the Marketing Directorate consists in coordinating and planning marketing and communication strategies for the Bank's business segments defined by the Board of Directors.

BIC is a Bank operating under Angolan law. The brand's root is Angolan, created in 2005, and symbolized by the Baobab tree in all the markets in which it operates, both domestic and foreign.

The MD promotes the Bank's image as a factor that enhances and affirms the BIC brand, the launch of new products, through advertising campaigns on radio, television, press or outdoors and supporting events with cultural, social and sports impact.

The MD is responsible for defining the marketing and communication strategy, which promotes the brand's positioning through its offer of products and services, in the various segments. It ensures the management of products and respective pricing, proposes the launch of other products and the renewal or continuation of the existing ones.

The MD functions also include ensuring internal and external communication, at all points of contact, namely through advertising and relational communication, via online or at the point of sale.

During the first half of 2020, the MD developed several actions to promote its image and products, having privileged the most relevant public exhibitions that took place in the country.

As an innovative product, it launched the BIC DEPÓSITOS CRESCE + Campaign, associating to it a promising name in Angolan music, Rui Orlando, with whom it signed a contract to give voice and image to Banco BIC's new campaigns. The image of Rui Orlando quickly became associated with the BIC brand through TV, Radio, Press, Outdoors and posters.

The largest financial effort, which then constituted the Bank's key focus, was directed towards agriculture, livestock and agroindustry, the future of Angola's economy in motion and a counterpoint to the crude extraction industry.

We have created and developed a campaign associated with the CSP, within the financial support linked to the primary sector of the national economy, which includes 54 essential food products. We have also produced a movie for the domestic television channels, TPA, TV Zimbo, ZAP and international channels such as RTP and TV Globo. Taking our image to everyone.

Press adds have been published in the main daily and weekly newspapers, in addition to Radio spots for LAC, Rádio Eclésia and other RNA (National Radio) channels.

The restrictions imposed by the confinement of the COVID-19 Pandemic turned unfeasible all public actions, such as the Luanda International Fair and the provincial fairs in which Banco BIC always had a notable presence. In the year BIC celebrated its 15<sup>th</sup> anniversary, the traditional party for the social gathering of the 2 thousand employees was made impossible for reasons of public health.

Given all the constraints caused by the virus that forced severe restrictions on public mobility and commercial and industrial activities, Banco BIC was at the forefront as regards protecting and defending public health.

We have been an important partner of the Ministry of Health, donating 6,000 tons of biosafety materials to doctors and health technicians who were fighting the pandemic in hospitals and reference centres created by the MINSa (the Angolan Ministry of Health). Also on the social context, the children of the religious centre for child support "*Lar de Débora*" as well as the most disadvantaged minors in the Kilamba and KK neighbourhoods received our special attention with the delivery of various materials during the Christmas season.

As for culture, Banco BIC was present in several live events with multimedia broadcasting, to which artists and show producers had to resort in order to overcome the forced absence of audiences, only possible thanks to virtual streaming platforms over the internet.

The main mission of the Marketing Directorate consists in coordinating and planning the marketing and communication strategies for the various business segments of the Bank.



**BIC DEPOSIT  
CRESC+**

**MAKE YOUR  
MONEY GROW  
FROM NIGHT  
TO DAY**

**SUBSCRIBE THE DEPOSIT  
CRESC+ AND RECEIVE  
MONTHLY ADVANCE INCOME  
UP TO 15.5%**

Minimum amount of AOA 500,000.00 and no maximum amount applicable.  
Deadlines: 90 days (14.5%) and 180 days (15.5%).  
Mobilization (does not allow) | Advance interest only applicable to new funds.

**At Banco BIC you will find  
the solution that allows you  
to see your account  
grow bigger.  
Visit now the branch  
that is closer to you  
and know about  
all the conditions of the new  
Savings Deposit **CRESC+**  
with interest of 15.5%  
in 180-day-deposits  
or 14.5% in 90-day-deposits,  
with advance payments.**

**BancoBIC**  
Growing together

**BIC SUPPORT LINE**  
+ (244) 923 190 870  
Service available 24/7

[www.bancobic.ao](http://www.bancobic.ao)



# Information Technology

## Systems Modernization

The growth of financial institutions is supported through the vital strategic resource to information, which is identified by the constant search for better business results within the organization, translated into a higher level of demand, quality, reliability, robustness, security and better efficiency in all processes that depend on it. Supported by an increasing technological development, it enables the transformation of organizations, mainly as regards its structuring, division of work, monitoring of processes, operational risk mitigation, among other known advantages. The financial sector, and in particular Banco BIC, S.A., with high levels of demand and dynamics, is at the forefront of this process, in the search for effective solutions and technological infrastructures that suit its current and future needs.

In 2020, the Information Systems Directorate focussed on the innovation, modernization and risk control of the bank, maintaining the investment, as well as the renewal of the infrastructure prepared for the new challenges of the digital age, promoting its sustained and consolidated growth.

While enhancing the efficiency of its business processes, different actions have been initiated, focusing on the firm commitment to keep high standards of excellence within the industry, optimizing the operational performance, reliability and availability of the technological means and, consequently - being the main goal and purpose of this institution - the improvement and satisfaction of the quality of service provided to its Customers.

As the responsible unit for the planning, management and support of the technological infrastructure and, this Directorate started the execution of the main projects listed below and within the respective domains, given the needs observed and expressed by the different bodies of the Bank and by the Supervisor, without losing sight of the evolutions and needs foreseen for the business and operational areas of the national market, applicable to both segments and respective regulatory bodies, being the already mentioned projects:

### New projects concluded in 2020:

#### Technological update of the Wintel e IBM Systems:

- The technological update of the business support Systems, based on DELL/EMC and IBM technologies for the production and Disaster Recovery environment had for its primary goal providing the bank with a greater capacity to safeguard information, in order to create an effective and active-active cluster, which is also robust and resilient.  
The acquisition of an integrated solution with these characteristics allowed to guarantee the performance and resilience necessary for the bank to develop its business with the same current logic, in which it has the systems on its premises and is responsible for their security.

#### New Rule for Transactions Assessment in ARGUS:

- Implemented rules for Lists of Trading and Non-Trading and operations whose country of the Funds is offshore, and which are not in the Non-Trading list.

#### New AML Solution on the PFS Portal:

- The implementation of the AML solution in the Compliance Platform, replacing the ARGUS, ensures, under the terms of the Law on Money Laundering and Terrorism Financing in force, compliance with the regulations on the prevention and detection of money laundering and terrorist financing, in an end-to-end auditable process, with continuous monitoring, also verifying suspicious behaviours likely to be related to criminal activities.

#### Real Time Integrations GPO (Online Payments Gateway):

- The Digital Payment Gateway ("GPO - Gateway de Pagamentos Online") service is made available by EMIS to Merchants as a means of payment for transactions in various channels, which in turn enables those merchants' customers to carry out a set of operations via a mobile device, ensuring security users of this service.

In 2020, the Information Systems Directorate focussed on the innovation, modernization and risk control of the bank, maintaining the investment and the renewal of the infrastructure prepared for the new challenges of the digital age, promoting its sustained and consolidated growth.

**Report from the Deposit Guarantee Fund:**

- In response to Notice No. 2/19, of January 11, on the complementary rules for the operation of the Deposit Guarantee Fund, as well as the need to guarantee that conditions and resources are created to allow the swift and timely compliance of the obligations of the participating Institutions in the event of unavailability of the deposits made therein, the bank is required to report to the BNA.
- Hence, and in order to respond to this need, the bank implemented a customised solution that allows generating the XML report and guaranteeing the creation of the excel file.

**Availability of New Impairment Reports:**

- Processing of loan portfolio impairment, as requested by the Angolan National Bank in the "Information Reporting within the Scope of the Credit Impairment Models Supervision Process" and Provision of New Regulatory Impairment Reports. The Bank performed the impairment calculation according to the IFRS 9, for the dates of December 31, 2016, December 31, 2017, December 31, 2018, June 30, 2019 until October 2019, with the subsequent months reported monthly.

**RIF/ Instruction 3/DNP/DSIVA/AGT:**

- The information included in Instruction No. 3/DNP/DSIVA/AGT/2020 identifies that the amount of default interest should include the collection of VAT rather than the collection of Stamp Duty, assumed from the VAT exemption provided for in article 12(1)(i) of the CIVA.

**SGFGD Report:**

- Within the scope of the BNA Instruction on the SGFGD Project - Information and reporting mechanisms within the scope of the Deposit Guarantee Fund, a Summary of the Reported Data (Account Position) in a given Period is requested. Therefore, in order to comply with the dispositions established, the bank started to provide the respective Service which purpose is to list the summary (totals) of the reported data of the Account Positions of a given date/Period.

**Projects started in 2020 and in progress:****Implementation of Simplified Accounts:**

- The systematization of Simplified Bank Accounts emerges from Notice 12/2020 and Instruction 8/2020 issued by the Angolan National Bank with the aim of promoting financial inclusion. This product intends to facilitate access to the financing system for resident citizens who do not meet all the necessary conditions to open a bank account, or to provide access to certain payment systems, under the terms defined by the legislation and regulations in force.
- These accounts called the "Simplified Accounts" can be subscribed by natural persons for personal or commercial purposes, with those for commercial purposes being reserved for micro-entrepreneurs operating in the informal sector.

**Custom development in sBankaLight:**

- Upgrade of the BIC SMS solution implemented in its systems, increasing the functionalities available on sBankalight and availability of all existing transactions to the bank's customers.

**PIN Transfer:**

- For logistical reasons, the bank has adopted the practice of keeping in stock pre-issued (non-personalized) cards at its branches, which are used for activation in the issuance of new cards and in the replacement of expired, lost or damaged cards, and with that action, the simultaneous delivery of a new PIN letter. This procedure does not allow taking advantage of the PIN Guard Service resulting in an excessive production of PIN letters. With a view to reducing the costs of issuing PIN letters, while furthering the technological evolution of the support and distribution of the PIN, the EMIS decided to develop what is called "Dematerialization of the PIN of the MULTICAIXA Card".

**Implementation of Immediate P2P Transfers:**

- The immediate P2P transfer service was implemented with the aim of allowing customers to transfer funds from an account via a mobile phone to another bank customer identified by the corresponding mobile phone number.

**Welcome Letter:**

- The Bank has implemented a procedure that allows sending a welcome letter to new customers by email.

**Generation of Reports of Directive No. 3 and 5 of 2019:**

- So that the Bank can automatically generate the Reports required in both BNA Directives 3 and 5, a new sub-module of Regulatory Reports has been developed, namely the RG-IC Directives 3 and 5 (credit/deposit info), which uses the same parameterization, preparation and reporting logic that underlies all the Bank's Reporting modules.

**Implementation of the SIRESS on the Swift platform:**

- Implementation of the SWIFT SIRESS message processing functionality, thus allowing:
  - Implementing block 3 of information in sent and received MT103;
  - Implementing the processing of reconciliation messages: MT012 and MT019;
  - Implementing the processing of the message MT202.

**Implementation of the Impairment Engine:**

- Through an application that is external to Banka, it handles the credit portfolio from Banka, the money market and securities portfolio from Financa, with the purpose of carrying out the calculation of impairment, as well as maintaining the qualitative characteristics associated with credit operations. After determining the impairment value, the loading of the information on the AM is held through the accounting engine that allows the automation of the process.

**Card Protector Interface MulticaixaModel:**

- The constant evolution and improvement of its services, EMIS has made the HBMB and H2H channels evolve through the implementation of a card protection mechanism with the introduction of the following functionalities: Block card, Unblock card and Set daily card limit. The Bank installed a solution that allows the interface between this application and the EMIS system to be implemented, where customers can manage the use of their cards through digital channels (Internet Banking) and the Network of Branches.

As for Communications and Security, Control and Operational Risk Mitigation, we highlight the implementation of the projects below, having carried out hierarchical improvements and changes in order to increase security and the flow of internal and external traffic, until arriving to the security of the users' access:

**Expansion of the telecommunications infrastructure and servers:**

- Increments and adjustments made at the level of the bank's communications circuits, to improve transfer speeds and increase data flow.

**Expansion of the security infrastructure with the implementation of new technologies:**

- The Bank implemented the application of DarkTrace artificial intelligence to the challenge of virtual defence, which comprise a fundamental change in the ability to protect critical data systems and digital infrastructures, allowing to keep up with an ever-evolving threat scenery. Endowed with unsupervised machine learning, the Cyber AI responds to these threats before they become a crisis, given its obvious and evident permanent evolution.

**Updating of the Switch Core communications infrastructure:**

- Implementation of new switching core equipment in Production and Disaster Recovery datacentres to increase performance and security.



# Human Resources

The management of human resources along the year 2020 will forever be associated with COVID-19. The pandemic generated by this new coronavirus had profound impacts on the Bank's Human Capital management, as we were quickly forced to adapt to a new way of being and new ways of organizing work to guarantee the protection and safety of workers. With no time for a gradual and planned transition, the Human Resources Management faced unprecedented challenges throughout the financial year.

Throughout the 15 years of Banco BIC, S.A.'s activity, employees have always been one of the fundamental pillars of its operation and, as such, Human Resources Management had to find extremely rapid solutions in order to protect and ensure the health and well-being of all your employees and of the business. If, on the one hand, this serious public health crisis affected employees in telework, due to the requirement and impossibility of separating professional and family life, on the other hand, it affected those who continued to work, in person, due to the constant concern with COVID-19.

All areas of the Bank had to readjust and adopt to new ways of working. However, the focus on active talent management and the culture of merit, as differentiating factors, have always continued to be present in this new paradigm for managing our employees.

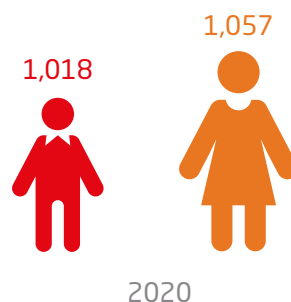
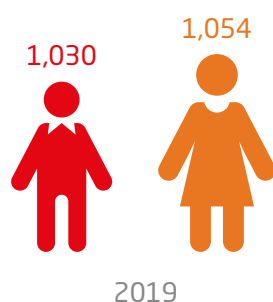
The Human Resources and Training Directorate, as the responsible unit for establishing the policies and practices for the human capital, promoting a healthy, balanced, competitive and results-oriented work environment, even acting with a completely new and unknown paradigm, kept People Management as the key focus of its plan of activities, hence, promoting:

- The adjustment of its Human Resources to the business requirements according to all the variants provided by COVID-19;
- The reinforcement of development programs for Banco BIC's employees, taking into account the new challenges in the way of conveying knowledge;
- The continued recognition of organizational and individual merit in a sustainable manner;
- Improving the acknowledgement practices talent and performance.

## Characterization of the Human Capital

To carry out its activity along 2020, Banco BIC had a total of 2,075 employees (9 less than in the previous year), keeping a gender balance with women representing 51% and men 49%.

Number of employees	'20	'19
Men	1,018	1,030
Women	1,057	1,054
<b>TOTAL</b>	<b>2,075</b>	<b>2,084</b>



Female  
**EMPLOYEES**

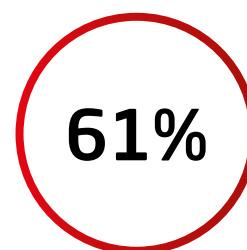
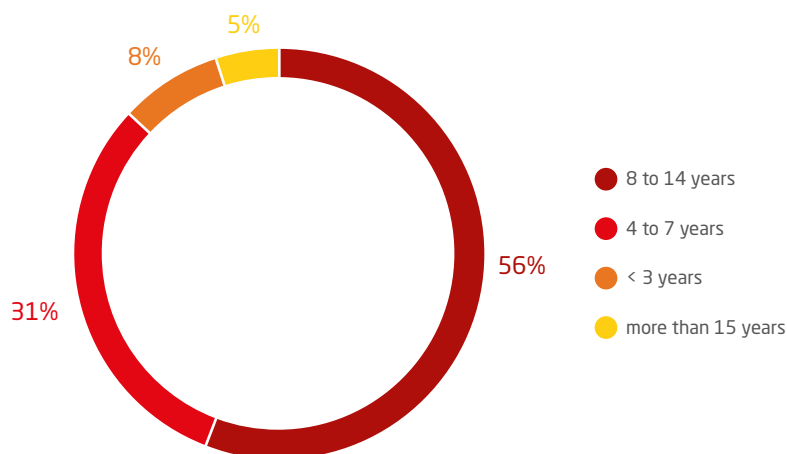
A total of 2,075 employees is distributed throughout the Bank's various areas, being that 1,395 are based in Luanda, 679 are distributed by the other country Provinces and 1 in the representative office of South Africa.

The number of employees allocated to the commercial area corresponds to 84% of the Bank's total, keeping the trend seen in previous years.

Functional area	'20	'19
Central Services	334	334
Commercial Network	1,741	1,750
<b>Average No. of Employees per Branch</b>	<b>8</b>	<b>8</b>

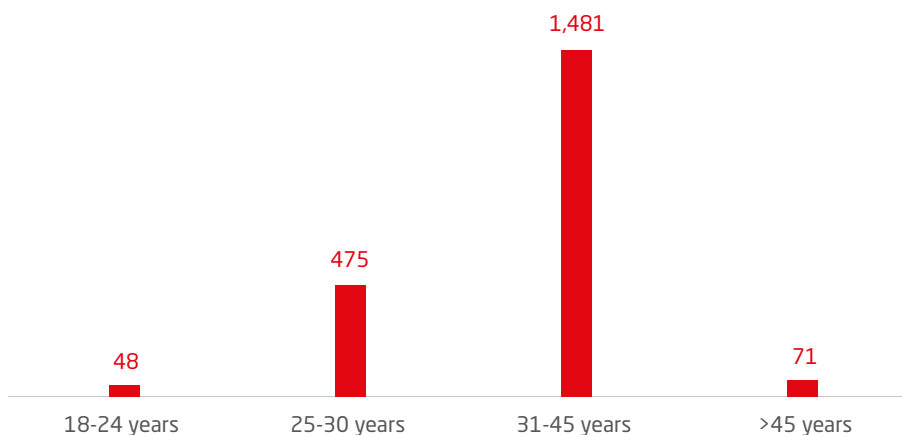
After 15 years of activity, the ratios of banking experience, age and higher education indicate that 41% of the Bank's employees have over 8 years of banking experience, the average age stands at 35 years old and 25% are aged between 18 and 30. The percentage of employees with university education remained at the ratio of 78%.

#### BANKING EXPERIENCE



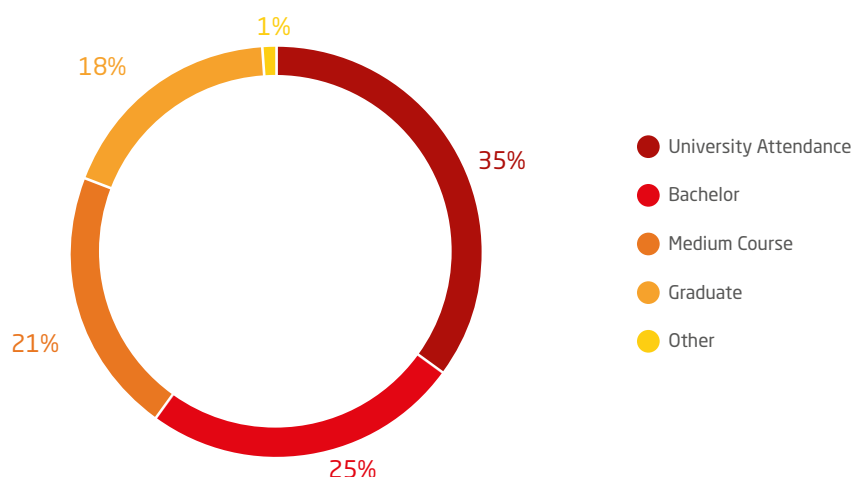
**EMPLOYEES**  
with more than 8  
years of Banking  
experience

#### AGE GROUP





## EDUCATION LEVEL



## Talent Training and Retention

From the beginning, training has been considered a priority for the development of our Employees' professional and personal skills. Within the scope of knowledge management and with the new paradigm introduced by COVID-19, professional training also had to be readjusted very swiftly in order to guarantee its continuity, without overlooking the necessary and mandatory distance between employees. Digital technologies thus assumed a role never acknowledged previously, and training by the e-learning format represented the main method for knowledge improvement. In terms of training numbers, the year 2020 resulted in more than 35,000 hours of training, 17 hours per employee.

**35,183**

**HOURS  
OF TRAINING**

Training activity	'20	'19
Number of Training Hours	35,183	42,179
Por colaborador	17h	20h

Underlying all training actions carried out was the enhancement of the potential of each employee, allowing the alignment of Human Resources policies with the employees' expectations and the Institution's strategic goals.

The Annual Training Program included actions aimed at the commercial development and operational efficiency as well as the digital modernization. Increasing literacy on the Prevention of Money Laundering and on Combating Terrorism Financing of continued to be a major training concern throughout 2020.

## Medical Assistance Benefits

Banco BIC's benefits policy, focused on supporting its employees in important areas of their personal and family life, includes a set of additional support mechanisms and benefits in the health domain.

In 2020, all workers and their respective households enjoyed the medical assistance benefit, through a Group Health Insurance that includes a wide range of coverage, Hospitalization, Consultations and Examinations, Dental Care, Prostheses and Orthoses, as well as the Transportation services when clinically justifiable.

In 2020, all workers and their respective households enjoyed the benefit of medical assistance through a Group Health Insurance.

## Performance Assessment

The Performance Assessment System, an essential tool for the active management of talent and career management, kept its central focus in promoting the development of critical skills and a merit-based culture.

Combining an ethical conduct and professional rigor with enthusiasm and initiative, appreciating the teamwork of all its employees, supports an objective management centred on the importance of Human Capital for the success of the business, even in a year as difficult and atypical as the one of 2020.



**BancoBIC**  
Growing together





04

## Risk Management System

# Risk Management

The supervisory authority establishes that the Financial Institutions should adopt adequate systems and procedures for a duly identification and measurement of all risks, allowing to conciliate the amount of internal capital with its risk profile, strategy and business plan, in order to guarantee the existence of sufficient own funds (i.e., equity) to offset the adverse effects of all the risks inherent to the activities carried out.

In this context, Banco BIC's risk management culture is ensured internally by the reinforcement of consistent methodologies and processes, which take into account all events that may affect the business model. The Bank considers that the risk management systems implemented should maintain an adequate relationship and constant balance between the risks incurred in the activity carried out and the levels of own funds, liquidity and profitability.

Banco BIC has established an efficient governance structure, characterized by a prudent management and an intense participation of the Board of Directors in decision-making. Prudence in risk management combined with the use of advanced management techniques continue to be decisive factors, particularly in a highly demanding environment.

The risk management function is distributed by several organic structures, according to the type of risk, namely:

- Credit risk is monitored by the Credit Risk Analysis Directorate (CRAD);
- Risk management from an integrated perspective and operational risk are ensured by the Risk Directorate (RD) and by the Internal Audit Directorate (IAD);
- Information systems risk is ensured by the Information Systems Directorate (ISD);
- Market risks are managed by the International and Financial Directorate (IFD), monitored by the Risk Directorate and discussed at the level of the Board and first-line Directors in the Asset and Liability Management Committee (ALCO);
- Compliance risk and Reputational risk are the responsibility of the Compliance Office (CO).

2020 was a particularly challenging year for risk management areas given the uncertainty surrounding the evolution of the pandemic, which caused an unprecedented crisis on a global scale. The Risk Department continued to strengthen and implement risk control methodologies and tools, while seeking to ensure compliance with a set of requirements within the scope of risk management established by the Angolan National Bank.

Several activities were carried out, always with the goal of strengthening and consolidating the risk management system, highlighting the following developments throughout 2020:

- Reinforcement of equity levels, as well as the adoption of measures in the capital and liquidity components, aiming at mitigating the negative effects of the new coronavirus;
- Monitoring and adjustment of methodologies for the implementation of the action plan to correct the insufficiencies and weaknesses identified in the context of the Asset Quality Assessment Program (AQA) carried out in 2019;
- Carrying out studies on the possible revision of the Angolan rating, in the Bank's internal impairment calculation models;
- Beginning of the definition and implementation of the self-assessment annual reports: the Internal Capital Adequacy Assessment Process (the ICAAP Report) and the Internal Liquidity Adequacy Assessment Process (the ILAA Report);
- Focus on improving the effectiveness of the internal control system;
- Reinforcement of the tool and methodologies for the stress testing process, carrying out specific tests, which made it possible to assess the impact on solvency ratios arising from adverse changes;
- Continuous review of the internal regulations on policies and procedures related to risk management and control;
- Continuity on the implementation of improvements related to the submission process of regulatory reports, guaranteed and monitored by the supervisory authority;
- Technical and analytical training for control functions.

Banco BIC has established an efficient governance structure, characterized by a prudent management and an intense participation of the Board of Directors in decision-making. Prudence in risk management combined with the use of advanced management techniques continue to be decisive factors.

## Risk Management Governance

The Bank's risk management function is based on a governance model aiming, simultaneously, at complying with best practices, as explicitly set forth in regulatory standards, guaranteeing the soundness and effectiveness of the system for the identification, measurement, monitoring, reporting and control of credit, market, liquidity and operational risks. The powers and responsibilities of the bodies involved in the Bank's governance of risk management and internal supervision, in addition to the Board of Directors (BD) and the Executive Committee (EC), are the following:

### Risk Committee

At executive level, the Risk Committee is responsible for monitoring the overall levels of credit, market, liquidity and operational risks, as well as all other risks deemed materially significant for the Institution, ensuring risk levels are compatible with the objectives, the available financial resources and the strategies approved for the development of the Bank's business activity.

This committee includes the Executive Committee, the heads of the Risk Directorate (RD), the International and Financial Directorate (IFD), the Internal Audit Directorate (IAD) and others who are called depending on the topics to be addressed.

### Credit Risk Committee

This committee is responsible for monitoring the credit risk cycle in its different phases and guaranteeing the monitoring of the credit portfolio. Such process is developed in accordance with the powers attributed by the internal standards.

This committee has the participation of all members of the Executive Committee, one CRAD officer, whose function consists in ensuring the compliance and monitoring of the credit risk management policy, the RD, the Management Control Directorate (MCD) and the additional officers responsible for the Bank's commercial areas.

### Monitoring Committee for Credit in Irregular Situation

Bearing in mind the need for the permanent monitoring of credit already in default or at risk of default, the Executive Committee decided that, at least quarterly, Monitoring Meetings should be held regarding the mentioned Credit.

These Meetings are held under the responsibility of the Monitoring Committee of Credit in Irregular Situation.

This Committee is chaired by the Director responsible for Credit Risk. The Operational Coordinators are from the Legal and Credit Recovery Directorate (LCRD) and the Credit Risk Analysis Directorate (CRAD).

Also having participation in this committee, the Director responsible for Credit Recovery, other members of the Executive Committee (optional presence), and the other heads of the Bank's commercial areas.

### Assets and Liability Management Committee

This Committee is responsible for following-up the macroeconomic conditions and policies as well as the measures of Central Banks, including the following aspects:

- Planning and proposals for capital allocation;
- Monitoring and managing the interest rate risk associated with the structure of assets and liabilities;
- Analysis and monitoring of the evolution of liquidity risk and exchange rate risk;
- Preparation of proposals for the definition of appropriate policies for managing liquidity and interest rate risks at the level of the Bank's balance sheet;
- Developing capital management strategies and policies, both from a regulatory and an economic perspective, with a view to identifying opportunities for optimizing the balance sheet structure and the risk/return ratio.

The Asset and Liability Management Committee meets periodically and is composed of all members of the Executive Committee, those responsible for the IFD, RD, CRAD, Management Control Directorate (MCD), Planning and Accounting Directorate (AD), and others that are convened, depending on the topics to be addressed.

## Systems Committee

This Committee is responsible for monitoring the risk of the Bank's systems and follows-up the Demand Management process of the Information Systems Directorate (ISD).

The Systems Committee meets periodically and is composed of all members of the Executive Committee, those responsible for the ISD, and other justifiable Directorates and intervening parties.





# Compliance

The Compliance Office (CO) was created through service order No. 047/EFU - Organic-Functional Structure of Compliance, which established its Organic and Functional structure as a first-line body reporting directly to the Administration in an independent, permanent and effective way.

Within the scope of its corporate responsibility to broadcast the Compliance culture inside the institution, the Administration delegated to the Compliance Office the responsibility of managing compliance and reputational risks.

The Compliance Office is responsible for defining the strategies, policies and processes related to the Prevention of Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction.

The Compliance Office is also responsible for monitoring and disclosing relevant legislation and regulations, issuing guidelines and recommendations on compliance matters, carrying out the regulatory reporting requested by the supervisory entities, as well as ensuring the adequacy of procedures control, manage risks and promote effective governance processes.

In addition to the generic competences described in the previous paragraphs, the CO has the following specific competences inside our institution:

- Advising the Administration, for the purposes of complying with legal obligations and duties to which the Institution is subject;
- Monitoring and regularly assessing the adequacy and effectiveness of the measures and procedures adopted to detect any risk of non-compliance with the legal obligations and duties to which the Institution is subject, as well as the measures taken to correct any deficiencies in the respective compliance;
- Monitoring and periodically evaluating internal control procedures in matters of Prevention of Money Laundering and Terrorism Financing, as well as detecting and reporting suspicious operations to the competent authorities;
- Acting as a communication channel to receive, register and forward questions and requests for clarification on Compliance matters to the competent services to analyse and solve them;
- Monitoring the best international practices in terms of customer knowledge (know your customer);
- Collaborating in the preparation, promotion, approval and dissemination of the rules, rules and standards of Compliance with the various first-line bodies of the Bank;
- Participating in the process to identify and assess the exposure of each Area of the Institution to Compliance Risk, as well as in the planning and safeguarding of its management;
- Centralizing the periodic reporting by the various first-line bodies of the Bank on the results of the continuous assessment of the main issues identified with Compliance Risk;
- Collaborating with the Human Resources Directorate (HRD) in identifying/preparing training programs on Compliance matters (risk and function) and on the Prevention of Money Laundering and Terrorism Financing, aimed at Governing Bodies, Senior Managers and other Employees of the Institution, as well as all new Employees, thus ensuring that the Bank's human resources are trained in this field;
- Coordinating the implementation and execution of the strategic plan for the Prevention and Combat of Money Laundering and Terrorism Financing in the Institution;
- Ensuring internally the procedures for assessing suspicious operations and profiles (cases), centralizing the reporting and collection of information, as well as the assessment of the respective communication to the competent authorities, ensuring the respective registration, reporting or archiving;
- Coordinating with the other Bank's Bodies the procedures to be followed in situations that involve collaboration with the competent authorities, in the context of the Prevention and Combat of Money Laundering and Terrorism Financing and in accordance with the applicable legal provisions.



# Risk Management Policies and Processes

The Angolan National Bank, within the scope its mission as the System's regulator and supervisor, establishes prudential and conduct standards for the financial institutions' activity, defining a robust framework that takes into account risk management functions, policies and processes, concentrating its work on assessing the risk profile of financial institutions.

In order to face the set of risks, the Bank promotes the establishment of rules and standards of conduct, the definition of efficient operating processes that respect the principle of segregation of functions, and the careful monitoring of legal and compliance matters. Therefore, it seeks to ensure its operational excellence and maintain high ethical and governance standards in its activity.

The Bank maintains a permanent process of developing and implementing formal processes for recording and processing information, which makes it possible to reinforce the assessment, monitoring and control of each type of risk. Such processes respect the principle of transparency, and the established reporting lines ensure effective and efficient communication, ensuring the timely and adequate transmission of information in order to assist the decision-making process of the governing bodies.

The Bank's risk management policy intends to contribute to the development of the corresponding strategic goals, seeking to ensure a balanced and sustained development, keeping an appropriate ratio between the equity levels and the risks incurred in the context of the activity carried out. For such purpose, it is considered crucial to ensure the separation of functions between the areas that originate risk and those that monitor it, enabling the latter to carry out their functions in an objective and independent manner.

## Credit Risk

Risk is deemed one of the most relevant aspects of the Financial Institutions' activity. It is materialized in losses and uncertainty as to future returns generated by the credit portfolio, the likelihood of default by borrowers (and their guarantors, if any) or an issuer of a security or the counterparty of an agreement.

We have a General Credit Regulation, in which the limits and procedures for granting and managing credit operations are set or established.

The analysis and decision of the credit risk is distributed among the different decision levels in the granting of credit.

The Credit Risk Analysis Directorate (CRAD) is responsible for defining and monitoring the credit risk management policy. Currently there is a set of manuals and standards which ensure the above by means of establishing levels of competence in granting credit, the limits by type of operation, the assessment of the customer's capacity, the monitoring of compliance with the financial plans and the analysis of the risk of bad debts and the need for renegade operations.

The Bank has been adopting and developing risk management methodologies, namely, regarding credit granting, monitoring and collection.

We should highlight that the Credit Risk Information Central, an information platform on individual customers and companies' credit exposure in the banking sector, has been an increasingly used tool in the more appropriate management of credit risk.

The Bank maintains a permanent process of developing and implementing formal processes for recording and processing information, thus reinforcing the assessment, monitoring and control of each type of risk.

## Decision

The Bank's Credit Risk Analysis Directorate (CRAD) is subdivided into:

- Major Risks - area responsible for analysing all credit operations or customers with a general indebtedness equal to or over AOA 33,4 million equivalent to USD 50 thousand;
- Retail - area responsible for analysing all credit operations or customers with a general indebtedness under AOA 33,4 million equivalent to USD 50 thousand.

## Assessment

The assessment of credit risk is based on the following weighing criteria:

- Internal Ratings of non-financial entities:
  - Customer Financial Elements, assigning a Rating Grade in Quantitative terms;
  - Completion of a survey by the commercial area (which may be reviewed at any time by CRAD) including qualitative information which will define the Risk Grade. This should reflect the company's true value in qualitative terms.
- The Type of Credit, Purpose and Amount Proposed;
- The Credit Risk of the Economic Group, taken as a whole;
- The global indebtedness reflected in the Credit Risk Information Central (CRIC) of the Angolan National Bank;
- Existence of debts to the State or to Social Security;
- The concentration of exposure;
- The existing commercial and credit relation/ experience;
- The Economic Group's Equity Value.

There are also different assessment processes for specific types of credit, such as:

- Financing to Construction which, in addition to the above-mentioned criteria, is also complemented with an analysis relating to:
  - Completed projects (Historical);
  - Works in Progress;
  - Project to be financed (Operating chart, Financial Plan, Description of the project, including its persuasive aspects, Permits required for its completion);
- Financing to the Industrial sector which, in addition to the above-mentioned aspects, is also complemented with the following analysis:
  - Economic and financial feasibility study;
  - Know How of the project promoters;
  - Environmental impact study;
  - Permits required for the project's implementation;
  - The project's social and economic impact.
- Housing Credit. In addition to the above criteria, it is also complemented with an analysis that includes the:
  - Assessment of the property to be acquired;
  - Indebtedness capacity.

The whole assessment process includes the evaluation of collaterals.

The CRIC has proved to be an essential tool for the assessment of customers' general indebtedness in national Banking, thus enabling a greater analysis of credit operations' risk grade.

## Monitoring

The monitoring of the customer is associated with a continuous observation work, thus allowing to assess the confidence level towards credit reimbursement in a timely manner and/or alert, in due time, on any circumstances that may affect the proper settlement of operations.

The process of monitoring the credit granted starts precisely after the agreement, being then extended until its full repayment, thus ensuring its accomplishment. The Bank carries out a classification in different grades of Special Surveillance, in accordance with the level of concern regarding the likelihood of default (VE4 - monitoring, VE3 - strengthening of guarantees, VE2 - reduction and VE1 - extinction).

Customers who are already in default and deemed to have exhausted all possibilities of negotiation by the commercial structure in PL (Pre-Litigation) and L (Litigation) are also classified.

As part of the monitoring of the matured credit portfolio, CRAD maintains a permanent control of all matured credit above the amount of USD 5 thousand. Such control is carried out by means of reports and monthly meetings with the corresponding commercial areas.

## Central Archive

An area of archive management of credit processes above AOA 33,4 million equivalent to USD 50 thousand is centralized in the Risk and Credit Monitoring Directorate. Due to the existence of the WFC tool, such archive is being replaced by the underlying application, as it allows the digitalization of the documentation of all approved credit proposals.

## Balance Sheet Central - Rating Grading

Since the year 2014, the Bank has implemented the Balance Sheet Central to obtain a database of economic and financial information on its corporate customers. The information is based on the companies' annual financial statements and on qualitative data obtained via the Bank's Commercial Network, highlighting the evolution process of recent years, with a larger number of customers submitting Annual Reports and Accounts and Management reports in greater number and better quality.

The Balance Sheet Central's main goal consists in contributing to a better knowledge/ following-up of companies' (customers) economic and financial situations with requests and/or credits in progress.

## Work-Flow of Credit

The Work-Flow of Credit (WFC) application continues to be an essential Tool, allowing the Bank to maintain speed gains in terms of time saved on the credit granting process (Drafting of proposals - decision).

Throughout the year 2020, 11,634 operations have been recorded.

The WFC has proven to be an effective and efficient tool for the processing of all the Bank's credit, on account of the following aspects:

<b>SPEED</b>	The time of analysis of credit operations has been considerably reduced.
<b>DOCUMENT MANAGEMENT</b>	Document support of credit operations circulates automatically on the platform.
<b>STANDARDISATION</b>	Credit operations are executed in a standardized manner throughout the Bank's structure
<b>AUTOMATIZATION</b>	Collects in the Bank's central application pre-existing data on the customer.
<b>PROCESS CONTROL</b>	The WFC (Work-Flow of Credit) allows to provide the exact status of the credit operation to all parties involved in each phase of the circuit.

## Control of Restructured Operations

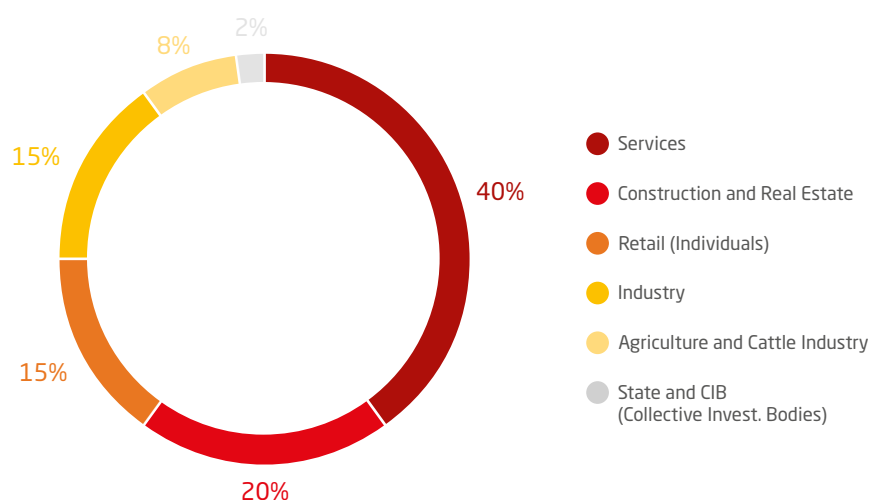
In the 2020 financial year, the Bank already had automatic means of gathering credit operations under restructuring (restructured module), namely operations whose conditions and guarantees were renegotiated due to an increased credit or default risk.

It is possible to verify various operations in the various types of Bank Products, such as: Personal credit, housing, Cards, subsidized credit, Collateralized current accounts, among others.

In 2020, the Bank identified around 120 restructuring operations in a balanced sectorial diversity: Services (Agriculture and Fisheries); Accommodation and Catering; Trade; Construction; Education, Health and Social Action; Industry, Transports as well as retail (individuals).

The Bank's Credit portfolio as of Dec/2020 evidences a balanced sectorial diversity:

### ECONOMIC ACTIVITY



120

**RESTRUCTURING  
OPERATIONS**  
in a balanced  
sectorial diversity  
in 2020

## Market Risk

Market risk, by definition, deals with the possibility of the amount of loss a portfolio may suffer as a result of fluctuations in rates, mismatches in terms, currencies and indexing of the asset and liability portfolios held by the Bank.

In terms of market risks, the Bank has a policy of not leveraging its activity, by means of trading financial instruments, recognizing the activity shall be essentially based on the commercial and retail segments. The Market Room's business activity must focus on prudent cash management, by means of the application and profitability of liquidity surpluses. For this purpose, the Bank has implemented mechanisms which allow for controlling the risks regarding the Assets and Liabilities Management Committee (ALCO).

The portfolio acquisitions with longer maturities reflect financial investments subject to a combined credit risk, market risk and optimization of risk-weighted assets assessment, in order to maximize the balance between profitability and risk.

Portfolio investments favour assets with appropriate levels of profitability and liquidity, and the portfolio, in its majority, is applied in public debt securities eligible for the Angolan National Bank's monetary policy operations and for liquidity coverage ratio purposes.

The acquisition of public debt securities for the Bank's own portfolio is performed as set out by the Board of Directors.

The Risk Directorate has the responsibility of monitoring such investments according to the policies in place, reporting to their superiors on any defaults or deviances.

As of the end of 2016, market risk has been included in the Financial Institutions' regulatory requirements, being noteworthy the Notice No. 04/2016 - Regulatory Own Funds Requirements for market risk and counterparty credit risk in the trading portfolio; Instructions No. 14/2016 - Computing and requirement of regulatory Own Funds for market risk and counterparty credit risk in the trading portfolio; and No. 15/2016 - Provision of information on regulatory own funds for market risk and counterparty credit risk in the trading portfolio and No. 27/2016 - Governance of market risk.

## Interest Rate Risk

The interest rate risk may be defined as the impact on profits and equity arising from an adverse change in market interest rates. The Bank assumes an interest rate risk when in the development of its business activity, it enters into operations with financial flows that are sensitive to possible interest rate variations.

In the context of regulatory commitments for the reporting of interest rate risk, the Bank assesses the impact of interest rate fluctuations on net interest income and equity, considering an instantaneous positive or negative impact of 2% that results in a parallel movement of the yield curve of the same magnitude. According to the impact, the Bank complies with the limit defined in Notice 08/2016 as regards to regulatory own funds.

## Liquidity Risk

Liquidity risk is fundamental for the Bank's treasury management, and is subject to periodic analysis presented at the Asset and Liability Management Committee.

Liquidity risk consists in the risk of non-compliance with payment obligations in due time or doing so at an excessive cost, either due to more severe financing conditions (financing risk) or due to forced asset sales below market value (market liquidity risk).

The IFD has an appropriate structure for monitoring liquidity, market and exchange rate risks, as prudential limits for exposure to these risks have been established for the Bank's operations in the interbank money market and the exchange market.

For short-term investments in its own portfolio (own portfolio market risk), the goal consists in profiting on liquidity surpluses in addition to applications in the Interbank Money Market, making a positive contribution to the Bank's financial margin.

This aspect includes the applications in Treasury Bills, the acquisition of Repurchase Agreements (Repos) and the Permanent Lending Facility to the Central Bank.

On a month basis, the IFD prepares reporting information for the Executive Committee of the Board of Directors on the development of the Bank's investments and its exposure to the level of such risks.

## Control of Liquidity Risk

The IFD controls liquidity daily and based on internally defined metrics that measure the maximum needs of concessions and borrowings of funds that may occur, also assessing the development of the Bank's liquidity position.

According to Instruction No. 19/2016, of August 30 - Liquidity Risk - the Risk Directorate reports every month to the Angolan National Bank on the economic value of future cash flows in domestic and foreign currency so that the liquidity level can be assessed and monitored.

Liquidity risk is fundamental for the Bank's treasury management, and is subject to periodic analysis presented at the Asset and Liability Management Committee.

## Liquidity Contingency Plan

Liquidity management plays an important role in guaranteeing the Bank's sustainability with the maintenance of appropriate levels of liquidity being essential for the Bank's proper functioning, having special relevance in situations of treasury pressure, crisis or recession.

The Bank's Liquidity Contingency Plan (LCP) seeks to anticipate and respond to the possibility of disturbances in the Bank's capability to make payments, complementing and articulating the rules and principles defined in the Risk Management Principles and Policies with the measures and liquidity indicators prudentially defined.

The LCP defines a set of action plans to be activated in a liquidity crisis scenario:

### **Crisis Identification:**

- The LCP defines metrics that establish the Bank's "minimum liquidity" condition. Failure to comply with these parameters characterizes a situation of liquidity crisis and, consequently, determines the activation of the LCP.

A liquidity crisis can be classified as to its degree of severity as: mild, severe or very severe, and as regards its nature: as temporary (singular) or prolonged (structural).

Once the liquidity crisis is identified, together with the RD, the IFD, proceeds to its classification as to its degree of severity and nature.

### **Internal Communication:**

- The LCP defines communication circuits between the intervening parties in the LCP, ensuring that all those involved in corrective actions are duly alerted to the measures to be taken.

### **Corrective Measures and Action Plans:**

- The LCP defines the set of measures and actions capable of overcoming or mitigating the effects of the liquidity crisis. Corrective measures and actions must be adjusted according to the classification of the crisis.

## Liquidity Stress Test

The management of liquidity requires the analysis of financial scenarios in which possible problems with liquidity are assessed, for which it is necessary to build and study scenarios in crisis situations. The model used for this analysis is the Stress Test, which assesses the Bank's financial structure and its capacity to resist and react to more extreme situations. The purpose of the Liquidity Stress Test is to allow the simulation of adverse market conditions, enabling to assess impacts on the Bank's liquidity and payment capacity. liquidity in troubled scenarios.

The scenarios are defined according to the analysis of the market behaviour during previous crises, as well as future estimates. Two crisis scenarios are elaborated, with different intensities. Based on the analysis of the stress models, it is verified that the Bank complies with the liquidity ratios, supporting liquidity losses for a given horizon of days, in all simulated crisis scenarios.

## Foreign Exchange Rate Risk

The exchange rate risk arises from exchange rate variations which affect structural balance sheet positions in foreign currency. Its management aims at minimizing the impact of this structural risk on the Bank's profits and equity position.

The Bank's portfolio exchange rate risk keeps a set of small-sized positions and portfolio reduced risk, which is managed specifically by IFD, with the corresponding risk being controlled daily by means of the metrics and limits set forth for market risk control.

The Bank monitors its exposure to foreign exchange risk by controlling and daily reassessing the exposure of the global open positions taken for each currency and adopting hedging strategies to ensure that these positions remain within the approved limits.



## Operational Risk

The operational risk is materialized in the occurrence of losses arising from failures or deficiencies of processes, systems or people, or even from external events. Operational risk management is based on a decentralized model, and its coverage and dissemination is verified at all levels of the hierarchical structure. The methodology establishes processes for charting activities and risks which seek to capture material exposures to operational risk, as well as processes for recording and approving events and self-assessing risks and controls.

In order to ensure the correct implementation of the previously mentioned control activities, the control functions frequently perform audits and inspections which enable for identifying situations which still require improvements and the definition and monitoring of action plans to address them.

This risk is transversal to the various processes developed, being minimized through the implementation of adequate control and mitigation procedures.

For calculating the own funds requirements to cover operational risk, the Bank initially opted for the basic indicator method established in the Notice No. 05/2016 and the Instruction No. 16/2016, of August 8.

Periodically, reports are made to the Executive Committee on the audits and inspections made, indicating the situations identified and the action plans to be implemented.

## Concentration Risk

The concentration risk control is an essential element of management. The Bank continuously monitors the degree of concentration of credit risk portfolios according to different relevant dimensions: by sector and by customer groups.

The factor of risk concentration is duly considered by the Bank in its risk management strategies, policies and processes, defining the responsibilities of relevant employees and developing processes to identify, assess, monitor, control and disclose information regarding risk concentration

The Risk Directorate analyses credit concentration risk on a half-yearly basis, based on internal criteria, determining the Individual Concentration Index (ICI) and the Sector Concentration Index (SCI) for such purpose. In those exercises, the Risk Directorate includes a more in-depth analysis at the level of sectorial concentration through the grouping of related activity sectors and at the level of individual concentration.

As for counterparty credit risk, the Bank's goal is to diversify counterparties based on methodologies for the assessment, monitoring and control of credit limits for institutions, in addition to complying with prudential limits for large risks in accordance with Notice No. 09/2016, of the Angolan National Bank.

## Reputational Risk

The Bank's image is followed-up by the Marketing Directorate, developing advertising campaigns and actions with its customers throughout the year in order to broadcast the principles and values of Banco BIC.

Regarding the management of reputational risk, the Compliance Office has the responsibility of coordinating and safeguarding the proper execution of procedures aimed at preventing money laundering and terrorism financing.

Along with the Executive Committee, these areas are responsible for regularly monitoring and assessing situations that may jeopardize the Bank's reputation, having the additional responsibility of taking the necessary steps to solve them.

The Bank's reputation policy consists in constantly broadcasting the vision, mission and values which guide its business activity and its relationship with customers, counterparties, shareholders, investors and the Supervisory Authority.

The Bank's reputational policy consists in the continuous transmission of its vision, mission and values.

## Compliance Risk

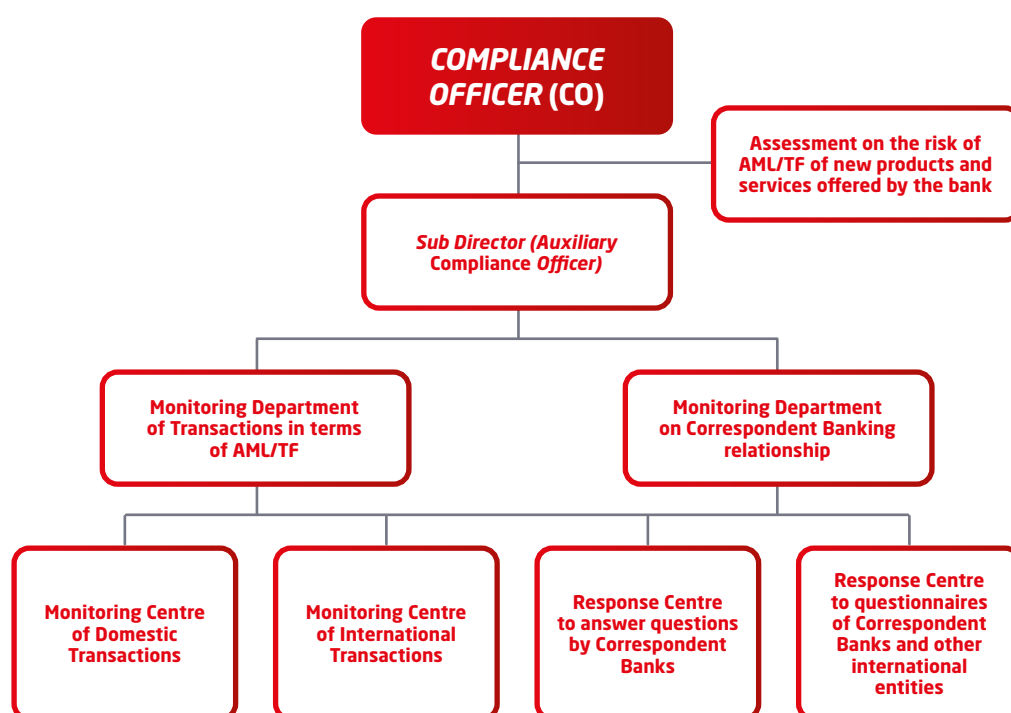
Compliance risk consists in the occurrence of negative impacts on profits or equity due to violations or non-compliance with laws, regulations, specific determinations, agreements, codes of conduct and relationship with customers, established practices or ethical principles that materialize in sanctions of a legal nature, limitations regarding business opportunities, the reduction of the expansion potential or the impossibility of demanding compliance with contractual obligations.

Therefore, concerning the Compliance risk, the Bank's goal consists in respecting the applicable legal and regulatory provisions, including those relating to the prevention of money laundering and combating terrorism financing, as well as professional and ethical rules and practices, internal and statutory rules, codes of conduct and relationship with customers and guidelines from the Corporate Bodies, thus protecting the institution's reputation and preventing it from being the target of sanctions.

Banco BIC has implemented methodologies and tools which enable it to take preventive actions in the event of compliance and reputational risk events, as indicated in chapters 6.2 Compliance and 7 Money laundering and terrorism financing.

These methodologies secure a regular monitoring and assessment of the adequacy and effectiveness of the measures and procedures adopted to detect any risk of non-compliance with legal obligations and duties to which the institution is bound. Likewise, the Bank also has procedures and tools which allow for the permanent monitoring and assessment of risks regarding the prevention of money laundering and the fight against terrorism financing, adopting standards in accordance not only with the legal provisions in force, but also with the best international practices.

**The risk management model for institutional Compliance** in force at the Bank is based on several aspects and is not limited to the functional organization chart presented below.



**Risk management of AML/TF (Anti-Money Laundering and Terrorism Financing)** is a fundamental component of the Compliance risk management carried out by the Compliance Office within our institution.

**The risk of AML/TF (Anti-Money Laundering and terrorism financing)** has been gaining importance within the compliance function since the first legal mechanisms have been adopted, with the entry into force of the former AML/TF Law in 2011, in the framework of the set of requirements of the main International Organizations for monitoring the risk of AML/TF in countries (especially the FATF - Financial Action Task Force, and the ESAAMLG - Eastern and Southern Africa Anti-Money Laundering Group).

The impact of these government adoptions of international commitments was felt systemically, that is, at the level of national financial institutions and naturally Banco BIC, S.A. was no different.

The information tool to support the prevention of the risk of money laundering and terrorist financing in use at Banco BIC has the following features:

- By instantly crossing with International Sanction Lists and World Lists of people classified as Politically Exposed Persons (PEP's), the tool identifies cases of Designated Persons (a situation that is reported to the authorities) and PEP's;
- Due to a set of pre-defined variables (e.g., nationality, profession, place of birth, etc.), the tool automatically assigns a risk level to the customer in question (an entity marked as PEP is immediately considered of High Risk);
- The tool assigns a risk level to all entities associated together; this means that the tool builds relationships between entities based on the information available in the BANKA system and assigns to all the highest level of risk of one of the holders.

In addition to other functions, this application has a KYT module that allows the introduction of a considerable number of account handling rules.

These rules are analysed against all Banco BIC's transactions, with the operation being restricted when a process is triggered through a rule for the movement of values abroad. Additionally, the tool creates a profiling for each bank account, depending on its normal movement and the level of risk associated with the entity holding that account.

During the financial year 2020, our statistics revealed that around 690 thousand transactions were analysed automatically between the period of January to December 2020.

In the print screen below you can see the data produced by our management report:

**RELATÓRIO DE GESTÃO**

Desde: 2020-01-01 Até: 2020-12-31 **Gerar Relatório** **Limpar** **Exportar Documento**

Selecionar Todos: ☐

<input checked="" type="checkbox"/> Nº de transações analisadas	<input type="checkbox"/> Nº de processos por estado de SLA's
<input type="checkbox"/> Nº de transações consideradas suspeitas (numérico e percentual)	<input type="checkbox"/> Tempos médios de cada estado (total e por utilizador)
<input type="checkbox"/> Nº de clientes criados	<input checked="" type="checkbox"/> Nº de processos automáticos KYT
<input type="checkbox"/> Nº de entidades bloqueadas/condicionadas	<input checked="" type="checkbox"/> Nº de processos automáticos KYC
<input type="checkbox"/> Nº de entidades desbloqueadas	<input type="checkbox"/> Nº de processos manuais internos KYC
<input type="checkbox"/> Nº de processos por perfil (fechados e em análise)	<input type="checkbox"/> Nº de processos manuais internos KYT
<input type="checkbox"/> Nº de comunicações (total e percentual)	<input type="checkbox"/> Nº de processos manuais externos
<input checked="" type="checkbox"/> Valor médio das transações analisadas	<input type="checkbox"/> Nº de comunicações DIPD/DOs (total e percentual)
<input type="checkbox"/> Valor médio das transações consideradas suspeitas	<input type="checkbox"/> Nº e valor de processos referenciados (HJR)
<input type="checkbox"/> Valor máximo das transações analisadas	<input type="checkbox"/> Valor médio das transações comunicadas (UIF)
<input type="checkbox"/> Nº de transações superiores ao limite estipulado	<input type="checkbox"/> Valor máximo das transações comunicadas (UIF)
<input type="checkbox"/> Valor total das transações em numérico	

**Nº TRANSAÇÕES ANALISADAS: 690366**

**VALOR MÉDIO DAS TRANSAÇÕES ANALISADAS: 220853.19**

**690  
Thousand**

**TRANSACTIONS**  
were analysed  
automatically in the  
year 2020

Another fundamental aspect in the management of AML/TF (**Anti-Money Laundering and Terrorism Financing**) risk, in addition to the interaction and compliance with the legal and regulatory requirements of regulatory institutions and other important national stakeholders is the fulfilment of the duties established by the AML/TF Legislation (Law 05/20 on preventing and combating money laundering, terrorist financing and proliferation of weapons of mass destruction) in force in Angola.

From this point of view, we should highlight that, in compliance with the reporting obligation established by the AML/TF Legislation in force, the Bank reported daily an average of about 150 (one hundred and fifty) declarations of cash transactions to the Financial Information Unit (FIU), i.e., the Bank reported more than 37,000 (thirty-seven thousand) declarations of cash transactions to the FIU during the previous financial year.

We should also highlight that, in 2020, more than 21 Suspicious Transactions were submitted to the Financial Information Unit (FIU) for consideration. About 50% of the cases reported were Process disseminated with the Judicial Authorities.

The assessment of the degree of exposure to AML risk of our client portfolio was also assessed by the Compliance Office during the 2020 financial year in the context of AML risk management. It was found that the percentage of customers associated with a high-risk profile compared to the total number of customers is approximately 7.31%, that is, the degree of exposure to the AML risk of our customer portfolio is relatively low.

Monitoring Correspondent Banking relationships, that is, an external component, is another aspect of institutional compliance risk management.


It is the responsibility of the Compliance Office to respond to all requests and clarifications on payment transactions abroad that go through our correspondents, whether of a legal or transactional nature (Compliance).

Forex Workflow has been the channel used by the CO to mitigate the AML/TF risk in Trade Finance transactions through this tool's automatic mechanism that allows interfacing with the central AML system. FOREX is a channel that aims to facilitate the circulation flow of operations at the Bank, from the date of entry into the commercial network until follow-up in the other associated areas, in order to ensure a better monitoring of the operational status of the operations, that is, aims at ensuring that the operations inserted in the pipeline comply with the Compliance assumptions.

During the period from January 1, 2020 to the current date, approximately 796 Trade Finance Transactions were refused for non-compliance with the compliance assumptions established for executing Trade Finance transactions.

The management of Compliance Control with the national and international Regulatory Framework is also an aspect of the Compliance risk management ensured by the Compliance Office.

The Compliance Office is responsible for the control and dissemination of the regulatory framework regarding the prevention of AML/TF and Proliferation of Mass Destruction Weapons within the institution and beyond, in order to ensure the mitigation of reputational risk arising from non-compliance with the legal requirements of regulators and other relevant institutions.



FOREX is a channel that aims to facilitate the circulation flow of operations at the Bank, from the date of entry into the commercial network until follow-up in the other associated areas, in order to ensure a better monitoring of the operational status of operations.

# Internal Control

In compliance with the BNA's Notice No. 02/2013, of March 22, and in the light of the development of the Angolan financial system, namely the increase in the complexity of operations, products and financial services offered, taking into consideration, at the same time, the most recent guidelines issued by international bodies of reference, reflecting generally accepted international supervisory practices, the existence of an effective internal control system is of essence in the banking management and the support which guarantees the credit institutions' appropriate administrative organization and control of the operational, reputational and financial risks.

Internal control is aimed at ensuring Banco BIC achieves its targets in a manner suitable to its size and to the complexity of the activity in a safe, prudent and controllable way.

Internal Control is intended to ensure that Banco BIC achieves its goals in a safe, prudent and controllable way.

## Internal Control System

An integrated set of policies and processes, permanent and cross-sectional to the institution as a whole, performed by the Board of Directors and other employees in order to make it possible to achieve the goals of efficiency in the execution of operations, risk control, reliability of accounting information and support to management and compliance with legal regulations and internal guidelines.

## Goals

1. The internal control system shall develop the following objectives:

- a) The assurance of assets existence and security;
- b) Risk control of the institution's business activity, mentioned in the this annual report;
- c) The compliance with the prudential rules in force;
- d) The existence of complete, reliable and timely accounting and financial information, namely with regard to its recording, conservation and availability;
- e) The disclosure of reliable, complete and timely financial information to the supervisory authorities;
- f) The prudent and appropriate valuation of assets and liabilities;
- g) The adequacy of the operations performed by the institution as regards other legal, regulatory and statutory provisions applicable to its internal rules, corporate bodies' guidelines, professional standards and practices and other rules relevant to the institution;
- h) The prevention of the institution's involvement in operations associated with money laundering and terrorism financing.

2. In order to achieve the described goal, it is necessary not only that the internal control system implemented encompasses, in a coherent way, the definition of the organizational structure, methods and procedures for this purpose, but also that it is itself regularly subject to verification of its functioning and effectiveness.

3. Through Notice no. 02/2013, the Angolan National Bank established that "the institutions of the national financial system must have an internal control system that complies with the minimum requirements" defined in such Instruction. Additionally, it further determines "the fundamental rules of the internal control system, establishing its goals, procedures and means to ensure its execution, which must be written down and made available to its users".

This Notice also establishes that a report on the internal control system is prepared annually, to be sent to the Angolan National Bank, in accordance with Instruction No. 01/2013 - Internal Control.

4. Banco BIC defines the goals, rules and competences necessary for the design, implementation and verification of the internal control system and compliance with the guidelines of the Angolan National Bank on this matter. Internal control is designed to ensure that your goals are achieved in a safe, prudent and controllable way.

## General Principles

1. The design, periodic assessment and review of the Bank's internal control system is the responsibility of the Executive Committee or equivalent body.
2. The internal control system is formalized in specific documents, sufficiently detailed and which include five integrated components, namely: the control environment, risk management systems, control activities, information, communication and the monitoring process.
3. Banco BIC will maintain and update an Internal Control System that encompasses the organizational structure, methods and procedures suitable for pursuing the strategic guidelines outlined by the Executive Committee, with a view to complying with the objectives defined in Article 4 of Notice No. 2/2013, of April 19, from the Angolan National Bank.
4. The internal control system implemented will seek to ensure that the following principles are always complied with:
  - a) Appropriate segregation of functions between authorization, execution, registration, value custody and control;
  - b) Chronological reconstruction of the operations carried out;
  - c) Justification of all accounting information by means of valid supporting documents;
  - d) Verification of the achievement of the established objectives and guidelines, by each body in charge, by means of reliable and timely information;
  - e) Particularly regarding computer systems, the following principles, among others, shall be complied with:
    - i. The systems shall be described in detail and all changes made must be contained in an appropriate document;
    - ii. Data should be subject to regular checks;
    - iii. The equipment, applications and data must be provided with appropriate protection, thus preventing damage, fraud and unauthorized access to the system and confidential information.
5. The maintenance and updating of the internal control system requires the collaboration and control of all Banco BIC's organic units and their corresponding areas of activity.
6. The Organizational Structure shall ensure a permanent concern in the several Internal Control aspects, guided by ethical and integrity principles, the respect for the Code of Conduct and Policies which identify and mitigate conflicts of interest, the definition and implementation of Internal Control processes and practices, the requirement for knowledge on how to manage relevant risks, the appropriate segregation of functions of authorization, execution, registration, accounting and control; at the same time, this should also take into consideration that the organic and functional aspects are compatible with the strategy defined previously, providing the resources and means in number, knowledge and experience enabling the structure units to act with transparency with regard to the reporting of information and control, with their proprietary responsibility and authority, respecting the segregation of functions in the tasks assigned to them.
7. In the context of the Bank's Corporate Governance system, the key functions of its Internal Control System are internal audit, Compliance and risk management.
8. The Bank's Board of Directors shall guarantee the independence, the status and effectiveness of the key functions of the risk management, Compliance and auditing internal control systems, which must be provided with sufficient human and material resources to perform their duties.
9. Notwithstanding the above, the Organization and Quality Directorate (OQD), the Compliance Office (CO) and the Risk Directorate (RD), as well as the Internal Audit Directorate (IAD), the Information Systems Directorate (ISD), the Material Resources Directorate (MRD), the Accounting Directorate (AD), the Credit Risk Analysis Directorate (CRAD) are entrusted with specific powers with regard to the design, coordination and verification of the internal control system, as described below and pursuant to the provisions of Art. 16 of the Notice No. 02/2013.





**BancoBIC**  
Growing together





05

## Money Laundering and Terrorism Financing

# Money laundering and terrorism financing

Credit Institutions are vulnerable to be used in concealing, converting, transferring, or investing funds of illegal origin, deriving from activities legally provided as criminal.

The Republic of Angola approved Resolutions no. 19/99, of July 30, 21/10, of June 22 and 38/10, of December 17, published in the State Gazette ("DR"), Series I, no. 31, 115 and 239, which ratify, correspondingly, the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Transnational Crime and the Suppression of Terrorism Financing, aiming at ensuring the security of the Angolan financial system.

The Law no. 34/11, of December 12, establishing preventive and repressive action to fight money laundering and terrorism financing has been revoked by the new Law no. 5/20, of January 27.

This set of legal provisions is not aimed exclusively to criminalize certain behaviours, namely those resulting in 'laundering money arising from illicit activities', but also to establish a set of measures with a preventive nature, especially aimed at the financial system.

In this sense, Banco BIC has continuously adopted and updated strategies, policies and processes which allow for preventing the use of Credit Institutions in Money Laundering and Terrorism Financing (AML/TF). The main aspects to be highlighted are the following:

- Implementation and disclosure of the Manual on Prevention of Money Laundering and Terrorism Financing;
- Preparation and disclosure of Compliance standards and policies across the organization;
- Implementation and development of software intended for the Prevention of Money Laundering and Terrorism Financing, both at the Know Your Customer (KYC) and Know Your Transaction (KYT) levels;
- Development, together with internationally recognized partners, of training sessions aimed at the entire universe of Banco BIC employees.

The Compliance Office is responsible for ensuring compliance with the procedures adopted with a view to complying with the aforementioned.

The Compliance Office is responsible for ensuring compliance with the procedures adopted in order to comply with the aforementioned aspects. In addition, the articulation with the Angolan National Bank and the Financial Intelligence Unit is developed through the Compliance Office, with regard to matters concerning ML/TF, by means of a close collaboration with these bodies and by taking part in seminars promoted for such purpose, including in the meeting with observers from the Financial Action Task Force (FATF), resulting in Angola's departure from the jurisdictions under monitoring.

In addition, Banco BIC has acted proactively with international partners, namely the Correspondent Banking, in order to continuously adapt to the best international practices in this area.

Banco BIC has continuously adopted and updated strategies, policies and processes that allow for preventing the use of Credit Institutions in Money Laundering and Terrorism Financing.





**WE PRODUCE TOGETHER,  
WE GROW TOGETHER.**



**Banco BIC** is by your side  
in Fisheries, Livestock  
and Agriculture.

Maximum Term of Financing: from 2 years (24 months) to 8 years (96 months).  
Public Guarantee: up to 75% of the financed capital.



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**+(244) 923 190 870**  
Service available 24/7

[www.bancobic.ao](http://www.bancobic.ao)



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06

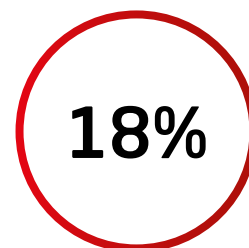
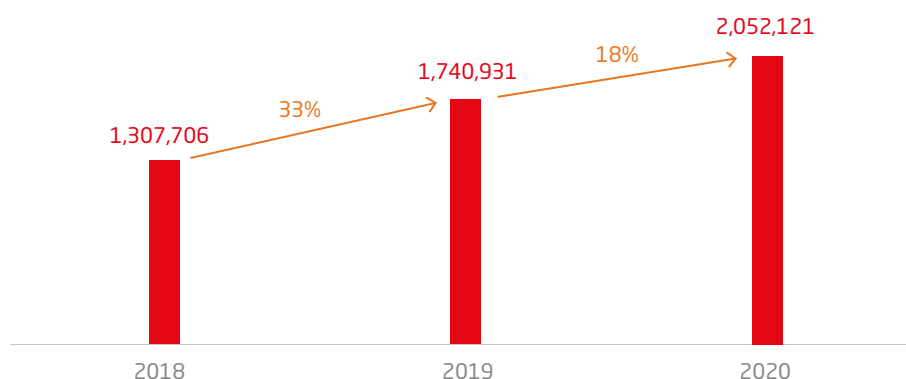
Financial  
Analysis



# Financial Analysis

The Bank's Net Assets amount to AOA 2,051,121 million as of December 31, 2020, an increase of AOA 311,190 million when compared to December 2019, corresponding to a variation of about 18%. Such an increase was boosted by the Credit Granted to Customers, which grew from AOA 563,100 million as of December 31, 2019, to AOA 662,838 million, by way of Investments at their Amortized Cost (Securities Portfolio), which had an increase of AOA 79,263 million, as well as Applications with Central Banks and Other Credit Institutions, which increased AOA 22,171 million.

## NET ASSETS

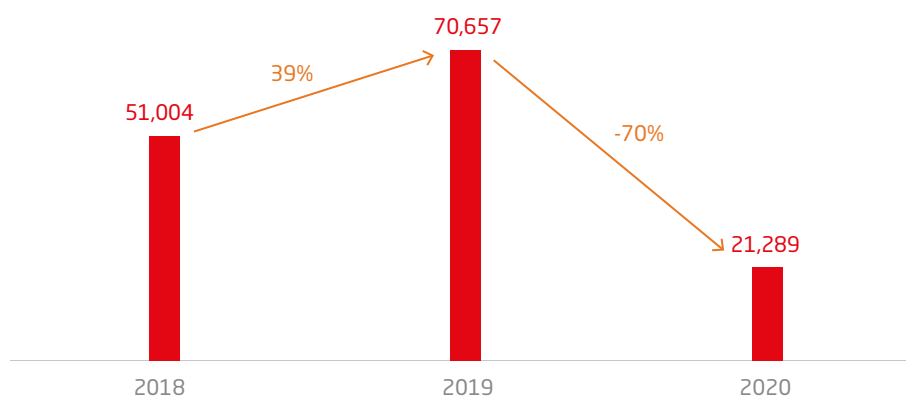


**INCREASE OF THE  
NET ASSETS**

Assets are mostly financed by customer resources and other loans, which recorded an increase of AOA 143,852 million in comparison with that of December 31, 2019, a growth of 12%. As of December 2020, customer resources amounted to AOA 1,346,637 million.

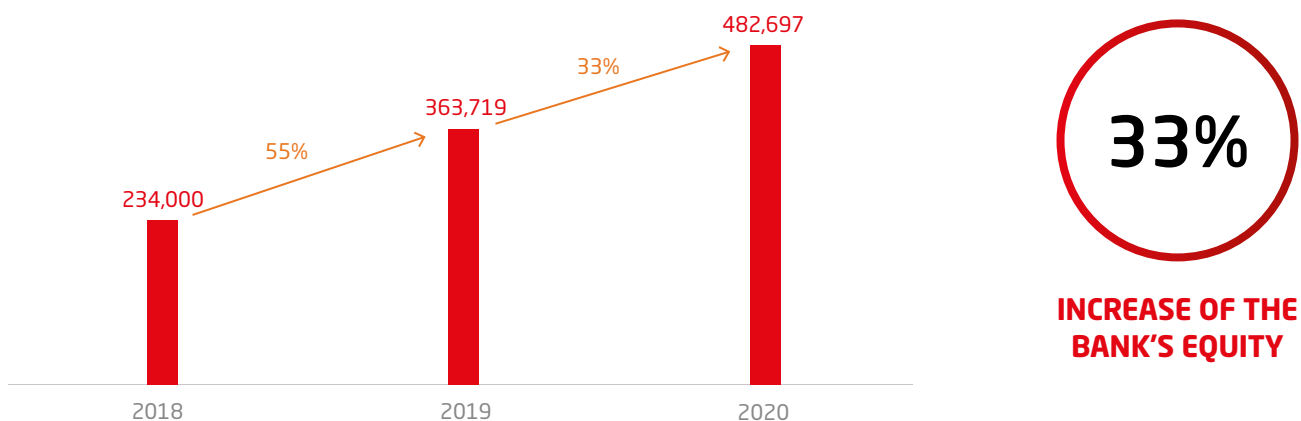
Banco BIC's net profit in the financial year of 2020 totalled AOA 21,289 million, which compares with the net profit of AOA 70,657 million on December 31, 2019, corresponding to a decrease of 70% compared to the same period of the previous year.

## NET PROFIT



As of December 31, 2020, the Bank's equity amounted to AOA 482,697 million, an increase of AOA 118,978 million, compared to the AOA 363,719 million that occurred on December 31, 2019. This variation is mainly explained by the Reinforcement of Monetary Update Reserve of Own Funds in the amount of AOA 118,886 million, for the application of results related to the financial year of 2019 and for the net result of the financial year of 2020.

## EQUITY

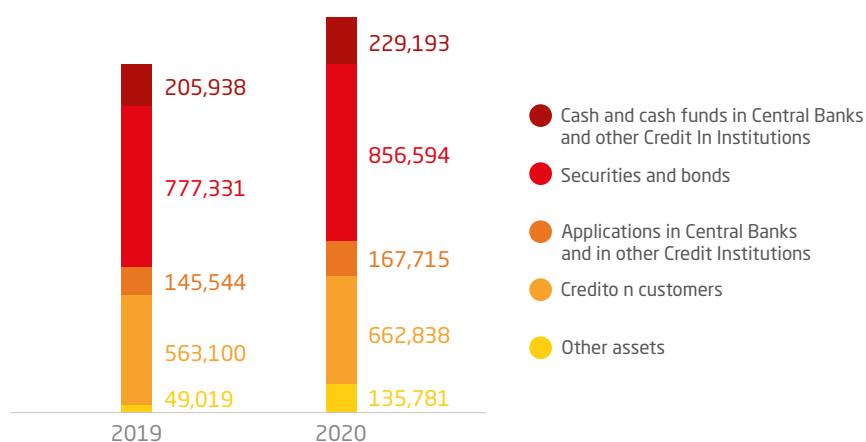


# Balance Sheet

## Assets

On December 31, 2020, the Bank's Net Assets reached the amount of AOA 2,052,121 million, having thus registered an increase of 18% in relation to 2019. Amortized Cost and Investments in Central Banks and Other Credit Institutions, which show an increase of AOA 99,738, 79,263 and 22,171 million, respectively, compared to December 31, 2019. These increases are due, on the one hand, to the devaluation of the Angolan kwanza against the US Dollar in the financial year of 2019 and, on the other hand, the increase in investment in securities (Treasury Bills) and investments in the money market.

### NET ASSETS



(in Millions)	'20		'19		Δ
	AOA	USD	AOA	USD	%
<b>ASSETS</b>					
Cash and funds in central banks	190,924	294	170,150	353	12%
Funds in other credit institutions	38,269	59	35,788	74	7%
Applications in Central Banks and in other credit institutions	167,715	258	145,544	302	15%
Investment at its amortized cost	856,594	1,319	777,331	1,612	10%
Credit to customers	662,838	1,020	563,100	1,168	18%
Non-current assets held for sale	52,751	81	20,671	43	155%
Other tangible assets (Other property, plant and equipment)	22,720	35	15,160	31	50%
Intangible assets	2,064	3	247	1	736%
Investments in subsidiaries, associate companies and joint ventures	910	2	749	2	22%
Assets by deferred taxes	12,423	19	-	-	100%
Other assets	44,913	69	12,192	24	268%
<b>TOTAL</b>	<b>2,052,121</b>	<b>3,159</b>	<b>1,740,931</b>	<b>3,610</b>	<b>18%</b>

## Credit Granted to Customers

The portfolio of credit granted to customers (including subscription credit) evidenced a balance of AOA 994,954 million as of December 31, 2020, reflecting an increase of 11% when compared to the amount of AOA 898,176 million with reference to as of December 31, 2019. This increase is explained, on the one hand, by the effect of the exchange rate variation on credit granted in foreign currency and, on the other hand, by the increase in credit granted to customers in national currency.

(in Millions)	'20		'19		Δ
	AOA	USD	AOA	USD	%
<b>CREDIT GRANTED TO CUSTOMERS</b>					
1. Total Credit	994,954	1,532	898,176	1,861	11%
1.1 Credit on customers	608,652	937	620,712	1,287	-2%
Credit in National Currency	262,565	404	232,674	482	13%
Credit in Foreign Currency	346,087	533	388,038	805	-11%
1.2 Matured Credit and Interest	288,382	444	133,866	277	115%
Matured credit and interest National Currency	48,816	75	26,242	54	86%
Matured Credit and Interest Foreign Currency	239,566	369	107,624	223	123%
1.3 Interest Receivable	15,339	24	18,408	38	-17%
Interest Receivable National Currency	14,711	23	6,154	13	139%
Interest Receivable Foreign Currency	628	1	12,254	25	-95%
1.4 Subscription Credit	84,272	130	126,585	262	-33%
Guarantees and Sureties Granted	68,678	106	95,662	198	-28%
Open Documentary Credits	15,594	24	30,923	64	-50%
1.5 Commissions associated at their amortized cost	(1,691)	(3)	(1,395)	(3)	21%
2. Impairment and provisions created for credit risks	(253,131)	(390)	(212,712)	(441)	19%
Credit granted	(247,844)	(382)	(208,491)	(432)	19%
Provision of guarantees	(5,287)	(8)	(4,221)	9	25%
3. Credit Granted, Net of Impairment and Provisions	741,823	1,922	685,464	2,302	8%
<b>MATURED CREDIT / GRANTED CREDIT</b>	<b>31.67%</b>	<b>31.67%</b>	<b>17.35%</b>	<b>17.35%</b>	

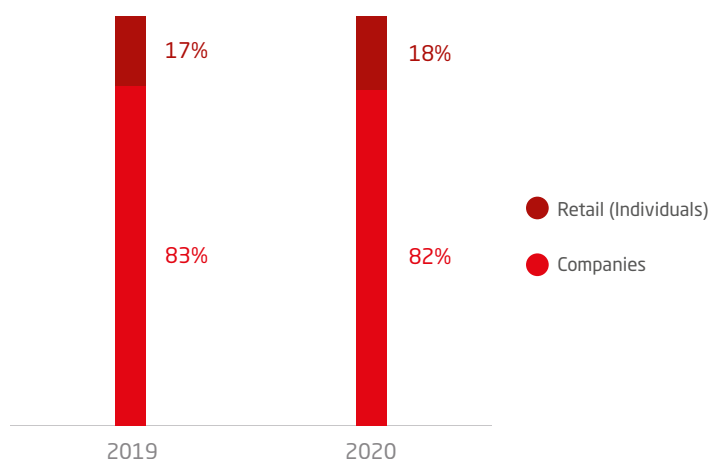
In the period under review, subscription credit reduced AOA 42,313 million, equivalent to 33%, standing at AOA 84,272 million on December 31, 2020.

Guarantees and Guarantees Provided reduced from AOA 95,662 million to AOA 68,678 million on 31 December 2020, while Open Documentary Credits registered a reduction of AOA 15,329 million.

In the financial year of 2020, the Bank maintained its conservative policy in the classification of the risk of credit operations granted, reinforcing the impairment created for credit risks. As at December 31, 2020, Banco BIC has total impairments and provisions in the amount of approximately AOA 253,131 million, that is, an increase compared to December 31, 2019 of around AOA 40,419 million (19%).

On December 31, 2020, the coverage of credit granted for impairment amounts to 27.22%, which compares with the 27.02% verified on December 31, 2019. In turn, the coverage of overdue credit for impairments is 88 % in December 2020.

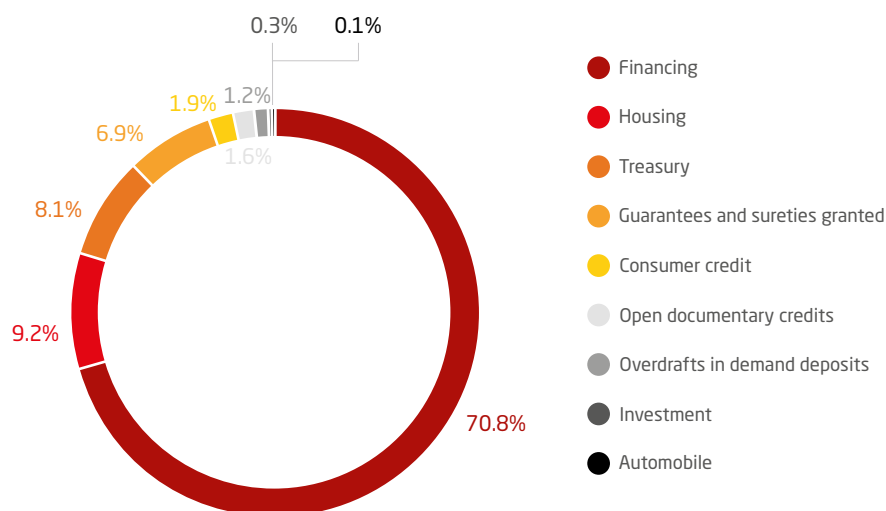
## BREAKDOWN OF CREDIT BY BENEFICIARY



As at 31 December 2020, around 82% of the loan portfolio corresponded to credit granted to Companies, while the remaining 18% refers to Individual Customers.

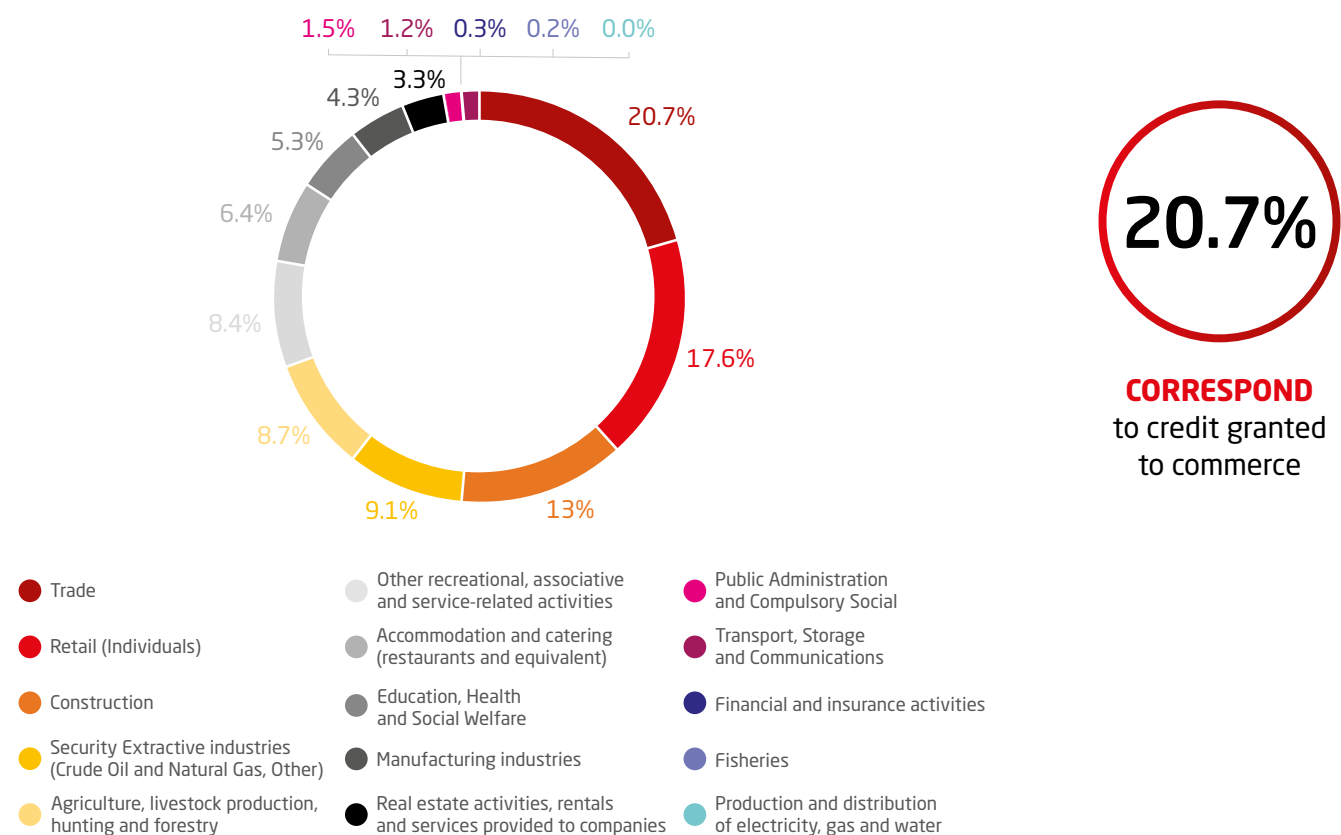
As of December 31, 2020 and 2019, the credit portfolio can be broken down by type of product as follows:

(in Millions)	'20		'19		Δ
	AOA	USD	AOA	USD	%
CREDIT BY TYPE OF PRODUCT					
Financing	705,739	1,086	603,307	1,251	17%
Housing	91,247	140	74,338	154	23%
Treasury	80,329	124	67,376	140	19%
Guarantees and sureties granted	68,678	106	95,662	198	-28%
Consumer credit	19,099	29	14,759	31	29%
Open documentary credits	15,594	24	30,923	64	-50%
Overdrafts in demand deposits	12,090	19	9,846	20	23%
Investment	2,885	4	2,251	5	28%
Automobile	582	1	528	1	10%
VISA Credit Card	402	2	582	1	-31%
TOTAL	996,645	1,535	899,572	1,865	11%





The breakdown of the credit portfolio by type of product reveals a wide range of activities supported by Banco BIC. The products most in demand by the Bank's customers correspond to Financing, with a weighing of 70.8%, Housing with 9.2%, Credit for Treasury support with 8.1%, Guarantees and sureties provided with 6.9% and Open documentary credits with a weighing of 1.9%.



In the financial year of 2020, the sectors of Trade and Construction with 20.7% and 13.0%, respectively, were those that enjoyed the greatest support from Banco BIC in terms of credit granted. Also noteworthy are the credits granted to the retail sector (Private Customers), which absorbed 17.6% of the total credit granted.

In the financial year of 2020, although there was an increase in overdue credit of AOA 154,516 million compared to the amounts presented at the end of the financial year of 2019, the Bank maintains an adequate coverage of credit risk due to impairment and provisions.

The reinforcement evidenced at the level of provisions for credit allowed a slight increase in the ratio for impairment and provisions for credit on credit granted from 27.02% to 27.22% at the end of the financial year of 2020. On the same date, there was a decrease in the coverage ratio of overdue credit due to impairment from 156% to 86%, when compared to December 31, 2019.

(in Millions)					
	'20		'19		Δ
	AOA	USD	AOA	USD	%
<b>MATURED CREDIT</b>					
Credit to customers	910,682	1,381	771,591	1,564	18%
Matured Credit	288,382	444	133,866	277	115%
Matured Credit/ Credit to customers	31.67%		17.35%		83%
Matured Credit Coverage due to impairment	86%		156%		-45%
Impairment for Credit/ Credit to customers	27.22%		27.02%		1%

## Securities Portfolio

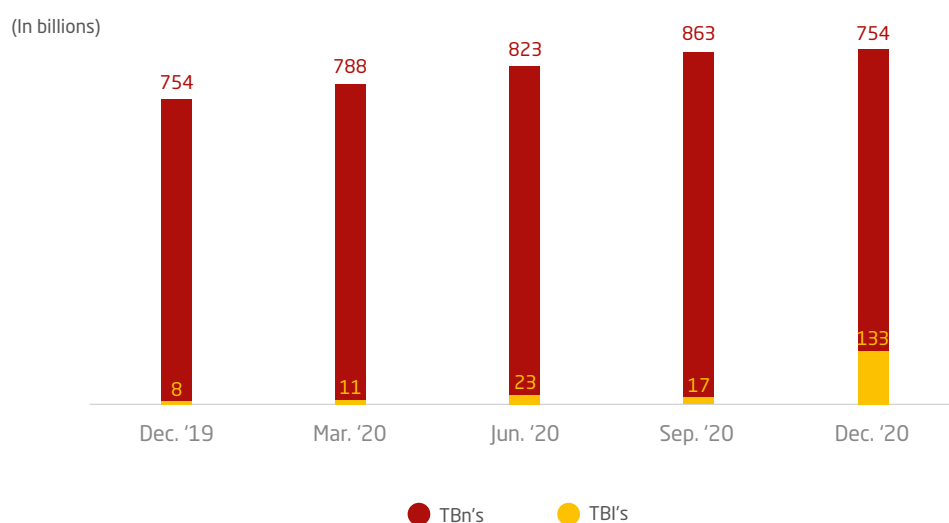
The Bank's securities portfolio is classified according to the substance implicit with the acquisition purpose, considering the features of the cash flows agreed upon for such assets and the business model adopted for their management.

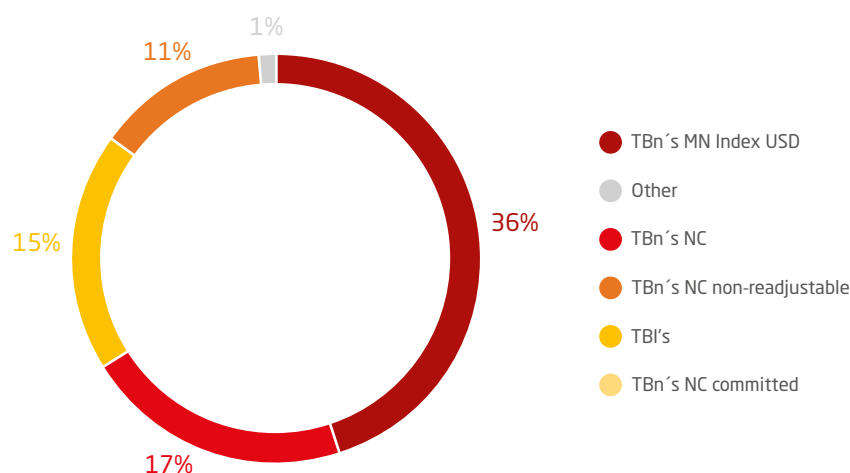
The portfolio is fully classified as 'Investments at their Amortized Cost', given that the securities in the portfolio comply with the SPPI (Solely Payment of Principal and Interest) tests, as well as the business model associated with holding the said securities.

(in Millions)	'20		'19		Δ
	AOA	USD	AOA	USD	%
<b>SECURITIES PORTFOLIO</b>					
Investments at their amortized cost	918,151	1,413	789,378	1,637	16%
Treasury Bonds	753,793	1,384	753,856	1,601	0%
In National Currency (Index USD)	506,362	779	583,576	1,210	-13%
In Foreign Currency (USD)	149,922	231	111,293	231	35%
In National Currency (Non readjustable)	97,509	150	58,987	122	65%
Treasury Bills	133,277	205	7,731	16	1624%
Other securities (Commercial Paper)	12,296	19	10,411	22	18%
Interest Receivable	18,785	29	17,380	36	8%
Impairment	(61,557)	(95)	(12,047)	(25)	411%
<b>TOTAL</b>	<b>856,594</b>	<b>1,318</b>	<b>777,331</b>	<b>1,612</b>	<b>10%</b>

The bank's securities portfolio recorded in the financial year of 2020 a growth of around AOA 79,263 million (10%), compared to the position on December 31, 2019. The Treasury Bills and Treasury Bonds in currency contributed to this variation. (non-readjustable) which increased by AOA 125,546 and AOA 38,522, respectively, as a result of the increase in the bank's investment. On the other hand, Treasury Bonds in national currency (Index USD) decreased by AOA 77,214 million.

As of December 31, 2020, the reinforcement of the impairment calculated for "Investments at their Amortized Cost", in the amount of AOA 49,510 million, results fundamentally from the change in the 12-month Probability Default (PD) resulting from the change in the rating of Republic of Angola credit.





## Liabilities and Net Equity

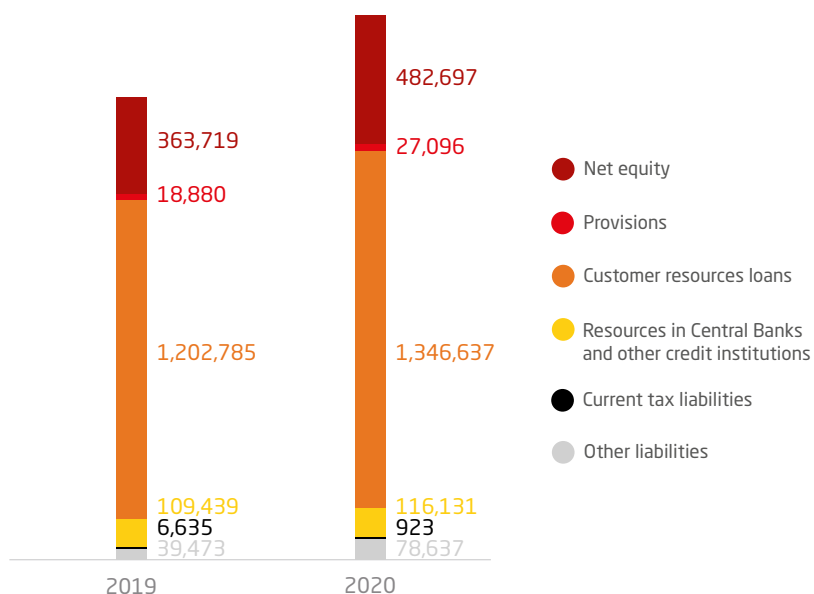
In the financial year 2019, the Bank's liabilities have recorded an increase of about AOA 192,212 million when compared to the financial year 2019, corresponding to a variation of 14%. This variation was mainly due to the variation in the item Customer resources and other loans, at approximately AOA 143,852 million (12 %) against the previous year.

In the financial year 2020, the Bank's equity increased by AOA 118,978 million, which was due, on the one hand, to the strengthening of the reserve for the monetary revaluation of equity, totalling AOA 118,886 million, as a result of the exchange rate variation occurred in 2020, to the net profit for the financial year, totalling AOA 21,289 million, and the distribution of dividends in the amount of AOA 21,197 million.



**EQUITY INCREASE**  
of AOA 118,978  
million

### LIABILITIES AND NET SITUATION



(in Millions)	'20		'19		Δ
	AOA	USD	AOA	USD	%
<b>LIABILITIES AND NET SITUATION</b>					
Resources in Central Banks and in other credit institutions	116,131	179	109,439	227	6%
Customer resources and other loans	1,346,637	2,073	1,202,785	2,494	12%
Provisions	27,096	42	18,880	39	44%
Current tax liabilities	923	1	6,635	14	-86%
Other liabilities	78,637	121	39,473	82	99%
Net equity	482,697	743	363,719	754	33%
<b>TOTAL</b>	<b>2,052,121</b>	<b>3,159</b>	<b>1,740,931</b>	<b>3,610</b>	<b>18%</b>

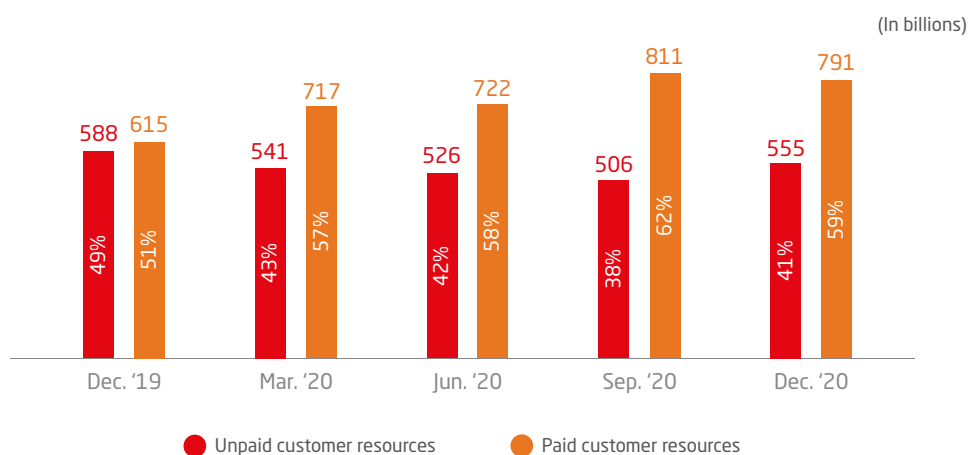
## Customer resources and other loans

The portfolio of total customer resources and other loans in the financial year of 2020 amounts to AOA 1,346,637 million, corresponding to an increase of AOA 143,852 million and a variation of 12% compared to December 31, 2019, essentially due to the increase in the item Savings Deposits.

In the financial year of 2020, total resources from customers and other loans include demand deposits in the amount of AOA 555,499 million and savings deposits in the amount of AOA 791,138 million.

(in Millions)	'20		'19		Δ
	AOA	USD	AOA	USD	%
<b>TOTAL CUSTOMER RESOURCES AND OTHER LOANS</b>					
Customer deposits	1,346,637	2,073	1,202,785	2,494	12%
Demand Deposits	555,499	855	588,266	1,220	-6%
National Currency	412,990	636	437,863	908	-6%
Foreign Currency	142,509	219	150,403	312	-5%
Savings Deposits	791,138	1,218	614,519	1,274	29%
National Currency	313,160	482	245,980	510	27%
Foreign Currency	477,978	736	368,539	764	30%
<b>TOTAL</b>	<b>1,346,637</b>	<b>2,073</b>	<b>1,202,785</b>	<b>2,494</b>	<b>12%</b>

In the financial year 2020, around 50% of the deposits corresponded to remunerated resources equivalent to AOA 791,138 million (AOA 614,519 million as of December 31, 2019), and the remaining AOA 555,499 million (AOA 588,266 million as of December 31, 2019) were related to unpaid resources.



The Credit/Resources transformation ratio increased from 129% as of December 2019 to 135% as of December 31, 2020.

(in Millions)	'20		'19	
	AOA	USD	AOA	USD
<b>TRANSFORMATION RATIO</b>				
Customer resources	1,346,637	2,073	1,202,785	2,494
Total Credit (including Credit to the State)	1,816,495	2,796	1,550,541	3,215
<b>TOTAL</b>	<b>135%</b>		<b>129%</b>	

## Provisions

In the financial year of 2020, the balance of provisions for probable liabilities amounts to about AOA 27,096 million (AOA 18,880 million as of December 31, 2019). Of this total, AOA 5,288 million correspond to provisions for guarantees provided, AOA 18,124 million refer to provisions for retirement pensions and the remaining AOA 3,685 million correspond to provisions to cover possible contingencies arising from the Bank's activity, as well as to reflect potential losses in the realization value of other assets.

## Equity

In the year ended December 31, 2020, the Bank's equity totalled AOA 482,697 million, with an increase of AOA 118,978 million equivalent to approximately 33% when compared to December 31, 2019.

(in Millions)	'20		'19	
	AOA	USD	AOA	USD
<b>EQUITY</b>				
Capital	20,000	31	20,000	41
Reserves and Profits Carried Over	441,408	679	273,062	566
Net Profit for the Financial Year	21,289	33	70,657	147
<b>TOTAL</b>	<b>482,697</b>	<b>743</b>	<b>363,719</b>	<b>754</b>

The reserves item increased by AOA 168,346 million in the financial year of 2020, of which AOA 118,886 million corresponds to the reinforcement of the monetary restatement reserve of equity and the remaining AOA 49,460 million corresponds to the appropriation of 70% of the net result of the financial year of 2019 in reservations, as approved at the Shareholders' General Meeting.

In the financial year of 2020, the Bank's Regulatory Own Funds calculated in accordance with Instruction 18/2016, of the Angolan National Bank, of August 8, were around AOA 445,906 million, which is equivalent to a Regulatory Solvency Ratio of about 25.3% comparable to the 20.3% presented on December 31, 2019.



# Statement of Profits and Losses

Banco BIC ended the financial year of 2020 with a net profit of AOA 21,289 million, which corresponds to a reduction of 70% compared to the same period of the previous year.

(in Millions)	'20		'19	
	AOA	USD	AOA	USD
<b>OPERATING ACCOUNT</b>				
1. Financial margin (FM)	87,144	134	91,264	189
2. Complementary margin (CM)	175,037	269	181,464	376
3. Income from banking activity (IBA) = (FM)+(CM)	262,181	404	272,728	566
5. Administrative and trading costs (ATC)	61,064	94	53,418	111
6. Impairment and provisions (IP)	73,397	113	33,429	69
7. Profits on net monetary position and Other (PO)	(118,854)	(183)	(108,589)	(226)
8. Profits on net monetary position and Other (PO)	8,866	14	77,292	160
9. Taxes on profits (TP)	(12,423)	(19)	6,635	14
<b>10. NET PROFIT FOR THE YEAR (NPY) = (PBT)-(TP)</b>	<b>21,289</b>	<b>33</b>	<b>70,657</b>	<b>146</b>
<b>11. CASH FLOW AFTER TAX (CF)</b>	<b>96,785</b>	<b>149</b>	<b>105,327</b>	<b>218</b>

In the financial year of 2020, the financial margin decreased by AOA 4,120 million compared to the financial year of 2019. This variation of the financial margin was due, on the one hand, to an increase in interest on securities (AOA 13,371 million) and, on the other hand, a decrease in credit interest (AOA 14,311 million). Additionally, there is an increase in interest on financial liability instruments (AOA 2,943 million).

(in Millions)	'20		'19	
	AOA	USD	AOA	USD
<b>FINANCIAL MARGIN</b>				
Interest from Credit	48,563	75	62,874	130
Interest on Securities and Bonds	73,843	114	60,472	125
Interest from Applications of Liquidity	3,301	5	3,446	7
Commissions received associated at their amortized cost	881	1	973	2
Interest from Financial Liability Instruments	(39,444)	(61)	(36,501)	(76)
<b>TOTAL</b>	<b>87,144</b>	<b>134</b>	<b>91,264</b>	<b>188</b>

In the financial year of 2020, the Complementary Margin evidenced an increase of about AOA 6,427 million when compared to financial year of 2019.

(in Millions)	'20		'19	
	AOA	USD	AOA	USD
<b>COMPLEMENTARY MARGIN</b>				
Income and charges from services and commissions	9,658	15	8,253	17
Profits from investments at their amortized cost	-	-	14	-
Profits from foreign exchange operations	167,105	257	175,218	363
Profits from the disposal of other assets	302	-	123	-
Other operating profits	(2,028)	(3)	(2,144)	(4)
<b>TOTAL</b>	<b>175,037</b>	<b>269</b>	<b>181,464</b>	<b>376</b>

The results of foreign exchange operations, which essentially correspond to gains in the purchase and sale of foreign currency transactions carried out by the Bank, as well as in the revaluation of the foreign currency exchange position, were fixed at AOA 167,105 million in the financial year of 2020, a reduction of approximately AOA 8,113 million compared to the same period of the previous year, essentially justified by the devaluation of the Angolan kwanza against the US Dollar verified in the financial year of 2020.

Additionally, in the financial year of 2020, the Bank increased the reserve for updating equity capital by AOA 118,886 million.

(in Millions)	'20		'19	
	AOA	USD	AOA	USD
<b>PROFITS IN FINANCIAL OPERATIONS</b>				
Exchange profits	167,105	257	175,218	270
Profits on net monetary position	(118,886)	(183)	(108,691)	(167)
<b>TOTAL</b>	<b>48,219</b>	<b>74</b>	<b>66,527</b>	<b>103</b>

Consequently, the profits of financial operations registered a reduction of AOA 18,308 million compared to the financial year of 2019.

The Bank's administrative costs, which aggregate personnel costs in the amount of AOA 35,599 million, third party supplies and services amounting to AOA 23,334 million and depreciation and amortization of the financial year of AOA 2,131 million, recorded an increase of approximately AOA 7,646 million (14.31%) compared to the financial year of 2019.

(in Millions)	'20		'19	
	AOA	USD	AOA	USD
<b>ADMINISTRATIVE AND TRADING COSTS</b>				
Personnel	35,599	55	34,234	71
Third party supplies and services	23,334	36	17,841	37
Depreciations and amortizations	2,131	3	1,343	3
<b>TOTAL</b>	<b>61,064</b>	<b>94</b>	<b>53,418</b>	<b>111</b>

Personnel costs totalled AOA 35,599 million, with an increase compared to the financial year of 2019 of AOA 1,365 million, while supplies and services from third parties increased to AOA 5,493 million, with a variation of approximately 31% compared to the same period of the previous year, this variation results essentially from the increase in Security and Surveillance and Administrative costs. Depreciation and amortization for the year stood at AOA 2,131 million, which represents an increase of AOA 788 million compared to the financial year of 2019.

Notwithstanding, the reduction in the number of employees from 2,084 to 2,075 employees on December 31, 2020, the increase in personnel costs resulted, essentially, from the updating of remunerations due to the exchange rate devaluation.

(in Millions)	'20	'19
<b>COST-TO-INCOME</b>		
Administrative and Commercialization costs	61,064	53,418
Income from banking activity (deducted from the net monetary position)	143,327	164,037
<b>COST-TO-INCOME</b>	<b>43%</b>	<b>33%</b>

In the financial year 2020, the cost-to-income ratio increased from 33% to 43% compared to the same period of the previous year. This variation is mostly explained by the decrease of the banking income in face of the increase in general administrative costs throughout the financial year ended December 31, 2020.

In the financial year of 2020, the Bank recorded deferred taxes on reportable tax losses in the amount of AOA 12,423 million (AOA 6,635 million tax on profits in 2019), as there are expectations that taxable profits will be generated in the coming years for its use.

Income from government debt securities including Treasury Bills and Treasury Bills issued by the Angolan State is excluded from taxation, pursuant to Article 23(1)(c) of code of this tax. This fiscal framework is decisive for the difference between the actual effective rate and the nominal rate in force of 35% (30% in 2019).

Presidential Legislative Decree no. 5/11, of December 30, levied interest on Treasury Bills, Treasury Bonds and other financial investments to CGT. However, as mentioned above, it only applies to securities issued after 1 January 2013.

The CGT rate varies between 5% (in the case of income from debt securities admitted to trading on a regulated market and having a maturity of three years or more) and 15%.

In the financial years of 2020 and 2019, the costs of this tax, which are recorded in the income statement under the item "Other operating income", amount to AOA 4,210 million and AOA 3,576 million, respectively.

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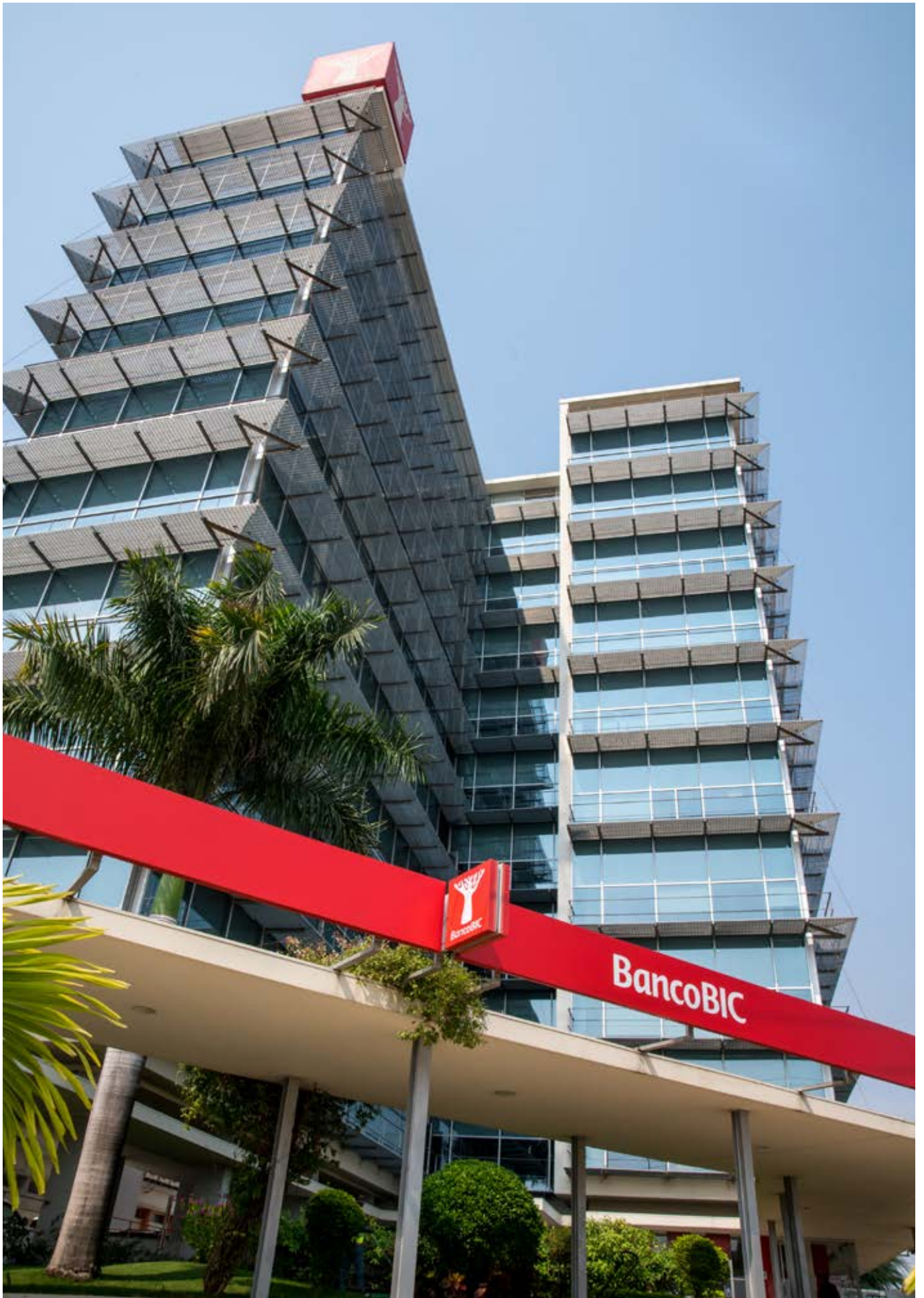
# Proposal for the Appropriation of Profits

In accordance with the legal provisions related to the constitution of reserves, the Board of Directors proposes that the positive net Results for the year ended December 31, 2020, totalling 21,289 million Angolan kwanza, should be applied as follows:

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Legal Reserve 20%	4,258 Million kwanza
Distribution of dividends to Shareholders 30%	6,387 Million kwanza
Other reserves and results brought forward 50%	10,644 Million kwanza







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Growing together





07

# Financial Statements and Notes

# Financial Statements

## BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Angolan Kwanza)

				'20	'19
	Notes	Gross assets	Impairment and amortization	Net assets	Net assets
<b>ASSETS</b>					
Cash and cash funds with central banks	3	190,924,161	-	190,924,161	170,149,668
Cash funds with other credit institutions	4	38,278,691	(10,209)	38,268,482	35,787,890
Applications in Central Banks and in other credit institutions	5	169,213,283	(1,498,434)	167,714,849	145,544,068
Investments at their amortized cost	6	918,150,634	(61,556,890)	856,593,744	777,330,725
Credit to customers	7	910,682,063	(247,843,797)	662,838,266	563,100,337
Non-current assets held for sale	8	75,138,839	(22,388,184)	52,750,655	20,671,292
Other tangible assets	9	35,442,215	(12,721,728)	22,720,487	15,159,687
Intangible assets	9	3,200,944	(1,137,382)	2,063,562	246,848
Investments in subsidiaries, associate companies and joint ventures	10	910,101	-	910,101	748,831
Deferred tax assets	26	12,423,029	-	12,423,029	-
Other assets	11	44,913,189	-	44,913,190	12,191,992
<b>TOTAL ASSETS</b>		<b>2,399,277,150</b>	<b>(347,156,624)</b>	<b>2,052,120,526</b>	<b>1,740,931,338</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Resources in Central Banks and in other credit institutions	12			116,131,011	109,439,319
Customer resources and other loans	13			1,346,636,866	1,202,785,346
Provisions	14			27,096,337	18,880,233
Current tax liabilities	26			922,987	6,635,175
Other liabilities	15			78,636,700	39,472,481
<b>TOTAL LIABILITIES</b>				<b>1,569,423,901</b>	<b>1,377,212,554</b>
<b>Equity</b>					
Share Capital	16			20,000,000	20,000,000
Re-evaluation reserves	16			325,357,446	206,471,028
Other reserves and profits brought forward	16			116,050,590	66,590,535
Net profit for the financial year	16			21,288,589	70,657,221
<b>TOTAL EQUITY</b>				<b>482,696,625</b>	<b>363,718,784</b>
<b>TOTAL LIABILITIES AND EQUITY</b>				<b>2,052,120,526</b>	<b>1,740,931,338</b>

The Annex is an integral part of these statements.

## STATEMENTS OF PROFITS AND LOSSES FOR THE YEARS ENDED ON DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Angolan Kwanza)

	Notes	'20	'19
Interest and similar income	18	126,587,811	127,765,048
Interest and similar charges	18	(39,443,602)	(36,501,274)
<b>FINANCIAL MARGIN</b>		<b>87,144,209</b>	<b>91,263,774</b>
Income from services and commissions	19	12,423,489	10,439,226
Charges with services and commissions	19	(2,765,659)	(2,186,436)
Profits from investments at their amortized cost	20	-	14,249
Exchange profits	21	167,105,012	175,218,017
Profits from the disposal of other assets	22	301,757	123,633
Other operating profits	23	(2,027,544)	(2,144,155)
<b>INCOME FROM BANKING ACTIVITY</b>		<b>262,181,264</b>	<b>272,728,308</b>
Personnel expenses	24	(35,598,739)	(34,233,638)
Third party supplies and services	25	(23,333,993)	(17,840,953)
Depreciation and amortization for the financial year	9	(2,131,226)	(1,343,143)
Provisions net of cancellations	14	(2,223,508)	3,252,332
Impairment for customer credit net of reversals and recoveries	14	(20,284,626)	(34,626,830)
Impairment for other financial assets net of reversals and recoveries	14	(50,888,247)	(2,054,250)
Profits from subsidiaries, associate companies and joint ventures (equity method)	10	31,053	101,555
Profits on net monetary position	16	(118,886,418)	(108,690,985)
<b>PROFITS BEFORE TAX</b>		<b>8,865,560</b>	<b>77,292,396</b>
<b>Tax on profits</b>			
Current	26	-	(6,635,175)
Deferred	26	12,423,029	-
<b>PROFIT AFTER TAX</b>		<b>21,288,589</b>	<b>70,657,221</b>
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>		<b>21,288,589</b>	<b>70,657,221</b>
Average number of ordinary shares issued		20,000,000	20,000,000
Basic earnings per share (in kwanza)		1.06	3.53

The Annex is an integral part of these statements.



## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED ON DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Angolan Kwanza)

	OTHER RESERVES AND PROFITS BROUGHT FORWARD						
	Share capital	Re-evaluation reserves	Legal reserve	Other reserves	Profits brought forward	Net profit for the financial year	Total equity
<b>BALANCES AS OF DECEMBER 31, 2018</b>	<b>20,000,000</b>	<b>97,780,043</b>	<b>42,566,902</b>	<b>22,648,831</b>	<b>-</b>	<b>51,004,268</b>	<b>234,000,044</b>
<b>Appropriation of the net profit for the financial year of 2018:</b>							
Dividend distribution	-	-	-	-	-	(40,803,414)	(40,803,414)
Transfer to legal reserve	-	-	10,200,854	-	-	(10,200,854)	-
Revising of own funds (Note 16)	-	108,690,985	-	-	-	-	108,690,985
Other	-	-	-	-	(8,826,052)	-	(8,826,052)
Net profit for the financial year	-	-	-	-	-	70,657,221	70,657,221
<b>BALANCES AS OF DECEMBER 31, 2019</b>	<b>20,000,000</b>	<b>206,471,028</b>	<b>52,767,756</b>	<b>22,648,831</b>	<b>(8,826,052)</b>	<b>70,657,221</b>	<b>363,718,784</b>
<b>Appropriation of the net profit for the financial year of 2019:</b>							
Dividend distribution	-	-	-	-	-	(21,197,166)	(21,197,166)
Transfer to reserves	-	-	14,131,445	35,328,610	-	(49,460,055)	-
Revising of own funds (Note 16)	-	118,886,418	-	-	-	-	118,886,418
Net profit for the financial year	-	-	-	-	-	21,288,589	21,288,589
<b>BALANCES AS OF DECEMBER 31, 2020</b>	<b>20,000,000</b>	<b>325,357,446</b>	<b>66,899,201</b>	<b>57,977,441</b>	<b>(8,826,052)</b>	<b>21,288,589</b>	<b>482,696,625</b>

The Annex is an integral part of these statements.

## STATEMENTS OF PROFITS AND LOSSES AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED ON DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Angolan Kwanza)

	<b>'20</b>	<b>'19</b>
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>	<b>21,288,589</b>	<b>70,657,221</b>
<b>Other comprehensive income</b>		
Profit not included in the statement of profits and losses	-	-
	-	-
<b>COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>21,288,589</b>	<b>70,657,221</b>

The Annex is an integral part of these statements.

**STATEMENTS OF THE CASH FLOWS FOR THE FINANCIAL YEARS  
ENDED ON DECEMBER 31, 2020 AND 2019**

(Amounts expressed in thousands of Angolan Kwanza)

	<b>'20</b>	<b>'19</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest, commissions and other similar proceeds received	122,041,393	122,576,436
Interest, commissions and other similar costs paid	(39,478,427)	(38,109,742)
Payments to employees and suppliers	(57,129,656)	(49,009,648)
Other profits	23,911,598	12,375,866
<b>CASH FLOWS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>49,344,908</b>	<b>47,832,912</b>
<b>(Increases)/decreases in operating assets:</b>		
Applications in Central Banks and in other credit institutions	3,992,761	(9,429,851)
Investments at their amortized cost	110,440,602	94,751,210
Credit to customers	(38,195,576)	(51,286,889)
Non-current assets held for sale	597,304	-
Other assets	(14,126,425)	(3,239,398)
<b>NET FLOW FROM OPERATING ASSETS</b>	<b>62,708,666</b>	<b>30,795,072</b>
<b>(Increases)/decreases in operating liabilities:</b>		
Resources in Central Banks and in other credit institutions	(26,682,680)	(41,036,876)
Customer resources and other loans	(82,350,822)	27,617,952
Other liabilities	30,838,823	(5,481,578)
<b>NET FLOW FROM OPERATING LIABILITIES</b>	<b>(78,194,679)</b>	<b>(18,900,502)</b>
Net cash from operating activities before income tax	33,858,895	57,252,267
Income tax paid	(2,061,892)	(189,780)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>31,797,003</b>	<b>57,062,487</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of other property, plant and equipment, net of disposals	(9,016,076)	(641,139)
Acquisitions of intangible assets, net of disposals	(2,191,911)	(85,345)
Acquisitions of interests in subsidiaries, associate companies and joint ventures, net of disposals	(105,974)	(74,083)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(11,313,961)</b>	<b>(800,567)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend distribution	(17,962,267)	(40,803,414)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(17,962,267)</b>	<b>(40,803,414)</b>
<b>Variation of cash and its equivalents</b>	<b>2,520,775</b>	<b>15,458,506</b>
Cash and its equivalents at the beginning of the financial year	205,792,316	166,026,148
Effects of foreign exchange rate variation on cash and its equivalents	20,889,761	24,357,738
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>229,202,852</b>	<b>205,842,392</b>

The Annex is an integral part of these statements.

# Notes to the financial statements

## as of december 31, 2020 and 2019

(Amounts expressed in thousands of Angolan Kwanza - tAOA, except when expressly indicated otherwise)

### 1. Introductory note

Banco BIC has been incorporated by Public Deed entered on April 22, 2005, following the communication of the Angola National Bank on April 19, 2005, by which its incorporation has been authorized. The Bank's registered head office is located at Edifício Banco BIC (Banco BIC's Building), in Bairro de Talatona, Samba Municipality, in Luanda.

The Bank's business activity is to obtain resources from third parties by way of deposits or other, which it then applies, together with its own resources, in granting loans, holding deposits at the National Bank of Angola, investing in credit institutions, and acquiring securities and other assets, for all of which it is duly authorised. It also provides other banking services and carries out various types of foreign currency operations.

To allow carrying out its operations, the Bank currently has a national network of 211 branches and service desks, 17 company centres, 3 investment centres and one Private Banking unit (211 branches and service desks, 17 company centres, 3 investment centres and one Private Banking unit, all these with reference to December 31, 2019), as well as a representation office in Johannesburg (South Africa).

### 2. Bases for the disclosure, comparability of information and summary of the main accounting policies

#### 2.1. Bases of presentation

Banco BIC's financial statements were prepared on a going concern basis, based on the accounting books and records kept according to the principles set out in the International Financial Reporting Standards (IAS/IFRS), namely those set out in IAS 1 - Presentation of financial statements, under the terms of the Angola National Bank Notice No. 5/2019, of August, 23.

The IAS/IFRS comprise the accounting standards issued by the International Accounting Standards Board (IASB), as well as the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and corresponding antecedent entities.

The Bank's financial statements with reference to December 31, 2020 and 2019 are expressed in thousands of Angolan kwanza (the Bank's functional currency), and assets and liabilities expressed in other currencies have been translated into national currency, based on the average indicative exchange rate published by the Angolan National Bank on such dates.

With reference to December 31, 2020 and 2019, the Angolan kwanza (AOA) exchange rates used against the United States dollar (USD) and the euro (EUR) were as follows:

	'20	'19
1 USD	649.604	482.227
1 EUR	798.429	540.817

## **2.2. Adoption of (new or reviewed) standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC)**

The following standards, interpretations, amendments and revisions are mandatory for the first time in the financial year beginning on January 1, 2020:

- Amendment to references on the Conceptual Framework of the IFRS standards: Corresponding to amendments in various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) as regards references to the revised Conceptual Framework of March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
- Amendment to IFRS 3 - "Definition of business": Corresponds to amendments to the definition of business, aiming to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition also clarifies the definition of business' output as the supply of goods or services to Customers. Changes include examples for identifying acquisition of a business.
- Amendment to IAS 1 and IAS 8 - "Definition of material": Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if by way of its omission, distortion or concealment, it is reasonably expected to influence the decisions of the primary users of financial statements, having for basis those financial statements.
- Amendments to standards IFRS 9, IAS 39 and IFRS 7 - Reform of the benchmark interest rate (IBOR Reform): corresponds to additional amendments to standards IFRS 9, IAS 39 and IFRS 7 as regards the IBOR Reform project, in order to reduce the potential impact of changes in reference interest rates of financial reporting, namely hedge accounting.
- Amendment to standard IFRS 16 - "Leases (rents) concessions related to COVID-19": introducing an optional and practical procedure whereby lessees are exempted from analysing whether rent concessions correspond to contractual modifications, typically rent interruptions or reductions related to the "COVID- 19", It is applicable for financial years beginning on or after June 1, 2020.

There were no significant effects on the Bank's financial statements for the financial year ended on December 31, 2019, due to adopting the aforementioned new standards, interpretations, amendments and revisions.

The following standards, interpretations, amendments and revisions shall be mandatorily applicable in future financial years:

- Amendments to standards IFRS 9, IAS 39 and IFRS 7 - Phase 2 - benchmark interest rate reform (IBOR Reform): corresponds to additional amendments to the standards IFRS 9, IAS 39 and IFRS 7, issued on August 27, 2020, related to the second phase of the IBOR Reform project as regards changes in interest reference rates and the impacts on changes in financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. They are applicable for financial years beginning on or after January 1, 2021.
- Amendment to standard IFRS 3: update to the reference on the conceptual framework of 2018; additional requirements for analysing obligations under IAS 37 or IFRIC 21 at the acquisition date; and clear clarification that contingent assets are not recognized in a business combination. They are applicable for financial years beginning during or after January 1, 2022.
- Amendment to standard IAS 16: prohibition of deducting from the cost of a tangible asset profit related to the sale of products before the asset is available for use. It is applicable for financial years beginning on or after January 1, 2022.
- Amendment to standard IAS 37: clarification of which contract performance costs correspond to costs directly related to that contract. It is applicable for financial years beginning on or after January 1, 2022.
- Annual improvements 2018-2020: essentially correspond to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41. It is applicable to financial years beginning on or after January 1, 2022.

- IFRS 17 - Insurance agreements': this standard establishes, for insurance agreements falling within its scope, the principles for their recognition, measurement, presentation and disclosure. The standard replaces IFRS 4 - Insurance Agreements. It is applicable to financial years commencing on or after the January 1, 2021.
- Amendment to IAS 1 - "Classification of liabilities as current and non-current": Clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. It shall be applicable for financial years beginning on or after January 1, 2023.
- Amendment to standard IFRS 4 - "Insurance contracts": Corresponds to the amendment to standard IFRS 4 that extends the deferral to apply IFRS 9 to financial years commencing on or after January 1, 2023.

The Bank does not foresee any significant effects on its financial statements from adopting the above-mentioned new standards, interpretations, amendments and revisions.

## 2.3. Accounting policies

The main accounting policies used in the preparation of the Bank's financial statements were as follows:

### a) Accrual basis of accounting principle

The proceeds and costs are recognized based on the period of the validity of operations, based on the accrual accounting principle, being recorded as they are generated, irrespective of the moment of their receipt or payment.

### b) Foreign currency transactions

Operations in foreign currency are recorded pursuant to the principles of the 'multi-currency' system, each operation being recorded according to the corresponding currencies of denomination. Assets and liabilities denominated in foreign currency are converted into Angolan Kwanza - the Bank's functional currency - at the average exchange rate published by the Angola National Bank on the balance sheet date.

On the date of their contracting, purchases and sales of foreign currency at sight and term are recorded in the exchange position.

Costs and proceeds related to exchange rate differences, realized or potential, are recorded in the statement of profits and losses for the financial year in which they occur, under the heading 'Exchange profits' (Note 21).

### c) Financial instruments

Financial assets and liabilities are recognized in the Bank's statement of financial position only when it becomes a party to the instrument's agreed terms.

The financial assets and financial liabilities recognized are initially measured at their fair value. Transaction costs directly allocatable to the acquisition or issuing of financial assets or liabilities (other than financial assets and liabilities measured at their Fair Value Through Profits and Losses - FVTPL) are added to or deducted from the financial assets or liabilities' fair value, as appropriate, when they are first recognized. Transaction costs directly attributable to the acquisition of financial assets or liabilities at their FVTPL are immediately recognized in the statement of profits and losses.

## I) Financial Assets

### Classification, initial recognition and subsequent measurement

At the moment its financial assets are first recognized, the Bank classifies them according to the agreed cash flow characteristics of the assets, as well as the business model used for their management. The classification of financial assets determines how they will be measured in the future.

Pursuant to the provisions of IFRS 9 - Financial Instruments - the financial assets are classified on their initial recognition under one of the following categories:

- Investments at their amortized cost;
- Financial assets at their fair value through other comprehensive income; or
- Financial assets at their fair value by means of profits or losses.



The classification is carried out taking into consideration the following aspects:

- The Bank's business model for the management of the financial asset; and
- The agreed cash flow characteristics of the financial asset.

### **Assessment of the business model**

The Bank defines its business models, based on the management strategy of the several groups of financial assets held in its portfolio, thus achieving a specific business goal. The Bank's business models depend on the management's purpose as regards a specific financial instrument, with a portfolio approach based on a higher aggregation level.

The Bank assesses on an annual basis the business model in which financial instruments are held at the portfolio level, given this approach best reflects the manner through which assets are managed and how information is made available to the managing bodies. The information taken into consideration in such assessment included:

- The manner through which portfolio performance is assessed and reported to the Bank's managing bodies;
- The assessment of the risks affecting the performance of the business model (and the financial assets held within the scope of such business model) and how such risks are being managed;
- How business managers are paid - for example, how the business managers' compensation depends on the fair value of assets under management or on the agreed cash flows received;
- The frequency, volume and periodicity of financial assets sales in previous periods and the corresponding forecast of future sales. Nevertheless, information on sales should not be taken into account isolated, but as part of an overall assessment of how the Bank establishes financial asset management goals and how cash flows are obtained.

### **Assessment of whether the contractual cash flows correspond only to the repayment of principal and interest (SPPI - Solely Payments of Principal and Interest)**

The assessment of whether the agreed cash flows correspond only to the repayment of principal and interest is made whenever the financial assets are originated (and meet the criteria for recognition), based on their original agreement terms.

For the purposes of this assessment, principal is deemed the fair value of the financial asset at the time it is first recognized. Changes may occur to the amount of principal over the financial asset's operating life (for instance, if there are repayments of principal). Interest corresponds to the remuneration paid for the effect of the time value of money, the credit risk associated with the amount due over a given period, other risks and costs related to loan agreements, as well as may include a margin of profit. The SPPI analysis is carried out in the currency in which the financial asset is denominated.

The agreed cash flows which correspond only to the repayment of principal and interest are consistent with a basic loan agreement. Agreement terms which introduce exposure to risk or volatility into the agreed cash flows which are not related to a basic loan agreement do not give rise to agreed cash flows which are only payments related to principal and interest calculated over the principal amount due.

Within the scope of its assessment of the agreed cash flow characteristics, and notwithstanding the above-mentioned, the Bank takes special note on:

- Whether the most significant elements of the interest component correspond to the consideration for the time value of money and credit risk;
- Contingent events which may change periodicity and amounts of cash flows;
- Characteristics which result in leverage;
- Advance payment and maturity extension clauses;
- Clauses which may limit the Bank's right to claim cash flows regarding specific assets (e.g., agreements with clauses preventing access to assets in the event of default - 'non-recourse asset');
- Characteristics which may alter the compensation for the time value of money.

In addition, an advance payment is consistent with the SPPI criterion, if:

- The financial asset is acquired or originated with a premium or discount with respect to the agreed nominal value;
- The advance payment substantially represents the nominal amount of the agreement plus periodical agreed interest, although not paid (may include reasonable compensation for the advance payment);
- The fair value of the advance payment is insignificant upon initial recognition.

## **a) Financial assets at their amortized cost**

### **Classification**

A financial asset is classified under the category 'Investments at their amortized cost' when both of the following conditions are cumulatively met:

- The financial asset is included in a business model the objective of which consists in maintaining the financial assets in order to obtain the associated agreed cash-flows;
- The agreement terms of the financial asset give rise, on specific dates, to agreed cash flows which relate only to principal and interest, regarding the amount of principal due (SPPI).

This category includes applications in credit institutions, credit to customers and debt securities managed based on a business model the purpose of which is to receive their agreed cash flows (public debt bonds, bonds issued by companies and commercial paper).

### **Initial recognition and subsequent measurement**

Applications in credit institutions and credit to customers are recognized on the date on which the funds are made available to the counterparty (settlement date). Debt securities are recognized on the trade date, i.e., the date on which the Bank undertakes to acquire them.

Financial assets at their amortized cost are first recognized at their fair value, added of the transaction costs incurred, and subsequently measured at their amortized cost. In addition, they are subject, from the moment of their initial recognition, to the assessment of impairment losses for expected credit losses.

Interest on financial assets at their amortized cost is recognized in the financial margin under the item 'Interest and similar income' (Note 18), based on the effective interest rate method and pursuant to the principles detailed in Note 2.3(c)(VIII).

Expected credit losses are estimated from the initial recognition of these financial assets and according to the principles described in Note 2.3 (c)(VI), and are recognized in the statement of profits and losses against the item 'Impairment for customer credit net of reversals and recoveries' (Note 14).

#### **i. Credit to customers**

Credit and receivables include credit granted by the Bank to customers and credit institutions.

Initially, credit and receivables are recorded at fair value. In general, the fair value at the initial moment corresponds to the transaction value and includes commissions, fees or other costs and proceeds associated with the transactions.

Subsequently, they are valued at amortized cost, based on the effective interest rate method, and are presented in the balance sheet minus impairment losses.

Whenever applicable, interest, commissions and other costs and proceeds associated with credit operations are accrued over the operations' operating life, when they are operations which give rise to revenue flows over a period exceeding one month, regardless on the time they are collected or paid.

Commissions received in consideration of credit commitments are recognized on a deferred and straight-line basis during the commitment's operating life.

#### **ii. Debt securities**

Treasury Bonds issued in national currency indexed to the United States dollar's exchange rate, as well as Treasury Bonds denominated in foreign currency, are subject to exchange rate re-evaluations. Thus, the profit from the exchange rate re-evaluations regarding the nominal value of securities is reflected in the statement of profits and losses for the financial year when it is generated, under the item 'Exchange profits' (Note 21), and the accrued discount and interest are reflected under the item 'Interest and similar income from securities and bonds' (Note 18).

In 2012, the Order No. 159/12, of February 20, was published, which authorizes the regular issuing of non-adjustable Treasury Bonds in national currency, with pre-established coupon interest rates by maturity.

The accrued interest on such securities is reflected in the statement of profits and losses for the financial year in which they occur, under the item 'Interest and similar income from securities and bonds' (Note 18).

Treasury Bills are issued at discounted value and recorded at their acquisition cost. The difference between the latter and the nominal value is recognized in the statement of profits and losses as a proceed over the period between the date of acquisition and the date of maturity of such securities under the item 'Interest and similar income on securities and bonds' (Note 18).

Commercial paper is a short-term debt security issued by commercial companies aimed at financing short term treasury needs. The interest accrued on these securities is reflected under the item 'Interest and similar income on securities and bonds' (Note 18).

#### **Operations of purchase of securities from third parties with resale agreements**

In the course of 2020, the Bank carried out temporary liquidity purchase operations on the interbank market with the Angolan National Bank, applying funds in consideration of receiving Treasury Bonds as collateral. Such operations are based on an agreement to resell the securities at a future date, for a price pre-established between the parties.

The securities purchased with a resale agreement are not recorded in the securities portfolio. The funds delivered are recorded on the date of acquisition as assets under the item 'Operations of purchase of securities from third parties with resale agreements' (Note 5), and the amount of interest is accrued over under the same item.

Proceeds from operations of purchase of securities from third parties with resale agreements correspond to the difference between the resale amount and the securities' purchase amount. Proceeds are recognized based on the accrual accounting principle, depending on the operations' term flow, under the item 'Interest and similar income from applications of liquidity-Securities from third parties with resale agreements' (Note 18).

#### **Operations of sale of own securities with repurchase agreements**

Securities transferred to the Angolan National Bank with repurchase agreement are maintained recorded in the Bank's securities portfolio, and the sale amount is recorded under the item 'Resources in Central Banks and in other credit institutions - Operations of sale of own securities with repurchase agreements' (Note 12). The difference between the agreed repurchase amount and the corresponding initial sale amount is recognized on a straight-line basis in profits and losses, over the operation's operating life, under the item 'Interest and similar charges of fundraising for liquidity - Sale of securities with repurchase agreements' (Note 18) against the liability item 'Resources in Central Banks and in other credit institutions - Interest payable' (Note 12).

### **b) Financial assets at their fair value through other comprehensive income**

#### **Classification**

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

- The financial asset is included in a business model the objective of which is achieved not only by obtaining the associated agreed cash flows, but also by the sale of the corresponding assets;
- The agreement terms of the financial asset give rise, on specific dates, to agreed cash flows which relate only to principal and interest, regarding the amount of principal due.

In addition, the Bank may choose, in an irrevocable manner at the time of the initial recognition, to classify an equity instrument under the category 'Financial assets at their fair value through other comprehensive income', provided that it is not held for trading, nor it evidences a contingent consideration recognized by an acquiring entity in a business concentration, to which IFRS 3 applies. This alternative is exercised on an investment-by-investment basis, and only financial instruments which fall within the scope of the definition of equity instruments set forth in IFRS 9 and IAS 32 are eligible.

With reference to December 31, 2020 and 2019, the Bank did not classify any of its financial assets under this category.

### **c) Financial assets at their fair value by means of profits or losses**

#### **Classification**

A financial asset is classified as 'Financial assets at their fair value by means of profits or losses' in case the business model defined by the Bank with regard to its management or the characteristics of its agreed cash flows do not meet the aforementioned conditions to be measured at its amortized cost or at its fair value through other comprehensive income.

In addition, and even if the financial asset complies with the criteria for measurement at its amortized cost or at its fair value through other comprehensive income, the Bank may irrevocably choose, upon its initial recognition, to express the financial asset at its fair value through profits and losses, as long as this eliminates or significantly reduces an accounting mismatch, which would otherwise be originated by the measurement of assets or liabilities or recognition of gains and losses over them on different bases.

With reference to December 31, 2020 and 2019, the Bank did not classify any of its financial assets under this category.

## **II) Reclassification of financial assets and financial liabilities**

Financial assets shall be reclassified whenever there is a change in the business model of the corresponding portfolio. In such a case, all the financial assets included in the portfolio whose business model has been changed must be reclassified, and the classification and measurement requirements associated with the new category are prospectively applied from the date of reclassification, and no gains, losses or interest previously recognized shall be restated. On the date of their reclassification, financial assets are measured at their fair value.

Investments in equity instruments measured at their fair value through other comprehensive income or financial instruments designated at their fair value through profits and losses cannot be reclassified.

Financial liabilities cannot be reclassified.

## **III) De-recognition and change of financial assets**

Financial assets are de-recognized when (i) the Bank's agreement rights to the respective financial asset's corresponding cash flows have expired, or (ii) the Bank has substantially transferred all ownership risks and benefits.

A renegotiation or modification of the agreed cash flows of a financial asset may lead to its de-recognition and to the subsequent recognition of a new financial asset. In such circumstances, the de-recognition implies (i) the recognition of the loss or gain deriving from the difference between the amortized cost of the original asset and the new financial asset's net present value (NPV) in profits and losses, (ii) the assessment of whether the agreed cash flows' new characteristics correspond only to principal and interest over the principal amount due, which may imply the asset's reclassification into a different measurement category and (iii) the assessment of the existence of impairment in the originated asset, at initial recognition, and as long as it is not classified under the 'Financial assets at their fair value by means of profits or losses'. In case the new financial asset is a purchased or originated credit impaired (POCI), a default lifetime probability is applied until the agreement's maturity for the corresponding computing of expected credit losses, being determined and the effective interest rate adjusted for the credit.

The Bank considers that a change in the financial asset's agreement terms results in its de-recognition and subsequent recognition of a new financial asset when such change reflects at least one of the following conditions:

- Transfer of the instrument's credit risk to another borrower accompanied by a very significant reduction in the spread; or
- Change in qualitative characteristics, notably, the agreed cash flows ceasing to only correspond to the repayment of principal and interest.

In case a renegotiation or change in a financial asset's agreed cash flows does not result in any of the aforementioned conditions, the financial asset is deemed a modified financial asset, i.e., the financial asset is not de-recognized, which entails (i) the recognition of the loss or gain arising from the difference between the gross carrying value of the original operation and the NPV of the new operation in profits and losses and (ii) the application of the criteria described in Note 2.3(c)(VI) for assessing the significant increase in credit risk.

## **IV) Policy on the credit write-offs in assets**

The Bank recognizes a credit write-off when it has no reasonable expectations of recovering the asset. Such registration occurs after all the measures taken by the Bank have proved unsuccessful and all the conditions for its tax deductibility have been met. Written-off credits are recorded in off-balance accounts.

## **V) Financial assets purchased and/or originated in credit impairment**

Financial assets purchased or originated in credit impairment (POCI) are assets which present objective evidence of credit impairment at the time of their initial recognition. An asset is impaired if one or more events have occurred with a negative impact on the asset's estimated future cash flows.

## **VI) Impairment**

### **a) Credit to customers**

The methodology for computing credit impairment losses to customers currently in force at the Bank is based on an expected credit loss (ECL) model, pursuant to IFRS 9 - Financial Instruments (IFRS 9), and a specific statistical application is adopted for such purpose.

Impairment losses are recorded/recognized against profits and losses and are subsequently reversed through profits and losses should there be a reduction in the amount of the expected loss in a subsequent financial year.

Credit exposures should be classified at different stages, depending on the evolution of their credit risk subsequently to their initial recognition date, and not according to the credit risk on the reporting date, pursuant to the following guidelines:

- **Stage 1:** a credit exposure should be classified in this stage of impairment whenever there is no significant increase in credit risk since the date it was first recognized. For the latter, the expected credit loss shall be recognized within 12 months from the reporting date in the statement of profits and losses.
- **Stage 2:** a credit exposure in which a significant increase in credit risk has been observed since the date of its initial recognition should be classified in this stage of impairment. For the latter, the expected credit loss shall be recognized in the statement of profits and losses throughout the credit's duration.
- **Stage 3:** a credit exposure which is in default as of the reporting date, as a result of one or more events which have already occurred with a negative impact on the estimated future cash flows of the corresponding exposure, should be classified at this stage of impairment. For the latter, the expected credit loss shall be recognized in the statement of profits and losses throughout the credit's duration.

Therefore, at each reporting date, the Bank assesses whether the credit risk associated with a credit exposure has increased significantly since its initial recognition, provided reasonable and sustainable prospective information which does not involve undue cost or effort is available, and it should not rely exclusively on information regarding matured payments to determine whether credit risk has significantly increased since it was first recognized.

Credit risk assessment is carried out on an separate basis (separate analysis) or a collective basis (collective analysis), taking into account all reasonable and sustainable information, including prospective approaches, including future macroeconomic trends and scenarios. Therefore, estimates of expected credit losses include multiple macroeconomic scenarios, and the likelihood of their occurrence is assessed taking into account the current macroeconomic environment, as well as future macroeconomic trends.

#### **i. Separate analysis**

The goal of the separate analysis consists in ensuring a more thorough analysis of the situation of customers with exposures deemed separately significant by the Bank. The significance of exposures is determined by reference to qualitative and quantitative criteria which reflect the size, complexity and risk associated with the portfolio.

According to the Instruction No. 08/2019, of August, 27 on impairment losses for the credit portfolio ('Instruction No. 08/2019'), customers/economic groups whose exposure is equal to or over 0.5% of the Bank's own funds shall be separately analysed. In addition, customers/economic groups whose credit exposures are not separately significant, but for which objective evidence of impairment is observed, should also be separately analysed, whenever such exposures are equal to or over 0.1% of the Bank's own funds.

The analysis of each customer/economic group, as well as the existence of impairment losses, should take into account, among others, the following factors:

- Agreement-related aspects, assessing the potential default with agreed conditions, or the existence of restructured loans due to customers' financial difficulties;
- Financial aspects, assessing the potential reduction in gross revenues or in net profit;
- The assessment of guarantees received, including their nature, actual formalization, assessment and coverage degree;
- Other aspects, assessing the potential instability in management/shareholder structure, or the existence of insolvency proceedings.

Notwithstanding the requirements established in IFRS 9 with regard to the weighing to be attributed to each of the financial projection scenarios, the Bank uses the following weighings associated with the scenarios:

- Base scenario: 70%;
- Favourable scenario: 10%; and
- Adverse scenario: 20%.

For purposes of valuing real estate collateral, the Bank has the following criteria:

- 100% discount: When the Bank only has a promise of a mortgage without any irrevocable powers-of-attorney (Public Notary's document, duly certified).
- 70% discount: When the Bank only has a promise of a mortgage with irrevocable powers-of-attorney (Public Notary's document, duly certified).



- Discount between 40% and 70%: When the Bank has additional documents concerning the guarantee which reinforce its robustness as it minimizes credit risk. The following documents are deemed relevant information:
  - The Estate's Matrix Registry Certificate;
  - The Urban Land Matrix Certificate;
  - The Public Deed of purchase and sale;
  - The Public Deed for Constituting a Surface Right;
  - The registry of the immovable property as built on State land.

For the purposes of assessing the real estate guarantees received, the Bank considers the assessments of experts duly certified by the Capital Market Commission (CMC - "Comissão do Mercado de Capitais").

In addition, the assessment's value should be adjusted with the specific discount rates as per the time of the assessment. Therefore, the following discount rates shall be used depending on the immovable property assessment's time:

Time of the Assessment	BASE SCENARIO		FAVOURABLE SCENARIO		ADVERSE SCENARIO	
	Equal to or over 50% completed work	Less than 50% completed work	Equal to or over 50% completed work	Less than 50% completed work	Equal to or over 50% completed work	Less than 50% completed work
Less than 1 year	Non-applicable	Non-applicable	Non-applicable	Non-applicable	Non-applicable	Non-applicable
Between 1 and 2 years	20%	25%	15%	20%	25%	30%
Between 2 and 3 years	30%	40%	25%	35%	35%	45%
Over 3 years	55%	65%	50%	60%	60%	70%

In situations in which the project assessment is based on the yield method or the residual method and the assumptions adopted are deemed acceptable, the Bank shall not apply any time discount factor.

For purposes of measuring impairment losses related to credit exposures considered as 'State-Risk', the Bank considers the criteria applied in the assessment of the national public debt, adopting the same rationale for guarantees granted by the Angolan State.

## ii) Collective analysis

In the case of customers whose exposures are not deemed separately significant according to the mentioned selection criteria, or for which no objective evidence of impairment has been identified on a separate basis, they should be analysed on a collective basis. Thus, these customers are grouped into homogeneous risk groups aiming at determining the expected impairment losses.

## b) Cash and cash funds with Central Banks, Cash funds with other credit institutions, Applications in Central Banks and in other credit institutions and Investments at their amortized cost

Regarding the balances recorded under 'Cash and cash funds with Central Banks' (Note 3), 'Cash funds with other credit institutions' (Note 4), 'Applications in Central Banks and in other credit institutions' (Note 5) and 'Investments at their amortized cost' (Note 6), the analysis of expected losses is made pursuant to the following assumptions:

- With regard to the balances recorded under 'Cash and cash funds with Central Banks' (Note 3) and 'Operations of purchase of securities from third parties with resale agreements' (Note 5), the Loss Given Default ('LGD') is deemed nil as there are no recovery risks, and no impairment is estimated, according to the Directive No. 13/DSB/DRO/2019, of the 27<sup>th</sup> of December 2019, of the BNA-Guide on Recommendations for the Implementation of AQA Methodologies for the Financial Year 2019 ("Directive No. 13/DSB/DRO/2019");
- Regarding the balances of the items 'Cash funds with other credit institutions' (Note 4), the entity's rating or, if not available, that of the country in which its head office is located is verified. Pursuant to the Directive No. 13/DSB/DRO/2019, a Default Probability ('DP') equivalent to 1/12 (one twelfth) of a twelve-month DP is considered, bearing in mind the counterparty's rating (or that of the country in which the counterparty's headquarters is located, if it has no rating) and an LGD of 60% is considered for all counterparties which have not recorded a significant increase in credit risk;

- Regarding the balances of the items “Applications in Central Banks and in other credit institutions - Operations in the interbank money market” (Note 5), the entity’s rating or, if not available, that of the country in which its head office is located is verified. Pursuant to Directive No. 13/DSB/DRO/2019, a twelve-month DP is considered, bearing in mind the counterparty’s rating (or that of the country in which the counterparty’s headquarters is located, if it has no rating) and an LCD of 60% is considered for all counterparties which have not recorded a significant increase in credit risk;
- As for the balances of the item ‘Investments at their amortized cost’ (Note 6) related to Angolan public debt securities in national and foreign currencies, it is considered a DP for sovereign debt of the rating associated with the Angolan State obtained by means of the Moody’s study ‘Sovereign default and recovery rates, 1983-2019’ and the LCD associated with verified sovereign default events, indicated in the same study (60%), pursuant to Directive No. 13/DSB/DRO/2019.

During the year 2020 there was an event of downgrading in the credit rating of the public debt issued by the Angolan State. The Bank’s understanding of its impact is that this rating downgrade did not result in a significant increase in credit risk in accordance with the requirements of IFRS 9, of debt securities issued by the Angolan State, as there were no changes in the macroeconomic or remuneration indicators of these securities in relation to the date of their origination or acquisition by the Bank. Thus, Angolan government debt securities continue to be classified as a stage 1 regarding impairment. However, as a result of the mentioned dropping of the rating of the Republic of Angola during the year 2020, the DP applied by the Bank for the financial instruments associated with it changed from 2.62% on December 31, 2019 to 11.33% on December 31, 2020 (Note 6), with a significant impact on the income statement (Note 14).

The analysis is updated on a half-year basis. Impairment losses identified are recorded against the item ‘Impairment for other financial assets net of reversals and recoveries’ (Note 14). In case that, in future periods, a reduction in the estimated loss is observed, the impairment first recorded is also reversed against profits and losses.

## **VII) Financial Liabilities**

### **Classification**

Financial liabilities are classified in the category of financial liabilities at their amortized cost and reflect resources from other credit institutions and customer resources.

### **Initial recognition and subsequent measurement**

When they are first recognized, financial liabilities are recorded on the agreement date at their fair value, deducted of costs directly allocated to the transaction.

Subsequently, they are valued at their amortized cost, and, if applicable, interest are recognized pursuant to the effective interest rate method.

## **VIII) Interest recognition**

Profits generated by the asset and liability financial instruments measured at their amortized cost under the item interest are recognized in the financial margin, more specifically, under the items ‘Interest and similar income’ (Note 18) or ‘Interest and similar charges’ (Note 18). Interest is recognized pursuant to the effective interest rate method.

The effective interest rate consists in the rate which discounts future estimated payments or receipts during the financial instrument’s operating life (or, when appropriate, for a shorter period) to the financial asset or financial liability’s current net carrying amount.

When determining the effective interest rate, the Bank estimates future cash flows bearing in mind all the financial instrument’s agreed terms and does not consider potential impairment losses. Such computing includes commissions paid or received, considered as part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction.

Interest proceeds recognized in the statement of profits and losses related to agreements classified as stage 1 or 2 is computed by applying the effective interest rate of each agreement over its gross balance sheet amount. An agreement’s gross balance sheet amount consists in its amortized cost, before deduction of the corresponding impairment. With regard to financial assets included in stage 3, interest is recognized in the statement of profits and losses based on their net book amount (less impairment). Interest is always recognized in a retrospective manner, i.e., for financial assets developing to stage 3, interest is recognized on the amortized cost (net of impairment) in subsequent periods.

For financial assets purchased or originated in credit impairment (POCI), the effective interest rate reflects the expected credit losses in determining the expected future cash flows to be received from the financial asset.

Additionally, in the light of the terms established by the BNA, the Bank cancels matured interest in excess of 90 days and does not recognize interest from the said date until the customer normalizes the situation.

## **IX) Guarantees granted and documentary credits**

Liabilities for guarantees granted and documentary credits are recorded in off-balance items according to their value at risk, and the flows of interest, commissions or other proceeds are recorded in profits and losses over the operations' operating lives.

### **d) Non-current assets held for sale**

The Bank records under the item 'Non-current assets held for sale - Immovable property received in transfer in lieu of payment' those assets received in transfer in lieu of payment or auction for payment of matured credit operations, when these are available for immediate sale in their present condition and there is a likelihood of sale within one year (Note 8).

These assets are recorded at the amount computed in their assessment, i.e., the Probable Immediate Transaction Value (PITV) is used against the value of the credit recovered and the corresponding specific provisions created.

In addition, this item includes real estate projects which are at the construction stage and are intended to be sold to the Bank's employees, and is also subject to periodic assessments in order to determine potential impairment losses.

The assets recorded under this item are not amortized, being valued at the lower between their carrying amount and their fair value, deducted of costs to be incurred on sale (at least 5% on the PITV). These assets' fair value is determined based on periodic assessments performed by external valuers. Additionally, and pursuant to the Directive No. 13/DSB/DR0/2019, such an assessment is adjusted based on the specific discount rates according to the time of the assessment. Whenever the value deriving from these assessments (net of selling costs) is lower than the value for which they are accounted for, impairment losses are recorded under the item 'Impairment of other assets net of reversals and recoveries'.

When the 2-year legal period has elapsed without the assets being sold (possibly extended subject to the BNA's authorization), a new assessment is carried out in order to determine the current market value, with a view to the potentially setting up the corresponding impairment.

### **e) Other tangible assets (property, plant and equipment)**

Property, plant and equipment are registered at their cost of acquisition, deducted from the accumulated amortization and impairment losses.

Amortization is computed on a systematic basis over the asset's estimated operating life, which corresponds to the period during which the asset is expected to be available for use, which is:

	<b>Years of operating life</b>
Immovable property for own use	50
Works in leased buildings	3
Equipment:	
Interior facilities	10
Furniture and materials	10
Machinery and tools	3 to 10
IT equipment	3
Transport materials	3
Other equipment	10

### **f) Intangible assets**

Intangible assets correspond essentially to software and business transferring. These expenses are recorded at their acquisition cost and amortized on a straight-line basis over a three-year period.

Software maintenance expenses are recorded as costs in the financial year in which they are incurred.

## **g) Investments in subsidiaries, associate companies and joint ventures**

Financial interests in which the Bank holds, directly or indirectly, a percentage equal to or over 10% of the respective capital are recorded as per the equity method. Under such method, interests are initially assessed at their acquisition cost, which is later adjusted on the basis of the Bank's actual percentage in the subsidiaries' changes in equity (including profits). Such changes are reflected in the statement of profits and losses under the item 'Profits from subsidiaries, associate companies and joint ventures' (Note 10).

Financial interests in which the Bank holds, directly or indirectly, a percentage under 10% of the respective capital are recorded at their cost of acquisition. When they are denominated in foreign currency, it is reflected in the accounting at the exchange rate verified on the date of the operation. Whenever permanent losses are estimated in its realization value, the corresponding impairment is constituted.

## **h) Income tax**

### **Industrial Tax**

Banco BIC is subject to Industrial Tax taxation, being considered a taxpayer under the General Regime subject to a tax rate of 35% (30% in 2019), as amended by Law No. 26/20, of July 20.

Industrial Tax is computed on the basis of the taxable profit for the financial year, which may be different from the accounting profit due to adjustments made under the Industrial Tax Code.

Income subject to Capital Gains Tax (CGT) is deductible for the purposes of determining the taxable proceeds, the CGT not being a tax accepted cost.

Pursuant to the Industrial Tax Code, taxpayers the business activity of which falls within the scope of the supervision powers of the Angolan National Bank, which is the case of Banco BIC, shall make, by the end of August each year, the provisional assessment of the Industrial Tax for such financial year, and the tax payable is computed as 2% of the profit deriving from financial intermediation operations, computed in the first six months of the previous tax year, excluding the income subject to CGT, except if a tax loss was determined in the previous year (in which case provisional settlement is not due).

Tax losses determined at a given financial year, as provided for in article 48 of the Industrial Tax Code, may be deducted from the taxable profit of the five subsequent years. (3 years in previous years as previous wording).

According to current legislation, industrial tax returns and other taxes may be subject to review and correction by the tax authorities in the five years following the year to which they relate. The Board of Directors understands that any corrections that may result from these revisions will not be material to the attached financial statements.

Note 26 presents the reconciliation between the tax result and the accounting result.

### **Capital Investment Tax (CGT)**

The CGT is generally levied on income from the Bank's financial investments, namely income resulting from investments and income from securities. The rate varies between 5% (for example, in the case of yields on debt securities admitted to trading on a regulated market and which have a maturity of three years or more) and 15%.

### **Urban Property Tax (UPT) and Property Tax (PT)**

(i) UPT on ownership and on rents (effective until August 7, 2020)

In 2020, the UPT was in force until the 7th of August, with the new IP Code coming into effect from that date, which focuses on the ownership of own properties, rents and the onerous transfer of real estate.

In this context, until August 8, 2020, UPT was payable, at the rate of 0.5%, on the equity value of the properties intended for the development of the Bank's normal business (in excess of 5,000 thousand Angolan Kwanza), considering the taxable amount is the higher of the property's appraisal value (book value) and the acquisition value.

In the case of own properties under lease, the lessee of which is not a person with organized accounting, the Bank, as landlord, was obliged to proceed with the settlement and payment of the UPT, at the rate of 15%, by reference to the rents received in the previous year, in the months of January and July of the year concerned.

## (ii) Property Tax and Rent (effective as of August 8, 2020)

On August 8, 2020 the new PT Code came into force, approved by Law No. 20/20, of July 9, establishing from then on three tax brackets for urban properties (0.1%, tAOA 5 and 0.5% above tAOA 5,000 for real estate with equity value, respectively, up to tAOA 5,000, between tAOA 5,000 and tAOA 6,000 and above tAOA 6,000) and specific rates applicable to land for construction (0.6%) and rural buildings (sum of the hectares).

In the case of the Bank's own properties under lease whose tenant is not a person with organized accounting, the new PT Code, approved by Law No. 20/20, of July 9, did not provide any changes to the rule previously in force.

## Stamp duty

In broad terms, Stamp Duty is levied on all acts, contracts, documents, titles, operations and other facts occurring in national territory, as set out in the table attached to the Stamp Duty Code, or in any laws of a special nature.

In the light of the Stamp Duty Code, approved by Presidential Legislative Decree No. 3/14, of October 21, the Bank is liable for assessing and delivering the Stamp Duty to the State treasury owed by its customers in most banking operations, such as financing and charging of interest on financing, and the Bank assesses the Stamp Duty as per the rates established in the Stamp Duty Table.

## Value Added Tax (VAT)

The Value Added Tax (VAT) Code, approved by the Law No. 7/19 ('Law 7/19'), published in the State Gazette on April 24, 2019, and amended by Law No. 17/19, of August 13, has introduced a new tax on consumption into the Angolan law, which came into force on October 1, 2019. In fact, the VAT revoked and replaced the Consumption Tax which had been in force in the legal system until the said date.

As a taxpayer registered with the Large Taxpayers's Division, the Bank was compulsorily subject to the General VAT Regime, from the entry into force of the mentioned tax, having the obligation to comply with all the rules and reporting obligations provided for in this context.

Commonly, commissions and expenses charged for the services provided by the Bank are subject to VAT at a rate of 14% (replacing Stamp Duty levies). The remaining financial intermediation operations are exempt from VAT, namely, interest on financing operations, on which Stamp Duty will continue to be levied, if due.

Therefore, given the fact the Bank is a taxpayer performing taxed and exempt operations, for VAT purposes, it also faces restrictions on the right to deduct the VAT paid to suppliers and, thus the Bank deducts the tax by applying the methods foreseen in the legislation in force - except for VAT on expenses expressly excluded from the right of deduction.

On a monthly basis, the Bank is obliged to comply with the obligations related to the VAT, namely: (i) submitting the periodic return to the General Tax Authority (GTA), including the corresponding Annexes, in which it computes the VAT amount to be paid to the State (or any credit generated); (ii) paying the tax calculated until the last day of the month following that to which the transactions carried out relate and (iii) all remaining reporting obligations, such as declaring the SAF-T(AO) files on Invoicing and on the Purchase of Goods and Services.

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

## Special Contribution on Invisible Current Exchange Operations

The Special Contribution on Invisible Current Exchange Operations (SCICEO) (*"Contribuição Especial sobre as Operações Cambiais de Invisíveis Correntes* - i.e., the CEOCIC") is levied, at a rate of 10%, on transfers made under agreements for the provision of foreign technical assistance or management services, as regulated by the Regulations on the Contracting of Foreign Technical Assistance or Management Services, approved by the Presidential Decree No. 273/11, of October 27 (as amended by Presidential Decree No. 123/13, of August 28).

## Deferred taxes

Deferred tax assets and liabilities correspond to the amount of tax to be recovered or paid in future periods due to temporary deductible or taxable differences between assets and liabilities' amounts recorded on the balance sheet and their tax base, as adopted in assessing the taxable profit.



Deferred tax liabilities are recorded with respect to all taxable temporary differences, while deferred tax assets are only recognized up to the amount in which it is likely that future taxable profits will be available thus enabling the use of the corresponding deductible tax differences or the carrying forward of tax losses.

Current and deferred taxes are reflected in the statement of profits and losses, except for taxes relating to transactions directly recorded in equity (e.g., potential income from securities classified in the fair value portfolio through other comprehensive income).

On December 31, 2020, the Bank recorded deferred tax assets on tax losses calculated in this financial year, as there are credible and reliable expectations that taxable profits will be generated in the coming years for their use.

#### **i) Reserve for monetary re-evaluation of equity**

Under the terms of IAS 29 - Financial reporting in hyperinflationary economies, these hyperinflationary economies are characterized by several situations, including:

- a. The general population prefers to maintain its wealth in non-monetary assets or in a relatively stable foreign currency. The local currency amounts held are immediately invested in order to maintain purchasing power;
- b. The general population considers monetary amounts not in terms of local currency but in terms of a stable foreign currency. Prices may be quoted in such currency;
- c. Sales and purchases with credit take place at prices which compensate for the expected loss of purchasing power during the credit period, even if such period is short;
- d. Interest rates, wages and prices are linked to a price index; and
- e. The accumulated inflation rate over three years is close to or exceeds 100% of such value.

In the financial year of 2016, given the evolution of the exchange rate of the Angolan Kwanza against the international reference currencies and, consequently, its impact on the inflation rate measured in national currency, the Bank requested an authorization from the BNA, by way of a letter of the 14<sup>th</sup> of April of 2016, in order to adopt the monetary re-evaluation process of its equity, starting in May 2016.

The amount resulting from the monetary re-evaluation of the Bank's equity is reflected, on a monthly basis, under the item "Profits on net monetary position" (Note 16), against the reserve for the monetary re-evaluation of equity (Note 16).

#### **j) Provisions and contingent liabilities**

A provision is created when there is a current (legal or constructive) obligation arising from past events relative to which future expenditure of resources is probable, and foreseen based on reliable grounds. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability on the balance sheet date.

Should the future expenditure of resources not be probable, it is a contingent liability. Contingent liabilities are only for disclosure purposes, unless the likelihood of existing is remote.

The amounts recorded under the item "Other provisions" are aimed at meeting the Bank's various contingencies, namely, those relating to pending legal proceedings, fraud and other specific risks arising from its business activity (Note 14).

#### **k) Retirement pensions (Employee Benefits)**

Law No. 07/04, of October 15, which governs the Angolan Social Security System, foresees the allocation of retirement pensions to all Angolan workers registered with the Social Security. The value of such pensions is calculated based on a table proportional to the number of years of work, applied to the average gross monthly wages received in the periods immediately prior to the date the worker terminates the respective activity. According to the Decree No. 7/99, of May 28, the contribution rates for this system are 8% for the employing entity and 3% for the workers.

Law No. 02/00, of October 15, provided for a retirement compensation that was calculated by multiplying 25% of the basic monthly wage, on the date the worker reached the legal retirement age, by the number of years of seniority, on the same date.

The General Labour Law (Law No. 07/2015, of June 15), which came into force in September 2015, does not provide for the payment of retirement supplements, or other, to workers who reach the legal age for retirement. Nonetheless, the Bank is studying the implementation of a supplementary retirement and survivors' pension program and has thus resolved to maintain its provision for such purpose, calculated in a manner consistent with previous financial years (Note 14).

The Bank's liabilities regarding the retirement and survival supplementary pension program have been calculated by actuarial assessment performed by an independent expert, with reference to December 31 2020 and 2019 and projected for the subsequent year based on the Bank's population to comprise, and on the following assumptions:

Actuarial technical rate (discount)	2%
Wage growth rate	8%
Mortality Table	SA 85-90 (Light)
Usual retirement age	60 years of age or 35 years of service

The discount rate was calculated taking into account the performance of the financial markets, duration of liabilities and the inherent risk.

#### **i) Commissions**

Commissions on credit operations and other financial instruments, namely, commissions charged or paid at the origin of the operations, are recognized over the period of the operations by the effective rate method under the item 'Interest and similar income' and 'Interest and similar charges' (Note 18).

Commissions for services provided are usually recognized as proceeds over the period the service is provided or at once, in case they correspond to compensations for the execution of single acts.

#### **m) Applications and fundraising for liquidity**

Applications and fundraising for liquidity, among financial institutions, are systemic operations, of a regular nature, which seek to distribute liquidity in the most appropriate way throughout the financial system, both national and international, and are not considered as loans.

#### **n) Cash and its equivalents**

For the purposes of preparing the statement of cash flows, the Bank considers as 'Balance in cash funds at end of financial year' the total balances of the items 'Cash and cash funds with Central Banks', 'Cash funds with other credit institutions' and 'Resources in Central Banks and in other credit institutions - Overdrafts in demand deposits' (Notes 3, 4 and 12), not taking into account any potential impairment.

#### **o) Leases**

The Bank adopted IFRS 16 - Leases with effect from as of January 1, 2019, thus replacing IAS 17 - Leases, which had been in force until December 31, 2018. Such standard establishes new requirements for the scope, classification, recognition and measurement of leases.

The standard introduced a single accounting model for leases in the Balance Sheet. In this context, when applicable in the light of the standard's requirements, the Bank, as a lessee, recognizes assets under right of use, which represent its rights to use the underlying lease assets and liabilities, representing its obligations to make lease payments. The accounting as a lessor remains unchanged when compared to the previously existing accounting policies.

#### **Definition of lease**

The Bank rents or leases assets, namely immovable property where some Bank branches and other infrastructures are installed.

With reference to the starting date of an agreement, the Bank assesses whether the agreement is or contains a lease, for the purposes of IFRS 16. Pursuant to IFRS 16, an agreement is, or contains, a lease if it transfers the right to control the use of an identified asset, enabling to substantially obtain all the economic benefits of its use and the right to guide the use of such identified asset during a given period, in return for a consideration.

## **2.4. Critical accounting estimates and most relevant judgment aspects in the application of accounting policies**

When applying the above-mentioned accounting policies, it is necessary for the Bank's Board of Directors to make estimates. Those estimates with the most significant impact on the Bank's financial statements include those presented herein.

## Assessment of impairment losses in financial assets at their amortized cost

Impairment losses are determined based on the expected cash flows and estimates of the amount to be recovered, pursuant to the methodology defined in Note 2.3.(c)(VI). The impairment is determined for significant exposures by means of a separate analysis, based on (i) the Bank's judgment with respect to its customers' economic and financial situation; (ii) the incorporation of forward-looking information; (iii) the weighing of each scenario considered; and (iv) the estimated value of collateral guarantees received. The determination of the impairment for the remaining operations is carried out by means of an impairment loss computing model based on historical parameters and forward-looking information for comparable types of operations, bearing in mind estimates of default and recovery.

The Bank considers that impairment losses for credit, determined based on the methodology described in Note 2.3.(c)(VI) adequately reflect the risk associated with its portfolio of credit granted.

Given the above stated in Note 22.3.(c)(VI), in accordance with the Bank's accounting policy for the assessment of significant increases in credit risk, and based on the macroeconomic analyses carried out, the Bank considers that the requirements set out in the Standard IFRS 9 are not met, relating to the significant increase in the Angolan State's credit risk in the context of the credit rating downgrade in 2020. Thus, the methodology for calculating the expected credit losses of the financial assets portfolio at amortized cost follows the procedures provided for in IFRS Standard 9 for financial instruments in stage 1, as described in that Note.

During the year 2020, the Industrial Tax Code was revised through the publication of Law No. 26/20, of July 20, which changed some realities that were in force on December 31, 2019, of which we highlight:

- The non-acceptance, for tax purposes, of impairment on credits with guarantees, and
- Non-taxation in the financial year of potential exchange variations.

The Bank implemented the changes to the Industrial Tax Code in accordance with its best understanding of such changes, not having implemented the changes related to item (ii) above, as they are under discussion between the Angolan Banking Association (*"ABAN - Associação Angolana de Bancos"*) and the General Tax Authority (*"AGT - Administração Geral Tributária"*). Thus, the changes relating to this matter will be reflected in the financial statements after clarification of this matter by ABANC and AGT.

## Classification and measurement of financial assets - SPPI and business model assessment

The classification and measurement of financial assets results from the analysis of the financial assets' agreed cash flow characteristics, in order to conclude whether they correspond exclusively to the repayment of principal and interest over the principal due, as well as from the analysis of the business model.

The Bank defines its business models, based on the management strategy of the several groups of financial assets held in its portfolio, thus achieving a specific business objective. Such assessment requires judgment, to the extent that the following aspects, inter alia, must be considered: how the performance of the business model and financial assets are assessed and reported to management; the management of risks affects the business models' performance and the corresponding financial assets and how these risks are managed; how business managers are paid; and the frequency and volume of financial assets' sales in previous periods, as well as the corresponding forecast of future sales.

The Bank monitors financial assets measured at their amortized cost which are de-recognized before their maturity, in order to understand the rationale behind their disposal and to determine whether they are consistent with the purpose of the business model defined for such assets. This monitoring is part of the permanent assessment process with respect to the business model of the financial assets maintained in the portfolio, aimed at determining whether it is appropriate and, if not, whether there has been a change in the business model and, consequently, a prospective change in the classification of such financial assets.

## Assessment of collaterals in credit operations

The assessments credit operations collaterals, namely immovable property mortgages, have been prepared under the assumption that all real estate market conditions are maintained during the operations' operating lives, and they correspond to the best estimate of said collaterals' fair value with reference to the balance sheet date. In addition, the assessment of real estate collaterals has been carried out in compliance with Directive No. 13/DSB/DRO/2019.

## Employees benefits

As previously mentioned in Note 2.3.(k), the Bank is studying the implementation of a supplementary retirement and survival pension program and has thus decided to maintain its provision recorded in the context of the obligations arising from the labour legislation which has since been revoked. Therefore, the Bank's liabilities under this program have been calculated by way of an actuarial assessment performed by an independent expert. The actuarial assessments incorporate actuarial assumptions relating to, inter alia, mortality, disability, wage and pension increases, discount rate. The assumptions adopted correspond to the best estimate of the Bank as well as the actuaries contracted for such purpose, regarding the corresponding variables' future behaviour.

### 3. Cash and cash funds with Central Banks

This item had the following breakdown:

	'20		'19	
	Foreign currency	National currency	Foreign currency	National currency
<b>CASH</b>				
<b>National banknotes and coins</b>				
In vault	-	11,066,861	-	8,726,714
In ATM	-	3,853,522	-	2,992,925
<b>Foreign banknotes and coins</b>				
In EUR	1,158,351	924,861	433,285	234,328
In USD	749,166	486,661	318,248	153,468
In other currencies	-	34,623	-	2,753
		<b>16,366,528</b>		<b>12,110,188</b>
<b>DEMAND DEPOSITS WITH THE BNA</b>				
In national currency	-	139,832,842	-	139,922,110
In foreign currency - USD	53,455,322	34,724,791	37,570,211	18,117,370
		<b>174,557,633</b>		<b>158,039,480</b>
		<b>190,924,161</b>		<b>170,149,668</b>

The item demand deposits with the Angola National Bank (BNA) includes the deposits made to meet the requirements of setting up and maintaining mandatory reserves, which are not remunerated.

With reference to December 31, 2020, compulsory reserves are calculated pursuant to the provisions set forth in Instruction No. 16/2020, of October 2, and in the Directive No. 04/DMA/2020, of October 6.

With reference to December 31, 2019, compulsory reserves are calculated pursuant to the provisions set forth in Instruction No. 17/2019, of July 24, and in the Directive No. 08/DMA/DRO/2019, of October 24.

Mandatory reserves are set up in national and foreign currency, depending on the corresponding denomination of the liabilities which make up their basis of assessment.

On December 31, 2020, the requirement to maintain mandatory minimum reserves in demand deposits at the BNA was determined by applying the quotients summarized in the following table:

		'20	
		Foreign currency	National currency
<b>RATE ON THE BASIS OF ASSESSMENT</b>			
Central Government, Local Governments and Municipal Administrations	Daily Assessment	22%	100%
Other sectors	Weekly Assessment	22%	17%

As of December 31, 2020, the amount of up to 80% of assets representing the value on the disbursement of credits in national currency granted to the projects in agriculture, livestock, forestry and fisheries sectors may be deducted from the liability in national currency, provided they are of residual maturity greater than or equal to 24 months, as well as the totality of credit granted to the production of essential goods with supply deficits in domestic production, the raw material and the investment necessary for its production, which includes the acquisition of technology, machinery and equipment, under the terms of Notice No. 10/2020 of April 1, on the granting of credit to the real sector of the economy, regardless of the residual maturity.

According to Instruction No. 16/2020 of October 2 (which revoked Instruction No. 17/2019 of October 24), in conjunction with Directive No. 04/DMA/2020 of October, the mandatory minimum reserves in foreign currency may be created with 20% of the amounts deposited with the Angola National Bank and 80% in foreign currency treasury bonds.

The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

## 4. Cash funds with other Credit Institutions

This item had the following breakdown:

	'20	'19
<b>Demand deposits in correspondent entities abroad</b>		
Banco BIC Português, S.A.	11,226,999	27,299,718
Banco BIC Cabo Verde, S.A.	9,975,220	928,557
Commerzbank Aktiengesellschaft, S.A.	7,723,721	1,890,362
Banca Popolare di Sondrio, S.A.	4,084,659	589,577
Bank BIC Namíbia, Limited	1,646,748	1,089,645
Byblos Bank Europe, S.A.	1,571,455	520,490
Firststrand Bank, S.A.	1,399,392	-
Banco Montepio Geral	-	683,723
Other	593,853	421,280
	<b>38,222,047</b>	<b>33,423,352</b>
Cheque clearing	56,644	2,414,614
	<b>38,278,691</b>	<b>35,837,966</b>
Impairment (Note 14)	(10,209)	(50,076)
	<b>38,268,482</b>	<b>35,787,890</b>

As of December 31, 2020 and 2019, the balance of the item 'Cheque clearing' is related to cheques submitted for clearing in the business day sessions subsequent to the financial statements' reference date.

The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

## 5. Applications in Central Banks and in other Credit Institutions

This item had the following breakdown:

	'20	'19
<b>Operations in the interbank money market</b>	<b>137,960,229</b>	<b>120,864,890</b>
Interest receivable	201,092	248,679
	<b>138,161,321</b>	<b>121,113,569</b>
<b>Operations of purchase of securities from third parties</b>	<b>30,836,838</b>	<b>24,463,800</b>
Interest receivable	215,124	47,389
	<b>31,051,962</b>	<b>24,511,189</b>
	<b>169,213,283</b>	<b>145,624,758</b>
Impairment (Note 14)	(1,498,434)	(80,690)
	<b>167,714,849</b>	<b>145,544,068</b>



The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

Operations carried out in the interbank money market correspond to savings deposits with credit institutions abroad and presented the following breakdown:

		'20		'19	
	Currency	Foreign currency	National currency	Foreign currency	National currency
In credit institutions in the country					
Angola National Bank (BNA)	AOA	-	19,000,000	-	-
			19,000,000		-
In credit institutions abroad					
Banco BIC Português, S.A.	USD	66,440,000	43,159,689	131,910,000	63,610,564
Banco BIC Português, S.A.	EUR	2,000,000	1,596,857	6,000,000	3,244,902
			44,756,546		66,855,466
Commerzbank Aktiengesellschaft, S.A.	USD	60,000,000	38,976,240	48,000,000	23,146,896
Byblos Bank Europe, S.A.	USD	37,500,000	24,360,151	50,000,000	24,111,350
Banco BIC Cabo Verde, S.A.	USD	14,000,000	9,094,456	14,000,000	6,751,178
Aktif Bank Turquia, S.A.	USD	1,000,000	798,429	-	-
Aktif Bank Turquia, S.A.	EUR	1,500,000	974,407	-	-
Interest receivable			201,092		248,679
			138,161,321		121,113,569

A significant portion of the aforementioned savings deposits with credit institutions abroad are currently collateralising the opening of documentary credits and other operations, under agreed lines of credit and other arrangements entered into with such financial institutions.

As of December 31, 2020 and 2019, savings deposits with credit institutions, excluding interest receivable and impairment, evidenced the following structure, by residual maturity periods:

	'20	'19
Up to one month	19,000,000	47,499,360
Between one and three months	80,784,604	55,303,961
Between three and six months	38,175,625	18,061,569
	<b>137,960,229</b>	<b>120,864,890</b>

As of December 31, 2020 and 2019, savings deposits with credit institutions borne interest at the following average annual rates, weighed by the corresponding applications' nominal amount:

	'20	'19
In United States dollars	0.38%	1.76%
In Euros	0.02%	0.01%

On December 31, 2020, applications with the BNA reflect operations regarding the purchase of securities from third parties with resale agreements of Treasury Bonds, with an arrangement for future resale for a pre-established price agreed between the parties.

The income earned by Banco BIC regarding these operations corresponds, solely and exclusively, to the positive difference between these Treasury Bonds' resale price, pre-established and agreed between the parties, and their initial value of acquisition.

As of December 31, 2020 and 2019, the operations of purchase of securities from third parties with resale agreements matured in the quarter following the reference date of the financial statements.

## 6. Investments at their Amortized Cost

This item presents the following breakdown:

	'20		'19	
	Interest rate	Amount	Interest rate	Amount
<b>Treasury Bonds</b>				
In national currency				
Non-readjustable	14.84%	97,509,195	12.23%	58,986,586
Indexed to USD	7.52%	506,361,490	7.36%	583,575,799
		<b>603,870,685</b>		<b>642,562,385</b>
In foreign currency (USD)	5.19%	149,922,107	5.19%	111,293,169
		<b>753,792,792</b>		<b>753,855,554</b>
Treasury Bills	19.01%	133,277,394	17.81%	7,731,429
Other securities (Commercial Paper)	4.00%	12,295,807	4.00%	10,410,728
		<b>899,365,993</b>		<b>771,997,711</b>
Proceeds receivable		18,784,641		17,379,535
		<b>918,150,634</b>		<b>789,377,246</b>
Impairment (Note 14)		(61,556,890)		(12,046,521)
		<b>856,593,744</b>		<b>777,330,725</b>

As of December 31, 2020 and 2019 the Bank classifies in this portfolio Treasury Bonds recorded under the item 'Investments at their amortized cost - Treasury Bonds', as they comply with the SPPI requirements and the associated business model consists of collecting the contracted cash flows.

On December 31, 2020, it has been verified an increase reflected in the item 'Treasury Bonds in national currency - Indexed to USD' and 'Treasury Bonds in foreign currency (USD)', which mainly results from the Kwanza devaluation against the US dollar, evidenced along the financial year.

As of December 31, 2020 and 2019, the distribution of Treasury Bonds by index in the portfolio, excluding proceeds receivable and impairment, is as follows:

	'20			'19		
	Fixed rate	Libor 6M	Total	Fixed rate	Libor 6M	Total
<b>Treasury Bonds</b>						
In national currency (non-readjustable)	97,509,195	-	97,509,195	58,986,586	-	58,986,586
In national currency (Indexed to USD)	506,361,490	-	506,361,490	583,575,799	-	583,575,799
In foreign currency (USD)	149,922,107	-	149,922,107	111,293,169	-	111,293,169
	<b>753,792,792</b>	<b>-</b>	<b>753,792,792</b>	<b>753,855,554</b>	<b>-</b>	<b>753,855,554</b>

As of December 31, 2020 and 2019, the Treasury Bonds in the portfolio, excluding proceeds receivable and impairment, had the following structure, according to their residual maturity periods:

	'20	'19
Up to three months	64,897,847	39,241,405
From three to six months	49,363,945	31,108,966
From six months to one year	214,847,499	168,531,911
More than one year	424,683,501	514,973,272
	<b>753,792,792</b>	<b>753,855,554</b>

As of December 31, 2020 and 2019, the Bank classifies in this portfolio Treasury Bills recorded under the item 'Investments at their amortized cost - Treasury Bills', given that they comply with the SPPI requirements and the associated business model consists of collecting the agreed cash flows.

As of December 31, 2020 and 2019, the Treasury Bills in the portfolio, excluding proceeds receivable and impairment, had the following structure, according to their residual maturity periods:

	'20	'19
Up to three months	50,998,781	5,109,090
From three to six months	44,498,440	2,622,339
From six months to one year	37,780,173	-
	<b>133,277,394</b>	<b>7,731,429</b>

As of December 31, 2020 and 2019, other securities with a nominal value of tEUR 15,400 and tEUR 19,250, respectively, are related to commercial paper issued by an entity of the media sector with the respective maturity occurring in the month following the financial statements' reference date (Note 27).

The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

## 7. Credit to Customers

This item had the following breakdown:

	'20	'19
<b>National currency</b>		
Overdrafts in demand deposits	2,350,643	1,942,834
Loans	190,283,616	183,427,764
Current credits in accounts	63,395,970	42,823,111
Employee loans	6,534,260	4,480,658
	<b>262,564,489</b>	<b>232,674,367</b>
<b>Foreign currency</b>		
Overdrafts in demand deposits	16,229	1,631,308
Loans	300,493,551	351,408,132
Current credit in accounts	5,832,744	4,423,121
Employee loans	39,744,821	30,575,412
	<b>346,087,345</b>	<b>388,037,973</b>
<b>TOTAL CREDIT OUTSTANDING</b>	<b>608,651,834</b>	<b>620,712,340</b>
<b>Matured credit and interest</b>		
National currency	48,816,451	26,241,975
Foreign currency	239,565,624	107,624,238
<b>TOTAL MATURED CREDIT AND INTEREST</b>	<b>288,382,075</b>	<b>133,866,213</b>
<b>TOTAL CREDIT GRANTED</b>	<b>897,033,909</b>	<b>754,578,553</b>
Proceeds receivable - National currency	14,710,810	6,153,960
Proceeds receivable - Foreign currency	628,155	12,254,250
<b>TOTAL PROCEEDS RECEIVABLE</b>	<b>15,338,965</b>	<b>18,408,210</b>
	<b>912,372,874</b>	<b>772,986,763</b>
Commissions associated at their amortized cost	(1,690,811)	(1,395,129)
	<b>910,682,063</b>	<b>771,591,634</b>
Impairment for credit (Note 14)	(247,843,797)	(208,491,297)
	<b>662,838,266</b>	<b>563,100,337</b>

As of December 31, 2020 and 2019, the residual maturity of credit granted to Customers, excluding matured credit and impairment, have the following breakdown:

	<b>'20</b>	<b>'19</b>
Up to three months	25,788,503	136,765,122
From three to six months	50,068,546	34,881,446
From six months to one year	18,601,295	26,728,485
From one to three years	62,234,773	87,928,859
From three to five years	131,739,438	125,470,188
From five to ten years	198,812,161	117,412,799
More than ten years	121,407,118	91,525,441
	<b>608,651,834</b>	<b>620,712,340</b>

As of December 31, 2020 and 2019, the breakdown of overdue and matured credit granted to customers, excluding proceeds receivable, among companies and retail customers (individual) is the following:

	'20			'19		
	Overdue	Matured	Total	Overdue	Matured	Total
Companies	488,034,280	250,772,726	738,807,006	520,695,701	108,477,440	629,173,141
Retail	120,617,554	37,609,349	158,226,903	100,016,639	25,388,773	125,405,412
	608,651,834	288,382,075	897,033,909	620,712,340	133,866,213	754,578,553

As of December 31, 2020 and 2019, the breakdown, by currency, of overdue and matured credit granted to customers, excluding proceeds receivable, is as follows:

	<b>'20</b>		<b>'19</b>	
	<b>Interest rate</b>	<b>Amount in mAOA</b>	<b>Interest rate</b>	<b>Amount in mAOA</b>
In thousands of Angolan Kwanza	14.96%	311,380,940	18.10%	258,916,342
In United States dollars	9.20%	556,269,183	9.21%	475,758,821
In Euros	5.11%	29,383,786	5.11%	19,903,390
		<b>897,033,909</b>		<b>754,578,553</b>

As of December 31, 2020 and 2019, the breakdown of credit granted to customers, excluding proceeds receivable, evidenced the following distribution by index:

	<b>'20</b>	<b>'19</b>
	<b>Amount in mAOA</b>	<b>Amount in mAOA</b>
<b>Fixed rate</b>	641,495,389	547,901,032
<b>Variable rate:</b>		
Euribor 3M	18,763,082	12,709,200
Euribor 6M	10,620,585	7,193,868
Euribor 12M	54	265
Libor 1M	19,135	178,498
Libor 3M	2,982,959	2,437,099
Libor 6M	283,442	330,803
Libor 12M	14,228,544	10,777,597
Luibor 1M	81,809,087	43,957,285
Luibor 3M	29,780,029	27,779,854
Luibor 6M	68,363,543	68,910,851
Luibor 12M	28,688,060	32,402,201
	<b>255,538,520</b>	<b>206,677,521</b>
	<b>897,033,909</b>	<b>754,578,553</b>

As of December 31, 2020 and 2019, the detail of the credit gross exposure amount, the guarantees granted and documentary credits (Note 17), as well as the amount of impairment set up for the separate and collective analyses of exposures, is as follows:

	<b>'20</b>		<b>'19</b>	
	<b>Total exposure</b>	<b>Impairment (Note 14)</b>	<b>Total exposure</b>	<b>Impairment (Note 14)</b>
Credit granted	912,372,874	(247,843,797)	772,986,763	(208,491,297)
Guarantees granted and documentary credits	84,272,629	(4,658,704)	126,584,452	(3,773,574)
Unused limits	39,042,705	(628,946)	29,257,386	(447,915)
	<b>1,035,688,208</b>	<b>(253,131,447)</b>	<b>928,828,601</b>	<b>(212,712,786)</b>

The methodology for assessing the impairment in credit granted is described in Note 2.3.(c)(VI).



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As of December 31, 2020 and 2019, the credit portfolio breakdown by segment has the following structure:

Segment	EXPOSURE					
	Total exposure	Credit in stage 1	Of which cured	Of which restructured	Credit in stage 2	Of which cured
Services and Other	507,661,994	230,144,589	4,091,602	12,076,169	4,817,789	18
Trade and Repairs	227,659,323	133,194,615	1,580,620	118,978,586	-	-
Construction	94,821,443	26,696,906	5,945,488	12,099,823	1,621,615	27
Housing	93,594,956	49,252,765	2,925,237	2,005,981	1,298,237	921,423
Industry	38,167,525	16,785,113	784,569	15,378	-	-
Revolving	13,144,266	9,279,879	408,678	-	727,761	724,704
Employees	7,496,356	7,373,468	42,558	4,539	15,029	-
Other Credits	53,142,345	19,584,391	75,992	318,589	612,386	462,319
<b>TOTAL</b>	<b>1,035,688,208</b>	<b>492,311,726</b>	<b>15,854,744</b>	<b>145,499,065</b>	<b>9,092,817</b>	<b>2,108,491</b>

Segment	EXPOSURE					
	Total exposure	Credit in stage 1	Of which cured	Of which restructured	Credit in stage 2	Of which cured
Services and Other	226,288,476	66,215,042	4,611,157	6,605,502	14,184,432	12,838,939
Construction	213,674,963	147,144,722	9,773,294	12,808,849	6,093	-
Trade and Repairs	200,227,070	91,608,910	3,936,766	38,192,589	419,617	65
Industry	135,668,302	116,929,885	57,659,618	55,325,047	-	-
Housing	75,084,395	42,673,948	3,389,975	479,694	522,587	88,284
Revolving	11,428,757	8,595,680	377,103	-	1,762	1,490
Employees	4,673,541	4,582,419	19,415	-	39,702	12
Other Credits	61,783,097	34,591,459	471,639	439,566	75,928	1,367
<b>TOTAL</b>	<b>928,828,601</b>	<b>512,342,065</b>	<b>80,238,967</b>	<b>113,851,247</b>	<b>15,250,121</b>	<b>12,930,157</b>

'20

## IMPAIRMENT

Of which restructured	Credit in stage 3	Of which cured	Of which restructured	Total Impairment	Credit in stage 1	Credit in stage 2	Credit in stage 3
1,977,668	272,699,616	297,820	166,360,485	(90,383,537)	(5,252,347)	(980,223)	(84,150,967)
-	94,464,708	-	75,108,352	(70,420,506)	(4,853,984)	-	(65,566,522)
-	66,502,922	-	34,091,152	(29,822,430)	(1,913,768)	(79,373)	(27,829,289)
72,759	43,043,954	-	6,607,225	(23,804,026)	(635,500)	(201,805)	(22,966,721)
-	21,382,412	-	5,818,877	(10,773,631)	(208,881)	-	(10,564,750)
-	3,136,625	-	-	(1,955,236)	(251,694)	(6,128)	(1,697,414)
-	107,860	-	-	(24,571)	(4,551)	(731)	(19,289)
18,050	32,945,568	-	12,487,201	(25,947,510)	(3,391,017)	(143,225)	(22,413,268)
<b>2,068,477</b>	<b>534,283,665</b>	<b>297,820</b>	<b>300,473,292</b>	<b>(253,131,447)</b>	<b>(16,511,742)</b>	<b>(1,411,485)</b>	<b>(235,208,220)</b>

'19

## IMPAIRMENT

Of which restructured	Credit in stage 3	Of which cured	Of which restructured	Total Impairment	Credit in stage 1	Credit in stage 2	Credit in stage 3
1,091,176	145,889,002	782,686	104,401,345	(64,518,179)	(1,912,152)	(807,403)	(61,798,624)
-	66,524,148	399,504	36,164,739	(25,810,159)	(2,846,359)	(1)	(22,963,799)
-	108,198,543	10,067,397	69,032,856	(68,255,541)	(5,218,356)	(5,731)	(63,031,454)
-	18,738,417	1,865,705	5,770,420	(12,242,942)	(2,181,399)	-	(10,061,543)
-	31,887,860	-	4,746,906	(15,620,398)	(748,685)	(67,136)	(14,804,577)
-	2,831,315	-	-	(1,721,265)	(142,344)	(90)	(1,578,831)
-	51,420	-	-	(35,960)	(24,135)	(1,843)	(9,982)
1,924	27,115,710	-	10,517,870	(24,508,342)	(5,352,868)	(14,216)	(19,141,258)
<b>1,093,100</b>	<b>401,236,415</b>	<b>13,115,292</b>	<b>230,634,136</b>	<b>(212,712,786)</b>	<b>(18,426,298)</b>	<b>(896,420)</b>	<b>(193,390,068)</b>

As of December 31, 2020 and 2019, the credit portfolio breakdown by segment and by year of granting of operations is as follows:

Year of granting	2020			2019			2018		
	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created
Services and Other	559	196,851,809	(5,727,781)	270	94,501,361	(7,942,171)	184	41,751,600	(7,962,530)
Trade and Repairs	50	7,339,241	(102,497)	2	69,717	(46,009)	-	-	-
Construction	38	24,127,282	(6,571,853)	4	221,340	(10,058)	6	173,704	(6,690)
Housing	77	5,314,104	(249,779)	284	6,588,619	(167,952)	54	5,687,785	(342,855)
Industry	13	1,727,516	(128,803)	7	5,456,402	(792,045)	-	-	-
Revolving	2,094	6,126,692	(378,656)	2,800	72,713	(1,255)	2,119	74,494	(1,425)
Employees	888	4,380,347	(6,267)	905	2,009,163	(4,413)	472	519,283	(2,465)
Other Credits	2,852	4,539,217	(145,722)	2,982	3,162,212	(214,662)	1,440	2,536,757	(649,797)
<b>TOTAL</b>	<b>6,571</b>	<b>250,406,208</b>	<b>(13,311,358)</b>	<b>7,254</b>	<b>112,081,527</b>	<b>(9,178,565)</b>	<b>4,275</b>	<b>50,743,623</b>	<b>(8,965,762)</b>

Year of granting	2019			2018			2017		
	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created
Services and Other	525	52,219,484	(5,689,273)	85	21,034,336	(1,890,873)	57	8,758,528	(1,908,004)
Construction	203	65,557,112	(3,531,390)	26	70,512,913	(3,670,855)	19	10,973,795	(1,077,849)
Trade and Repairs	810	72,068,076	(3,546,810)	93	5,793,358	(1,871,191)	62	10,333,028	(3,682,411)
Industry	189	30,586,484	(1,406,174)	9	244,515	(161,687)	24	6,729,791	(638,762)
Housing	309	7,264,949	(342,994)	56	4,474,145	(164,392)	35	3,377,742	(257,652)
Revolving	7,281	8,809,448	(391,023)	6,133	76,200	(2,416)	1,710	54,725	(7,640)
Employees	1,302	2,880,435	(25,351)	537	929,580	(2,994)	444	402,353	(1,142)
Other Credits	3,081	4,534,374	(317,956)	1,580	2,784,529	(583,646)	1,168	1,292,994	(180,953)
<b>TOTAL</b>	<b>13,700</b>	<b>243,920,362</b>	<b>(15,250,971)</b>	<b>8,519</b>	<b>105,849,576</b>	<b>(8,348,054)</b>	<b>3,519</b>	<b>41,922,956</b>	<b>(7,754,413)</b>

'20

2017			2016			2015 AND PREVIOUS			TOTAL		
Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created
107	7,754,969	(1,272,540)	81	3,176,553	(427,913)	932	163,625,702	(67,050,602)	2,133	507,661,994	(90,383,537)
38	9,815,093	(4,508,371)	33	8,916,721	(1,683,482)	653	201,518,551	(64,080,147)	776	227,659,323	(70,420,506)
22	11,523,943	(1,200,793)	15	1,635,450	(81,099)	230	57,139,724	(21,951,937)	315	94,821,443	(29,822,430)
34	4,137,913	(320,620)	194	14,009,415	(571,978)	546	57,857,120	(22,150,842)	1,189	93,594,956	(23,804,026)
16	5,943,431	(323,580)	9	25,642	(11,684)	163	25,014,534	(9,517,519)	208	38,167,525	(10,773,631)
1,812	70,461	(13,927)	1,871	76,821	(2,539)	22,277	6,723,084	(1,557,434)	32,973	13,144,266	(1,955,236)
347	174,289	(1,225)	279	55,717	(2,189)	1,181	357,558	(8,012)	4,072	7,496,356	(24,571)
856	1,005,016	(228,547)	106	359,582	(302,330)	986	41,539,561	(24,406,452)	9,222	53,142,345	(25,947,510)
<b>3,232</b>	<b>40,425,115</b>	<b>(7,869,603)</b>	<b>2,588</b>	<b>28,255,901</b>	<b>(3,083,214)</b>	<b>26,968</b>	<b>553,775,834</b>	<b>(210,722,945)</b>	<b>50,888</b>	<b>1,035,688,208</b>	<b>(253,131,447)</b>

'19

2016			2015			2014 AND PREVIOUS			TOTAL		
Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created
46	11,488,079	(596,069)	66	76,966,838	(28,393,764)	292	55,821,211	(26,040,196)	1,071	226,288,476	(64,518,179)
6	2,528,215	(928,215)	28	44,243,613	(10,765,509)	93	19,859,315	(5,836,341)	375	213,674,963	(25,810,159)
49	7,884,508	(1,185,912)	73	72,241,055	(36,021,747)	417	31,907,045	(21,947,470)	1,504	200,227,070	(68,255,541)
8	23,290	(17,334)	16	16,929,834	(929,695)	100	81,154,388	(9,089,290)	346	135,668,302	(12,242,942)
214	10,795,174	(338,126)	52	1,971,146	(212,288)	585	47,201,239	(14,304,946)	1,251	75,084,395	(15,620,398)
2,597	54,045	(2,344)	2,248	70,804	(1,938)	16,963	2,363,535	(1,315,904)	36,932	11,428,757	(1,721,265)
357	144,613	(1,318)	216	48,135	(143)	551	268,425	(5,012)	3,407	4,673,541	(35,960)
1,374	533,884	(236,452)	973	7,963,578	(2,578,840)	1,028	44,673,738	(20,610,495)	9,204	61,783,097	(24,508,342)
<b>4,651</b>	<b>33,451,808</b>	<b>(3,305,770)</b>	<b>3,672</b>	<b>220,435,003</b>	<b>(78,903,924)</b>	<b>20,029</b>	<b>283,248,896</b>	<b>(99,149,654)</b>	<b>54,090</b>	<b>928,828,601</b>	<b>(212,712,786)</b>



As of December 31, 2020 and 2019, the breakdown of the amount of gross credit exposure and the amount of impairment created for the exposures analysed separately and collectively, by segment, is as follows:

					<b>'20</b>	
<b>Segment</b>	<b>SEPARATE IMPAIRMENT</b>		<b>COLLECTIVE IMPAIRMENT</b>		<b>TOTAL</b>	
	<b>Total exposure</b>	<b>Impairment</b>	<b>Total exposure</b>	<b>Impairment</b>	<b>Total exposure</b>	<b>Impairment</b>
Services and Other	406,911,096	(82,296,264)	100,750,898	(8,087,273)	507,661,994	(90,383,537)
Trade and Repairs	203,693,768	(69,614,053)	23,965,555	(806,453)	227,659,323	(70,420,506)
Construction	83,003,758	(23,881,844)	11,817,685	(5,940,586)	94,821,443	(29,822,430)
Housing	6,449,660	(4,056,767)	87,145,296	(19,747,259)	93,594,956	(23,804,026)
Industry	30,509,114	(9,524,583)	7,658,411	(1,249,048)	38,167,525	(10,773,631)
Revolving	7,207,629	(1,079,849)	5,936,637	(875,387)	13,144,266	(1,955,236)
Employees	8,934	(84)	7,487,422	(24,487)	7,496,356	(24,571)
Other Credits	34,812,953	(18,455,400)	18,329,392	(7,492,110)	53,142,345	(25,947,510)
	<b>772,596,912</b>	<b>(208,908,844)</b>	<b>263,091,296</b>	<b>(44,222,603)</b>	<b>1,035,688,208</b>	<b>(253,131,447)</b>

					<b>'19</b>	
<b>Segment</b>	<b>SEPARATE IMPAIRMENT</b>		<b>COLLECTIVE IMPAIRMENT</b>		<b>TOTAL</b>	
	<b>Total exposure</b>	<b>Impairment</b>	<b>Total exposure</b>	<b>Impairment</b>	<b>Total exposure</b>	<b>Impairment</b>
Services and Other	171,478,074	(53,943,018)	54,810,402	(10,575,161)	226,288,476	(64,518,179)
Construction	186,567,611	(18,681,204)	27,107,352	(7,128,955)	213,674,963	(25,810,159)
Trade and Repairs	134,375,622	(56,122,645)	65,851,448	(12,132,896)	200,227,070	(68,255,541)
Industry	112,366,522	(6,786,878)	23,301,780	(5,456,064)	135,668,302	(12,242,942)
Housing	251,326	-	74,833,069	(15,620,398)	75,084,395	(15,620,398)
Revolving	4,932,219	(995,804)	6,496,538	(725,461)	11,428,757	(1,721,265)
Employees	35,514	-	4,638,027	(35,960)	4,673,541	(35,960)
Other Credits	41,484,453	(15,564,161)	20,298,644	(8,944,181)	61,783,097	(24,508,342)
	<b>651,491,341</b>	<b>(152,093,710)</b>	<b>277,337,260</b>	<b>(60,619,076)</b>	<b>928,828,601</b>	<b>(212,712,786)</b>

As of December 31, 2020 and 2019, the restructured credit portfolio has the following breakdown:

										'20		
Measure applied	STAGE 1			STAGE 2			STAGE 3			TOTAL		
	Number of operations	Exposure total	Impairment	Number of operations	Exposure total	Impairment	Number of operations	Exposure total	Impairment	Number of operations	Exposure total	Impairment
Restructuring	101	145,499,065	(8,140,958)	21	2,068,477	(468,056)	286	300,473,292	(136,713,357)	408	448,040,834	(145,322,371)
	<b>101</b>	<b>145,499,065</b>	<b>(8,140,958)</b>	<b>21</b>	<b>2,068,477</b>	<b>(468,056)</b>	<b>286</b>	<b>300,473,292</b>	<b>(136,713,357)</b>	<b>408</b>	<b>448,040,834</b>	<b>(145,322,371)</b>

										'19		
Measure applied	STAGE 1			STAGE 2			STAGE 3			TOTAL		
	Number of operations	Exposure total	Impairment	Number of operations	Exposure total	Impairment	Number of operations	Exposure total	Impairment	Number of operations	Exposure total	Impairment
Restructuring	61	113,851,247	(7,742,328)	3	1,093,100	(216,203)	305	230,634,136	(120,957,252)	369	345,578,483	(128,915,783)
	<b>61</b>	<b>113,851,247</b>	<b>(7,742,328)</b>	<b>3</b>	<b>1,093,100</b>	<b>(216,203)</b>	<b>305</b>	<b>230,634,136</b>	<b>(120,957,252)</b>	<b>369</b>	<b>345,578,483</b>	<b>(128,915,783)</b>

As of December 31, 2020 and 2019, the movement occurred in inflows and outflows of the restructured credit portfolio is as follows:

	'20	'19
<b>Initial balance of the restructured credit portfolio (gross of impairment)</b>	<b>345,616,607</b>	<b>240,588,334</b>
Credits restructured in the period	17,925,814	48,667,751
Interest accrued on the restructured credit portfolio	558,376	(364,609)
Settlement of restructured credit (partial or total)	(23,729,671)	(46,629,321)
Foreign exchange rate variations	98,911,980	103,422,987
Other	8,757,728	(68,535)
<b>End balance of the restructured credit portfolio (gross of impairment)</b>	<b>448,040,834</b>	<b>345,616,607</b>

As of December 31, 2020 and 2019, the detail of the fair value of guarantees underlying the credit portfolio of the companies, construction and real estate promotion and housing segments presents the following breakdown:

Fair value	COMPANIES			
	HOUSING		OTHER GUARANTEES IN REM	
	Number of immovable properties	Amount	Number	Amount
< 50 MAOA	165	2,387,792	27	233,286
>= 50 MAOA and < 100 MAOA	42	3,199,573	8	490,104
>= 100 MAOA and < 500 MAOA	101	24,418,737	25	6,244,476
>= 500 MAOA and < 1.000 MAOA	66	46,066,979	5	3,340,406
>= 1.000 MAOA and < 2.000 MAOA	54	74,582,484	10	13,112,796
>= 2.000 MAOA and < 5.000 MAOA	35	113,600,465	6	19,221,112
>= 5.000 MAOA	54	986,460,668	1	109,863,336
	<b>517</b>	<b>1,250,716,698</b>	<b>82</b>	<b>152,505,516</b>

Fair value	COMPANIES			
	HOUSING		OTHER GUARANTEES IN REM	
	Number of immovable properties	Amount	Number	Amount
< 50 MAOA	160	2,559,761	41	197,421
>= 50 MAOA and < 100 MAOA	42	3,114,580	7	424,371
>= 100 MAOA and < 500 MAOA	98	27,508,303	16	3,293,100
>= 500 MAOA and < 1.000 MAOA	40	29,155,385	4	3,360,122
>= 1.000 MAOA and < 2.000 MAOA	30	40,365,791	5	6,554,937
>= 2.000 MAOA and < 5.000 MAOA	36	120,204,414	2	4,550,464
>= 5.000 MAOA	36	551,039,693	-	-
	<b>442</b>	<b>773,947,927</b>	<b>75</b>	<b>18,380,415</b>

'20

CONSTRUCTION AND REAL ESTATE PROMOTION				HOUSING			
HOUSING		OTHER GUARANTEES IN REM		HOUSING		OTHER GUARANTEES IN REM	
Number of immovable properties	Amount	Number	Amount	Number of immovable properties	Amount	Number	Amount
24	273,753	4	(116,863)	244	5,663,095	41	1,039,288
-	-	-	-	170	12,612,387	1	57,823
26	6,943,985	-	-	232	45,983,216	1	194,881
24	15,403,903	-	-	16	11,437,148	-	-
26	36,892,167	1	1,753,931	2	2,897,234	-	-
14	51,127,322	-	-	-	-	-	-
10	126,656,652	-	-	-	-	-	-
<b>124</b>	<b>237,297,782</b>	<b>5</b>	<b>1,637,068</b>	<b>664</b>	<b>78,593,080</b>	<b>43</b>	<b>1,291,992</b>

'19

CONSTRUCTION AND REAL ESTATE PROMOTION				HABITAÇÃO			
HOUSING		OTHER GUARANTEES IN REM		HOUSING		OTHER GUARANTEES IN REM	
Number of immovable properties	Amount	Number	Amount	Number of immovable properties	Amount	Number	Amount
18	328,372	7	41,246	248	6,725,115	46	922,560
-	-	2	138,758	174	12,286,991	1	57,823
16	3,181,426	2	712,801	234	41,204,760	1	144,668
4	2,798,303	2	1,513,264	8	5,231,684	-	-
8	11,495,773	2	3,230,921	8	8,823,526	-	-
20	66,683,211	-	-	-	-	-	-
14	271,928,619	-	-	-	-	-	-
<b>80</b>	<b>356,415,704</b>	<b>15</b>	<b>5,636,990</b>	<b>672</b>	<b>74,272,076</b>	<b>48</b>	<b>1,125,051</b>

As of December 31, 2020 and 2019, the financing/guarantees ratio of the companies, construction and real estate promotion and housing segments presents the following structure:

							'20
Segment/Ratio	Number immovable property units	Number of other guarantees in rem	Stage 1	Stage 2	Stage 3	Impairment	
<b>Companies</b>							
Without guarantee associated	n.a.	n.a.	210,683,314	3,641,054	111,122,843	(44,002,055)	
< 50%	49	11	24,495,145	-	57,715,670	(33,425,465)	
≥ 50% and < 75%	16	3	668,362	-	13,614,499	(1,051,664)	
≥ 75% and < 100%	4	10	11,409,813	-	224,256	(65,498)	
≥ 100%	448	58	132,867,683	1,176,735	205,869,468	(93,032,992)	
	<b>517</b>	<b>82</b>	<b>380,124,317</b>	<b>4,817,789</b>	<b>388,546,736</b>	<b>(171,577,674)</b>	
<b>Construction and real estate promotion</b>							
Without guarantee associated	n.a.	n.a.	15,249,483	1,621,615	7,856,728	(2,566,043)	
< 50%	4	-	-	-	8,490,353	(3,901,730)	
≥ 50% and < 75%	4	-	8,644,551	-	-	(1,161,412)	
≥ 75% and < 100%	2	1	-	-	3,789,114	(2,120,740)	
≥ 100%	114	4	2,802,872	-	46,366,727	(20,072,505)	
	<b>124</b>	<b>5</b>	<b>26,696,906</b>	<b>1,621,615</b>	<b>66,502,922</b>	<b>(29,822,430)</b>	
<b>Housing</b>							
Without guarantee associated	n.a.	n.a.	33,234,800	538,524	21,772,332	(13,278,420)	
< 50%	54	7	1,830,034	620,724	1,854,317	(933,642)	
≥ 50% and < 75%	20	-	509,631	-	565,251	(394,214)	
≥ 75% and < 100%	4	1	271,323	13,834	-	(2,624)	
≥ 100%	586	35	13,406,977	125,155	18,852,054	(9,195,126)	
	<b>664</b>	<b>43</b>	<b>49,252,765</b>	<b>1,298,237</b>	<b>43,043,954</b>	<b>(23,804,026)</b>	
	<b>1,305</b>	<b>130</b>	<b>456,073,988</b>	<b>7,737,641</b>	<b>498,093,612</b>	<b>(225,204,130)</b>	



Segment/Ratio	Number immovable property units	Number of other guarantees in rem	Stage 1	Stage 2	Stage 3	Impairment
<b>Companies</b>						
Without guarantee associated	n.a.	n.a.	236,581,192	14,186,763	89,015,838	(46,507,119)
< 50%	24	10	6,797,217	-	10,015,055	(6,901,762)
≥ 50% and < 75%	12	1	288,650	-	8,397,061	(5,783,595)
≥ 75% and < 100%	6	5	3,146,860	417,286	6,420,231	(1,034,011)
≥ 100%	400	59	27,939,918	-	158,977,777	(84,790,175)
	<b>442</b>	<b>75</b>	<b>274,753,837</b>	<b>14,604,049</b>	<b>272,825,962</b>	<b>(145,016,662)</b>
<b>Construction and real estate promotion</b>						
Without guarantee associated	n.a.	n.a.	120,165,980	8	22,496,105	(8,548,818)
< 50%	2	3	5,497,545	-	3,555,653	(3,607,437)
≥ 50% and < 75%	2	-	-	-	1,038,006	(951,264)
≥ 75% and < 100%	2	4	5,975,757	-	1,552,580	(288,426)
≥ 100%	74	8	15,505,440	6,085	37,881,804	(12,414,214)
	<b>80</b>	<b>15</b>	<b>147,144,722</b>	<b>6,093</b>	<b>66,524,148</b>	<b>(25,810,159)</b>
<b>Housing</b>						
Without guarantee associated	n.a.	n.a.	28,566,628	260,264	17,166,896	(9,852,240)
< 50%	26	9	1,423,071	-	1,303,115	(758,640)
≥ 50% and < 75%	16	-	181,161	-	426,847	(261,044)
≥ 75% and < 100%	4	4	280,968	-	-	(2,003)
≥ 100%	626	35	12,222,120	262,323	12,991,002	(4,746,471)
	<b>672</b>	<b>48</b>	<b>42,673,948</b>	<b>522,587</b>	<b>31,887,860</b>	<b>(15,620,398)</b>
	<b>1,194</b>	<b>138</b>	<b>464,572,507</b>	<b>15,132,729</b>	<b>371,237,970</b>	<b>(186,447,219)</b>

As of December 31, 2020 and 2019, the breakdown of the credit portfolio measured by internal risk grade had the following structure:

**'20**

Segment	LOW RISK GRADE			MEDIUM RISK GRADE	HIGH RISK GRADE			Total
	A	B	C	D	E	F	G	
Services and Other	100,155,105	182,998,825	118,496,961	9,912,810	80,572,673	2,885,271	12,640,349	507,661,994
Trade and Repairs	95,525,194	3,824,600	49,482,610	1,080,403	10,468,759	54,087,345	13,190,412	227,659,323
Construction	19,208,467	4,070,506	23,184,206	35,837,547	5,690,617	3,265,907	3,564,193	94,821,443
Housing	14,097,310	35,718,001	16,350,299	7,175,412	7,339,481	6,381,733	6,532,720	93,594,956
Industry	833,513	21,081,664	4,380,670	822,101	157,296	8,291,019	2,601,262	38,167,525
Revolving	4,771,616	4,771,545	1,465,747	127,920	938,888	772,427	296,123	13,144,266
Employees	7,374,451	16,821	93,050	6,723	1,264	-	4,047	7,496,356
Other Credits	1,945,513	7,566,212	3,299,507	11,720,193	16,391,244	7,124,139	5,095,537	53,142,345
	<b>243,911,169</b>	<b>260,048,174</b>	<b>216,753,050</b>	<b>66,683,109</b>	<b>121,560,222</b>	<b>82,807,841</b>	<b>43,924,643</b>	<b>1,035,688,208</b>

**'19**

Segment	LOW RISK GRADE			MEDIUM RISK GRADE	HIGH RISK GRADE			Total
	A	B	C	D	E	F	G	
Services and Other	2,916,788	89,834,149	52,246,905	11,619,954	50,426,888	14,235,542	5,008,250	226,288,476
Construction	3,115,565	140,815,011	35,282,536	24,178,858	1,317	3,808,972	6,472,704	213,674,963
Trade and Repairs	1,493,674	56,006,647	68,634,568	2,906,610	13,086,490	47,008,366	11,090,715	200,227,070
Industry	4,247,576	117,053,461	3,716,224	48,292	736,591	6,206,734	3,659,424	135,668,302
Housing	322,092	42,742,617	14,729,970	5,012,832	4,042,411	4,974,818	3,259,655	75,084,395
Revolving	35,105	8,507,734	1,186,796	140,859	636,362	77,615	844,286	11,428,757
Employees	35,514	4,575,175	58,584	1,264	-	-	3,004	4,673,541
Other Credits	551,571	7,912,580	22,768,385	10,007,909	8,350,956	2,286,974	9,904,722	61,783,097
	<b>12,717,885</b>	<b>467,447,374</b>	<b>198,623,968</b>	<b>53,916,578</b>	<b>77,281,015</b>	<b>78,599,021</b>	<b>40,242,760</b>	<b>928,828,601</b>

As of December 31, 2020 and 2019, the risk factors associated with the impairment model by segment are presented below:

	'20			'19		
	PROBABILITY OF DEFAULT (%)			PROBABILITY OF DEFAULT (%)		
Segment	Stage 1	Stage 2	Loss due to default (%)	Stage 1	Stage 2	Loss due to default (%)
Housing	7.58%	90.19%	21.24%	7.40%	94.44%	30.74%
Employees	0.78%	52.17%	11.10%	0.72%	50.88%	11.55%
Revolving	8.29%	55.39%	39.35%	8.34%	65.26%	39.21%
Industry	9.36%	0.00%	37.73%	8.49%	0.00%	28.24%
Trade and Repairs	10.15%	0.00%	19.11%	3.85%	91.10%	20.53%
Construction	6.80%	49.70%	17.44%	4.31%	16.65%	20.13%
Services and Other	7.60%	83.25%	28.52%	7.12%	83.23%	35.00%
Other Credits	7.22%	79.50%	48.19%	6.72%	61.53%	51.57%
	<b>7.61%</b>	<b>79.46%</b>	<b>26.16%</b>	<b>7.26%</b>	<b>80.37%</b>	<b>26.91%</b>

In the financial year ended on December 31, 2020, the Bank recorded credit write-offs in assets totalling tAOA 6,517,508. In the financial year ended on December 2019, the Bank recorded credit write-offs in assets totalling tAOA 97,753 (Note 14).

The remaining disclosures relating to the item 'Credit to Customers' are shown in Note 28.

## 8. Non-current assets held for sale

This item had the following breakdown:

	'20	'19
<b>Immovable property</b>		
Immovable property received in transfer in lieu of payment	70,782,256	18,443,971
Real estate projects - Employees	4,356,583	4,359,943
	<b>75,138,839</b>	<b>22,803,914</b>
Impairment for non-current assets held for sale (Note 14)	(22,388,184)	(2,132,622)
	<b>52,750,655</b>	<b>20,671,292</b>

As of December 31, 2020 and 2019, the balance of the item "Properties received as payment in kind" corresponds to properties received as payment in lieu of debts related to credit granted. On the same dates, the impairment amount includes estimated losses on the payment of these assets.

As of December 31, 2020 and 2019, the balance of the item "Real estate projects - Employees" refers to real estate projects that are under construction and which are intended to be sold to the Bank's Employees.

As of December 31, 2020 and 2019, the movement in the items "Properties received as payment in kind" and "Real estate projects - Employees" was as follows:

## GROSS ASSETS

	Balances on 31-12-2019	Additions	Sales	Settlements	Balances on 31-12-2020
Immovable property received in transfer in lieu of payment	18,443,971	69,684,506	-	(17,346,221)	70,782,256
Real estate projects - employees	4,359,943	59,144	(62,504)	-	4,356,583
	<b>22,803,914</b>	<b>69,743,650</b>	<b>(62,504)</b>	<b>(17,346,221)</b>	<b>75,138,839</b>

## GROSS ASSETS

	Balances on 31-12-2018	Additions	Sales	Settlements	Balances on 31-12-2019
Immovable property received in transfer in lieu of payment	17,026,573	1,417,398	-	-	18,443,971
Real estate projects - employees	4,202,578	2,249,974	(61,180)	(2,031,429)	4,359,943
	<b>21,229,151</b>	<b>3,667,372</b>	<b>(61,180)</b>	<b>(2,031,429)</b>	<b>22,803,914</b>

On December 31, 2020, the amount of tAOA 17,346,221 presented as "Settlements" under the item "Properties received as payment in kind" refers to transfers of real estate to the item "Other Tangible Assets - Property for own service" in amount of tAOA 663,680 and transfers of real estate at fair value to the item "Other Assets", in the amount of tAOA 14,612,054, as decided by the Board of Directors, with the purpose of subscribing in kind for Participation Units in a fund of real estate investment to be managed by the company BIC Gestão de Activos-SGOIC II S. A., which is awaiting authorization to start operations by the Capital Markets Commission (Note 11), less impairment in the amount of tAOA 2,070,487 (Note 14).

In the year ended December 31, 2019, the settlements of "Real estate projects - Employees" include net transfers to "Other tangible assets", in the amount of tAOA 1,389,615 (Note 9).

As of December 31, 2020 and 2019, the breakdown of the fair value and the net book value of properties received as payment in kind or foreclosure, by type of property, presents the following structure:

	'20			'19		
Type of immovable property	Number of immovable properties	Fair value of the asset	Net carrying amount	Number of immovable properties	Fair value of the asset	Net carrying amount
<b>Land</b>						
Urban	3	9,716,548	8,808,556	5	6,693,647	2,292,078
Rural	-	-	-	2	1,300,000	1,271,498
<b>Buildings in construction</b>						
Housing	-	-	-	1	1,482,510	1,433,284
<b>Constructed buildings</b>						
Commercial	1	6,775,566	1,747,813	6	10,995,022	5,673,048
Housing	6	120,767,027	37,837,703	8	11,109,003	5,641,441
	<b>10</b>	<b>137,259,141</b>	<b>48,394,072</b>	<b>22</b>	<b>31,580,182</b>	<b>16,311,349</b>

As of December 31, 2020 and 2019, the detail of the net carrying amount of the immovable property units received in lieu of payment (i.e., as payment in kind) or enforcement, by seniority, is as follows:

					'20
Time elapsed since the transfer/enforcement	< 1 year	≥ 1 year and < 2 years	≥ 2 years and < 5 years	≥ 5 years	Total
<b>Land</b>					
Urban	8,808,556	-	-	-	8,808,556
<b>Constructed buildings</b>					
Commercial	1,747,813	-	-	-	1,747,813
Housing	36,692,919	1,144,784	-	-	37,837,703
	<b>47,249,288</b>	<b>1,144,784</b>	<b>-</b>	<b>-</b>	<b>48,394,072</b>

					'19
Time elapsed since the transfer/enforcement	< 1 year	≥ 1 year and < 2.5 years	≥ 2.5 years and < 5 years	≥ 5 years	Total
<b>Land</b>					
Urban	-	-	2,214,435	77,643	2,292,078
Rural	-	-	1,271,498	-	1,271,498
<b>Buildings in construction</b>					
Housing	-	-	1,433,284	-	1,433,284
<b>Constructed buildings</b>					
Commercial	-	5,673,048	-	-	5,673,048
Housing	1,144,784	57,902	4,396,730	42,025	5,641,441
	<b>1,144,784</b>	<b>5,730,950</b>	<b>9,315,947</b>	<b>119,668</b>	<b>16,311,349</b>

## 9. Other Tangible and Intangible Assets

The operations in these items in the financial year ending on December 31, 2020 were as follows:

	<b>GROSS ASSET</b>					
	Balances on 31.12.2019	Additions	Sales and write-offs	Transfers	Settlement	Balances on 31.12.2020
<b>Other tangible assets</b>						
Immovable property for own use	11,883,118	3,252,865	-	-	663,680	15,799,663
Works in leased buildings	2,253,166	62,721	-	-	-	2,315,887
Equipment	11,090,952	5,134,748	(4,011)	-	-	16,221,689
Artistic heritage	4,217	52	-	-	-	4,269
	<b>25,231,453</b>	<b>8,450,386</b>	<b>(4,011)</b>	<b>-</b>	<b>663,680</b>	<b>34,341,508</b>
<b>Assets in progress</b>	896,940	203,767	-	-	-	1,100,707
	<b>26,128,393</b>	<b>8,654,153</b>	<b>(4,011)</b>	<b>-</b>	<b>663,680</b>	<b>35,442,215</b>
<b>Intangible assets</b>						
Business transferring	149,815	-	-	-	-	149,815
Setting up expenses	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system "Software"	818,866	2,191,911	-	-	-	3,010,777
Other intangible assets	680	-	-	-	-	680
	<b>1,009,033</b>	<b>2,191,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,200,944</b>
	<b>27,137,426</b>	<b>10,846,064</b>	<b>(4,011)</b>	<b>-</b>	<b>663,680</b>	<b>38,643,159</b>

## ACCUMULATED AMORTIZATIONS

	Balances on 31.12.2019	Amortization for the financial year	Sales and write-offs	Transfers	Settlement	Balances on 31.12.2020
<b>Tangible assets</b>						
Immovable property for own use	1,740,900	245,676	-	-	-	1,986,576
Works in leased buildings	1,928,152	125,872	-	-	-	2,054,024
Equipment	7,299,654	1,384,481	(3,007)	-	-	8,681,128
	<b>10,968,706</b>	<b>1,756,029</b>	<b>(3,007)</b>	<b>-</b>	<b>-</b>	<b>12,721,728</b>
<b>Intangible assets</b>						
Business transferring	149,815	-	-	-	-	149,815
Setting up expenses	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system "Software"	572,019	375,197	-	-	-	947,216
Other intangible assets	679	-	-	-	-	679
	<b>762,185</b>	<b>375,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,137,382</b>
	<b>11,730,891</b>	<b>2,131,226</b>	<b>(3,007)</b>	<b>-</b>	<b>-</b>	<b>13,859,110</b>

The movement in these items in the year ended December 31, 2019 was as follows:

## GROSS ASSETS

	Balances on 31.12.2018	Additions	Sales and write-offs	Transfers	Settlement	Balances on 31.12.2019
<b>Other tangible assets</b>						
Immovable property for own use	10,626,146	367,497	-	610,064	279,411	11,883,118
Works in leased buildings	2,130,491	122,675	-	-	-	2,253,166
Equipment	9,073,270	866,545	(53,320)	94,253	1,110,204	11,090,952
Artistic heritage	4,217	-	-	-	-	4,217
	<b>21,834,124</b>	<b>1,356,717</b>	<b>(53,320)</b>	<b>704,317</b>	<b>1,389,615</b>	<b>25,231,453</b>
<b>Assets in progress</b>	1,488,885	112,372	-	(704,317)	-	896,940
	<b>23,323,009</b>	<b>1,469,089</b>	<b>(53,320)</b>	<b>-</b>	<b>1,389,615</b>	<b>26,128,393</b>
<b>Intangible assets</b>						
Business transferring	149,815	-	-	-	-	149,815
Setting up expenses	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system "Software"	733,522	85,344	-	-	-	818,866
Other intangible assets	680	-	-	-	-	680
	<b>923,689</b>	<b>85,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,009,033</b>
	<b>24,246,698</b>	<b>1,554,433</b>	<b>(53,320)</b>	<b>-</b>	<b>1,389,615</b>	<b>27,137,426</b>



## ACCUMULATED AMORTIZATIONS

	Balances on 31.12.2018	Amortization for the financial year	Sales and write-offs	Transfers	Settlement	Balances on 31.12.2019
<b>Other tangible assets</b>						
Immovable property for own use	1,515,578	225,322	-	-	-	1,740,900
Works in leased buildings	1,786,528	141,624	-	-	-	1,928,152
Equipment	6,464,598	844,893	(9,837)	-	-	7,299,654
	<b>9,766,704</b>	<b>1,211,839</b>	<b>(9,837)</b>	<b>-</b>	<b>-</b>	<b>10,968,706</b>
<b>Intangible assets</b>						
Business transferring	149,815	-	-	-	-	149,815
Setting up costs	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system "Software"	440,715	131,304	-	-	-	572,019
Other intangible assets	679	-	-	-	-	679
	<b>630,881</b>	<b>131,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>762,185</b>
	<b>10,397,585</b>	<b>1,343,143</b>	<b>(9,837)</b>	<b>-</b>	<b>-</b>	<b>11,730,891</b>

As of December 31, 2020 and 2019, the item assets in progress essentially corresponds to costs incurred with the acquisition of space and the payment to suppliers for works to be developed on the Bank's premises, acquired or rented, namely, for the future installation of administrative services, new branches and other premises, which inauguration is expected to take place in the financial years following the balance sheet date.

As of December 31, 2020 and 2019, the breakdown of the item "Equipment" is as follows:

	'20			'19		
	Gross amount	Accumulated amortizations	Net amount	Gross amount	Accumulated amortizations	Net amount
Computer equipment	4,507,825	(2,611,156)	1,896,669	2,241,478	(2,045,662)	195,816
Machinery and tools	4,565,081	(1,653,953)	2,911,128	3,095,870	(1,315,378)	1,780,492
Interior facilities	3,347,951	(1,912,338)	1,435,613	2,599,069	(1,696,527)	902,542
Furniture and materials	1,855,976	(1,366,780)	489,196	1,717,830	(1,259,058)	458,772
Transport materials	1,159,624	(791,346)	368,278	847,551	(698,193)	149,358
Other equipment	785,232	(345,555)	439,677	589,154	(284,836)	304,318
	<b>16,221,689</b>	<b>(8,681,128)</b>	<b>7,540,561</b>	<b>11,090,952</b>	<b>(7,299,654)</b>	<b>3,791,298</b>

## 10. Investments in subsidiaries, associate companies and joint ventures

This item's breakdown is as follows:

	'20		'19	
	Holding (%)	National currency	Holding (%)	National currency
<b>GI10:</b>				
Financial holding	30.00	527,704	30.00	472,407
<b>EMIS:</b>				
Capital holding	10.08	351,106	8.12	245,133
Shareholder loans		7,067		7,067
		<b>358,173</b>		<b>252,200</b>
<b>ABANC:</b>				
Shareholder loans		24,224		24,224
		<b>910,101</b>		<b>748,831</b>

As of December 31, 2020 and 2019, the Bank has a 30% holding in the share capital of GI10 - Investimentos and Gestão, SGPS, S.A., a company headquartered in Portugal, whose main activity is the management of shareholdings in other companies, mainly related to insurance brokerage. In the years 2020 and 2019, the Bank recognized a valuation in the amount of EUR 49,922 (tAOA 31,053) and EUR 260,621 (tAOA 101,555) in the item of "Results of branches, associates and enterprises", respectively. In the year 2020, the Bank reduced its participation in foreign currency in the amount of EUR 150,000 (tAOA 119,764), by capital amortization. In the same financial year, it received dividends in the amount of EUR 112,500 (tAOA 89,823). As of December 31, 2020 and 2019 the value of the holding in foreign currency is EUR 660,927 and EUR 873,505, respectively.

As of December 31, 2020 and 2019, the Bank holds, in each year and respectively, a 10.08% and 8.12% participation in the capital of EMIS - Empresa Interbancária de Serviços, S.A.R.L. (EMIS), respectively. The increase in the Company's share capital during the Financial Year resulted from the transfer of the participation held by Angola National Bank to the other shareholders. The price of the previously mentioned transfer of the BNA participation corresponded to the book value per share, which amounted to tAOA 1,332 per share, based on the value of equity shown in the Company's balance sheet as of December 31, 2019.

EMIS was incorporated in Angola for managing electronic means of payments and complementary services. The increase in shareholding that took place during the Financial Year of 2020 resulted in the sale of part of the shares held by the BNA to the remaining shareholders of the Company.

At the extraordinary General Meeting of the Angolan Banking Association (ABANC), of which the Bank is a member, held on 28 July 2009, an investment plan in fixed assets was approved.



## 11. Other assets

This item had the following breakdown:

	'20	'19
<b>Foreign exchange operations</b>	7,795,248	131
<b>Housing fund (under setting up process) (Note 8)</b>	14,612,054	-
<b>Other assets:</b>		
Bonuses	9,127,219	4,459,087
VISA Collateral	6,260,046	4,624,769
Taxes to recover	1,241,320	751,143
VISA	986,421	732,011
Taxes on interbank commissions	668,375	-
Collection commission receivable	371,121	96,141
Administrative expenses	217,642	105,333
Rents and leases	194,012	168,223
Cash failures	182,468	183,519
Clinical services	127,125	113,752
Advance EDEL	45,249	33,590
Mastercard Collateral	16,889	-
Advance - Angolan kwanza	1,737	1,737
Other	3,066,264	922,556
	<b>22,505,888</b>	<b>12,191,861</b>
	<b>44,913,190</b>	<b>12,191,992</b>

As of December 31, 2020 and 2019, the net amount between the currencies sold and the currencies acquired, translated at the exchange rate against the kwanza with reference to the balance sheet date may be detailed as follows:

							'20
ACQUIRED CURRENCY			SOLD CURRENCY				
BALANCE SHEET AMOUNT			BALANCE SHEET AMOUNT				
Currency	Amount	tAOA	Currency	Amount	tAOA (note 15)	Net value	
USD	12,000	7,795,248	AOA	(8,284,449)	(8,284,449)	(489,201)	
		<b>7,795,248</b>			<b>(8,284,449)</b>	<b>(489,201)</b>	

							'19
ACQUIRED CURRENCY			SOLD CURRENCY				
BALANCE SHEET AMOUNT			BALANCE SHEET AMOUNT				
Currency	Amount	tAOA	Currency	Amount	tAOA (note 15)	Net value	
USD	271	131	CHF	(264)	(131)	-	
		<b>131</b>			<b>(131)</b>	<b>-</b>	

The balance of the item 'Bonuses' refers to the amount receivable from the State (Ministry of Economy), related to the interest bonus on credits granted under the Credit Support Project (CSP) and Angola Invest. In December 2019 the debt corresponding to 2017 and 2018 was settled with the receipt of tAOA 3,813,093 in Treasury Bonds. As of December 31, 2019, the interest bonuses due for the financial years of 2019 and 2020 have not yet been collected.

Under the terms of the agreement signed between Banco BIC and Visa International, the Bank undertakes to maintain a collateral deposit with the custodian bank of VISA (United Overseas Banking Limited), which amount is assessed according to the volume of transactions carried out. As of December 31, 2020 and 2019, this collateral deposit amounted to approximately USD 9,636,710 and USD 9,590,440 (tAOA 6,260,046 and tAOA 4,624,769, respectively) and was remunerated at the interest annual rate of 0.15%.

As of December 31, 2020 and 2019, the balance of the item "Recoverable taxes" corresponds to the provisional settlement of industrial tax carried out in the financial years from 2015 to 2018.

On December 31, 2020, the balance of the item "Taxes on interbank commissions" refers to amounts receivable from other Financial Institutions related to interbank clearing commissions, in accordance with the binding opinion of the General Tax Authority (AGT), issued on April 22, 2020.

The item "Collection commission receivable" represents the amount receivable from the Ministry of Finance for the tax collection service provided at some of the Bank's branches. In December 2019, the debt corresponding to 2017 and 2018 was settled with the receipt of tAOA 1,345,053 in Treasury Bonds. On December 31, 2020, the collection commissions for the last four months of 2019 and 2020 had not yet been charged.

Cash failures are provisioned under the item "Other provisions" (Note 14).

## 12. Resources in Central Banks and in other Credit Institutions

These items had the following breakdown:

	'20	'19
<b>Resources of credit institutions in the Country</b>		
<b>Operations in the interbank money market</b>		
From other credit institutions in the Country	2,000,000	-
Interest payable	1,153	-
	<b>2,001,153</b>	<b>-</b>
<b>Resources of credit institutions abroad</b>		
<b>Operations in the interbank money market</b>		
Banco BIC Cabo Verde, S.A. - USD	85,001,830	81,978,590
Interest payable	392,821	461,324
	<b>85,394,651</b>	<b>82,439,914</b>
<b>Overdrafts in demand deposits</b>		
Banco BIC Português, S.A.	-	145,242
	<b>-</b>	<b>145,242</b>
	<b>87,395,804</b>	<b>82,585,156</b>
<b>Committed resources</b>		
Prepaid VISA	17,035,093	14,852,910
Imports - Foreign currency	11,299,826	11,183,190
Other	(172,255)	(89,465)
	<b>28,162,664</b>	<b>25,946,635</b>
Certified Cheques - National currency	572,543	907,528
	<b>572,543</b>	<b>907,528</b>
	<b>28,735,207</b>	<b>26,854,163</b>
	<b>116,131,011</b>	<b>109,439,319</b>

As of December 31, 2020 and 2019, resources from credit institutions, excluding interest payable, had the following structure, detailed by currency and average annual rates, weighted by the corresponding nominal value of the investments.

	<b>'20</b>		
	<b>Interest rate</b>	<b>Amount in foreign currency</b>	<b>Amount in tAOA</b>
In thousands of Angolan kwanza	10.52%	-	2,000,000
In United States dollars	2.91%	130,851,765	85,001,830
			<b>87,001,830</b>

	<b>'19</b>		
	<b>Interest rate</b>	<b>Amount in foreign currency</b>	<b>Amount in tAOA</b>
In United States Dollars	4.60%	170,000,000	81,978,590
			<b>81,978,590</b>

As of December 31, 2020 and 2019, the resources of credit institutions, excluding interest payable, had the following structure, according to the residual maturities:

	<b>'20</b>	<b>'19</b>
Between one and three months	87,001,830	81,978,590
	<b>87,001,830</b>	<b>81,978,590</b>

The item 'Committed resources to imports - Foreign currency' refers to the amounts deposited by customers which are captive to settle import documentary credits with other credit institutions.



## 13. Customer Resources and Other Loans

These items had the following breakdown:

	'20	'19
<b>Demand deposits of residents:</b>		
<b>In national currency</b>		
Public administrative sector	7,470,241	22,133,819
Public business sector	17,143,246	50,908,523
Companies	242,075,312	233,855,605
Retail (Individual customers)	142,783,243	124,512,588
	<b>409,472,042</b>	<b>431,410,535</b>
<b>In foreign currency</b>		
Public administrative sector	176,610	184,311
Public business sector	770,276	658,910
Companies	85,496,086	103,099,650
Retail (Individual customers)	54,893,596	45,554,459
	<b>141,336,568</b>	<b>149,497,330</b>
<b>Demand deposits of non-residents:</b>		
In national currency	3,518,245	6,452,438
In foreign currency	1,172,132	905,327
	<b>4,690,377</b>	<b>7,357,765</b>
<b>TOTAL OF DEMAND DEPOSITS</b>	<b>555,498,987</b>	<b>588,265,630</b>
<b>Savings deposits of residents:</b>		
<b>In national currency</b>		
Public administrative sector	4,985,000	9,697,417
Public business sector	92,177,999	431,057
Companies	164,302,134	191,952,201
Retail (Individual customers)	47,138,996	39,305,463
Interest payable	4,232,629	3,800,011
	<b>312,836,758</b>	<b>245,186,149</b>
<b>In foreign currency</b>		
Public administrative sector	14,968,679	11,155,084
Companies	162,455,088	129,649,333
Retail (Individual customers)	295,188,155	223,789,526
Interest payable	4,254,834	3,341,224
	<b>476,866,756</b>	<b>367,935,167</b>
<b>Savings deposits of non-residents:</b>		
<b>In national currency</b>		
Interest payable	288,141	774,408
	35,111	19,683
	<b>323,252</b>	<b>794,091</b>
<b>In foreign currency</b>		
Interest payable	1,105,158	600,388
	5,955	3,921
	<b>1,111,113</b>	<b>604,309</b>
<b>TOTAL SAVINGS DEPOSITS</b>	<b>791,137,879</b>	<b>614,519,716</b>
	<b>1,346,636,866</b>	<b>1,202,785,346</b>



As of December 31, 2020 and 2019, Customers' demand deposits do not bear interest, apart from specific situations defined according to the guidelines of the Bank's Board of Directors.

As of December 31, 2020 and 2019, Customers' savings deposits, excluding interest payable, display the following structure by currency and average interest rate:

	'20			'19		
	Interest rate	Amount in foreign currency	Amount in tAOA	Interest rate	Amount in foreign currency	Amount in tAOA
In thousands of Angolan kwanza	8.20%		308,892,270	5.88%		242,160,546
In United States dollars	3.76%	695,335,327	451,692,610	3.79%	723,628,958	348,953,420
In Euro	1.65%	27,584,757	22,024,470	1.83%	30,030,327	16,240,911
			<b>782,609,350</b>			<b>607,354,877</b>

As of December 31, 2020 and 2019, the savings deposits of residents in national currency of the Companies segment include the amounts of tAOA 71,002,322 and tAOA 137,071,982 of deposits indexed to the US Dollar (Note 28), respectively.

As of December 31, 2020 and 2019, Customer savings deposits, excluding interest payable, had the following structure, as regards the residual maturity terms:

	'20	'19
Up to three months	531,317,455	380,989,090
From three to six months	172,261,822	163,222,328
From six months to one year	75,289,008	63,109,947
From one to three years	3,740,716	33,235
Over three years	349	277
	<b>782,609,350</b>	<b>607,354,877</b>



## 14. Provisions and Impairment

The movement in the Bank's provisions and impairment along the financial years 2019 and 2020 was as follows:

								<b>'20</b>
	Balances on 31.12.2019	Additions	Replenishing and cancellation	Foreign exchange variations	Use	Transfers	Settlements	Balances on 31.12.2020
<b>Impairment:</b>								
Cash funds with other credit institutions	50,076	-	(39,867)	-	-	-	-	10,209
Applications in Central Banks and in other credit institutions	80,690	1,417,744	-	-	-	-	-	1,498,434
Investments at their amortized cost	12,046,521	49,510,370	-	-	-	-	-	61,556,890
Credit to customers	208,491,297	20,284,626	-	47,944,751	(6,517,508)	(22,359,369)	-	247,843,797
Non-current assets held for sale	2,132,622	-	(33,320)	-	(2,070,487)	22,359,369	-	22,388,184
	<b>222,801,206</b>	<b>71,212,740</b>	<b>(73,187)</b>	<b>47,944,751</b>	<b>(8,587,995)</b>	<b>-</b>	<b>-</b>	<b>333,297,514</b>
<b>Provisions:</b>								
Provision of collateral	4,221,490	276,150	-	790,012	-	-	-	5,287,652
Retirement pensions	12,296,789	1,399,820	-	4,427,342	-	-	-	18,123,951
Other provision	2,361,954	580,858	-	864,396	(122,474)	-	-	3,684,734
	<b>18,880,233</b>	<b>2,256,828</b>	<b>-</b>	<b>6,081,750</b>	<b>(122,474)</b>	<b>-</b>	<b>-</b>	<b>27,096,337</b>
	<b>241,681,439</b>	<b>73,469,568</b>	<b>(73,187)</b>	<b>54,026,501</b>	<b>(8,710,469)</b>	<b>-</b>	<b>-</b>	<b>360,393,851</b>

On December 31, 2020, the reinforcement of the impairment calculated for "Investments at amortized cost", in the amount of tAOA 49,510,370 results essentially from the change in the 12-month Probability Default (PD) that resulted from the change in the credit rating of the Republic of Angola [Note 2.3.(c)(VI)].

The movement in the Bank's provisions and impairment as of December 31, 2018 and December 31, 2019 was as follows:

								<b>'19</b>
	Balances on 31.12.2018	Additions	Replenishing and cancellation	Foreign exchange variations	Use	Transfers	Settlements	Balances on 31.12.2019
<b>Impairment:</b>								
Cash funds with other credit institutions	28,025	29,791	(7,740)	-	-	-	-	50,076
Applications in Central Banks and in other credit institutions	55,030	37,207	(11,547)	-	-	-	-	80,690
Investments at their amortized cost	1,213,930	2,006,539	-	-	-	-	8,826,052	12,046,521
Credit to customers	130,225,746	34,626,830	-	45,836,474	(97,753)	(2,100,000)	-	208,491,297
Non-current assets held for sale	1,834,253	298,369	-	-	-	-	-	2,132,622
	<b>133,356,984</b>	<b>36,998,736</b>	<b>(19,287)</b>	<b>45,836,474</b>	<b>(97,753)</b>	<b>(2,100,000)</b>	<b>8,826,052</b>	<b>222,801,206</b>
<b>Provisions:</b>								
Provision of collateral	4,606,730	-	(4,823,051)	2,337,811	-	2,100,000	-	4,221,490
Retirement pensions	7,128,822	899,009	-	4,268,958	-	-	-	12,296,789
Other provision	1,236,695	373,341	-	779,746	(27,828)	-	-	2,361,954
	<b>12,972,247</b>	<b>1,272,350</b>	<b>(4,823,051)</b>	<b>7,386,515</b>	<b>(27,828)</b>	<b>2,100,000</b>	<b>-</b>	<b>18,880,233</b>
	<b>146,329,231</b>	<b>38,271,086</b>	<b>(4,842,338)</b>	<b>53,222,989</b>	<b>(125,581)</b>	<b>-</b>	<b>8,826,052</b>	<b>241,681,439</b>

As of December 31, 2019, the reinforcement of the impairment calculated for the “Investments at amortized cost”, in the amount of tAOA 8,826,052, results from the application of the criteria defined under the terms of Directive No. 13/DSB/DRO/2019 of the BNA, being that the component relating to previous years was reflected against “Other reserves” (Note 16).

The effect of foreign exchange variation on the movement of provisions is shown in the item of “Foreign exchange results” (Note 21).

The Bank has a provision for retirement pensions, which balance on December 31, 2020 and 2019 amounts to tAOA 18,123,951 and tAOA 12,296,789, equivalent to approximately USD 27,900,000 and USD 25,100,000, respectively.

As mentioned in note 2.3.(k), the Bank’s liabilities regarding the supplementary retirement and survival pension program have been computed by means of an actuarial assessment performed by an independent expert, with reference to December 31, 2020 and 2019 and projected for the subsequent year.

As of December 31, 2020, the number of active Employees accounted for in the actuarial study was 2,075. On the said date, there were no retirement or survival pensioners to be considered in the plan. With reference to December 31, 2019, the number of active employees was 2,084.

The changes occurred in demographics in the financial years ended December 31, 2020 and 2019 may be detailed as follows:

<b>ASSETS</b>	
<b>TOTAL NUMBER ON DECEMBER 31, 2018</b>	<b>2,068</b>
Outflow:	
Of assets	(35)
Due to mortality	(4)
Inflows	55
<b>TOTAL NUMBER ON DECEMBER 31, 2019</b>	<b>2,084</b>
Outflow:	
Of assets	(27)
Due to mortality	(6)
Inflows	24
<b>TOTAL NUMBER ON DECEMBER 31, 2020</b>	<b>2,075</b>

As of December 31, 2020 and 2019 liabilities for past services, provisions for retirement pensions and the liabilities’ corresponding coverage degree are detailed as follows:

	<b>’20</b>	<b>’19</b>
<b>Total liabilities for past services</b>		
Liabilities for past services of active employees	12,343,478	8,776,109
<b>TOTAL LIABILITIES FOR PAST SERVICES</b>	<b>12,343,478</b>	<b>8,776,109</b>
Provision for retirement pensions	18,123,951	12,296,789
Excessive/(Insufficient) coverage	5,780,473	3,520,680
Liabilities coverage degree	147%	140%

The development of the liabilities’ coverage degree on December 31, 2020 and the years 2018, 2017, 2016, 2015 and 2014 is presented as follows:

	<b>’20</b>	<b>’19</b>	<b>’18</b>	<b>’17</b>	<b>’16</b>	<b>’15</b>	<b>’14</b>
Total liabilities for past services	12,343,478	8,776,109	5,306,192	2,647,465	2,362,830	1,776,881	205,609
Provision for retirement pensions	18,123,951	12,296,789	7,128,822	3,434,627	3,036,026	2,151,509	1,388,651
Excessive/(Insufficient) coverage	5,780,473	3,520,680	1,822,630	787,162	673,196	374,628	183,042
Liabilities coverage degree	147%	140%	134%	130%	128%	121%	115%

As of December 31, 2020 and 2019, the balance of the item “Other provisions” is intended to cover possible contingencies arising from the Bank’s activity, as well as to reflect potential losses in the realization value of accounts receivable and other assets (Note 11).

## 15. Other liabilities

This item had the following breakdown:

	'20	'19
<b>Foreign exchange operations</b>		
Costs for purchase and sale of foreign currencies payable (Note 11)	8,284,449	131
<b>Dividends payable (Note 16)</b>	3,234,899	-
<b>Liabilities of a tax nature</b>		
Capital gains tax	1,478,609	1,740,809
Industrial Tax - Taxation on Services	1,343,090	1,359,530
Value Added Tax (VAT)	679,999	418,353
Taxation related to remunerations	498,275	258,800
Stamp duty	161,256	110,418
Other taxes	5,400	9,305
	<b>4,166,629</b>	<b>3,897,215</b>
<b>Liabilities of a civil nature:</b>		
Revenue with deferred income - Guarantees	190,924	205,972
<b>Liabilities of an administrative/commercial nature:</b>		
Interest from restructured credit	7,390,790	7,390,790
<b>Personnel - wages and other remunerations:</b>		
Holidays and holiday allowance	4,623,054	3,730,284
Personnel expenses (Note 24)	3,030,935	950,474
Other	8,717	6,530
	<b>7,662,706</b>	<b>4,687,288</b>
ATMs compensation	53,860	4,254
VISA cards	2,119,601	1,795,197
<b>Specialized services</b>		
Banco BIC Português (Note 27)	1,098,431	214,053
Other	914,439	588,976
	<b>2,012,870</b>	<b>803,029</b>
Deferred commissions	511,816	184,701
<b>Communications and shipping costs</b>		
Data circuits	298,105	318,426
Communications	45,893	197,312
Other	4,192	2,722
	<b>348,190</b>	<b>518,460</b>
Commercial and industrial suppliers	682,945	358,316
Security and surveillance	28,705	37,954
Other administrative costs	41,948,316	19,593,428
	<b>62,759,799</b>	<b>35,369,163</b>
	<b>78,636,700</b>	<b>39,472,481</b>

As of December 31, 2020 and 2019, the balance of the item 'Capital gains tax' refers to the tax payable on interest from demand deposits, interest on savings deposits, money market transfers and borrowings and Treasury Bonds and other securities in the portfolio.

As of December 31, 2020 and 2019, the balance of the item 'Taxation related to remunerations' refers to the Labour Income Tax (LIT, that is, the IRT "Imposto sobre o Rendimento de Trabalho") to be paid to the Tax Authority in the month following that to which it relates.

As of December 31, 2020 and 2019, the balance of the item "Interest on restructured loans" refers to interest on loans that were the object of restructuring operations, which will only be recognized in profit or loss upon receipt.

The balance of the item 'Personnel expenses' refers to the component of the Bank's estimate of its employees' performance bonus for the financial year 2020, to be paid in 2021, corrected for exchange rate variations (Note 24).

The balance of the item "VISA Cards" corresponds to amounts to be settled related to VISA cards.

As of December 31, 2020 and 2019, the heading "Other administrative costs" includes the estimated tax for the previous years in the amounts of tAOA 12,438,190 and tAOA 8,851,083, respectively (Note 26).

Additionally, on those dates, the balance of the item "Other administrative costs" includes approximately tAOA 3,722,520 referring to the amount to be paid related to a set of commercial and organizational support services and other services provided by related entities of the Bank, respectively.

Additionally, and for the same dates, this item also includes tAOA 3,227,546 relating to the amount to be recognized regarding a loan in Kwanza currency, whose contract provides for the updating of the amount of credit granted according to the exchange rate depreciation of the national currency against the US American Dollar.

## 16. Equity

The movement in the equity items in the years ended December 31, 2020 and 2019 was as follows:

	Share capital	Equity update	Legal reserve	Other reserves	Results carried forward	Net profit for the Financial year	Total equity
<b>Balances on December 31, 2017</b>	3,000,000	5,823,538	35,716,242	39,648,831	-	34,253,304	118,441,915
<b>Appropriation of the net profit for the financial year of 2017:</b>							
Share capital increase	17,000,000	-	-	(17,000,000)	-	-	-
Dividend distribution	-	-	-	-	(27,402,644)	(27,402,644)	-
Transfer for legal reserve	-	-	6,850,660	-	(6,850,660)	-	-
Revising of own funds	-	91,956,505	-	-	-	-	91,956,505
Net profit for the financial year of 2018	-	-	-	-	-	51,004,268	51,004,268
<b>BALANCES ON DECEMBER 31, 2018</b>	<b>20,000,000</b>	<b>97,780,043</b>	<b>42,566,902</b>	<b>22,648,831</b>	<b>-</b>	<b>51,004,268</b>	<b>234,000,044</b>
<b>Appropriation of the net profit for the financial year of 2018:</b>							
Dividend distribution	-	-	-	-	(40,803,414)	(40,803,414)	-
Transfer for legal reserve	-	-	10,200,854	-	(10,200,854)	-	-
Revising of own funds	-	108,690,985	-	-	-	-	108,690,985
Correction of Results of previous years	-	-	-	-	(8,826,052)	-	(8,826,052)
Net profit for the financial year de 2019	-	-	-	-	-	70,657,221	70,657,221
<b>BALANCES ON DECEMBER 31, 2019</b>	<b>20,000,000</b>	<b>206,471,028</b>	<b>52,767,756</b>	<b>22,648,831</b>	<b>(8,826,052)</b>	<b>70,657,221</b>	<b>363,718,784</b>
<b>Appropriation of the net profit for the financial year of 2019:</b>							
Dividend distribution	-	-	-	-	(21,197,166)	(21,197,166)	-
Transfer for reserves	-	-	14,131,445	35,328,610	(49,460,055)	-	-
Revising of own funds	-	118,886,418	-	-	-	-	118,886,418
Total profit for the financial year	-	-	-	-	-	21,288,589	21,288,589
<b>BALANCES ON DECEMBER 31, 2020</b>	<b>20,000,000</b>	<b>325,357,446</b>	<b>66,899,201</b>	<b>57,977,441</b>	<b>(8,826,052)</b>	<b>21,288,589</b>	<b>482,696,625</b>

## Share Capital

The Bank was incorporated with a share capital of tAOA 522,926 (equivalent to USD 6,000,000 on the date of incorporation), represented by 522,926 registered shares of one thousand Angolan kwanza each, which were fully subscribed and paid in cash.

During 2006, the Bank increased its capital by tAOA 1,088,751 (equivalent to USD 14,000,000) and subsequently, at a General Meeting held on December 1, 2006, a new capital increase of the Bank has been deliberated, from USD 20,000,000 to USD 30,000,000, fully paid in cash, being thereafter represented by 2,414,511 registered shares of one thousand Angolan kwanza each.

In the first half of 2014, the Bank increased its capital by incorporating free reserves in the amount of tAOA 585,498, which was afterwards represented by 3,000,000 shares, with a nominal value of one thousand Angolan kwanza each. The capital increase carried out aimed at complying with the provisions of Notice No. 14/2013, of November 15, of the Angola National Bank, which fixed the minimum value of the share capital for financial institutions at tAOA 2,500,000.

In the first half of 2018, the Bank increased its capital by incorporating free reserves in the amount of tAOA 17,000,000, being then on represented by 20,000,000 shares, with a nominal value of one thousand Angolan kwanza each. The capital increase carried out aimed to comply with the provisions of Notice No. 02/2018, of March 2, of the Angola National Bank, which provides for the change in the minimum share capital required for Financial Institutions operating in Angola, going from tAOA 2,500,000, applicable until the year ended December 31, 2017, to tAOA 7,500,000, from the year 2018.

As of December 31, 2020 and 2019, the Bank's shareholder structure is as follows:

			'20
Shareholders	Number of shares	Percentage	
Sociedade de Participações Financeiras, Lda.	5,000,000	25.00%	
Fernando Leonídio Mendes Teles	4,000,000	20.00%	
Finisantor Holding Limited	3,500,000	17.50%	
Telesgest B.V.	3,500,000	17.50%	
Luís Manuel Cortez dos Santos	1,000,000	5.00%	
Manuel Pinheiro Fernandes	1,000,000	5.00%	
Sebastião Lavrador	1,000,000	5.00%	
Other shareholders	1,000,000	5.00%	
	<b>20,000,000</b>	<b>100.00%</b>	

On December 23, 2019, the shareholdings belonging to Sociedade Participações Financeiras and Finisantor Holding Limited have been subject to a preventive seizure injunction, and the Board of Directors was been made a trustee and prohibited from carrying out any transfer or other business on the interest of the seized shareholding, being also prohibited from delivering any profits to the defendants, directly or indirectly, and must withhold such profits until the ruling on the matter by the competent Court (Note 30), which are recorded on December 31, 2020 in the item "Dividends payable" (Note 15).

As of December 31, 2020 and 2019, complying with the provisions of article 446(3) of Law No. 1/2004, of February 13, on the Commercial Companies Law, the number of shares held by members of the Bank's management and supervisory bodies, as well as the corresponding percentages are as follows:

				'20
Shareholders	Position	Acquisition	Number of shares	% of holding
Fernando Leonídio Mendes Teles	Director	Nominal Value	7,500,000	37.50%
Fernando José Aleixo Duarte	CEO	Nominal Value	200,000	1.00%
Graziela do Céu Rodrigues Esteves	Director	Nominal Value	200,000	1.00%
Graça Maria dos Santos Pereira	Director	Nominal Value	200,000	1.00%



## Appropriation of profits

At the General Meeting of April 28, 2020, it was approved the proposal for the appropriation of the profits presented by the Board of Directors and recorded in the Annual Report. Accordingly, 20% of the positive net profit determined at the end of 2019, in the amount of tAOA 70,657,221, was transferred to the item "Legal Reserve", in the amount of tAOA 14,131,445, 50% to the item "Other Reserves", in the amount of tAOA 35,328,610, and 30% for distribution of dividends to shareholders, in the amount of tAOA 21,197,166.

At the General Meeting of April 25, 2019, the proposal for the appropriation of the profits presented by the Board of Directors and included in the Annual Report was approved. Thus, 20% the positive net profit determined at the end of 2018, in the amount of tAOA 51,004,268, was transferred to the item "Legal Reserve", in the amount of tAOA 10,200,854 and 80% for distribution of dividends to shareholders, in the amount of tAOA 40,803,414.

## Legal reserve

Pursuant to the legislation currently in force, the Bank must set up a legal reserve fund up to the amount of its capital. For this purpose, a minimum of 10% of the net profit of the previous financial year (20% until the publication of Law No. 12/2015 - Basic Law on Financial Institutions, of June 17, 2015) is annually transferred to this reserve. This reserve can only be used for hedging accumulated losses when all other reserves set up have been exhausted.

## Re-evaluation reserves

The re-evaluation reserves represent the reserves for re-evaluating equity.

## Other reserves and results brought forward

As of December 31, 2020, the addition of tAOA 35,528,610 refers to the application of 50% of the profits generated during the financial year ended December 31, 2019.

On December 31, 2019, the amount of tAOA 8,826,052 aims at reinforcing the impairment estimated for "Investments at their amortized cost" (Note 14) within the scope of application of the criteria defined by Directive No. 13/DSB/DR0/2019 of the BNA (Angola National Bank), as regards the impact carried forwards from previous financial years.

## 17. Off-balance items

These items had the following breakdown:

	'20	'19
<b>GUARANTEES GRANTED AND OTHER POSSIBLE LIABILITIES</b>		
Guarantees and sureties granted	68,678,175	95,661,821
Open documentary credits	15,594,454	30,922,631
Irrevocable commitments	39,127,740	26,558,882
	<b>123,400,369</b>	<b>153,143,334</b>
<b>LIABILITIES FOR SERVICES PROVIDED</b>		
<b>Services provided by the Institution</b>		
Securities custody	163,423,223	200,661,607
Collection of amounts in the Country	31,805,225	20,558,701
Collection of amounts - Foreign	873,505	661,304
	<b>196,101,953</b>	<b>221,881,612</b>
<b>Services provided by third parties</b>		
Collection of amounts	(63,142)	(46,872)
	<b>196,038,811</b>	<b>221,834,740</b>

The method for impairment assessing as regards credit granted, including granted guarantees and documentary credits, is described in Note 2.3.(c)(VI).

As of December 31, 2020 and 2019, as 'Provisions - Granting of guarantees' (Note 14) include tAOA 5,287,652 and tAOA 4,221,490 of provisions allocated to the item 'Guarantees granted and other potential liabilities', correspondingly.

## 18. Financial margin

These items present the following breakdown:

	'20	'19
<b>INTEREST AND SIMILAR INCOME</b>		
<b>Of credits</b>		
Interest	48,562,791	62,875,366
Commissions	881,109	973,771
	<b>49,443,900</b>	<b>63,849,137</b>
<b>Of securities and bonds</b>		
<b>Treasury Bonds</b>		
Indexed to USD	53,663,458	44,341,844
Non-readjustable	8,799,795	7,702,654
Foreign currency	6,902,053	4,458,923
	<b>69,365,306</b>	<b>56,503,421</b>
Treasury Bills	4,046,271	3,655,436
Other	431,599	309,951
	<b>4,477,870</b>	<b>3,965,387</b>
	<b>73,843,176</b>	<b>60,468,808</b>
<b>Of applications of liquidity</b>		
Abroad	1,072,922	1,919,377
Securities from third parties with resale agreement	1,005,343	1,483,386
In the country	1,222,470	44,340
	<b>3,300,735</b>	<b>3,447,103</b>
<b>TOTAL OF INTEREST AND SIMILAR INCOME</b>	<b>126,587,811</b>	<b>127,765,048</b>
<b>INTEREST AND SIMILAR CHARGES</b>		
<b>From deposits</b>		
Demand deposits	(40,905)	(34,279)
Savings deposits	(36,474,065)	(32,148,332)
	<b>(36,514,970)</b>	<b>(32,182,611)</b>
<b>From fundraising for liquidity</b>		
Resources from other credit institutions	(2,928,632)	(4,265,035)
Securities sold with repurchase arrangements	-	(53,628)
	<b>(2,928,632)</b>	<b>(4,318,663)</b>
<b>TOTAL INTEREST AND SIMILAR CHARGES</b>	<b>(39,443,602)</b>	<b>(36,501,274)</b>
<b>FINANCIAL MARGIN</b>	<b>87,144,209</b>	<b>91,263,774</b>

## 19. Income and Charges with Services and Commissions

This item presents the following breakdown:

	'20	'19
<b>PROCEEDS</b>		
Commissions on EMIS transactions	5,505,481	3,717,943
Commissions for guarantees and sureties	3,173,494	3,133,981
Commissions for payment orders issued	1,528,363	926,068
Commissions for credits and documentary remittances	140,680	720,999
VISA commissions	291,360	575,449
Collection commissions - Ministry of Finance	274,980	442,147
Commissions on operations with securities	764,996	385,140
Commissions for management of escrow current accounts	170,579	151,160
Commissions on point-of-sale terminals	235,524	146,691
Other commissions	338,033	239,648
	<b>12,423,489</b>	<b>10,439,226</b>
<b>COSTS</b>		
Commissions on EMIS transactions	(2,588,771)	(1,997,916)
VISA commissions	(43,044)	(66,902)
Other commissions	(133,844)	(121,618)
	<b>(2,765,659)</b>	<b>(2,186,436)</b>
	<b>9,657,830</b>	<b>8,252,790</b>

The item 'Commissions on EMIS transactions - Proceeds' corresponds to the commissions charged by the Bank to Customers for operations processed by EMIS. The item 'Commissions on EMIS transactions - Costs' regards the commissions paid by the Bank for operations processed by EMIS.

The item 'Commissions for guarantees and sureties' corresponds to the straight-line measurement of commissions charged upon the issuing of guarantees provided.

## 20. Profits from Investments at their Amortized cost

In the financial year ended December 31, 2019, the item 'Profits from investments at their amortized cost' corresponds to the gains recorded on the sale of Treasury Bills and Treasury Bonds.

## 21. Foreign Exchange Profits

In the financial years ended December 31, 2020 and 2019, this item corresponds mostly to exchange gains and losses obtained in the portfolio of securities issued or indexed to foreign currency and on customer deposits in national currency indexed to foreign currency, on transactions carried out by the Bank in the purchase and sale of foreign currency, as well as on the re-evaluation of the exchange position, as described in Note 2.3.(b), having the following breakdown:

	'20			'19		
	Profits	Losses	Net	Profits	Losses	Net
Profits in Treasury Bonds indexed to USD	194,220,914	-	194,220,914	223,814,253	-	223,814,253
Profits in banknotes and coins	2,338,605	(625,368)	1,713,237	1,000,941	(379,902)	621,039
Profits in foreign currencies	758,985,121	(745,516,543)	13,468,578	379,400,795	(370,896,413)	8,504,382
Profits on indexed customer deposits	-	(42,297,717)	(42,297,717)	-	(57,721,657)	(57,721,657)
	<b>955,544,640</b>	<b>(788,439,628)</b>	<b>167,105,012</b>	<b>604,215,989</b>	<b>(428,997,972)</b>	<b>175,218,017</b>

## 22. Profits from the Disposal of Other Assets

In the financial years ended on December 31, 2020 and 2019, the item 'Profits from the disposal of other assets' corresponds to capital gains recorded on the sale of fixed tangible assets (i.e., property, plant and equipment).

## 23. Other Operating Profits

This item presents the following breakdown:

	'20	'19
<b>Reimbursement of expenses</b>		
On payment orders	1,560,898	1,350,454
Other	294,380	268,257
	<b>1,855,278</b>	<b>1,618,711</b>
<b>Proceeds from the provision of miscellaneous services:</b>		
Currency sales/withdrawals	161,797	482,372
Issuing of cheques	24,665	43,983
Other	935,992	253,789
	<b>1,122,454</b>	<b>780,144</b>
Procedural expenses	922,770	306,779
Multicaixa Card	745,623	850,981
Other miscellaneous proceeds and profits	312,646	788,761
	<b>1,981,039</b>	<b>1,946,521</b>
	<b>4,958,771</b>	<b>4,345,376</b>
<b>Taxes and fees not levied on profits and losses:</b>		
Taxes on capital gains (Note 26)	(4,210,299)	(3,575,879)
Other taxes and fees	(1,511,791)	(813,487)
	<b>(5,722,090)</b>	<b>(4,389,366)</b>
Normalization of debtor balances	(436,535)	(1,454,235)
Other miscellaneous costs and losses	(827,690)	(645,930)
	<b>(1,264,225)</b>	<b>(2,100,165)</b>
	<b>(2,027,544)</b>	<b>(2,144,155)</b>

The item 'Other miscellaneous proceeds and profits' corresponds to proceeds from ATM, cash and treasury surpluses, proceeds from closing accounts and miscellaneous regularizations.

The item 'Other miscellaneous costs and losses' refers to litigation and notarial services, judicial services, daily allowances and miscellaneous normalizations.

## 24. Personnel Expenses

These items present the following breakdown:

	'20	'19
<b>REMUNERATIONS</b>		
<b>Monthly remuneration</b>		
Base salary	14,075,230	10,234,465
Working hours exemption	3,962,290	2,693,670
Supplement to transport expenses	1,525,650	1,036,033
Salary supplement	1,324,202	924,808
Cashier Allowance	654,706	446,527
Seniority	505,806	302,064
	<b>22,047,884</b>	<b>15,637,567</b>
<b>Additional remunerations</b>		
Meal Allowance	3,369,114	2,479,901
Christmas Allowance	2,123,911	1,468,994
Holiday Allowance	2,112,379	1,892,539
	<b>7,605,404</b>	<b>5,841,434</b>
Other remunerations	1,130,450	774,074
	<b>30,783,738</b>	<b>22,253,075</b>
<b>VARIABLE PAY - PERFORMANCE BONUS</b>		
Payable (Note 15)	2,024,588	950,474
Paid along the financial year	-	8,988,466
	<b>2,024,588</b>	<b>9,938,940</b>
Mandatory social charges	2,254,815	1,601,959
Optional charges	535,598	439,664
	<b>35,598,739</b>	<b>34,233,638</b>

## 25. Third Party Supplies and Services

These items present the following breakdown:

	'20	'19
Security and surveillance	3,982,151	3,010,672
Administrative expenses	2,973,724	2,227,521
<b>Specialized services</b>		
IT	2,108,234	1,439,136
Consulting and audit	1,354,990	1,603,037
Other	209,045	162,367
	<b>3,672,269</b>	<b>3,204,540</b>
	<b>10,628,144</b>	<b>8,442,733</b>
Communications and shipping costs	2,798,359	2,080,141
Maintenance and repair	1,933,164	1,324,486
Insurance	1,851,041	1,069,266
Rents and leases	1,578,704	989,078
Professional fees and donations	1,429,217	1,650,631
Water, energy and fuel	502,512	470,858
Advertising	501,536	368,991
Rewards	419,940	395,710
Cleaning services	294,934	246,356
Travel and subsistence	227,909	372,985
Other	1,168,533	429,718
	<b>12,705,849</b>	<b>9,398,220</b>
	<b>23,333,993</b>	<b>17,840,953</b>

## 26. Income Tax

As of December 31, 2020 and 2019, the expenses with taxes on profits recorded in profits and losses, as well as the tax burden, measured by the ratio between the allocation for taxes on profits and the profit for the financial year before tax, is presented as follows:

	'20	'19
Total Industrial Tax recognized in profits and losses	-	6,635,175
Profits before tax	8,865,560	77,292,396
Effective Industrial Tax Rate	0.00%	8.58%



As of December 31, 2020 and 2019, the reconciliation between the nominal tax rate and the effective tax rate may be presented as follows:

	'20		'19	
	Rate	Tax	Rate	Tax
Profit before taxes		8,865,560		77,292,396
Tax assessed based on the nominal rate	35.00%	3,102,946	30.00%	23,187,719
<b>Tax benefits regarding income from public debt securities or their equivalent:</b>				
Interest and equivalent proceeds (Note 18)	-287%	(25,435,325)	-16.42%	(12,690,722)
<b>Non-deductible costs for tax purposes</b>				
Taxes	28.71%	2,545,403	1.42%	1,096,484
Provisions	19.98%	1,771,183	2.45%	1,896,134
Corrections regarding previous financial years	59.43%	5,268,586	0.96%	738,489
Other	3.66%	324,178	0.08%	63,431
	<b>-140.13%</b>	<b>(12,423,029)</b>	<b>18.49%</b>	<b>14,291,535</b>
Use of tax losses	-	-		(14,291,535)
Deferred tax asset not considered	0.00%	-	-18.49%	(14,291,535)
Reinforcement of tax estimate	0.00%	-	8.58%	6,635,175
<b>Industrial Tax Estimate</b>	<b>0.00%</b>	<b>-</b>	<b>8.58%</b>	<b>6,635,175</b>

In the financial year of 2020, the Bank assessed a tax loss, not recognizing any estimate of current tax. The Bank recorded deferred tax assets on the tax losses assessed in that year in the amount of tAOA 12,423,029, as there are expectations that taxable profits will be generated in the coming years for their use [Note 2.3(h)].

In the financial years of 2020 and 2019, the costs with the CGT are recorded in the income statement in the item "Other operating results - Taxes and fees not levied on profits and losses", and amount to tAOA 4,210,299 and tAOA 3,575,879, respectively (Note 23).

As of December 31, 2020 and 2019, the effective industrial tax rate is 0.00% and 8.58%, respectively.

## 27. Related Entities

As of December 31, 2020 and 2019, the main balances held by the Bank with related entities are:

						'20
	Banco BIC Português S.A.	Banco BIC Cabo Verde S.A.	Bank BIC Namibia, Limited	Shareholders and Entities held by shareholders	Members of the Board of Directors and of the Supervisory Board	Total
<b>ASSETS</b>						
Cash funds with other credit institutions (Note 4)	11,226,999	9,975,220	1,646,748	-	-	22,848,967
Applications with central banks and other credit institutions (Note 5)	44,756,546	9,094,456	-	-	-	53,851,002
Investments at their amortized cost (Note 6)	-	-	-	12,421,497	-	12,421,497
Credit to Customers (Note 7)	-	-	-	146,041,059	179,859	146,220,918
Other assets (Note 11)	1,737	-	-	18,551	-	20,288
	<b>55,985,282</b>	<b>19,069,676</b>	<b>1,646,748</b>	<b>158,481,107</b>	<b>179,859</b>	<b>235,362,672</b>
<b>EQUITY</b>						
Resources from other credit institutions (Note 12)	-	85,394,651	-	-	-	85,394,651
Customer resources (Note 13)	-	-	-	62,899,572	3,860,751	66,760,323
Other liabilities (Note 15)	1,098,431	-	-	14,775,708	-	15,874,139
	<b>1,098,431</b>	<b>85,394,651</b>	<b>-</b>	<b>77,675,280</b>	<b>3,860,751</b>	<b>168,029,113</b>
<b>OFF-BALANCE</b>						
Guarantees and sureties granted (Note 17)	-	-	-	6,018,329	-	6,018,329
Open documentary credits (Note 17)	-	-	-	1,970,219	-	1,970,219
	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,988,548</b>	<b>-</b>	<b>7,988,548</b>
<b>STATEMENT OF PROFITS AND LOSSES</b>						
Interest from Applications of Liquidity and credits	306,423	179,885	-	9,129,492	7,326	9,623,126
Interest from Resources of Liquidity and deposits	-	1,216,785	-	1,168,163	64,066	2,449,014
Commissions from guarantees and sureties granted	-	-	-	57,818,921	-	57,818,921
Third party supplies and services (Note 25)	789,526	-	-	-	-	789,526
	<b>1,095,949</b>	<b>1,396,670</b>	<b>-</b>	<b>68,116,576</b>	<b>71,392</b>	<b>70,680,587</b>

	Banco BIC Português S.A.	Banco BIC Cabo Verde S.A.	Bank BIC Namibia, Limited	Shareholders and Entities held by shareholders	Members of the Board of Directors and of the Supervisory Board	Total
<b>ASSETS</b>						
Cash funds with other credit institutions (Note 4)	27,299,718	928,557	1,089,645	-	-	29,317,920
Applications with central banks and other credit institutions (Note 5)	66,952,848	6,816,017	-	-	-	73,768,865
Investments at their amortized cost (Note 6)	-	-	-	10,455,840	-	10,455,840
Credit to Customers (Note 7)	-	-	-	185,563,335	168,329	185,731,664
Other assets (Note 11)	1,737	-	-	5,407	-	7,144
	<b>94,254,303</b>	<b>7,744,574</b>	<b>1,089,645</b>	<b>196,024,582</b>	<b>168,329</b>	<b>299,281,433</b>
<b>EQUITY</b>						
Resources from other credit institutions (Note 12)	145,242	82,439,914	-	-	-	82,585,156
Customer resources (Note 13)	-	-	-	35,577,830	1,466,126	37,043,956
Other liabilities (Note 15)	214,053	-	-	3,730,759	-	3,944,812
	<b>359,295</b>	<b>82,439,914</b>	<b>-</b>	<b>39,308,589</b>	<b>1,466,126</b>	<b>123,573,924</b>
<b>OFF-BALANCE</b>						
Guarantees and sureties granted (Note 17)	-	-	-	16,098,920	-	16,098,920
Open documentary credits (Note 17)	-	-	-	7,310,212	-	7,310,212
	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,409,132</b>	<b>-</b>	<b>23,409,132</b>
<b>STATEMENT OF PROFITS AND LOSSES</b>						
Interest from Applications of Liquidity and credits	660,090	258,793	-	1,220,980	838	2,140,701
Interest from Resources of Liquidity and deposits	-	3,217,595	-	963,745	43,765	4,225,105
Commissions from guarantees and sureties granted	-	-	-	678,087	-	678,087
Third party supplies and services (Note 25)	489,192	-	-	85,621	-	574,813
	<b>1,149,282</b>	<b>3,476,388</b>	<b>-</b>	<b>2,948,433</b>	<b>44,603</b>	<b>7,618,706</b>

## 28. Disclosures Relating to Financial Instruments

### Risk management policies

The risk management policy of Banco BIC aims at maintaining the appropriate ratio between the equity and the risks incurred within the scope of its business activity. Within this context, it is of particular importance to monitor and control the main financial risks, namely as regards credit, market, liquidity and operational risks, which encompass different levels of substantiality and relevance.

The identification, monitoring, assessment and reporting of these risks is centralized in the Risk Directorate unit, the Bank's department in charge of risk management, which regularly informs the Board of Directors on the development of the risk profile established, proposing action measures whenever necessary.

#### Interest rate risk

The purpose of the interest rate risk management is minimizing the impact of potential interest rate variations on the Bank's profits. The International and Financial Directorate and the Risk Directorate regularly monitor structural interest rate risk, based on sensitivity analyses of the financial margin and economic value with reference to the variations of interest rate curves.

By introducing the interest rate risk monitoring in the banking portfolio, pursuant to Notice No. 08/2016 of the Angolan National Bank, internal measures are being implemented to identify the exposure to interest rate risk in the economic value of the cash flows associated with the banking portfolio, on a continuous basis, however, the impact cannot be equal to or greater than 20% of the Bank's regulatory own funds, which is of essence for the Angolan National Bank to adopt corrective measures.

#### Liquidity Risk

Liquidity risk consists in the Bank's potential inability to meet its financing reimbursement obligations without incurring into significant losses, whether due to severe financing conditions (financing risk) or due to the sale of assets at below market value (market liquidity risk).

The short-term investments in the Bank's own portfolio, with maturity up to 12 months, aim at profiting on liquidity surpluses in addition to applications in the interbank money market, thus positively contributing to the Bank's financial margin. These measures include applications in Treasury Bills and the acquisition of Repurchase Agreements (Repos).

The control and reporting of the liquidity risk to the Angola National Bank is carried out under the terms of Instruction No. 19/2016 - Liquidity Risk and No. 26/2016 - Governance of Liquidity Risk, being the observation ratio and the liquidity ratio reported on a biweekly and on a monthly basis.

#### Market Risk

Market risks consist in potential losses that may be registered on a given portfolio as a result of changes in rates (interest or exchange rate) and/or prices of the different financial instruments included therein, taking into account not only the correlations between them, but also their corresponding volatilities.

Market risk is managed on a permanent basis by the Bank, with daily information on the valuation of the financial instruments comprising its portfolio. The Risk Directorate is responsible for measuring, monitoring, controlling, analysing and reporting market risk, as well as verifying compliance with the limits imposed on this matter.

#### Exchange Risk

To control exchange rate risk, the Bank develops a prudent policy for managing foreign currency assets and liabilities, which significantly minimizes the connected exchange rate risk. The goal involves a continuous hedging of the exchange positions against exposure to exchange rate risk, and the implementation of procedures for the daily reconciliation of the exchange position between the Market Room and Accounting.

#### Counterparty credit risk

Regarding the credit concentration risk, Banco BIC adopts a policy aimed at reducing sectoral and separate concentration indexes, by increasing and diversifying its customer and counterparty portfolios.

## Categories of financial instruments

	'20		
	Valued at their Amortized cost	Impairment	Net value
<b>ASSETS</b>			
Cash and cash funds with central banks	190,924,161	-	190,924,161
Cash funds with other credit institutions	38,278,691	(10,209)	38,268,482
Applications in central banks and in other credit institutions	169,213,283	(1,498,434)	167,714,849
Investments at amortized cost	918,150,634	(61,556,890)	856,593,744
Credit to Customers	910,682,063	(247,843,797)	662,838,266
Other assets	44,913,190	-	44,913,190
	<b>2,272,162,022</b>	<b>(310,909,330)</b>	<b>1,961,252,692</b>
<b>LIABILITIES</b>			
Resources in central banks and in other credit institutions	116,131,011	-	116,131,011
Customer resources and other loans	1,346,636,866	-	1,346,636,866
Other liabilities	78,636,700	-	78,636,700
	<b>1,541,404,577</b>	<b>-</b>	<b>1,541,404,577</b>
	<b>3,813,566,599</b>	<b>(310,909,330)</b>	<b>3,502,657,269</b>
	'19		
	Valued at their Amortized cost	Impairment	Net value
<b>ASSETS</b>			
Cash and cash funds with central banks	170,149,668	-	170,149,668
Cash funds with other credit institutions	35,837,966	(50,076)	35,787,890
Applications in central banks and in other credit institutions	145,624,758	(80,690)	145,544,068
Investments at amortized cost	789,377,246	(12,046,521)	777,330,725
Credit to Customers	771,591,634	(208,491,297)	563,100,337
Other assets	12,191,992	-	12,191,992
	<b>1,924,773,264</b>	<b>(220,668,584)</b>	<b>1,704,104,680</b>
<b>LIABILITIES</b>			
Resources in central banks and in other credit institutions	109,439,319	-	109,439,319
Customer resources and other loans	1,202,785,346	-	1,202,785,346
Other liabilities	39,472,481	-	39,472,481
	<b>1,351,697,146</b>	<b>-</b>	<b>1,351,697,146</b>
	<b>3,276,470,410</b>	<b>(220,668,584)</b>	<b>3,055,801,826</b>

## Statement of profits and losses other comprehensive income

### Items of income, expense, gains or losses

As of December 31, 2020 and 2019, the net gains and losses on financial instruments were:

	<b>'20</b>		
	<b>AGAINST PROFITS AND LOSSES</b>		
	<b>Gains</b>	<b>Losses</b>	<b>Net</b>
<b>ASSETS</b>			
Cash funds with other credit institutions	39,867	-	39,867
Applications in central banks and in other credit institutions	3,300,735	(1,417,744)	1,882,991
Investments at amortized cost	74,608,172	(49,510,370)	25,097,802
Credit to Customers	49,614,479	(20,284,626)	29,329,853
	<b>127,563,253</b>	<b>(71,212,740)</b>	<b>56,350,513</b>
<b>LIABILITIES</b>			
Resources in central banks and in other credit institutions	-	(2,928,632)	(2,928,632)
Customer resources and other loans	-	(36,514,970)	(36,514,970)
	<b>-</b>	<b>(39,443,602)</b>	<b>(39,443,602)</b>
	<b>127,563,253</b>	<b>(110,656,342)</b>	<b>16,906,911</b>
<b>OFF-BALANCE</b>			
Guarantees granted and documentary credits	3,314,174	-	3,314,174
	<b>3,314,174</b>	<b>-</b>	<b>3,314,174</b>

	<b>'19</b>		
	<b>AGAINST PROFITS AND LOSSES</b>		
	<b>Gains</b>	<b>Losses</b>	<b>Net</b>
<b>ASSETS</b>			
Cash funds with other credit institutions	-	(22,051)	(22,051)
Applications in central banks and in other credit institutions	3,447,103	(25,660)	3,421,443
Investments at amortized cost	60,868,197	(2,006,539)	58,861,658
Credit to Customers	64,000,297	(34,626,830)	29,373,467
	<b>128,315,597</b>	<b>(36,681,080)</b>	<b>91,634,517</b>
<b>LIABILITIES</b>			
Resources in central banks and in other credit institutions	-	(4,318,663)	(4,318,663)
Customer resources and other loans	-	(32,182,611)	(32,182,611)
	<b>-</b>	<b>(36,501,274)</b>	<b>(36,501,274)</b>
	<b>128,315,597</b>	<b>(73,182,354)</b>	<b>55,133,243</b>
<b>OFF-BALANCE</b>			
Guarantees granted and documentary credits	3,854,980	-	3,854,980
	<b>3,854,980</b>	<b>-</b>	<b>3,854,980</b>



As of December 31, 2020 and 2019, income and expenses of interest on financial instruments not measured at their fair value through profits and losses are detailed as follows:

	'20			'19		
	Income	Losses	Net	Income	Losses	Net
<b>ASSETS</b>						
Applications in central banks and in other credit institutions	3,300,735	(1,417,744)	1,882,991	3,447,103	(25,660)	3,421,443
Investments at amortized cost	73,843,176	-	73,843,176	60,468,808	-	60,468,808
Credit to Customers	48,562,791	-	48,562,791	62,875,366	-	62,875,366
	<b>125,706,702</b>	<b>(1,417,744)</b>	<b>124,288,958</b>	<b>126,791,277</b>	<b>(25,660)</b>	<b>126,765,617</b>
<b>LIABILITIES</b>						
Resources in central banks and in other credit institutions	-	(2,928,632)	(2,928,632)	-	(4,318,663)	(4,318,663)
Customer resources and other loans	-	(36,514,970)	(36,514,970)	-	(32,182,611)	(32,182,611)
	<b>-</b>	<b>(39,443,602)</b>	<b>(39,443,602)</b>	<b>-</b>	<b>(36,501,274)</b>	<b>(36,501,274)</b>
	<b>125,706,702</b>	<b>(40,861,346)</b>	<b>84,845,356</b>	<b>126,791,277</b>	<b>(36,526,934)</b>	<b>90,264,343</b>

In the financial years ended on December 31, 2020 and 2019, the amounts of income and expenses of commissions not included in the computing of the effective rate of instruments not measured at their fair value through profits and losses are immaterial.

## Other disclosures

### Fair value

The comparison between the fair value and the balance sheet amount of the main assets and liabilities as of December 31, 2020 and 2019 is detailed as follows:

	'20				
	FAIR VALUE OF FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET				
	Accounting value (net)	At fair value	At amortized cost	Total	Difference
<b>ASSETS</b>					
Cash and cash funds with central banks	190,924,161	-	190,924,161	190,924,161	-
Cash funds with other credit institutions	38,268,482	-	38,268,482	38,268,482	-
Applications in central banks and in other credit institutions	167,714,849	-	167,714,849	167,714,849	-
Investments at amortized cost	856,593,744	-	856,593,744	856,593,744	-
Credit to Customers	662,838,266	-	662,838,266	662,838,266	-
	<b>1,916,339,502</b>	<b>-</b>	<b>1,916,339,502</b>	<b>1,916,339,502</b>	<b>-</b>
<b>LIABILITIES</b>					
Resources in central banks and in other credit institutions	116,131,011	-	116,131,011	116,131,011	-
Customer resources and other loans	1,346,636,866	-	1,346,636,866	1,346,636,866	-
	<b>1,462,767,877</b>	<b>-</b>	<b>1,462,767,877</b>	<b>1,462,767,877</b>	<b>-</b>
	<b>3,379,107,379</b>	<b>-</b>	<b>3,379,107,379</b>	<b>3,379,107,379</b>	<b>-</b>

**FAIR VALUE OF FINANCIAL INSTRUMENTS  
RECORDED IN THE BALANCE SHEET**

	Accounting value (net)	At fair value	At amortized cost	Total	Difference	Total accounting value
<b>ASSETS</b>						
Cash and cash funds with central banks	170,149,668	-	170,149,668	170,149,668	-	170,149,668
Cash funds with other credit institutions	35,787,890	-	35,787,890	35,787,890	-	35,787,890
Applications in central banks and in other credit institutions	145,544,068	-	145,544,068	145,544,068	-	145,544,068
Investments at amortized cost	777,330,725	-	777,330,725	777,330,725	-	777,330,725
Credit to Customers	563,100,337	-	563,100,337	563,100,337	-	563,100,337
	<b>1,691,912,688</b>	<b>-</b>	<b>1,691,912,688</b>	<b>1,691,912,688</b>	<b>-</b>	<b>1,691,912,688</b>
<b>LIABILITIES</b>						
Resources in central banks and in other credit institutions	109,439,319	-	109,439,319	109,439,319	-	109,439,319
Customer resources and other loans	1,202,785,346	-	1,202,785,346	1,202,785,346	-	1,202,785,346
	<b>1,312,224,665</b>	<b>-</b>	<b>1,312,224,665</b>	<b>1,312,224,665</b>	<b>-</b>	<b>1,312,224,665</b>
	<b>3,004,137,353</b>	<b>-</b>	<b>3,004,137,353</b>	<b>3,004,137,353</b>	<b>-</b>	<b>3,004,137,353</b>

The assumptions used in the preparation of this chart were the following:

- The items 'Cash and cash funds with central banks' and 'Cash funds with other credit institutions', given they are cash or very short-term applications, the Bank considers the accounting value to be a reasonable approximation of their fair value. The same rationale has been used in 'Applications in central banks and in other credit institutions';
- For 'Investments at their amortized cost' and considering that (i) there is no active transactional market capable of sustaining the financial asset's fair value; (ii) there are no transactions representative of the assets' fair value; and (iii) the assumption that Treasury Bond rates correspond to market rates; we consider that the fair value corresponds to the asset's recovery value, i.e., the corresponding balance sheet value;
- Regarding 'Credit to Customers', the fair value was considered equal to the balance sheet value;
- For the items 'Resources in central banks and in other credit institutions', given they are cash or very short-term resources, the Bank considers the accounting value to be a reasonable approximation of their fair value;
- The fair value of the item 'Customer resources and other loans' was considered equal to the balance sheet amount.

## Nature and extent of risks arising from financial instruments

### Credit Risk

As of December 31, 2020 and 2019, the maximum exposure to credit risk per type of financial instrument can be summarized as follows:

	'20			'19		
	Gross accounting value	Impairment	Net accounting value	Gross accounting value	Impairment	Net accounting value
<b>BALANCE</b>						
Cash and cash funds with central banks	190,924,161	-	190,924,161	170,149,668	-	170,149,668
Cash funds with other credit institutions	38,278,691	(10,209)	38,268,482	35,837,966	(50,076)	35,787,890
Applications in central banks and in other credit institutions	169,213,283	(1,498,434)	167,714,849	145,624,758	(80,690)	145,544,068
Investments at amortized cost	918,150,634	(61,556,890)	856,593,744	789,377,246	(12,046,521)	777,330,725
Credit to Customers	910,682,063	(247,843,797)	662,838,266	771,591,634	(208,491,297)	563,100,337
	<b>2,227,248,832</b>	<b>(310,909,330)</b>	<b>1,916,339,502</b>	<b>1,912,581,272</b>	<b>(220,668,584)</b>	<b>1,691,912,688</b>
<b>OFF-BALANCE</b>						
Guarantees granted and documentary credits	84,272,629	(5,287,652)	78,984,977	126,584,452	(3,773,574)	122,810,878
Unused limits	-	-	-	29,257,386	(447,916)	28,809,470
	<b>2,311,521,461</b>	<b>(316,196,982)</b>	<b>1,995,324,479</b>	<b>2,039,165,724</b>	<b>(224,890,074)</b>	<b>1,814,723,566</b>

As of December 31, 2020 and 2019, the financial assets present the following breakdown according to the reference rating adopted by the Bank:

	'20				
	Rating origin	Rating level	Gross exposure	Impairment	Net exposure
Cash and cash funds with central banks	Internal rating	Minimum	190,924,161	-	190,924,161
Cash funds with other credit institutions	Internal rating	Very low	38,278,691	(10,209)	38,268,482
Applications in central banks and in other credit institutions	Internal rating	Very low	169,213,283	(1,498,434)	167,714,849
Investments at amortized cost	Internal rating	Very low	255,036,568	(17,329,735)	237,706,833
		Low	148,147,068	(9,235,148)	138,911,920
		Very high	514,966,998	(34,992,007)	479,974,991
			<b>918,150,634</b>	<b>(61,556,890)</b>	<b>856,593,744</b>
Credit to Customers	Internal rating	Minimum	188,275,426	(531,488)	187,743,938
		Very low	195,798,535	(3,307,159)	192,491,376
		Low	213,124,975	(33,552,408)	179,572,567
		Moderate	66,682,634	(27,526,955)	39,155,679
		High	120,071,402	(71,494,229)	48,577,173
		Very high	82,804,449	(67,348,572)	15,455,877
		Maximum	43,924,642	(44,082,986)	(158,344)
			<b>910,682,063</b>	<b>(247,843,797)</b>	<b>662,838,266</b>
			<b>2,227,248,832</b>	<b>(310,909,330)</b>	<b>1,916,339,502</b>

'19

	Rating origin	Rating level	Gross exposure	Impairment	Net exposure
Cash and cash funds with central banks	Internal rating	Minimum	170,149,668	-	170,149,668
Cash funds with other credit institutions	Internal rating	Very low	35,837,966	(50,076)	35,787,890
Applications in central banks and in other credit institutions	Internal rating	Very low	145,624,758	(80,690)	145,544,068
Investments at amortized cost	Internal rating	Very low	19,211,010	(145,835)	19,065,175
		Low	176,826,875	(2,732,347)	174,094,528
		Very high	593,339,361	(9,168,339)	584,171,022
			<b>789,377,246</b>	<b>(12,046,521)</b>	<b>777,330,725</b>
Credit to Customers	Internal rating	Minimum	10,390,580	(16)	10,390,564
		Very low	340,135,810	(4,354,400)	335,781,410
		Low	171,313,283	(26,783,922)	144,529,361
		Moderate	53,885,940	(22,782,532)	31,103,408
		High	77,281,014	(48,064,684)	29,216,330
		Very high	78,584,990	(65,937,991)	12,646,999
		Maximum	40,000,017	(40,567,752)	(567,735)
			<b>771,591,634</b>	<b>(208,491,297)</b>	<b>563,100,337</b>
			<b>1,912,581,272</b>	<b>(220,668,584)</b>	<b>1,691,912,688</b>

The Bank uses internal ratings, according to the risk levels established in the Notice No. 11/2014, of the 17<sup>th</sup> of December, issued by the BNA, and the main assumptions for their allocation were as follows:

- The risk positions recorded in the items 'Cash and cash funds with central banks' are mostly undertaken by the Angolan National Bank and the Angolan State and, therefore, classified at a minimum risk level;
- The counterparties related to the item 'Cash funds with other credit institutions' are essentially related entities and do not evidence signs of impairment;
- 'Credit to customers' has been classified according to the operation and the borrower's characteristics and risks;
- As of December 31, 2019, the change in the internal rating as regards the Angolan public debt securities in national and foreign currency recorded under the item 'Investments at their amortized cost', varying from minimum to very high, was made pursuant to Directive No. 13/DSB/DR0/2019.

As of December 31, 2020 and 2019, the credit risk geographical concentration can be presented as follows:

'20

	Angola	Other African countries	Europe	Other	Total
Cash and cash funds with central banks	190,924,161	-	-	-	190,924,161
Cash funds with other credit institutions	56,644	13,615,213	24,606,834	-	38,278,691
Applications in central banks and in other credit institutions	50,164,843	10,922,680	108,125,760	-	169,213,283
Investments at amortized cost	905,729,137	-	12,421,497	-	918,150,634
Credit to Customers	910,682,063	-	-	-	910,682,063
	<b>2,057,556,848</b>	<b>24,537,893</b>	<b>145,154,091</b>	<b>-</b>	<b>2,227,248,832</b>

'19

	Angola	Other African countries	Europe	Other	Total
Cash and cash funds with central banks	170,149,668	-	-	-	170,149,668
Cash funds with other credit institutions	2,414,614	2,415,370	30,983,871	24,111	35,837,966
Applications in central banks and in other credit institutions	24,511,189	6,814,979	114,298,590	-	145,624,758
Investments at amortized cost	778,921,406	-	10,455,840	-	789,377,246
Credit to Customers	771,591,634	-	-	-	771,591,634
	<b>1,747,588,511</b>	<b>9,230,349</b>	<b>155,738,301</b>	<b>24,111</b>	<b>1,912,581,272</b>

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As of December 31, 2020 and 2019, the sector concentration of credit to customers can be presented as follows:

	CREDIT TO CUSTOMERS		
	Not matured	Interest receivable	Matured
<b>COMPANIES</b>			
Construction	92,598,034	2,275,979	95,997,844
Trade	99,803,407	1,171,950	34,664,489
Extractive Industries (Crude Oil and Natural Gas, Other)	65,357,798	7,925,655	15,868,339
Agriculture, Livestock Production, Hunting and Forestry	76,930,315	1,511,643	3,160,905
Other recreational, associative and service-related activities	54,943,793	402,967	16,254,555
Manufacturing Industries	29,523,223	1,783,250	17,814,419
Accommodation and Catering (restaurants and equivalent)	16,474,136	1,774	31,418,128
Public Administration and Compulsory Social Security	24,013,760	49,207	10,625,266
Education, Health and Social Welfare	18,832,550	321	7,479,092
Real Estate Activities, Rentals and Services provided to Companies	3,048,199	9,858	11,764,766
Transport, Storage and Communications	5,950,431	44,056	2,987,306
Financial and Insurance Activities	70,092	54	2,636,702
Production and Distribution of Electricity, Gas and Water	488,542	22,671	100,915
	<b>488,034,280</b>	<b>15,199,385</b>	<b>250,772,726</b>
<b>RETAIL (PRIVATE INDIVIDUALS)</b>			
Housing	85,475,626	56,946	5,698,494
Consumption	15,932,244	20,392	2,696,824
Other purposes	19,209,684	62,242	29,214,031
	<b>120,617,554</b>	<b>139,580</b>	<b>37,609,349</b>
	<b>608,651,834</b>	<b>15,338,965</b>	<b>288,382,075</b>



'20

Guarantees granted and documentary credits	Unused limits	Total exposure	Relative weighing	IMPAIRMENT	
				Value	Impairment /total exposure
30,114,978	8,339,379	229,326,214	22%	(75,131,223)	33%
11,494,425	15,840,511	162,974,782	16%	(32,359,024)	20%
2,032,009	80,655	91,264,456	9%	(2,725,316)	3%
3,841,641	176,396	85,620,900	8%	(8,046,964)	9%
3,904,779	2,599,555	78,105,649	8%	(16,590,230)	21%
24,176,725	1,047,968	74,345,585	7%	(9,656,189)	13%
-	41,821	47,935,859	5%	(26,772,264)	56%
366,233	90,633	35,145,099	3%	(6,161,094)	18%
498,298	108,313	26,918,574	3%	(15,168,983)	56%
6,838,113	1,778,388	23,439,324	2%	(3,102,439)	13%
69,764	71,366	9,122,923	1%	(3,002,159)	33%
331,078	8,019	3,045,945	0%	(2,677,200)	88%
447,526	4,920	1,064,574	0%	(7,019)	1%
<b>84,115,569</b>	<b>30,187,924</b>	<b>868,309,884</b>	<b>84%</b>	<b>(201,400,104)</b>	<b>23%</b>
-	-	91,231,066	9%	(22,517,426)	25%
-	-	18,649,460	2%	(3,988,912)	21%
157,060	8,854,781	57,497,798	6%	(25,225,005)	44%
<b>157,060</b>	<b>8,854,781</b>	<b>167,378,324</b>	<b>16%</b>	<b>(51,731,343)</b>	<b>31%</b>
<b>84,272,629</b>	<b>39,042,705</b>	<b>1,035,688,208</b>	<b>100%</b>	<b>(253,131,447)</b>	<b>24%</b>

## CREDIT TO CUSTOMERS

	Not matured	Interest receivable	Matured
<b>COMPANIES</b>			
Trade	189,696,607	2,802,323	24,142,086
Construction	58,563,195	998,134	28,140,945
Real Estate Activities, Rentals and Services provided to Companies	76,175,381	8,849,747	8,328,088
Other recreational, associative and service-related activities	47,052,351	1,106,270	8,527,477
Manufacturing Industries	28,921,293	2,053,812	7,499,021
Agriculture, Livestock Production, Hunting and Forestry	41,621,093	2,207,654	1,144,946
Accommodation and Catering (restaurants and equivalent)	30,782,672	10,829	15,664,231
Education, Health and Social Welfare	22,679,541	15,115	6,663,807
Transport, Storage and Communications	8,827,544	59,546	3,164,983
Public Administration and Compulsory Social Security	10,324,879	7,997	385,254
Extractive Industries (Crude Oil and Natural Gas, Other)	5,100,978	32,244	1,953,734
Financial and Insurance Activities	398	-	2,772,624
Fisheries	1,027,401	6,374	62,499
Production and Distribution of Electricity, Gas and Water	19	-	73,161
	<b>520,773,352</b>	<b>18,150,045</b>	<b>108,522,856</b>
<b>RETAIL (PRIVATE INDIVIDUALS)</b>			
Housing	70,868,576	80,500	3,382,056
Consumption	11,892,771	22,962	2,192,760
Other	17,177,641	154,703	19,768,541
	<b>99,938,988</b>	<b>258,165</b>	<b>25,343,357</b>
	<b>620,712,340</b>	<b>18,408,210</b>	<b>133,866,213</b>



Guarantees granted and documentary credits	Unused limits	Total exposure	Relative weighing	IMPAIRMENT	
				Value	Impairment /total exposure
24,825,380	7,904,501	249,370,897	27%	(32,981,837)	13%
34,926,037	4,887,581	127,515,892	14%	(51,794,942)	41%
8,935,748	307,131	102,596,095	11%	(10,772,437)	10%
7,463,362	2,552,775	66,702,235	7%	(11,051,309)	17%
23,198,800	1,087,151	62,760,077	7%	(6,065,283)	10%
2,201,072	23,699	47,198,464	5%	(7,188,178)	15%
-	38,246	46,495,978	5%	(23,325,435)	50%
200,293	170,142	29,728,898	3%	(15,526,902)	52%
2,418,042	342,550	14,812,665	2%	(3,144,647)	21%
57,614	31,215	10,806,959	1%	(84,541)	1%
3,114,653	42,820	10,244,429	1%	(2,023,151)	20%
88,667	4,409	2,866,098	0%	(2,695,918)	94%
-	1,298	1,097,572	0%	(171,334)	16%
63,817	5,125	142,122	0%	(426)	0%
<b>107,493,486</b>	<b>17,398,643</b>	<b>772,338,382</b>	<b>83%</b>	<b>(166,826,340)</b>	<b>22%</b>
-	-	74,331,132	8%	(15,096,024)	20%
-	-	14,108,493	2%	(2,964,290)	21%
19,090,966	11,858,743	68,050,594	7%	(27,826,132)	41%
<b>19,090,966</b>	<b>11,858,743</b>	<b>156,490,219</b>	<b>17%</b>	<b>(45,886,446)</b>	<b>29%</b>
<b>126,584,452</b>	<b>29,257,386</b>	<b>928,828,601</b>	<b>100%</b>	<b>(212,712,786)</b>	<b>23%</b>



As of December 31, 2020 and 2019, the credit is detailed as follows:

		DEFAULT CREDIT			'20
	Credit not matured and interest receivable	Stage 1	Stage 2	Stage 3	Total
<b>CREDIT TO CUSTOMERS</b>					
Credit without impairment	69,075,109	13,811,235	-	2,891,091	85,777,435
With impairment attributed based on a separate analysis					
Credit and interest	382,680,499	2,190,797	-	236,454,307	621,325,603
Impairment	(64,368,236)	(763,548)	-	(138,001,155)	(203,132,939)
	<b>318,312,263</b>	<b>1,427,249</b>	<b>-</b>	<b>98,453,152</b>	<b>418,192,664</b>
With impairment attributed based on a collective analysis					
Credit and interest	172,235,191	118,852	875,180	32,040,613	205,269,836
Impairment	(23,128,792)	(1,311)	(33,394)	(21,547,361)	(44,710,858)
	<b>149,106,399</b>	<b>117,541</b>	<b>841,786</b>	<b>10,493,252</b>	<b>160,558,978</b>
Commissions associated at amortized cost	(1,691)	-	-	-	(1,691)
	<b>536,492,080</b>	<b>15,356,025</b>	<b>841,786</b>	<b>111,837,495</b>	<b>664,527,386</b>

		DEFAULT CREDIT			'19
	Credit not matured and interest receivable	Stage 1	Stage 2	Stage 3	Total
<b>CREDIT TO CUSTOMERS</b>					
Credit without impairment	9,353,107	127,267	5,996	1,993,050	11,479,420
With impairment attributed based on a separate analysis					
Credit and interest	457,822,021	500,705	-	83,340,092	541,662,818
Impairment	(93,428,595)	(102,388)	-	(55,276,653)	(148,807,636)
	<b>364,393,426</b>	<b>398,317</b>	<b>-</b>	<b>28,063,439</b>	<b>392,855,182</b>
With impairment attributed based on a collective analysis					
Matured credit and interest	171,945,422	81,229	76,325	47,741,549	219,844,525
Impairment	(25,943,029)	(9,087)	(9,686)	(33,721,859)	(59,683,661)
	<b>146,002,393</b>	<b>72,142</b>	<b>66,639</b>	<b>14,019,690</b>	<b>160,160,864</b>
Commissions associated at amortized cost	(1,395,129)	-	-	-	(1,395,129)
	<b>518,353,797</b>	<b>597,726</b>	<b>72,635</b>	<b>44,076,179</b>	<b>563,100,337</b>

As of December 31, 2020 and 2019, the composition of matured credit without impairment presents the following breakdown:

				'20
CLASS OF DEFAULT				
	Stage 1	Stage 2	Stage 3	Total
<b>CREDIT TO CUSTOMERS</b>				
Matured credit and interest				
Without impairment attributed based on a separate analysis	13,811,235	-	1,058,392	14,869,627
Without impairment attributed based on a collective analysis	-	-	1,832,699	1,832,699
	<b>13,811,235</b>	<b>-</b>	<b>2,891,091</b>	<b>16,702,326</b>

				'19
CLASS OF DEFAULT				
	Stage 1	Stage 2	Stage 3	Total
<b>CREDIT TO CUSTOMERS</b>				
Matured credit and interest				
Without impairment attributed based on a collective analysis	127,267	5,996	1,993,050	2,126,313
	<b>127,267</b>	<b>5,996</b>	<b>1,993,050</b>	<b>2,126,313</b>

As of December 31, 2020 and 2019, the composition of matured credit with impairment presents the following breakdown:

				'20
CLASS OF DEFAULT				
	Stage 1	Stage 2	Stage 3	Total
<b>CREDIT TO CUSTOMERS</b>				
Matured credit and interest				
With impairment attributed based on a separate analysis	2,190,797	-	236,454,307	238,645,104
With impairment attributed based on a collective analysis	118,852	875,180	32,040,613	33,034,645
	<b>2,309,649</b>	<b>875,180</b>	<b>268,494,920</b>	<b>271,679,749</b>

				'19
CLASS OF DEFAULT				
	Stage 1	Stage 2	Stage 3	Total
<b>CREDIT TO CUSTOMERS</b>				
Crédito e juros vencidos				
Sem imparidade atribuída com base em análise individual	500,705	-	83,340,092	83,840,797
Sem imparidade atribuída com base em análise colectiva	81,229	76,325	47,741,549	47,899,103
	<b>581,934</b>	<b>76,325</b>	<b>131,081,641</b>	<b>131,739,900</b>

Currently, the Bank has no automatic means of gathering credit operations under restructuring, namely those operations the conditions and guarantees of which were renegotiated due to the deterioration in credit risk or default. Nonetheless, in the context of the permanent development of information systems and credit risk analysis, renegotiated credit operations have been identified.

In the years ended on December 31, 2020 and 2019, the Bank renegotiated operations due to the degradation of credit risk or default. As of December 31, 2020 and 2019, the amount of renegotiated credit (excluding unused limits) amounts to:

						'20
CREDIT						
	Not matured	Interest receivable	Matured	Total	Impairment	
<b>Companies</b>	239,338,584	9,503,073	176,749,733	425,591,390	(134,923,054)	
<b>Retail (Individuals)</b>						
Consumption	8,074,079	8,144	603,742	8,685,965	(3,189,368)	
Housing	528,300	749	399,804	928,853	(445,764)	
Other purposes	2,351,857	1,290	9,546,380	11,899,527	(6,764,185)	
	<b>10,954,236</b>	<b>10,183</b>	<b>10,549,926</b>	<b>21,514,345</b>	<b>(10,399,317)</b>	
	<b>250,292,820</b>	<b>9,513,256</b>	<b>187,299,659</b>	<b>447,105,735</b>	<b>(145,322,371)</b>	
						'19
CREDIT						
	Not matured	Interest receivable	Matured	Total	Impairment	
<b>Companies</b>	261,972,954	4,772,455	62,610,811	329,356,220	(119,667,815)	
<b>Retail (Individuals)</b>						
Consumption	325,921	531	318,855	645,378	(297,043)	
Housing	4,919,806	6,307	300,488	5,226,601	(1,570,064)	
Other purposes	4,109,025	2,840	6,202,261	10,314,126	(7,380,147)	
	<b>9,354,752</b>	<b>9,678</b>	<b>6,821,604</b>	<b>16,186,105</b>	<b>(9,247,254)</b>	
	<b>271,327,706</b>	<b>4,782,133</b>	<b>69,432,415</b>	<b>345,542,325</b>	<b>(128,915,069)</b>	

As of December 31, 2020 and 2019, guarantees or other collaterals executed within the scope of operations of credit granted present the following detail:

						'20	'19
	Gross assets	Impairment	Net assets	Gross assets	Impairment	Net assets	
<b>Non-current assets held for sale</b>							
Immovable property received in transfer in lieu of payment	70,782,256	(22,388,184)	48,394,072	18,443,971	(2,132,622)	16,311,349	
	<b>70,782,256</b>	<b>(22,388,184)</b>	<b>48,394,072</b>	<b>18,443,971</b>	<b>(2,132,622)</b>	<b>16,311,349</b>	



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## Liquidity

As of December 31, 2020 and 2019, the principal associated with financial instruments, excluding interest, according to their agreed maturity present the following detail:

	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months
<b>ASSETS</b>				
Cash and cash funds with central banks	190,924,161	-	-	-
Cash funds with other credit institutions	38,278,691	-	-	-
Applications in central banks and in other credit institutions	-	49,836,838	80,784,604	38,175,625
Investments at amortized cost	-	8,747,323	119,445,112	93,862,385
Credit to Customers	-	449,614,854	31,242,569	21,603,917
Other assets	44,913,190	-	-	-
	<b>387,372,060</b>	<b>508,199,015</b>	<b>231,472,285</b>	<b>153,641,927</b>
<b>LIABILITIES</b>				
Resources in central banks and in other credit institutions	28,735,207	2,000,000	85,001,830	-
Customer resources and other loans	555,498,987	221,648,019	315,481,863	174,003,024
Other liabilities	78,636,700	-	-	-
	<b>690,890,218</b>	<b>223,648,019</b>	<b>400,483,693</b>	<b>174,003,024</b>
	<b>(303,518,158)</b>	<b>284,550,996</b>	<b>(169,011,408)</b>	<b>(20,361,097)</b>

	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months
<b>ASSETS</b>				
Cash and cash funds with central banks	170,149,668	-	-	-
Cash funds with other credit institutions	35,837,966	-	-	-
Applications in central banks and in other credit institutions	-	69,423,860	59,671,624	16,233,206
Investments at amortized cost	-	6,066,103	49,174,011	33,252,415
Credit to Customers	-	164,714,883	69,498,745	34,708,455
Other assets	12,191,992	-	-	-
	<b>218,179,626</b>	<b>240,204,846</b>	<b>178,344,380</b>	<b>84,194,076</b>
<b>LIABILITIES</b>				
Resources in central banks and in other credit institutions	26,999,405	-	81,978,590	-
Customer resources and other loans	588,265,629	126,038,307	254,950,785	163,180,221
Other liabilities	39,472,481	-	-	-
	<b>654,737,515</b>	<b>126,038,307</b>	<b>336,929,375</b>	<b>163,180,221</b>
	<b>(436,557,889)</b>	<b>114,166,539</b>	<b>(158,584,995)</b>	<b>(78,986,145)</b>

**'20****RESIDUAL MATURITY TERMS**

Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Indefinite	Total
-	-	-	-	-	190,924,161
-	-	-	-	-	38,278,691
-	-	-	-	-	168,797,067
252,627,671	372,297,056	52,386,446	-	-	899,365,993
5,886,561	31,432,197	125,909,765	231,344,033	-	897,033,896
-	-	-	-	-	44,913,190
<b>258,514,232</b>	<b>403,729,253</b>	<b>178,296,211</b>	<b>231,344,033</b>	-	<b>2,352,569,016</b>
-	-	-	-	-	115,737,037
76,261,004	3,743,589	11	369	-	1,346,636,866
-	-	-	-	-	78,636,700
<b>76,261,004</b>	<b>3,743,589</b>	<b>11</b>	<b>369</b>	-	<b>1,569,029,927</b>
<b>182,253,228</b>	<b>399,985,664</b>	<b>178,296,200</b>	<b>231,343,664</b>	-	<b>783,539,089</b>

**'19****RESIDUAL MATURITY TERMS**

Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Indefinite	Total
-	-	-	-	-	170,149,668
-	-	-	-	-	35,837,966
-	-	-	-	-	145,328,690
168,531,911	399,212,723	111,796,523	3,964,025	-	771,997,711
33,458,959	63,263,282	85,050,484	303,883,745	-	754,578,553
-	-	-	-	-	12,191,992
<b>201,990,870</b>	<b>462,476,005</b>	<b>196,847,007</b>	<b>307,847,770</b>	-	<b>1,890,084,580</b>
-	-	-	-	-	108,977,995
63,151,828	33,373	87	277	-	1,195,620,507
-	-	-	-	-	39,472,481
<b>63,151,828</b>	<b>33,373</b>	<b>87</b>	<b>277</b>	-	<b>1,344,070,983</b>
<b>138,839,042</b>	<b>462,442,632</b>	<b>196,846,920</b>	<b>307,847,493</b>	-	<b>546,013,597</b>

## Interest rate risk

As of December 31, 2020 and 2019, the detail of financial instruments, excluding matured interest and principal, by interest rate risk exposure presents the following breakdown:

	EXPOSURE AT			'20
	Fixed rate	Variable rate	Not subject to interest rate risk	Total
<b>ASSETS</b>				
Cash and cash funds with central banks	-	-	190.924.161	190.924.161
Cash funds with other credit institutions	-	-	38.278.691	38.278.691
Applications in central banks and in other credit institutions	168.797.067	-	-	168.797.067
Investments at amortized cost	899.365.993	-	-	899.365.993
Credit to Customers	383.921.426	224.730.408	-	608.651.834
Other assets	-	-	44.913.190	44.913.190
	<b>1.452.084.486</b>	<b>224.730.408</b>	<b>364.983.876</b>	<b>2.041.798.770</b>
<b>LIABILITIES</b>				
Resources in central banks and in other credit institutions	87.001.830	-	28.735.207	115.737.037
Customer resources and other loans	1.338.108.337	-	-	1.338.108.337
Other liabilities	-	-	78.636.700	78.636.700
	<b>1.452.206.504</b>	<b>-</b>	<b>108.294.894</b>	<b>1.560.501.398</b>
	<b>(122.018)</b>	<b>224.730.408</b>	<b>256.688.982</b>	<b>481.297.372</b>

	EXPOSURE AT			'19
	Fixed rate	Variable rate	Not subject to interest rate risk	Total
<b>ASSETS</b>				
Cash and cash funds with central banks	-	-	170.149.668	170.149.668
Cash funds with other credit institutions	-	-	35.837.966	35.837.966
Applications in central banks and in other credit institutions	145.328.690	-	-	145.328.690
Investments at amortized cost	771.997.711	-	-	771.997.711
Credit to Customers	430.770.418	189.941.922	-	620.712.340
Other assets	-	-	12.191.992	12.191.992
	<b>1.348.096.819</b>	<b>189.941.922</b>	<b>218.179.626</b>	<b>1.756.218.367</b>
<b>LIABILITIES</b>				
Resources in central banks and in other credit institutions	81.978.590	-	26.999.405	108.977.995
Customer resources and other loans	1.195.620.507	-	-	1.195.620.507
Other liabilities	-	-	39.472.481	39.472.481
	<b>1.277.599.097</b>	<b>-</b>	<b>66.471.886</b>	<b>1.344.070.983</b>
	<b>(1.277.599.097)</b>	<b>189.941.922</b>	<b>151.707.740</b>	<b>412.147.384</b>

As of December 31, 2020 and 2019, matured credit has not been considered in the interest rate risk exposure.

As of December 31, 2020 and 2019, the development of the nominal value of financial instruments with interest rate risk exposure, depending on their maturity or next interest-fixing date, is presented in the table below:

**'20**

<b>RESIDUAL MATURITY TERMS</b>								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
<b>ASSETS</b>								
Applications in central banks and in other credit institutions	49,836,838	80,784,604	38,175,625	-	-	-	-	168,797,067
Investments at amortized cost	8,747,323	119,445,112	93,862,385	252,627,671	372,297,056	52,386,446	-	899,365,993
Credit to Customers	12,324,403	13,464,027	50,068,619	18,601,296	62,234,773	131,739,438	320,219,278	608,651,834
	<b>70,908,564</b>	<b>213,693,743</b>	<b>182,106,629</b>	<b>271,228,967</b>	<b>434,531,829</b>	<b>184,125,884</b>	<b>320,219,278</b>	<b>1,676,814,894</b>
<b>LIABILITIES</b>								
Resources in central banks and in other credit institutions	2,000,000	85,001,830	-	-	-	-	-	87,001,830
Customer resources and other loans	774,319,570	312,496,871	172,261,822	75,289,009	3,740,716	10	339	1,338,108,337
	<b>776,319,570</b>	<b>397,498,701</b>	<b>172,261,822</b>	<b>75,289,009</b>	<b>3,740,716</b>	<b>10</b>	<b>339</b>	<b>1,425,110,167</b>
	<b>(705,411,006)</b>	<b>(183,804,958)</b>	<b>9,844,807</b>	<b>195,939,958</b>	<b>430,791,113</b>	<b>184,125,874</b>	<b>320,218,939</b>	<b>251,704,727</b>

**'19**

<b>RESIDUAL MATURITY TERMS</b>								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
<b>ASSETS</b>								
Applications in central banks and in other credit institutions	69,423,860	59,671,624	16,233,206	-	-	-	-	145,328,690
Investments at amortized cost	6,066,103	49,174,011	33,252,415	168,531,911	399,212,723	111,796,523	3,964,025	771,997,711
Credit to Customers	397,685,735	108,405,730	37,673,523	70,665,325	6,282,027	-	-	620,712,340
	<b>473,175,698</b>	<b>217,251,365</b>	<b>87,159,144</b>	<b>239,197,236</b>	<b>405,494,750</b>	<b>111,796,523</b>	<b>3,964,025</b>	<b>1,538,038,741</b>
<b>LIABILITIES</b>								
Resources in central banks and in other credit institutions	-	81,978,590	-	-	-	-	-	81,978,590
Customer resources and other loans	714,303,936	254,950,785	163,180,221	63,151,828	33,373	88	276	1,195,620,507
	<b>714,303,936</b>	<b>336,929,375</b>	<b>163,180,221</b>	<b>63,151,828</b>	<b>33,373</b>	<b>88</b>	<b>276</b>	<b>1,277,599,097</b>
	<b>(241,128,238)</b>	<b>(119,678,010)</b>	<b>(76,021,077)</b>	<b>176,045,408</b>	<b>405,461,377</b>	<b>111,796,435</b>	<b>3,963,749</b>	<b>260,439,644</b>

## Market risk

Market risk corresponds to the risk of changes in financial instruments' fair value or in cash-flows due to changes in market prices, including the following risks: interest rate, exchange rate and price.

## Exchange risk

As of December 31, 2020 and 2019, the balance sheets present the following detail by currency:

						'20
	Kwanza	Indexed at the United States dollar	United States dollar	Euro	Other currencies	Total
<b>ASSETS</b>						
Cash and cash funds with central banks	154,753,225	-	35,211,452	924,861	34,623	190,924,161
Cash funds with other credit institutions	46,436	-	8,155,564	28,227,143	1,839,339	38,268,482
Applications in central banks and in other credit institutions	48,666,561	-	116,652,977	2,395,311	-	167,714,849
Investments at amortized cost	223,510,838	479,974,991	140,699,013	12,408,902	-	856,593,744
Credit to Customers	271,677,860	-	362,903,156	28,257,250	-	662,838,266
Non-current assets held for sale	52,750,655	-	-	-	-	52,750,655
Other tangible assets	22,720,487	-	-	-	-	22,720,487
Intangible assets	2,063,562	-	-	-	-	2,063,562
Investments in subsidiaries, associate companies and joint ventures	382,397	-	-	527,704	-	910,101
Deferred tax assets	12,423,029	-	-	-	-	12,423,029
Other assets	29,440,646	-	14,239,647	12,703	1,220,194	44,913,190
	<b>818,435,696</b>	<b>479,974,991</b>	<b>677,861,809</b>	<b>72,226,170</b>	<b>3,094,156</b>	<b>2,052,120,526</b>
<b>LIABILITIES</b>						
Resources in central banks and in other credit institutions	17,787,488	-	95,119,956	2,956,469	267,098	116,131,011
Customer resources and other loans	630,571,312	95,578,985	583,049,182	37,235,296	202,091	1,346,636,866
Provisions	2,719,212	-	22,467,026	1,909,937	162	27,096,337
Current tax liabilities	922,987	-	-	-	-	922,987
Other liabilities	53,568,541	-	14,766,030	10,302,129	-	78,636,700
	<b>705,569,540</b>	<b>95,578,985</b>	<b>715,402,194</b>	<b>52,403,831</b>	<b>469,351</b>	<b>1,569,423,901</b>
	<b>112,866,156</b>	<b>384,396,006</b>	<b>(37,540,385)</b>	<b>19,822,339</b>	<b>2,624,805</b>	<b>482,696,625</b>



	Kwanza	Indexed at the United States dollar	United States dollar	Euro	Other currencies	Total
<b>ASSETS</b>						
Cash and cash funds with central banks	151,641,749	-	153,468	18,351,697	2,754	170,149,668
Cash funds with other credit institutions	2,364,538	-	28,792,562	4,408,613	222,177	35,787,890
Applications in central banks and in other credit institutions	24,430,499	-	117,868,659	3,244,910	-	145,544,068
Investments at amortized cost	61,474,478	593,339,361	112,061,046	10,455,840	-	777,330,725
Credit to Customers	192,819,635	-	350,926,738	19,353,964	-	563,100,337
Non-current assets held for sale	20,671,292	-	-	-	-	20,671,292
Other tangible assets	15,159,687	-	-	-	-	15,159,687
Intangible assets	246,848	-	-	-	-	246,848
Investments in subsidiaries, associate companies and joint ventures	276,424	-	-	472,407	-	748,831
Other assets	7,590,334	-	4,725,305	(129,632)	5,985	12,191,992
	<b>476,675,484</b>	<b>593,339,361</b>	<b>614,527,778</b>	<b>56,157,799</b>	<b>230,916</b>	<b>1,740,931,338</b>
<b>LIABILITIES</b>						
Resources in central banks and in other credit institutions	12,665,251	-	93,900,130	2,682,973	190,965	109,439,319
Customer resources and other loans	546,771,231	137,071,982	491,469,883	27,109,465	362,785	1,202,785,346
Provisions	2,443,061	-	15,143,347	1,293,699	126	18,880,233
Current tax liabilities	6,635,175	-	-	-	-	6,635,175
Other liabilities	37,681,521	-	1,263,246	527,583	131	39,472,481
	<b>606,196,239</b>	<b>137,071,982</b>	<b>601,776,606</b>	<b>31,613,720</b>	<b>554,007</b>	<b>1,377,212,554</b>
	<b>(129,520,755)</b>	<b>456,267,379</b>	<b>12,751,172</b>	<b>24,544,079</b>	<b>(323,091)</b>	<b>363,718,784</b>

As of December 31, 2020 and 2019, the balance of the item 'Investments at their amortized cost' includes the amounts of tAOA 479,974,991 and tAOA 583,339,361, correspondingly, referring to Treasury Bonds in national currency indexed to the United States dollar.

As of December 31, 2020 and 2019, the balance of the item 'Customer resources and other loans' includes the amounts of tAOA 95,578,895 and tAOA 137,071,982, correspondingly, referring to Customer Savings Deposits in national currency indexed to the United States dollar.

Both aforementioned operations are indexed to the BNA's AOA/USD exchange rate purchase, thus being subject to exchange rate updating.

As of December 31, 2020 and 2019, the impact on the fair value of exchange-sensitive financial instruments of parallel shifts in the reference exchange rate curve of 5%, 10% and 20%, correspondingly, can be shown as follows:

	<b>'20</b>					
	-20%	-10%	-5%	+5%	+10%	+20%
<b>CURRENCY</b>						
United States of America dollar	74,381,395	37,190,698	18,595,349	(18,595,349)	(37,190,698)	(74,381,395)
Euro	8,106,641	4,053,321	2,026,660	(2,026,660)	(4,053,321)	(8,106,641)
Other currencies	282,470	141,235	70,617	(70,617)	(141,235)	(282,470)
	<b>82,770,506</b>	<b>41,385,254</b>	<b>20,692,626</b>	<b>(20,692,626)</b>	<b>(41,385,254)</b>	<b>(82,770,506)</b>

	<b>'19</b>					
	-20%	-10%	-5%	+5%	+10%	+20%
<b>CURRENCY</b>						
United States of America dollar	362,758	181,379	90,690	(90,690)	(181,379)	(362,758)
Euro	23,887,149	11,943,575	5,971,787	(5,971,787)	(11,943,575)	(23,887,149)
Other currencies	37,487,997	18,743,999	9,371,999	(9,371,999)	(18,743,999)	(37,487,997)
	<b>61,737,904</b>	<b>30,868,953</b>	<b>15,434,476</b>	<b>(15,434,476)</b>	<b>(30,868,953)</b>	<b>(61,737,904)</b>

The impact of exchange rate variations on United States dollar-linked Treasury Bonds and on Savings Deposits is reflected in the 'United States dollars' line.

#### Interest Rate Risk

As of December 31, 2020 and 2019, the impact on the fair value of risk-sensitive financial instruments of parallel shifts on the interest rate curve of 50, 100 and 200 basis points (bp), correspondingly, may be evidenced by the following tables:

	<b>'20</b>					
	<b>INTEREST RATES' VARIATION</b>					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
<b>ASSETS</b>						
Applications in central banks and in other credit institutions	548,798	274,399	137,200	(137,200)	(274,399)	(548,798)
Investments at amortized cost	19,930,321	9,965,161	4,982,580	(4,982,580)	(9,965,161)	(19,930,321)
Credit to Customers	50,348,223	25,174,111	12,587,056	(12,587,056)	(25,174,111)	(50,348,223)
	<b>70,827,342</b>	<b>35,413,671</b>	<b>17,706,836</b>	<b>(17,706,836)</b>	<b>(35,413,671)</b>	<b>(70,827,342)</b>
<b>LIABILITIES</b>						
Resources in central banks and in other credit institutions	(297,852)	(148,926)	(74,463)	74,463	148,926	297,852
Customer resources and other loans	(3,180,981)	(1,590,490)	(795,245)	795,245	1,590,490	3,180,981
	<b>(3,478,833)</b>	<b>(1,739,416)</b>	<b>(869,708)</b>	<b>869,708</b>	<b>1,739,416</b>	<b>3,478,833</b>
	<b>67,348,510</b>	<b>33,674,255</b>	<b>16,837,127</b>	<b>(16,837,127)</b>	<b>(33,674,255)</b>	<b>(67,348,510)</b>

INTEREST RATES' VARIATION						
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
<b>ASSETS</b>						
Applications in central banks and in other credit institutions	362,758	181,379	90,690	(90,690)	(181,379)	(362,758)
Investments at amortized cost	23,887,149	11,943,575	5,971,787	(5,971,787)	(11,943,575)	(23,887,149)
Credit to Customers	25,125,128	12,562,564	6,281,282	(6,281,282)	(12,562,564)	(25,125,128)
	<b>86,863,032</b>	<b>43,431,517</b>	<b>21,715,758</b>	<b>(21,715,758)</b>	<b>(43,431,517)</b>	<b>(86,863,032)</b>
<b>LIABILITIES</b>						
Resources in central banks and in other credit institutions	(262,331)	(131,166)	(65,583)	65,583	131,166	262,331
Customer resources and other loans	(3,482,349)	(1,741,175)	(870,587)	870,587	1,741,175	3,482,349
	<b>(3,744,680)</b>	<b>(1,872,341)</b>	<b>(936,170)</b>	<b>936,170</b>	<b>1,872,341</b>	<b>3,744,680</b>
	<b>83,118,352</b>	<b>41,559,176</b>	<b>20,779,588</b>	<b>(20,779,588)</b>	<b>(41,559,176)</b>	<b>(83,118,352)</b>

For preparing these tables, the Bank adopted the methodology and assumptions described in Notice No. 08/2016, of May 22, on interest rate risk in the banking portfolio.

## 29. Reporting by segments

For the purposes of complying with the requirements of IFRS 8, the Bank adopted the following business segments:

- Negotiation and sales: encompassing the banking business activity related to the management of the Bank's own securities portfolio, money market and foreign exchange operations, receiving and transmission of orders regarding one or more financial instruments and the execution of orders on behalf of Customers;
- Retail banking: including the banking business activity with private individuals and sole entrepreneurs, such as the receiving of deposits and other repayable funds, loans, the granting of guarantees and undertaking other commitments. It further includes the total amount owed to the Bank by Customers or by group of interlinked Customers;
- Commercial banking: credit and fundraising activities with companies, as well as the taking of funds to comply with credit obligations;
- Other: includes all segments of activity not included in the previous business lines.

The distribution of the main assets and liabilities by business line as of December 31, 2020 and 2019, is the following:

### Business lines

					'20
	Negotiation and sales	Retail banking	Commercial banking	Other	Total
<b>ASSETS</b>					
Cash and cash funds with central banks	190,924,161	-	-	-	190,924,161
Cash funds with other credit institutions	38,268,482	-	-	-	38,268,482
Applications in central banks and in other credit institutions	167,714,849	-	-	-	167,714,849
Investments at amortized cost	856,593,744	-	-	-	856,593,744
Credit to Customers	-	157,712,648	505,125,618	-	662,838,266
Other assets	-	-	-	135,781,024	135,781,024
<b>TOTAL NET ASSETS</b>	<b>1,253,501,236</b>	<b>157,712,648</b>	<b>505,125,618</b>	<b>135,781,024</b>	<b>2,052,120,526</b>
<b>LIABILITIES</b>					
Resources in central banks and in other credit institutions	116,131,011	-	-	-	116,131,011
Customer resources and other loans	-	871,997,937	474,638,929	-	1,346,636,866
Other liabilities	-	-	-	106,656,024	106,656,024
<b>TOTAL LIABILITIES</b>	<b>116,131,011</b>	<b>871,997,937</b>	<b>474,638,929</b>	<b>106,656,024</b>	<b>1,569,423,901</b>

	Negotiation and sales	Retail banking	Commercial banking	Other	Total
<b>ASSETS</b>					
Cash and cash funds with central banks	170,149,668	-	-	-	170,149,668
Cash funds with other credit institutions	35,787,890	-	-	-	35,787,890
Applications in central banks and in other credit institutions	145,544,068	-	-	-	145,544,068
Investments at amortized cost	777,330,725	-	-	-	777,330,725
Credit to Customers	-	127,355,712	435,744,625	-	563,100,337
Other assets	-	-	-	49,018,650	49,018,650
<b>TOTAL NET ASSETS</b>	<b>1,128,812,351</b>	<b>127,355,712</b>	<b>435,744,625</b>	<b>49,018,650</b>	<b>1,740,931,338</b>
<b>LIABILITIES</b>					
Resources in central banks and in other credit institutions	109,439,319	-	-	-	109,439,319
Customer resources and other loans	-	767,657,796	435,127,550	-	1,202,785,346
Other liabilities	-	-	-	64,987,889	64,987,889
<b>TOTAL LIABILITIES</b>	<b>109,439,319</b>	<b>767,657,796</b>	<b>435,127,550</b>	<b>64,987,889</b>	<b>1,377,212,554</b>

The main allocation criteria used by the Bank for preparing these tables was:

- The items 'Credit to Customers' and 'Customer resources and other loans' have been segregated based on the business area in which the operation originated, and these may be the Directorates of Retail and Business, Companies Centres, Investment Centres or Private Banking.
- The items 'Resources from other credit institutions' and 'Resources from central banks' have been allocated to 'Negotiation and sales' as that they are intended to be used in the Bank's regular business activity;
- Other assets and liabilities have been recorded under the item 'Other, given the impossibility of any segmental allocation.

The distribution of the main assets and liabilities by geographical markets, as of December 31, 2020 and 2019, is as follows:

## Geographical markets

					'20
	Angola	Other African countries	Europe	Other	Total
<b>ASSETS</b>					
Cash and cash funds with central banks	190,924,161	-	-	-	190,924,161
Cash funds with other credit institutions	56,645	13,614,179	24,597,658	-	38,268,482
Applications in central banks and in other credit institutions	50,164,843	10,888,186	106,661,820	-	167,714,849
Investments at amortized cost	844,184,842	-	12,408,902	-	856,593,744
Credit to Customers	662,838,266	-	-	-	662,838,266
Non-current assets held for sale	52,750,655	-	-	-	52,750,655
Other tangible assets	22,720,487	-	-	-	22,720,487
Intangible assets	2,063,562	-	-	-	2,063,562
Investments in subsidiaries, associate companies and joint ventures	382,398	-	527,703	-	910,101
Deferred tax assets	12,423,029	-	-	-	12,423,029
Other assets	38,624,518	-	11,738	6,276,934	44,913,190
<b>TOTAL NET ASSETS</b>	<b>1,877,133,406</b>	<b>24,502,365</b>	<b>144,207,821</b>	<b>6,276,934</b>	<b>2,052,120,526</b>
<b>LIABILITIES</b>					
Resources in central banks and in other credit institutions	30,736,360	85,394,651	-	-	116,131,011
Customer resources and other loans	1,310,024,576	2,028,555	7,619,690	26,964,045	1,346,636,866
Other liabilities	105,557,593	-	1,098,431	-	106,656,024
<b>TOTAL LIABILITIES</b>	<b>1,446,318,529</b>	<b>87,423,206</b>	<b>8,718,121</b>	<b>26,964,045</b>	<b>1,569,423,901</b>

					'19
	Angola	Other African countries	Europe	Other	Total
<b>ASSETS</b>					
Cash and cash funds with central banks	170,149,668	-	-	-	170,149,668
Cash funds with other credit institutions	2,424,615	2,408,188	30,940,976	24,111	35,797,890
Applications in central banks and in other credit institutions	24,511,189	6,814,979	114,217,900	-	145,544,068
Investments at amortized cost	766,885,433	-	10,445,292	-	777,330,725
Credit to Customers	563,100,337	-	-	-	563,100,337
Non-current assets held for sale	20,671,292	-	-	-	20,671,292
Other tangible assets	15,159,687	-	-	-	15,159,687
Intangible assets	246,848	-	-	-	246,848
Investments in subsidiaries, associate companies and joint ventures	276,424	-	472,407	-	748,831
Other assets	12,191,992	-	-	-	12,191,992
<b>TOTAL DO ACTIVO LÍQUIDO</b>	<b>1,575,617,485</b>	<b>9,223,167</b>	<b>156,076,575</b>	<b>24,111</b>	<b>1,740,941,338</b>
<b>LIABILITIES</b>					
Resources in central banks and in other credit institutions	26,854,163	82,439,914	145,242	-	109,439,319
Customer resources and other loans	1,184,229,730	343,778	4,459,731	13,752,107	1,202,785,346
Other liabilities	60,349,000	-	1,736	4,637,153	64,987,889
<b>TOTAL LIABILITIES</b>	<b>1,271,432,893</b>	<b>82,783,692</b>	<b>4,606,709</b>	<b>18,389,260</b>	<b>1,377,212,554</b>



## 30. Preventive Seizure of the Share Capital

On the 23<sup>rd</sup> of December 2019, the Provincial Court of Luanda passed a preventive seizure injunction, as identified in Proceedings No. 3301/2019-C, Order-Judgement No. 519/19, on the existing balances in bank accounts held by the defendants and domiciled at the Bank, including also 25% of the interest held by the Sociedade de Participações Financeiras and 17.5% of the shareholding held by Finisantoro Holding Limited. The applicant of the legal action is the Angolan State, represented by the Public Prosecution, and the defendants are Engineer Isabel dos Santos, the ultimate beneficiary of the above-mentioned companies, Dr. Sindika Dokolo and Dr. Mario Leite da Silva.

The Angolan National Bank has been designated the trustee of the existing balances in the seized accounts, in the capacity of Regulating Entity of all the banking financial institutions, and shall supervise the BIC Bank's actions regarding the seizure.

The Bank's Board of Directors has been made trustee of the defendants' shareholdings in the proceedings, being prohibited to proceed with any transfer or any other businesses on the shareholdings under the seizure and, moreover, it shall not deliver any profits to the defendants, either directly or by means of third parties or companies of which they are beneficiaries, and shall retain such profits until the Court's ruling.

## 31. COVID-19 Pandemic

In March 2020, the World Health Organization declared the state of pandemic due to the new coronavirus (COVID-19). This pandemic is affecting financial and economic markets, with particular emphasis on the increased risk of default on the Republic of Angola's debt. The development of the pandemic has been negatively impacting the national economic context, affecting the Bank's business activity.

In this sense, as of the closing date of the financial year of 2020, despite the estimated negative impact on the activity and execution of the Bank's business plan for the year 2021 in result of such a context, no accounting impacts were identified in the financial statements of said date. It should also be noted that, based on all the information available on this date, the Board of Directors believes that the going concern principle used in the preparation of the Bank's financial statements as of December 31, 2020 remains appropriate. It should also be pointed out that, based on all the information currently available, the Board of Directors believes that the principle of the continuity of business used in the preparation of the Bank's financial statements as of December 31, 2020 remains appropriate as of the current date.

Additionally, along with the international and local Bodies and Authorities, the Bank's Board of Directors has been implementing a contingency plan aimed at reacting to the effects of this pandemic, guaranteeing its levels of capital, liquidity and operating capacity which ensure the continuity of operations and respective business activity.

## 32. Subsequent events

There are no subsequent events to report.

# Audit Report - PKF



## INDEPENDENT AUDITOR'S REPORT

### Introduction

1. We have audited the Financial Statements herein attached from Banco BIC, S.A., which consist of the Balance Sheet with reference to the 31<sup>st</sup> of December 2020, recording a total of thousand AOA 2,052,120,526 and a total equity of thousand AOA 482,696,526, including a net profit of thousand AOA 21,288,589, also including the Statement of profits and losses, the statement of profits and losses and other comprehensive income, the statement of changes in equity and cash flows for the financial year ended on the mentioned date, as well as the corresponding Notes.

### Responsibility of the Board of Directors for the Financial Statements

2. The Board of Directors is responsible for the appropriate preparation and presentation of these financial statements, pursuant to the International Financial Reporting Standards issued by the IASB – International Accounting Standards Board, and for the internal control it shall deem necessary to enable the preparation of the financial statements free from any material distortion due to fraud or error.

### Auditor's Responsibility

3. Our responsibility consists in expressing an independent opinion on these Financial Statements based on our audit, which has been conducted according to the Technical Standards of the Angolan Accountants and Chartered Accountants Association (*"Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola"*). These Standards require our compliance with ethical requirements and that the audit must be planned and carried out by us with the purpose to obtain reasonable assurance on whether the Financial Statements are free of any material misstatements.
4. An audit involves conducting procedures to obtain audit evidence concerning the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of the risks of any material misstatements of the financial statements due to fraud or error. In making such risk assessments, the auditor takes in consideration the relevant internal control performed by the entity in the preparation and presentation of the financial statements in order to design audit procedures appropriate to the circumstances, but not for purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes the assessment of the appropriateness of the accounting policies adopted and the reasonableness of the estimates made by the Directors, as well as assessing the financial statements' overall presentation.
5. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion, the financial statements mentioned in the previous paragraph 1 present in a true and adequate manner, in all materially relevant aspects, the financial position of Banco BIC, S.A., with reference to the 31<sup>st</sup> of December 2020, the profits and losses and comprehensive income of its operations, the changes in its equity and its cash flows for the year ended on the previously mentioned date, in accordance with the International Financial Reporting Standards issued by the IASB - International Accounting Standards Board (Note 2).

Luanda, the 13<sup>th</sup> of April of 2021

C&S – Assurance and Advisory, S.A.

Registered with the Angolan Accountants and Chartered Accountants Association (*“Ordem dos Contabilistas e Peritos Contabilistas de Angola”*) under No. E20180018 and with the Capital Market Commission under No. 001/AE/CMC/02-19  
Represented by:



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Henrique Manuel Camões Serra  
(Chartered Accountant No. 20130167)

# Report of the Supervisory Board - PKF

## REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders of Banco BIC, S.A.

1. Pursuant to the Law and the Statutes, we hereby present our report regarding our supervisory activity as well as our opinion on the accountability documents submitted by the Board of Directors of Banco BIC, S.A. (the Bank) with reference to the financial year ended on December 31, 2020.
2. Along the financial year, we have monitored, with the frequency and to the extent we have deemed appropriate, the development of the Bank's activity, the soundness of the accounting records and the compliance with the applicable legal and statutory rules. We also obtained from the Board of Directors and from the Bank's various services the information and clarifications requested, which were necessary for issuing our opinion.
3. We have analysed and agreed with the content of the Auditors' Report, issued by the Company C&S - Assurance and Advisory, S.A., which is herein totally reproduced, and includes an opinion without reservations and free from any qualification.
4. Within the scope of the adequate performance of our duties, we have examined the Balance Sheet with reference to December 31, 2020, the Statement of profits and losses, the statement of profits and losses and other comprehensive income, the statement of changes in equity and cash flows for the year ended on the previously mentioned date and corresponding Notes, including the accounting policies and valuation criteria adopted.
5. In addition, we have analysed the Management Report for the financial year of 2020 prepared by the Board of Directors and the proposal for the appropriation of profits included therein.

6. In the light of the above, and taking into account the work carried out, we are of the opinion that the General Meeting of Shareholders should:
  - a. Approve the Annual Report for the year ended on the 31st of December 2020,
  - b. Approve the Accounts for the mentioned financial year, and
  - c. Approve the Proposal for the Appropriation of Profits.
7. We would like to express our gratitude to the Board of Directors and the Bank's services, for all the collaboration they have provided us.

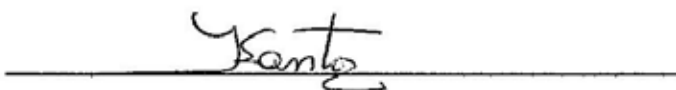
Luanda, the 13<sup>th</sup> of April of 2021

The Supervisory Board



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Sérgio Henrique Borges Serra  
Chairman



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Maria Ivone de Freitas Pereira dos Santos  
Member



**Banco BIC, S.A.**

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