ANNUAL REPORT 2020

BFA

“Despite the adverse context, the BFA team achieved the main objectives established for the 2020 period, focused on improving the banking experience for the Customer, better financial and operational performance, implemented a very careful Risk Management that translates into a more robust greater robustness of the Bank's balance sheet."

Rui Jorge Carneiro Mangueira
Chairman of the Board of Directors

“2020 was a year in which we all experienced personal difficulties, and many of us lost loved ones.
It was also a year that allowed us to deepen our place and importance in the national context.”

Luís Roberto Gonçalves
President of the Executive Committee

2020
IN REVIEW

Market leader in the provision of services in December 2020, obtaining the following shares:

56%
SPI Visa Cards

Assets
22%
Debit Cards

ATM
22%
market share

Number of Clients in December 2020 reached

2 196 080

+6,2%
than in 2019

384
Active ATM

197
Branches

16 614
Active Automatic Payment Terminals (TPA's)

30 091,59
Million Kwanzas reduction in Net Result

-25,1%
compared to 2019

18,1%
Return-on-equity

Increased Asset Portfolio Assets for

2 874 900
Million Kwanzas

+31%
against 2019

Decrease in the total Loan Portfolio

438 282,92
Million Kwanzas

-2,8%
compared to 2019

1 343 531
In Millions of Kwanzas in Securities (OT and BT)

The Bank maintains its leadership position in terms of Public Securities

2 775
Employees

+51
against 2019

Number of employees who participated in training sessions:

2 724

+5%
against 2019

BFA was the first banking institution to associated with the Government, contributing USD5M to fight the pandemic.

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Message from the Chairman of the Board of Administration

With great satisfaction, on behalf of the Board of Directors BFA Board of Directors, I present to our Customers, valued Employees, esteemed Shareholders, and Stakeholders, in general, the BFA 2020 Management Report.

This year was largely marked by an atypical context where the presence of the COVID-19 pandemic stood out, with consequences and challenges in terms of public health, partial paralysis of global economic activity, thus testing the response capacity of governments and social partners in the fight against its propagation and tireless search for risk mitigants mitigating the risk associated with economic and social life impacts.

The world economic activity was held hostage by the negative and unexpected negative impact of the pandemic, which according to the estimate of the International Monetary Fund ("IMF") registered a strong recession, contracting about 3.5%, the second-largest drop since World War II, and with double, the impact of the 1.7% decline of 1.7% observed in 2008.

"The strengthening and development of Human Capital are one of the foundational pillars of the new cycle of life of the Bank,..."

In 2020, the Angolan economy completed its fifth year of recession, and the national currency, after the strong devaluation suffered in 2019, depreciated again significantly along with the financial services market, when measured in USD.

In fact, between January and September 2020, the economy Angolan economy contracted by 5% compared to the comparative period. There was a 5.1% drop in the oil economy and a contraction of just under 5% in the non-oil economy.

On the inflation side, the year 2020 was marked by a strong acceleration, with average annual inflation at 22.2%, which corresponds to an increase of 5.1 p.p. from the average recorded in 2019 of 17.1%. The monthly price variation was higher than 1.7% for the whole of 2020, having reached the highest value in December of 2.06%.

It was in this adverse context that the entire BFA team was able to achieve the main objectives established for the period to 2020, focused on improving the banking experience for the Customer, better financial and operational performance, implemented a very judicious Risk Management which management that translates into greater robustness of the Bank's balance sheet. As mentioned above, we had the privilege of the collaboration of all stakeholders, particularly the continued confidence deposited by the total dedication of our employees and the leadership and implementation of our strategy by the Executive Committee.

BFA in broad compliance with its governance model reinforced its Control, Risk Management, Information, and Communication Information and Communication and Monitoring Systems, which, in addition to policies, rules, and training, we highlight the work carried out by the Control, Internal Audit, and Compliance areas, whose contribution to operational integrity has been fundamental in keeping the Bank in line with internationally accepted good practices in the financial sector.

Therefore, despite the constraints that characterize the year 2020, BFA was able to present results of 89,848,596,000 Kwanzas, in which the financial margin and the product of banking activity were higher than those recorded in 2019.

Nevertheless, it is important to mention the negative impact of the downgrade of Angola's rating on our accounts and all macroeconomic situations prevailing in Angola.

Likewise, the activity risks, particularly credit risk, tended, naturally, to increase, without; however, there were no significant impacts on the Bank's results.

On the commercial front, the Bank continued to benefit from the customers' confidence and maintain a leading position in the main business and services areas. In the commercial area, the Bank continued to enjoy the trust of its customers and to maintain a leading position in its main business and service areas.

In addition, it should be noted that the Bank's market share of deposits and other Customer market share in deposits and other Customer resources continues to be quite solid while also maintaining its solvency ratio and own regulatory ratio and regulatory capital above the established limits.

Therefore, despite the economic and social context that 2020 represented, BFA solidified its position of leadership in the banking and financial system, with 40% of the accounts' market. Once again illustrates the work performed by our Employees and the dynamics of the Bank sustained by a commercial strategy oriented to attract deposits and efficient management of the relationship with the market and its customers, the outcome of the Bank's tireless work in contributing to the dynamism and growth of the financial sector in Angola.

In 2020, at BFA, we continued implementing the strategic plan, giving greater relevance to technological innovation to improve our customers' service, adapting our plan to the challenges of today.

The challenges of the context, of the economic conjuncture, and the business imposed greater rigor in the management of operating costs, with a significant improvement due to the imperative initiatives of rationalization as a result of imperative rationalization initiatives. The notable subsequent evolution only reinforces our belief in maintaining this front as one of the Bank's management priorities.

The reinforcement and development of Human Capital is one of the foundational pillars of the new cycle of the Bank's life and is, therefore, an enormous lever for the Bank's success of our banking institution. Therefore, we are committed to developing our employees through a strong focus on personal growth and professional in personal growth and professional training.

However, faced with a unique set of challenges brought about by the COVID-19 pandemic, BFA set in motion its contingency plan and implemented measures at various levels, intending to ensure the organization's functionality under safe conditions for its Employees and Customers.

Our goal is to be the leader in the best banking experience for the experience to Customer, having as a mission, to be the Bank No. 1 of all Angolans, businesses, and families, contributing to the country's sustainable development.

Based on values of permanent Innovation, Proximity with the Customer, and Transparency with the market, we intend to develop financial solutions, products, and services that promote a long-lasting relationship with our Customers and create value for our Shareholders.

In 2021, we intend to strengthen our commitment to our stakeholders. We will be closer and more focused on providing solutions to our customers' needs, always seeking to ensure their satisfaction and improve the quality of our business. We are, therefore, focused on contributing to the development of the national economy.

An important milestone of note in 2020, which should be reinforced in 2021, is the involvement assumed with the community through the social responsibility and impact program, such as BFA Solidário, aimed at Angolan non-governmental and non-profit institutions that develop activities and whose beneficiaries are resident in Angola.

Allow me a special word of thanks to the family members of our BFA Employees, for all the sacrifices their absence at the service of the Bank, for a noble cause on behalf of the welfare of our Clients, the commitment to our Shareholders and the community we proudly serve.

I conclude by inviting you to explore in detail our 2020 Annual Report, highlighting the gratitude, on behalf of the Board of Directors, to all our Clients, Employees, Partners, and Shareholders, who throughout BFA's history, have afforded us the privilege of serving them, always in a perspective of a constant search for excellence, being our support for the maintenance of a unique position of prominence, respect and leadership in the Banking Market in Angola.

Rui Jorge Carneiro Mangueira
Chairman of the Board of Directors

Message from the President of the Executive Committee Executive Board

As I write this message, the world faces a devastating pandemic that creates enormous challenges for us. 2020 was a year in which we all feltpersonal difficulties, and many of us lost loved ones. It was also a year that allowed us to deepen our place and importance in the national context.

In 2020, BFA reached 2,185,040 Clients in the Individuals, Corporate, and Business segments. The volume of deposits concerning 2019 showed a growth of 38.8%, totaling 2 252 203 million Kwanzas which means a market share of 15.61%.

Our Credit portfolio increased by 1.7%, with a total of 333 373.3 million Kwanzas. I would also like to highlight the increase in coverage ratio by impairment to 234.12%, revealing a high coverage for impairments.

"The volume of deposits vis-à-vis 2019 showed a growth of 38.8%, totaling 2,252 203 203 million Kwanzas, representing a share market share of 15.61%."

BFA once again presents a high level of financial solidity, attested by a regulatory solvency ratio of 56.4%, well above the regulatory minimum.

We continued to focus on the promotion of complementary and alternative services to the branches, in which I would highlight i) the increase in the penetration rate of Multicaixa debit cards to the value of 57.3%, which enabled the Bank to maintain its leadership in terms of market share with 22%; ii) the reinforcement of the number of TPAs, which market share with 22%; ii) the reinforcement of the number of active TPAs by about + 7.8%, having reached a market share in active TPAs of 19%;

Considering the economic and social context of 2020, the BFA's performance was markedly positive, our net income for the year in 2020 amounted to 89 848.6 million Kwanzas, representing a reduction of 25.1% when compared to 2019.

The reduction in net income impacted the reduction of the main profitability indicators, namely in the decrease in the return on equity (ROE) of -11.84 p.p. comparing to the previous period, totaling 18.1% and in the reduction of return on total assets (ROA) of -2.57 p.p. against the previous period, totaling 3.6%.

We continued with our cost reduction program, which allowed us to improve the cost-to-income ratio of -3.24 p.p., ending the year with a value of 33.5%.

The pandemic imposed the need to implement a contingency plan to safeguard our customers and our employees, thus guaranteeing the continuity of our activity with the best quality possible. To deal with the pandemic, we implemented a set of measures, among which I highlight:

1. Creation of the Crisis Committee and the Commission for the Prevention of the Epidemic.

2. A plan to acquire protective and biosecurity equipment and reinforce cleaning and disinfection, access control to the corporate buildings and branch network. To guarantee remote working conditions for employees, the acquisition, installation, and distribution of portable laptop computers to allow remote work.

3. The Bank strengthened internal and external communication through different means and channels.

4. In terms of processes, the Central Services were organized to work in non-overlapping shifts, identifying critical processes and players, prioritizing remote work equipment for key elements of critical processes.

The reality experienced in 2020 had a strong impact on banking activity, with teams having to adapt to the new normal imposed by the COVID-19 pandemic, starting to hold meetings among themselves and with Customers in digital format and most of the time in telephone calls.

In 2020, BFA became the first Preferential Treasury Securities Trader (OPTT), reinforcing Leadership's strategy in the Dynamization of the Capital Market in Angola. Of the total number of deals carried out in 2020 at BODIVA, BFA has a 51.1% share, reflecting the Bank's capacity to offer its Clients access to the capital market and the importance attributed to the dynamization of the Angolan capital market. The number of deals followed the evolutionary trend, and there was an increase in deals done compared to 2019 (34.5%).

Analyzing the total amount traded in 2020 on BODIVA's BODIVA markets, BFA obtained an annual share of 27.4%, maintaining its leadership position concerning the number of trades and the amount traded.

Throughout 2020, the number of accounts opened with CEVAMA (Central de Valores Mobiliários da BODIVA) by BFA underwent a very significant increase from 6,886 accounts in 2019 to 15,074 in the year under analysis, which shows the growing dynamism of the Angolan capital market.

This performance was reflected in the distinction at the BODIVA Gala with the awards of Bank with the largest number of accounts under custody and the highest amount traded on the public debt market and also received an honorable mention for being the first Preferred Trader of Treasury Securities.

In 2020, BFA continued to promote among its alternative products to traditional deposits, translating into an offer of 5 funds under management (3 more funds compared to 2019) with total assets of 68 460 million Kwanzas. This strategy enabled BFA Asset Management to lead the securities investment fund market, both in number of funds and assets under management, with market shares of 38.46% and 60.01%, respectively.

At year-end 2020, the Bank had 2,775 employees, an increase of 1.9% compared to the previous period, with an increase of 51 new employees. To maximize the potential of existing staff, BFA has been focusing on meeting new employees' needs through internal rotation, mobility, and promotions. In 2020, about 131 employees were covered by these processes. Additionally, 2,724 employees were the target of training actions Employees, resulting from the company's focus on training of BFA staff.

In 2020 we continued our strong commitment to the technological strengthening of the Bank. I want to highlight some of the improvements achieved: i) Migration of the Core Banking version 3G into production; ii) the reinforcement of the SWIFT Support systems; iii) the increase in analytical capacity (restructuring and implementation of new datamarts increasing its capacity, to meet the needs of official reporting and dissemination of information to support decision making).

We have also started the review of the strategic plan 2018-2022. For the Bank, it is essential to optimize the commercial functions, ensuring the growth, loyalty, and profitability of private and corporate customers.

In 2021, we will continue to align our initiatives in the main business areas with our strategic plan, keeping the main focus on our strategic plan, our Clients, and strengthening the skills of our employees.

I would like to thank all of our Employees and members of BFA's corporate bodies who, with their contribution and commitment, enabled us to achieve a good performance in a year of extraordinary challenges. To my Colleagues on the Executive Committee, a special thanks for their understanding, resilience, and dedication, which allowed us to deal with the various challenges to the best of our abilities. Last but not least, I would like to express our deepest gratitude to all our Clients who, throughout the years, believe in BFA and make us the Bank of all Angolans.

Luís Roberto Gonçalves
President of the Executive Committee

Our Strategy

VISION, VALUES, MISSION AND COMMITMENTS

Vision

To be the number one bank for all Angolans and contribute to the sustainable development of the country.

Values

Innovation | Proximity | Transparency

Mission

To develop financial solutions, products and services that promote a long-lasting relationship with Customers and create value for Shareholders.

Commitments

Clients
Ensuring satisfaction and quality in our services

Angola
To contribute to the development of the national economy

Employees
Investing in personal and personal and professional growth

Shareholders
To create value

STRATEGY

The challenges and strategic priorities of the Bank remained focused on the training of its Employees, the sustained control of risks, and the permanent attention to meeting the needs of Customers.

OBJECTIVE

To create differentiation through greater involvement with the Customer, in a context of constant and rapid market changes.

CUSTOMER COMMITMENT

- Improve the service.
- Encourage digital channels.
- Simplify processes. Diversify products.

STRATEGIC PRIORITIES

1. Deepen the model of relationship model with Clients.
2. Develop skills analytical skills for a better understanding of Clients.
3. Increase the portfolio resources, namely in National Currency.
4. Betting on digital banking.
5. Maintain the quality of the credit portfolio.

CRITICAL SUCCESS FACTORS

- Speed in the decision process.
- Operational Excellence.
- BFA Culture - excellence and focus on the Client.

Strategic Plan 2018-22

Activity in 2020 was strongly conditioned by the effects of the pandemic caused by the new coronavirus, COVID-19. Faced with an unparalleled set of challenges, the Bank activated its contingency plans and proceeded with the implementation of measures at various levels to ensure the organization's functionality under safe and secure conditions the organization in safe conditions for its employees and customers.

In this context, a review of the implementation of the strategic plan 2018-22, underway since 2018. This plan, initiated to change the Bank's business model to ensure the sustainability of results, is based initially on five blocks fundamentals:

(i) optimizing the Bank's commercial functions, ensuring the growth, loyalty, and profitability of private and corporate individual and corporate customers;

(ii) innovation in the offer, both within the core banking business and through expansion to new product lines such as insurance, diversifying the sources of revenue and reducing exposure to debt securities;

(iii) digitalization of BFA, both in internal processes and in the relationship with Clients;

(iv) transformation of the Bank's organization and culture, making it more Client-centric and results-oriented, and

(v) opportunistic promotion of inorganic growth at a national (in the face of likely consolidation) and international level.

During the 2 years of implementation (2018 and 2019), the structure of the program was evolving, individualizing and specializing the themes included in the 5 initial blocks, complemented with a set of initiatives to promote the (vi) rationalization of the Bank's cost structure, a particularly critical theme in a context of accelerated depreciation of the local currency, where the cost structure is heavily dependent on foreign currency exchange rates.

At the end of the first quarter of 2020 the structure and respective degree of implementation of the plan was as follows:

i. Service and Offering Model - Adequacy of the service model and structure of supply (70 initiatives, 37% implemented);

ii. Commercial System - Optimize the Bank's commercial functions, ensuring the growth, loyalty, and profitability of individual and corporate customers (15 initiatives, 60% implemented);

iii. Culture & HR - Transforming the Bank's organization and culture by making it more customer and results-centric (20 initiatives, 40% implemented);

iv. Financial Products - International funding lines attraction, development of financial products (26 initiatives, 19% implemented);

v. Distribution Channels - Development of alternative channels of customer relations with the Bank (13 initiatives, 15% implemented);

vi. BFA Academy - Train and promote the development of skills of BFA Employees (22 initiatives, 68% implemented);

vii. Cost Rationalization - This is a work front focused on the optimization of the Bank's resources and the rationalization of the costs of all activities (15 initiatives, 13% implemented) initiatives, 13% implemented);

viii. Private Banking - Within the segmentation program defined in 2018, the Bank has developed efforts to open in 2019 the first Private BFA center that accommodates the Bank's main private clients (4 initiatives, 75% implemented);

ix. Propriv - Within the scope of the privatization program developed by the Angolan Government, BFA is positioned as a partner of the State in this program (process of defining initiatives in progress).

x. Digital Transformation Project - Specialisation of the service model as a universal Bank, to ensure financial sustainability. (priority to the evolution and adaptation of the technological platform).

As a response to the pandemic context, as part of the strategic plan review process, it was decided to maintain ongoing, exclusively the set of priority and critical initiatives to ensure the evolution of the business model sustainability and competitiveness in the medium and long term.

The digital transformation project was assumed as the Bank's main priority, having completed the first phase of restructuring the technological platform, with the migration of core banking to a new version, creating the necessary conditions for the review of the digital journeys and improving the efficiency of the Bank's internal processes.

This will take place in the last quarter of 2020, and under particularly sensitive conditions, due to the side effects of the pandemic, such as the physical separation of the teams and mobility difficulties, would be an important milestone of the year 2020, and an affirmation of BFA's Team capacity of accomplishment.

Three multidisciplinary teams were formed to review and optimize the most critical internal business processes in the direct relationship with a strong impact on business. It is intended that these teams will use agile methodologies and may contribute to significantly improve the capacity to evolve the efficiency of internal processes.

The teams will have a single functional report to the Project Management Department, and each one will have a specific scope of intervention, namely (i) Personal Credit Process KYC / KYT / KYCC process, and (iii) Supplier contracting and payment to suppliers. The first cycle of work will last for 1 semester, and at the end, an evaluation will be carried out and a decision will be made to maintain, reallocate to another scope or demobilization of each of the teams, taking into account the Bank's priorities at that time.

In parallel, at the end of the year, a process of reviewing and adjusting the assumptions and initiatives considered in the Strategic Plan 2018-22, taking into account the evolution of the macroeconomic and competitive context, and the experience accumulated in the implementation of the plan over the last two years.

This process is expected to be completed in the first four months of 2021, with the reformulation of the structure of the strategic program and revision of the implementation plan considering the implementation capacity and the priorities for 2012/22.

Transformation Process - Adaptation of the organic structure

Once the migration of the Core Banking to the new "3G" version, the Bank has moved towards integration between the Transformation Department and the Digital Transformation Department. This separation was useful for the digitalization of the Bank and to ensure the focus of the teams necessary to carry out a process as critical as the migration of core banking. It should now be progressively reversed, as the boundary was increasingly blurred and the scope for synergies more evident. Additionally, the Bank identified the need to have a central and integrated view on the evolution of all projects as a critical factor, which integration of these directorates, as well as the absorption of dispersed project management structures in other directorates of the Bank.

Because of this, at the end of 2020, the Directorates Transformation and Digital Transformation were extinguished at the end of 2020, giving rise to the Directorate of Project Management and Strategic Initiatives (DGPIE), whose mission integrates three lines of action:

- The management of the Digital Journeys, continuing the Bank's digitalization path;
- Management of the Priority Initiatives that are identified by the Bank's management body;
- The executive reporting on the evolution of all the ongoing projects at BFA, from a PMO perspective.

This department was approved to begin its activities in January 2021. its activity in January 2021.

BFA's value creation proposal is supported by the values and commitments to which the Bank committed itself at its inception

As the primary mission of its business strategy, BFA intends to be recognized as the best bank in four crucial areas, for each of them has defined the respective key-action points.

BEST BANK FOR OUR CUSTOMERS

- Offering products and services that are simple, accessible, and adjusted to the needs of each Client;
- Using clear and concise language when offering products and services and when answering questions and solving problems and problem-solving;
- Innovation of means of payment and digital channels, ensuring security and comfort to Customers;
- Fulfillment of promises and responsibilities taken with Customers; Profitability and security of family savings;
- Creation of the "Mystery Customer" program to identify
- Creation of the "Mystery Customer" program to identify areas for improvement with an impact on the level of service at the branches.

BEST BANK TO WORK FOR

- Gender diversity and equal opportunity in professional careers;
- Talent management through training, specialization, and induction;
- Establishment of the electronic platform for training (e-Learning) and other internal training;
- Concern in the welcoming of trainees through two training sessions focusing on the history of BFA, the products, services, and main characteristics, and the rules and procedures for adhesion and use of the products offered;
- Creation of an integration program for young graduates which includes the technical component inherent to entering the job market with behavioral components, supported by a mentoring program;
- Investment in training on the main themes in focus as Compliance and PBC/CFT.

BEST BANK FOR THE COMMUNITY

- Development of partnerships with universities through the distinction and awarding of the best students;
- Promotion of regional events through sponsorships;
- Participation in solidarity campaigns;
- Creation and management of a social fund;
- Reduction of the environmental footprint through increased digitalization of processes and energy efficiency of the branches.

BEST BANK FOR SHAREHOLDERS

- Adequate management and control of risks to ensure the sustainability of the business;
- Securing a solid balance sheet;
- Continuous increase in the economic value of the Bank.

Main Indicators

BFA | REPORT AND ACCOUNTS 2020

	Dec 2018	Dec 2019	Dec 2020	Var % 18-19	Var % 19-20
Amounts expressed in millions of Kwanzas					
Total Assets	1 703 727,8	2 195 058,0	2 874 899,7	28,8%	31,0%
Loans and advances to Customers[1]	295 842,5	327 936,7	333 373,3	10,8%	1,7%
Customer deposits	1 232 128,2	1 622 897,6	2 252 202,7	31,7%	38,8%
Shareholders equity and equivalents	378 500,9	462 205,9	497 977,3	22,1%	7,7%
Bank Product	280 168,9	209 869,2	274 224,3	(25,1)%	30,7%
Financial Margin	117 732,9	153 475,7	186 703,4	30,4%	21,7%
Complementary Margin	162 435,9	56 393,5	87 520,9	(65,3)%	55,2%
Overheads [2]	58 197,2	77 075,3	91 764,1	32,4%	19,1%
Operating Profit	225 707,2	138 371,2	187 982,3	(38,7)%	35,9%
Net Profit	174 258,7	119 940,2	89 848,6	(31,2)%	(25,1)%
Cumulative Profit Attributable to Equity Holders[5]	174 258,7	135 192,9	89 848,6	(22,4)%	(33,5)%
Return on Total Assets [ROA]	10,0%	6,2%	3,6%	(3,2) p.p.	(2,57) p.p
Return on Equity [ROE]	57,4%	30,0%	18,1%	(25,0) p.p.	(11,84) p.p
Cost-to-income	19,8%	36,7%	33,5%	(15,7) p.p.	(3,24) p.p
Total Assets/Employee	637,1	805,8	1036,0	26,5%	28,56%
Turnover Ratio	25,6%	22,1%	17,20%	(3,5) p.p.	(4,9) p.p
Regulatory Solvency Ratio	53,8%	58,50%	56,40%	4,7 p.p	2.1 p.p
Customer Loans Past Due / Total Customer Loans	3,6%	6,4%	6,0%	2,8 p.p	(0,4) p.p
Coverage of Overdue Loans by Impairment[3]	179,2%	138,0%	234,1%	(42,3) p.p.	96,2 p.p
Impairment Lending Coverage[3]	5,1% 3	6,9%	12,4%	0,9 p.p.	102,7 p.p
Number of Branches[4]	192	197	197	2,60%	0,0%
Number of Employees	2 674	2 724	2 775	1,87%	1,9%
Penetration Rate BFA Net	26,20%	24,9%	9,00%	1,3 p.p	(15,9) p.p
Penetration Rate Debit Cards	58,90%	53,9%	57,30%	(5) p.p	(3,4) p.p

1) Credit net of impairments
2) Includes personnel costs, third party supplies, and services, other operating costs, depreciation, and amortization
3) The method for calculating Impairments was changed in 2018 in accordance with IFRS 9 rules
4) Branches + CE's + CI's + PAB's
5) In 2019, it includes 15,252 Million kwanzas recognized in Retained Earnings

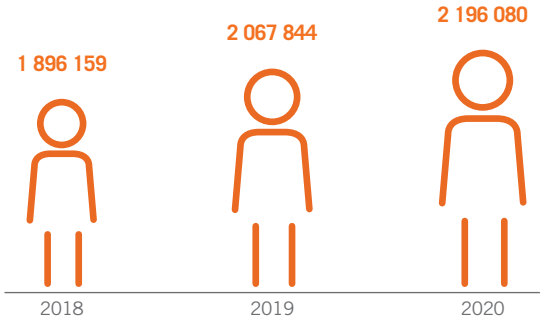
	Dec 2018	Dec 2019	Dec 2020	Var % 18-19	Var % 19-20
Amounts expressed in millions of Dollars					
Total Assets	5 520,7	4 551,9	4 425,6	(17,55)%	(2,77)%
Loans and advances to Customers[1]	958,6	680,0	513,2	(29,06)%	(24,54)%
Customer deposits	3 992,5	3 365,4	3 467,0	(15,71)%	3,02%
Shareholders equity and equivalents	1 226,5	958,5	766,6	(21,85)%	(20,02)%
Bank Product	1 128,8	565,2	471,0	(49,93)%	(16,67)%
Financial Margin	457,7	418,4	320,9	(8,59)%	(23,29)%
Complementary Margin	671,1	146,8	150,0	(78,12)%	2,16%
Overheads [2]	224	204,6	158,5	(8,68)%	(22,52)%
Operating Profit	919,1	375,8	322,0	(59,12)%	(14,31)%
Net Profit	710,2	313,5	165,1	(55,86)%	(47,34)%
Cumulative Profit Attributable to Equity Holders[5]	710,2	345,1	165,1	(51,41)%	(52,17)%
Return on Total Assets [ROA]	10,00%	6,2%	3,61%	(3,2) p.p.	(2,57) p.p
Return on Equity [ROE]	57,40%	30,0%	18,1%	(25,0) p.p.	(11,84) p.p
Cost-to-income	19,80%	36,7%	33,5%	(15,7) p.p.	(3,27) p.p
Total Assets/Employee	2,1	1,7	1,6	(20,43)%	28,56%
Turnover Ratio	25,60%	22,1%	17,2%	(3,5) p.p.	(4,93) p.p
Regulatory Solvency Ratio	53,80%	58,5%	56,40%	4,7 p.p	(2,1) p.p
Customer Loans Past Due / Total Customer Loans	3,6%	6,4%	6,0%	2,8 p.p	(0,4) p.p
Coverage of Overdue Loans by Impairment[3]	179,2%	138,0%	234,1%	(41,2) p.p	96,2 p.p
Impairment Lending Coverage[3]	5,1%	6,9%	14,0%	1,8 p.p	7,1 p.p
Number of Branches[4]	192	197	197	2,60%	0,0%
Number of Employees	2 674	2 724	2 775	1,87%	1,9%
Penetration Rate BFA Net	26,20%	24,90%	9,00%	(1,3) p.p	(15,9) p.p
Penetration Rate Debit Cards	58,90%	53,90%	57,30%	(5) p.p	3,4 p.p

1) Credit net of impairments
2) Includes personnel costs, third party supplies, and services, other operating costs, depreciation, and amortization
3) The method for calculating Impairments was changed in 2018 in accordance with IFRS 9 rules
4) Branches + CE's + CI's + PAB's
5) In 2019, it includes 15,252 Million kwanzas recognized in Retained Earnings

Business Evolution 2018-2020

Clients

BFA maintained the growth trend in the number of Customers, increasing 6.2% compared to 2019 and reaching 2 196 080 Customers

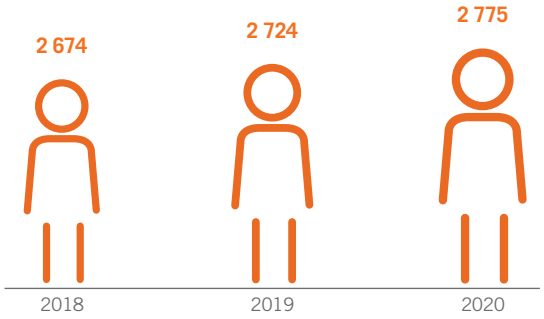


Branches

BFA maintained the number of Branches, with a volume of 197 composed of Branches, Corporate Centers Investment Centers, Private Banking and Service Points Service Centers.

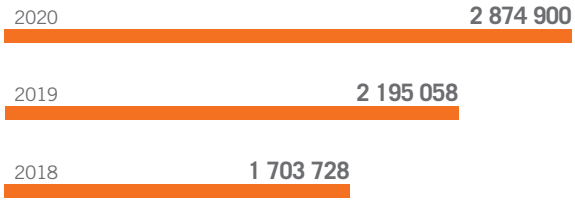
Employees

In 2020, BFA again increased the number of Employees, reaching the number 2,775, which translates into a growth of 1.8% concerning 2019.



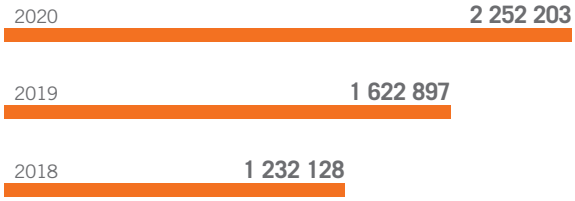
Total Asset (mKZ)

In 2020, BFA registered growth in Total Assets of 31%, reflecting the growth in activity.



Total Deposits (mKZ)

Fundraising showed growth in the volume of deposits compared to 2019, evidencing the market's confidence in the Bank. A total of 2 252 203 million kwanzas was recorded.

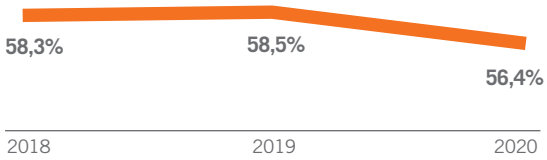


Regulatory Own Funds (mKZ)

In 2020, BFA's Regulatory Own Funds showed a growing trend, with an increase of 11.3%, consolidating the Bank's position and security in the financial support to its Customers' needs.

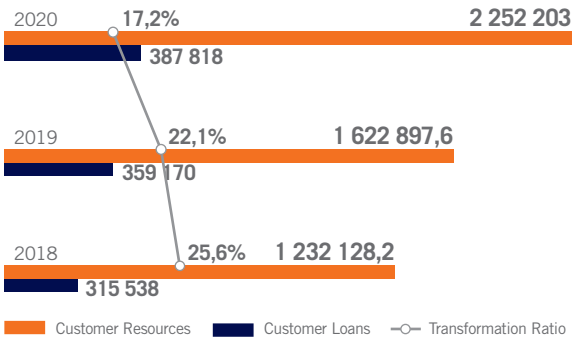
Regulatory Solvency Ratio

BFA presented high financial solidity, proven by a regulatory solvency ratio above the minimum required (10%).



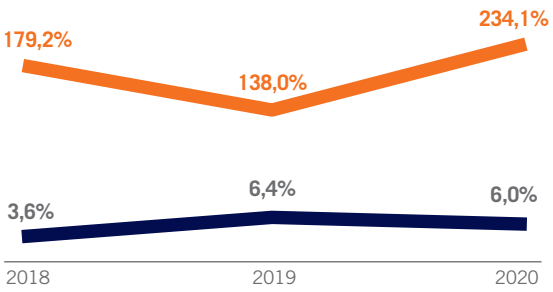
Activity with Customers (mKZ)

The Loan-to-Deposit Ratio showed a reduction compared to the previous year, standing at 17.2%. This decrease is explained by the greater relative growth in deposits vis-à-vis credit granted.



Credit Quality

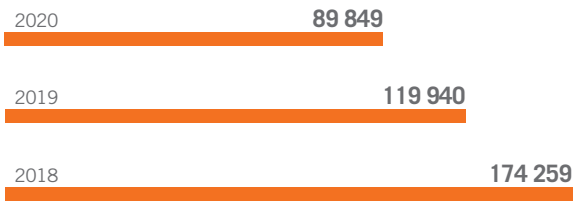
In 2020, there was a decrease of 0.4 p.p. in the Overdue Loans Overdue Loan ratio and an increase in the Impairment Coverage ratio to 234.12% in 2020.



Note: The method for calculating impairment changed in 2018 to come into line with IFRS 9.

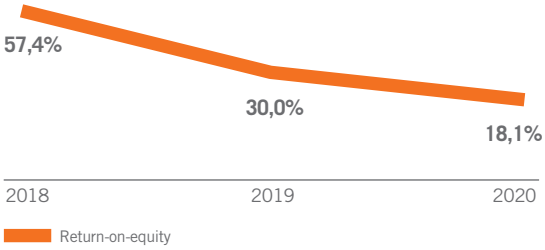
Net Result (mKZ)

In 2020, BFA's net income suffered a 25.1% reduction compared to 2019, registering at the end of the year a value of 89,848.6 million kwanzas.



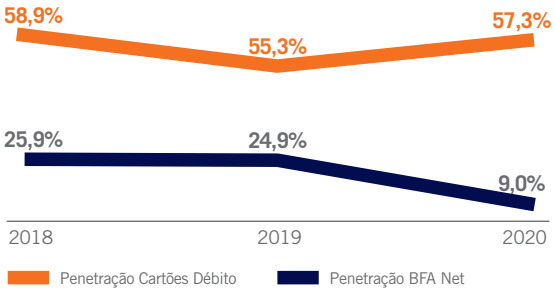
Return-on-equity

In 2020, the value of return-on-equity decreased by 11.84 p.p. to the previous period.



Services

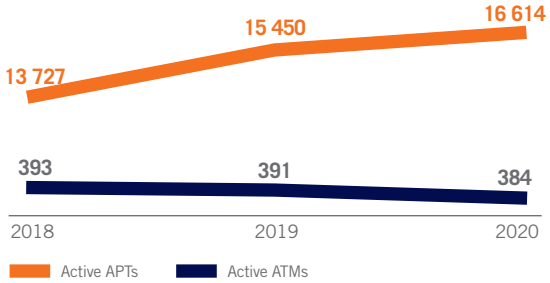
By 2020, the penetration rate of Debit Cards increased to the value of 57.3%, and the penetration rate decreased to 9%.



Note: In April 2020, due to an Administrative decision, a sanitization was made of all previous eMudar adherents with no login record

ATM and TPA

In 2020, the number of active TPA's increased by about 7.5%, and the number of active ATM's suffered a slight reduction of 1.8%.



Expectations for 2021

In 2020 the economic and social environment was strongly conditioned by the effects of the pandemic caused by the coronavirus. As a result, the perspective for 2021 makes even more relevant careful planning and the continuity to continue the effort to prepare and strengthen the Bank and develop solutions the Bank to develop business solutions that are more adequate to the Bank's strategic plan.

Strategic Plan +BFA

In the current macroeconomic context, the review of the implementation of the strategic plan 2018-22. For the Bank, it is essential to optimize the commercial functions, ensuring the growth, loyalty, and profitability of private and corporate individual and corporate customers, while also innovating in the offer, both the Bank's core offer, both through expansion to new product lines, through product lines, through the digitalization of BFA, both in internal processes and in the relationship with Customers.

In 2021, the Bank will continue to implement its strategic plan, with a particular focus on initiatives towards:

- Optimization of the Bank's commercial functions;
- Innovation of the offer;
- Digitalization of the Bank;
- Transformation of organization and culture;
- Promoting inorganic growth at a national and international level.

Main Business Areas

In 2021, the Bank will seek to align its measures in the central business areas with its strategic plan, with its clients as the primary focus. Among the various efforts to be implemented to create products that meet the effective ones, it is worth highlighting:

Investment Centers: continuity in the expansion of the deposit and credit portfolios, investing in the offer of prestigious products and services, and developing a closer relationship with the Customer. Focus on the transfer of the OT product from other Banks to BFA;

Private Banking: continuity of the continuous training of the Employees of this Department, with the intention of better advice to manage our Customers' assets, to guarantee the best follow-up and response to their needs.

Oil & Gas and Institutional: BFA will maintain its commitment and investment in the teams' training, including with digital tools, to ensure that even in hybrid service (in-person and remote), the Customer will feel that he is at the center of the Bank's priority.

Agribusiness: continuity of the dynamism of the segment through studies, identification of partnerships and the development of loyalty actions, and the attraction of new Customers from this segment.

Asset Management: BFA will continue to invest in this business segment through the consolidation of foreign investment, the materialization of the Privatization Program, and the Consolidation of the Corporate Securities Market.

Innovation, Technology, and Digitalization

Given the emerging need for digitization, due to the pandemic, in 2021, we will continue with the Digital Transformation Project, which is the Bank's main priority. In 2021 we will see the beginning of the functions of the Directorate for Project Management and Strategic Initiatives (DGPIE), whose mission integrates three vectors of action:

- Management of the Digital Days, continuing the Bank's digitalization journey;
- Management of the Priority Initiatives identified by the Bank's management body;
- The executive reporting on the evolution of all projects ongoing at BFA, from a PMO perspective.

Human Capital

The Human Capital Division will continue the deepening of its mission of being a partner of the Bank's other areas, making a positive contribution to the growth of the business. The focus will be on keeping employees centered on the customer, promoting the sustainability of good results, taking the digital to BFA Employees in favor of an intelligent and fully connected world.

Risk Management

In 2021, the National Bank of Angola plans to obtain regulatory and supervisory equivalence with the European Commission to strengthen the regulation of the banking sector and ensure a more solid and secure financial system.

As such, the Bank will proceed with the implementation of the ICAAP and ILAAP processes (internal capital adequacy self-assessment process and internal liquidity adequacy assessment process, respectively) under the supervisor's equivalence process to the SREP (Whale II pillar). Notwithstanding, over the last few years, investments have been made by BFA in this area and, despite lacking full implementation, the Bank presents the methodology and tools required to carry out these processes.

Covid-19 Contingency Plan

In 2020, due to the global pandemic situation, it was necessary to adopt measures to prevent the impacts of the coronavirus (COVID-19). Thus, BFA implemented a contingency plan, divided into 5 main dimensions: Governance, Logistics, Communication, Systems, and Processes.

Regarding the first dimension, a governance model was defined and implemented to face the pandemic, emphasizing the creation of the Crisis Committee, which assumed the role of coordinating actions. Additionally, an Epidemic Prevention Committee was created, where first responders were identified, the contact points between the Epidemic Control Committee and the Bank's Employees. To ensure the well-being of its employees, the Human Capital Department proceeded with the identification of individuals at risk and provided the management of employees in quarantine.

In the Logistics area, the plan included the acquisition of protective and bio-safety equipment, such as alcohol and alcohol gel, masks, gloves, and support kits for suspected infected people distributed to the Central Buildings and Branches. The Bank also reinforced the cleaning and disinfection effort and restricted access to the central buildings, controlling access to the branches. To guarantee remote working conditions for Employees, the Bank also acquired, installed, and distributed portable computers so that their work could be done remotely.

The Bank reinforced internal communication through Intranet channels and mailings, where it repeatedly provided its Employees with information about the pandemic and recommendations. Posters were also used to disseminate social rules, hygiene, and access restrictions. At the same time, external communication was reinforced, informing customers of the branches' new functioning and recommending the use of remote channels, using social networks and posters at the branches. In terms of institutional communication, the Bank communicated the implemented measures and closed branches to the BNA, in permanent articulation with ABANC.

Regarding the Systems area, the teams were reorganized, having started to work in shifts to minimize the risk of disruption of the operation. In addition, priorities were reviewed to strengthen monitoring, reduce the impacts of change, focusing on the Security and Resilience of Employees, always supporting mobility. The Bank also prepared solutions for teleworking and a contingency plan aimed at repairing and distributing portable equipment to employees and information on good security practices and virtual meetings, speeding up virtual meetings, streamlining processes to identify individuals at risk for credential issuance.

Finally, at the Process level, the Central Services were organized to work in non-overlapping shifts, identifying critical processes and players, prioritizing teleworking equipment for key elements of critical processes.

The Branches, Corporate Centers, Investment Centers, and Private Banking operated exclusively by appointment. At the Branches, the appointment was complemented by order of arrival, but this was done behind closed doors and with strict control of the number of elements inside the branch.

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2

ECONOMIC ENVIRONMENT

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International Economy

According to the International Monetary Fund's ("IMF") estimate, the world economy experienced a sharp recession in 2020, contracting by about 3.5%, the 2nd decline since World War II, and double the impact of the 1.7% decline in 2008. The sharp decline in the global world economy was due to the outbreak of the Covid-19 pandemic in the early months of 2020, bringing global economic activity to a standstill. This decline in global economic activity was more significant in the advanced economies, particularly in the Euro Zone, which, according to IMF estimates, contracted by 7.2%. The crisis was particularly felt in Spain, the United Kingdom, and Italy, which were among the most affected countries with Covid-19, with estimated falls of 11.1%, 10%, and 9.2%, respectively.

Likewise, emerging economies will have registered a contraction of 2.4% in 2020, compared to the 3.6% growth recorded the previous year. Due to the anticipated reopening in early April, China was the only emerging economy that reported year-on-year growth of its activity in 2020 (+2.3%). In the opposite direction, the emerging countries of Latin America (significantly affected by the pandemic) registered a contraction of 7.4%, with the Mexican and Brazilian economies contracting by 8.5% and 4.5%, respectively. For the other emerging geographies, the Fund estimates a negative growth in 2020, most notably India and Saudi Arabia, which contracted in 2020 by about 8% and 3.9%, respectively. On the sub-Saharan African side, the IMF estimates a recession of 2.6% in 2020, expanding about 3.2% expected for 2021.

ADVANCED ECONOMY

	Germany	Japan	EUA	Itália	France	Spain	Canada	England
2020	(7,0)%	(5,1)%	(3,4)%	(9,2)%	(9,0)%	(11,1)%	(5,5)%	(10,0)%
2021	4,2%	3,1%	5,1%	3,0%	5,5%	5,9%	3,6%	4,5%

EMERGING ECONOMIES

	Sub-Saharan Africa	Nigeria	Saudi Arabian	India	Mexico
2020	(2,6)%	(3,2)%	(3,9)%	(8,0)%	(8,5)%
2021	3,2%	1,5%	2,6%	11,5%	4,3%

In 2021, with the availability of vaccines and the expected reopening of economies during the Northern Hemisphere summer, global activity is expected to recover around 5.5%.

According to IMF estimates, the advanced economies, which were also the most affected by Covid-19, should register a growth of 4.3%: the US should register a year-on-year growth of 5.1% while the Euro Zone should expand 4.2%. In the emerging economies, growth is expected to be around 6.3%, driven by Asian countries, which should register a year-on-year increase in GDP of 8.3%. In particular, India and China are expected to have the highest growth rate among emerging countries (11.5% and 8.1%, respectively). Emerging countries in Europe and Latin America are awaited to expand at a more moderate rate than advanced economies (4% and 4.1%, respectively). For Sub-Saharan Africa, the Fund estimates growth at around 3.2%, with Nigeria and South Africa expanding by 1.5% and 2.8%, respectively.

2020	2021
Advanced Economies • Contraction of 4.9% • Economic activity at a standstill • Risks of Covid-19 going forward	**Advanced Economies** • Economic growth of 4.3% • Gradual upturn in economic activity • Vaccination campaigns
Emerging Economies • 2.4% drop in GDP • Sub-Saharan Africa is expected to contract 2.6% • China with positive performance of 2.3%	**Emerging Economies** • Growth of 6.3%; • Sub-Saharan Africa is expected to grow 3.2% • Asian Economies to grow by 8.3%
WORLD ECONOMY: 3.5% RECESSION	**WORLD ECONOMY: 5.5% GROWTH**

MONEY MARKET AND BONDS

The year 2020 was impacted in all sectors by the pandemic, with the bond and foreign exchange markets no different from the others. At the beginning of the year, there was a negative reaction to the drop in activity, justified by fear of the global economic future, followed by some stability and hope at the end of the year.

Monetary policy was the first to react to avoid liquidity problems, allowing flexible access to credit and anchoring expectations for a continuation of the context of low reference rates.

In the United States, the Federal Reserve ("Fed") carried out two reductions in the benchmark interest rate (Fed Funds Rate), in March and April, by a total of 150 basis points, to 0.0% -0.25%. In addition, it revived its Quantitative Easing (QE) measures (bond purchases) to increase liquidity in the financial market.

The Bank of England followed the Fed's measures reducing its reference interest rate by 65 basis points base points, setting it at the end of March at 0.10%.

With no room for decreases in interest rates, other central banks opted to increase the scope and duration of asset purchase measures. It should be noted that the European Central Bank ("ECB") significantly increased the magnitude of its programs. In March, the PEPP (Pandemic Emergency Purchases Program) was created, which will make it possible to buy up to EUR 750 billion of assets. In addition, it has improved the conditions of access to TLTROs and made available new LTROs which correspond to two types of long-term financing operations for banks. Remark also the importance of coordination of central banks with the Federal Reserve at the beginning of the pandemic to avoid the strangulation of liquidity in dollars in world trade.

In brief, the impact of the pandemic and the reaction of monetary policy were reflected in interest rates, with the 3-month Libor closing the year at 0.23%, well below the 1.91% seen at the end of 2019. In the same sense, the 3-month Euribor fell slightly, becoming a little more negative: it ended the year at -0.54%, down from -0.40% at the end of 2019.

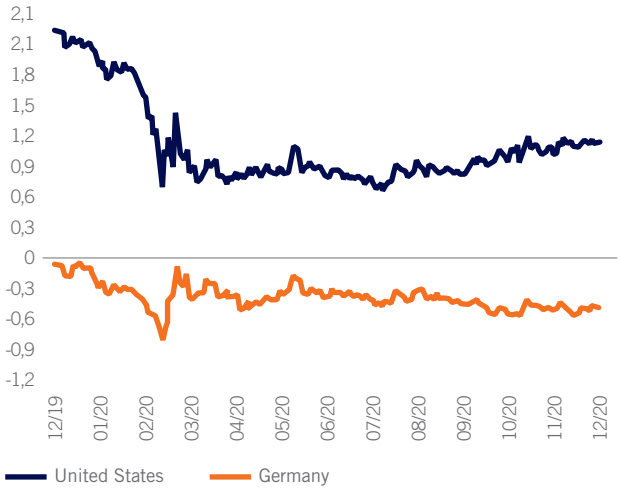
Regarding public debt markets, with the first impact of the pandemic in the early 2020s, a more significant demand was observed for financial instruments with greater stability and security.

Investors took refuge in American and German bonds (among others), causing the yields curve to invert, which gave the first signs of the recession that followed. Thus, 10-year German government debt was trading at an interest rate of -0.57% at the end of 2020, 30 basis points less than in the same period of 2019. U.S. debt in the same term was trading at an interest rate of 1.01%, an all-time historical low in the country, and 91 basis points below the rate at the end of 2019.

The increase in risk perception has led to the price of emerging market bonds falling sharply during the year. In March, the JP Morgan Emerging sovereign debt index suffered a historic drop, but it recovered gradually until June. However, in November and December, they had a positive evolution, benefiting from the resilience facing the pandemic (compared to more developed markets) and more favorable expectations, ending the year 3.6% above the end of 2019.

Yield on 10-year sovereign debt

(Percentage)



Source: Bloomberg

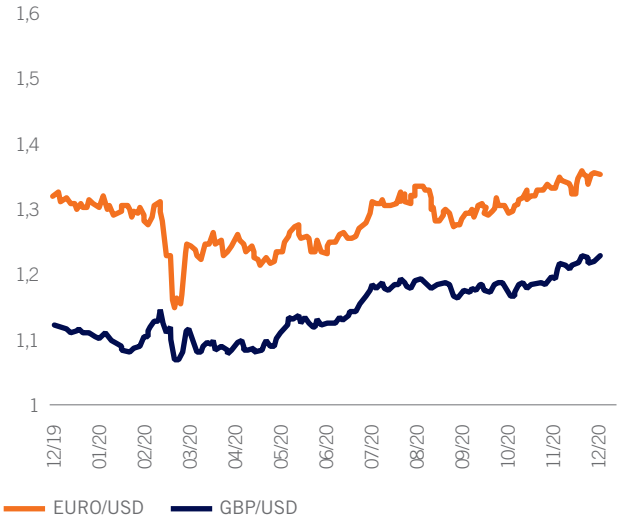
FOREIGN EXCHANGE MARKET

The impact of the pandemic on the evolution of the money and bond markets, namely the demand for less risky assets, positively impacted the strongest currencies, namely the Dollar and the Euro, and negatively impacted several other emerging currencies, in particular the Russian Ruble, the Mexican Peso, the South African Rand and the Brazilian Real.

In general, and despite the volatility throughout the year, the Dollar's gain against the Euro was reversed, with the European currency appreciating significantly since August as the flight to safer assets capitalized on the trend. Thus, EUR/USD ended the year at 1.22, well above the 1.11 recorded at the end of 2019 - a gain of around 10%. An additional note for the Pound, which after an equally significant loss in March, ended the year appreciating slightly against the Dollar, also boosted by the finalization of an agreement with the European Union regarding Brexit, at the end of 2020.

Exchange Rates: EUR/USD and GBP/USD

(USD)



Source: Bloomberg

Towards the end of the year, emerging currencies also recovered, particularly the Rand and the Turkish Lira, with the former recovering almost all of the year's losses, ending 2020 down less than 5% against the falling less than 5% against the former the American currency.

Angolan Economy

ECONOMIC ACTIVITY

Between January and September 2020, the Angolan economy contracted by 5% year-on-year: 5.1% drop was recorded in the oil economy and a contraction of just under 5% in the non-oil economy.

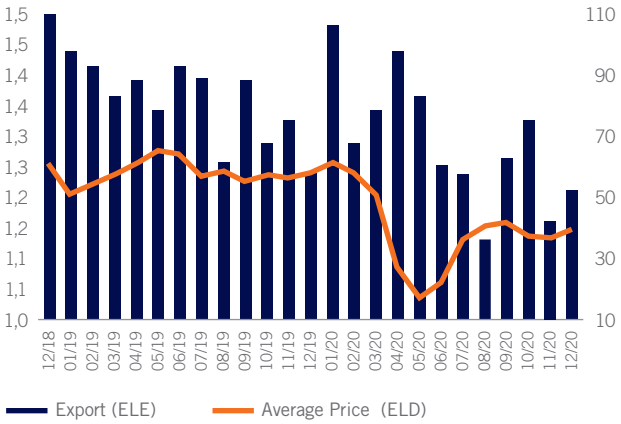
ECONOMIC INDICATORS AND PROJECTIONS

	2013	2014	2015	2016	2017	2018	2019	2020E	2021P
Real growth of Gross Domestic Product (y-o-y, %)	5,0	4,8	0,9	(2,6)	(0,2)	(1,2)	(0,6)	(4,0)	0,4
Oil sector	(0,9)	(2,5)	11,1	(2,7)	(5,3)	(9,5)	(6,5)	(6,3)	(6,2)
Non-oil sector	8,7	8,9	(3,0)	(2,5)	3,0	1,0	1,8	(2,9)	2,5
Oil and gas production (million barrels/day)	1,72	1,67	1,78	1,75	1,64	1,60	1,49	1,26	1,31
Angolan oil price (average, USD/barrel)	107,7	97,4	48,9	40,9	54,0	70,6	65,0	42,5	46,2
Consumer Price Index (y-o-y change, end of period)	8,8	7,3	9,2	30,7	29,8	18,6	17,1	25,1	18,7
Fiscal balance (% of GDP)	(0,3)	(5,7)	(2,9)	(4,5)	(6,3)	2,0	0,7	(1,7)	0,3
Primary non-oil budget balance (% of non-oil GDP)	(48,3)	(33,9)	(18,1)	(12,2)	(15,7)	(9,6)	(5,7)	(4,3)	(4,4)
Gross international reserves (billion USD, end of period)	32,2	27,8	24,4	24,3	18,1	16,2	17,2	14,9	15,2
Average exchange rate (KZ/USD)	96,6	98,3	120,1	163,5	165,9	253,0	364,9	576,2	-

Source: FMI, OPEP, BNA, INE

Oil Exports and Monthly Oil Price

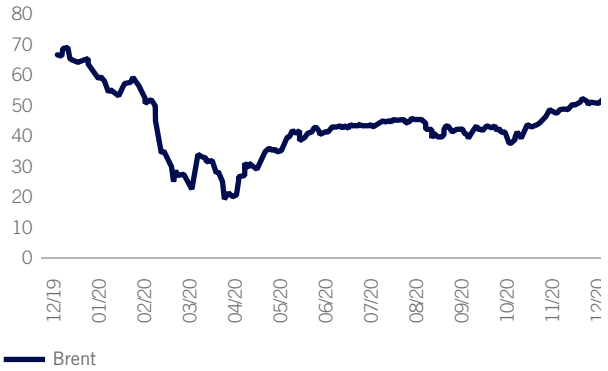
(Million barrels per day; USD)



Source: Ministry of finance

Price of oil in the international market

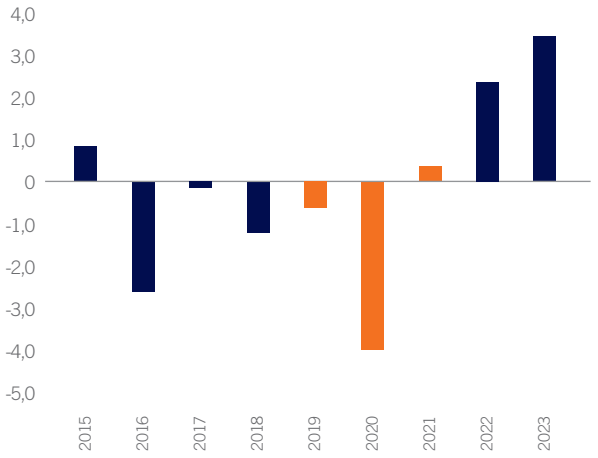
(USD/brl)



Source: Bloomberg

Economic Growth

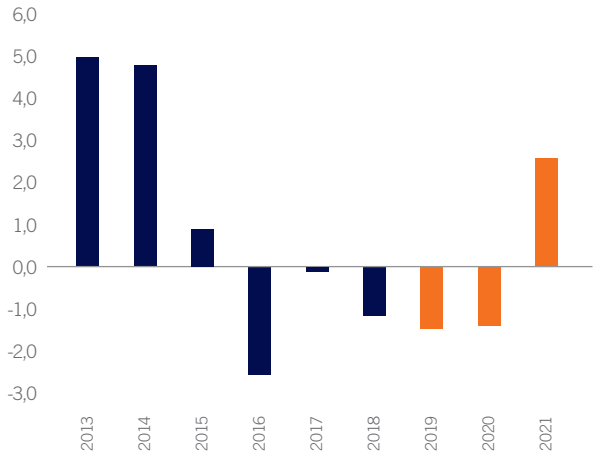
Year-on-year % change



Source: FMI

Economic Growth

Year-on-year % change



Source: FMI

According to OPEC data, the average daily production for 2020 was 1.263 million barrels per day ("mbd"), down 0.14 mbd (-9.97%) from 2019. This significant drop is justified by the suspension of new investments planned for 2020 and the natural decline of some wells. Additionally, it was also impacted by the production limits imposed by OPEC+ to cope with Covid-19 and the oversupply in the market.

Also, there was a decrease in oil prices on international markets between 2019 and 2020, from USD 64.17 in 2019 to USD 43.21 in 2020.

The non-oil economy contracted in the first 9 months of the year as a result, on the one hand of the impact of measures put in place to deal with the pandemic and, on the other, the effect of the drop in oil revenues that negatively impacts the economic availability for public investment and other government spending.

In particular, during this period, we observed a drop of 25.5% in the construction sector compared to the same period of 2019, which decreased its contribution to GDP (4th after Oil, Trade, and Public Administration). Diamonds and Minerals sector (2nd most significant contributor in foreign exchange) registered a drop of 15.1%.

For the year 2020, according to the IMF report of the 4th evaluation of the Extended Fund of Angola, it is estimated that the Angolan economy will register a drop of 4%, with the oil economy falling 6.3% and the non-oil economy contracting 2.9%. Thus, 2020 will have been the 5th consecutive year of economic recession after declines of 2.6% in 2016, 0.1% in 2017, 1.2% in 2018, and 0.6% in 2019. For 2021, the IMF predicts a stagnation of Angolan economic activity, anticipating a residual growth of 0.4%. In the oil sector, the continued degradation of wells will lead to a decline of more than 6%. On the non-oil sector side, the IMF estimates for this year a growth of 2.5%, driven by greater financial availability on the part of the government for public investment.

EXTERNAL SECTOR

BALANCE OF PAYMENTS

	2013	2014	2015	2016	2017	2018	2019	2020E	2021P
Current account (% of GDP)	6,7	(2,6)	(8,8)	(4,)	(0,3)	7,0	5,7	(0,7)	0,6
Trade balance (% of GDP)	33,5	21,0	10,7	13,9	16,7	23,6	23,0	16,6	20,1
Exports of goods (% of annual change)	(4,0)	(13,3)	(43,9)	(16,9)	26,1	17,8	38,8	33,8	37,6
of which: oil (% of annual change)	(4,0)	(13,8)	(44,7)	(17,2)	26,9	18,0	36,4	31,3	34,8
Imports of goods (annual % change)	11,1	8,5	(27,6)	(34,6)	6,8	9,4	15,8	17,1	17,6
Capital and financial account (% of GDP)	7,1	(5,0)	(11,1)	(8,2)	(6,5)	5,1	8,0	(4,7)	5,4

Source: IMF

The IMF expects the current account balance in the external sector shows a deficit of 0.7% of GDP in 2020 (surplus of 5.7% of GDP in 2019). This significant decrease results from a substantial reduction in goods trade due to the decrease in exports resulting from the decline in demand and oil prices in international markets. On the other hand, according to the BNA, in the first 9 months of 2020 there was a strong decrease in imports (-37% yoy), resulting in depreciation of the Kwanza, leading to lower demand and availability of foreign exchange.

The external debt showed a worsening in 2020. According to data from the 3rd quarter of 2020, the external debt gross external debt was USD 68.7 billion, 4.5% higher than recorded at the end of 2019 (USD 65.8 billion). When measured as a percentage of GDP, the deterioration will have been greater due to the currency depreciation (-25.8% in 2020), resulting in a decrease in the Angolan GDP when measured in dollars.

Concerning the evolution of the external debt, Angola negotiated with two major creditors and adhered at the end of 2020 to the G20's Debt Service Suspension Initiative (DSSI), resulting in a rescheduling of payments to creditors and savings in the order of USD 6.2 billion. According to IMF data, public debt is estimated at 134% of GDP, 27.1 percentage points above the estimate for 2019. For 2021, the current account balance is expected to recover gradually and return to positive territory (0.6% of GDP).

Regarding international reserves, in 2020, there was a drop of USD 2.99 billion compared to December 2019, settling at USD 8.7 billion (-25.5% yoy), representing the largest year-on-year drop since late 2017.

In the foreign exchange sector, the year 2020 was marked by a depreciation of the Kwanza until November, emphasizing the stabilization of the currency at the end of the year. The Kwanza depreciated around 25.8% against the Dollar and 32.12% against the Euro; the exchange rate closed the year at USD/AOA 649.9 and EUR/AOA 796.7.

On the parallel market side, the formal and informal market spread decreased from 30.64% in December 2019 to 22.1% at the end of 2020.

BANKING SECTOR, INFLATION AND INTEREST RATES

For the first 11 months of 2020, total credit to the economy posted a slight year-on-year decline of 0.1%, after posting increases of 26% in 2019 and 22% in 2018. Considering only credit to the private sector, there was a drop of 8.4% compared to the 22.7% growth seen in the previous year.

As for deposits, there was an 18.2% yoy increase from January to November 2020 (-9.6 p.p. than in 2019). These significant growth rates were due to the revaluation of foreign currency amounts, whose value in kwanzas increased with depreciation. Therefore, the proportion of foreign currency deposits grew from 52.6% in 2019 to 57% of total deposits in November 2020.

About non-performing loans, the ratio of total credit total stood at 20.2% in Sept, a drop of 12.3p.p. compared to the end of 2019.

On the inflation side, 2020 was marked by a strong acceleration, with the average annual inflation set at 22.2%, which corresponds to an increase of 5.1 p.p. from

the average recorded in 2019 (17.1%). The monthly price variation was over 1.7% for the whole of 2020, having reached its highest value in December (2.06%).
For the first half of the year, year-on-year inflation had a monthly variation of over 0.79 p.p., being that in the second half of the year, the year-on-year inflation had a variation of less than 0.56 p.p.

This higher volatility registered in the first six months of the year was due to the increase reported in the foodstuffs and spirits sector justified by the devaluation of the Kwanza and the strong dependence of Angola on imported products.

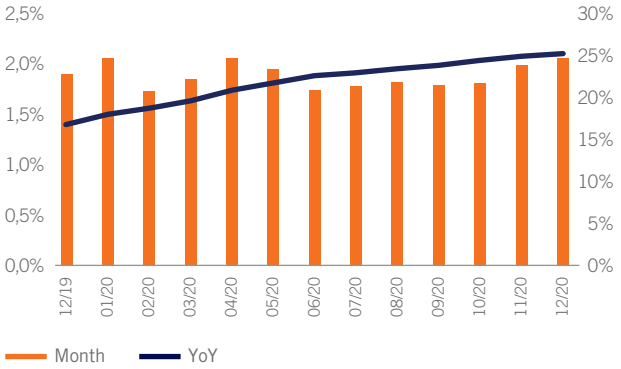
BNA's reference interest rate is fixed at 15.5% since 2019.

In January 2020, the BNA allowed the direct sale of foreign currency by the oil companies to Banks and ended the sale of foreign exchange for specific purposes.

Additionally, under current terms, the reference exchange rate is defined considering the transactions between banks and the interbank market made through Bloomberg Platform. With the impact of the pandemic, the BNA decided in March to institute a liquidity line of AOA 100 billion for non-financial companies, expanded in scope in May CPM, which works through the purchase of treasury bonds by the securities by the BNA from the companies. In addition, the overnight financing line to banks was activated in May, making the BNA Rate an effective instrument of monetary policy, and led to the overnight LUIBOR rates to drop to below 15.5%.

Domestic inflation

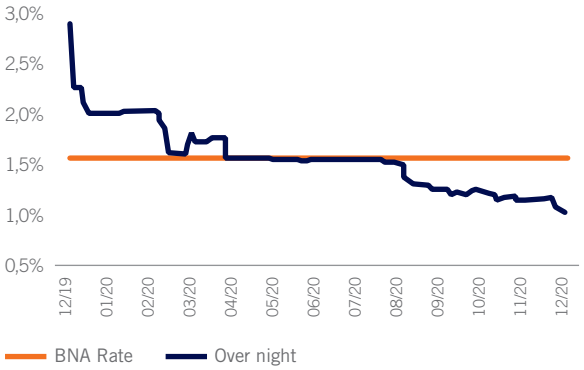
(Percentage)



Source: INE

BNA Reference Interest Rate

(Percentage)



Source: BNA

Regulatory Changes

This table illustrates the legal documents published in 2020, whose subjects are of interest to the banking and financial activity or whose rules influence the operation of the Bank.

	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
01	NOTICE NO. 01/20, OF JANUARY 09	BNA	Amends article 5 of Notice no. 5/18, of July 17, on the Licensing of the BNA
02	NOTICE NO. 2/20, OF JANUARY 09	BNA	Defines rules and procedures in performing Foreign Exchange Transactions of Current Invisibles by legal entities
03	NOTICE NO. 3/20, OF JANUARY 09	BNA	Fixed Asset Limits in Financial Institutions, under supervision of BNA
04	NOTICE NO. 4/20, OF JANUARY 09	BNA	Information and Credit Risk Center
05	NOTICE NO. 5/20, OF JANUARY 09	BNA	Commercialization of annual deposits and indexed deposits
06	NOTICE NO. 6/20, OF MARCH 10TH	BNA	Establishes the terms and conditions for the concession of credit by Financial Institutions, under any form or modality, including the rendering of guarantees, to people that hold qualified participations in them, as well as to companies that these same persons, directly or indirectly, control or are in a group relationship with them in a group relationship
07	NOTICE NO. 7/20, OF APRIL 2ND	BNA	Establishes the specific rules applicable to Bank Financial Institutions that intend to expand their activities throughout the national territory by contracting a correspondent bank
08	NOTICE NO. 8/20, OF APRIL 2ND	BNA	Establishes the rules about the cybersecurity policy and the terms and conditions for processing service and data storage and cloud computing to be observed by the Financial Institutions authorized to operate by this Bank
09	NOTICE NO. 9/20, OF 3 APRIL	BNA	Establishes the requirements and procedures for the authorization for the constitution of Bank Financial Institutions Institutions, including the establishment of Branches, Subsidiaries and Representative Offices of Representative Office of a Bank Financial Institution with headquarters abroad
10	NOTICE NO. 10/20, OF APRIL 3	BNA	Determines the concession of credit by Banking Financial Institutions for the production of essential goods that present supply deficits of national production, raw material and the necessary investment for their production
11	NOTICE NO. 11/20, OF APRIL 21	BNA	Establishes the requirements and procedures relative to the special registration of Financial Institutions under the supervision of BNA
12	NOTICE NO. 12/20, APRIL 27TH	BNA	Establishes the rules applicable to the opening, movement and closure of bank accounts by resident individuals who do not meet all the conditions for opening, operating and closing bank accounts
13	NOTICE NO. 14/20, OF 22 JUNE	BNA	Establishes the rules on the conditions of Effective Implementation of the Obligations on the Prevention and Combating of Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction
14	NOTICE NO. 15/20, OF JUNE 22	BNA	Establishes the minimum information requirements that must be met in the disclosure
15	NOTICE NO. 16/20, OF 10 JULY	NATIONAL ASSEMBLY	Establishes the calendar for the introduction of 2020 series banknotes and withdrawal of 2012 series banknotes of the 2012 series
16	NOTICE NO. 17/20, OF 3 AUGUST	NATIONAL ASSEMBLY	Rules and procedures in Foreign Exchange Operations
17	NOTICE NO. 18/20, OF AUGUST 12TH	NATIONAL ASSEMBLY	Alteration of the articles contained in Notice no. 8/18, of November 29
18	NOTICE NO. 19/20, OF AUGUST 21ST	BNA	Operational Rules of the Credit Guarantee Fund

	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
19	NOTICE NO. 20/20, OF AUGUST 21ST	BNA	Operational Rules in Credit Guarantee Companies
20	NOTICE NO. 21/20, OF OCTOBER 26	BNA	Terms and conditions observed for the deferral of the recognition of impairments constituted and registered by Banking Financial Institutions
21	NOTICE NO. 22/20, OF NOVEMBER 27TH	BNA	Criteria and procedures observed in contracting by Financial Institutions
22	NOTICE NO. 23/20, OF DECEMBER 29TH	BNA	Banking exchange and forward operations with Customers
23	NOTICE NO. 2/20, OF JANUARY 22	NATIONAL ASSEMBLY	Rules and procedures for incoming and outgoing transfers
24	NOTICE NO. 5/20, OF JANUARY 27	NATIONAL ASSEMBLY	The Prevention and Combating of Money Laundering, Terrorist Financing and Financing of Terrorism and Proliferation of Weapons of Mass Destruction
25	LAW NO. 7/20, OF MARCH 30	NATIONAL ASSEMBLY	Authorizes the BNA to issue and put into circulation the new family of Kwanza banknotes
26	LAW NO. 9/20, OF APRIL 16	NATIONAL ASSEMBLY	Law that amends the Securities Code
27	LAW NO. 11/20, OF APRIL 23	NATIONAL ASSEMBLY	Cellular Identification or Location and Electronic Surveillance Law
28	LAW NO. 14/20, OF MAY 22	NATIONAL ASSEMBLY	Amends the Civil Protection Framework Law
29	LAW NO. 20/20, OF JULY 09	NATIONAL ASSEMBLY	Law that approves the Property Tax
30	LAW NO. 28/20, OF JULY 22ND, 2020	NATIONAL ASSEMBLY	Amends the Labour Income Tax Code
31	LAW NO. 31/20, OF AUGUST 11, 2020	NATIONAL ASSEMBLY	Approves the revision of the 2020 State Budget
32	LAW NO. 38/20, OF NOVEMBER 11TH	NATIONAL ASSEMBLY	Approves the Angola Penal Code
33	LAW NO. 39/20, OF NOVEMBER 11TH	NATIONAL ASSEMBLY	Approves the Angolan Code of Criminal Procedure
34	LAW NO. 40/20, OF DECEMBER 16TH	NATIONAL ASSEMBLY	Angola's Payment System Law
35	INSTRUCTIVE NO. 1/2020, OF JANUARY 10TH	BNA	Maximum term for the execution of Foreign Currency Sale Transactions and Associated Foreign Exchange Operations
36	INSTRUCTIVE NO. 3/2020 30 MARCH	BNA	Reference Exchange Rates
37	INSTRUCTIVE NO. 4/2020 OF 30 MARCH	BNA	Flexibility of Deadlines for the fulfillment of Credit Obligations
38	INSTRUCTIVE NO. 6/2020 06 APRIL	BNA	Line for the purchase of Treasury Bonds
39	INSTRUCTIVE NO. 7/2020 APRIL 20	BNA	Credit Granting

	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
40	INSTRUCTIVE NO. 8/2020 28 APRIL	BNA	Simplified Bank Accounts / Definition of Limits for Opening and Handling
41	INSTRUCTIVE NO. 9/2020 OF 11 MAY	BNA	Line for the purchase of Treasury Bonds established by Instruction n.º 6/2020, of April 06
42	INSTRUCTIVE NO. 11/2020 OF 29 MAY	BNA	Annual Premium of the Contributions of the Financial Institutions Participating in the Angola Deposit Guarantee Fund
43	INSTRUCTIVE NO. 12/2020 06 JULY	BNA	Price List
44	INSTRUCTIVE NO. 13/2020 17 JULY	BNA	Operation of the CIRC - Credit Risk Information Center
45	INSTRUCTIVE NO. 14/2020 OF AUGUST 04	BNA	Custody fees applicable to Commercial Banks' excess reserves deposited at BNA
46	INSTRUCTIVE NO. 15/2020 OF SEPTEMBER 22ND	BNA	Conversion of Housing Loans granted to Individuals in Foreign Currency
47	INSTRUCTIVE NO. 16/2020, OF OCTOBER 2ND	BNA	Mandatory Reserves
48	INSTRUCTIVE NO. 17/2020 OF OCTOBER 15TH	BNA	Limits for Foreign Exchange Transactions for Merchandise Imports
49	INSTRUCTIVE NO. 18/2020 OF NOVEMBER 06	BNA	Metal Coin Deposit Operations at BNA
50	INSTRUCTIVE NO. 19/2020 OF DECEMBER 09	BNA	Value Limits on Transactions carried out in Payment Systems
51	INSTRUCTIVE NO. 20/2020 OF DECEMBER 09	BNA	Report on the Prevention of Money Laundering, Terrorist Financing and Proliferation
52	DIRECTIVE NO. 1/DSB/ DRO/2020, OF 12 JUNE	BNA	Disposal of Real Estate acquired in Deception of Credit Payment
53	DIRECTIVE NO. 2/DMA/2020 OF 17 JUNE	BNA	Buying and Selling Foreign Exchange at Forex Auctions and on the FXGO Platform
54	DIRECTIVE NO. 3/DMA/2020 OF 26 JUNE	BNA	Indicative bid and ask rates submitted by Financial Institutions to Bloomberg Financial Institutions on Bloomberg's FXGO Platform (AOA-BGN)
55	DIRECTIVE NO. 04/DSP/ DIF/2020, OF JULY 14	BNA	Mobile Payment Services Statistical Information
56	DIRECTIVE NO. 04/DMA /2020, OF OCTOBER 6TH	BNA	Requirements for the Calculation and Fulfillment of the Mandatory Reserves
57	DIRECTIVE NO. 01/ DSB/2020 OF OCTOBER 30TH	BNA	Property Valuation
58	DIRECTIVE NO. 05/DIF/ DRO/2020, OF 16 NOVEMBER 16	BNA	Reporting of Statistical Information on Banking Agents
59	LEGISLATIVE DECREE PRESIDENTIAL LEGISLATIVE DECREE NO. 1/20, OF JANUARY 6,	PRESIDENT OF THE REPUBLIC	Establishes the Participation Bonds Regime, characterized as securities representing debt contracted by companies in the Public Enterprise Sector
60	PRESIDENTIAL DECREE NO. 10/20, OF JANUARY 24	PRESIDENT OF THE REPUBLIC	Authorizes the Minister of Finance to resort to the special issue of Treasury Bonds in National Currency (OT-MN), with the characteristics and technical conditions foreseen in this diploma

	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
61	PRESIDENTIAL DECREE NO. 11/20, OF JANUARY 24	PRESIDENT OF THE REPUBLIC	Authorizes the Minister of Finance to resort to the issue of Treasury Bonds with the characteristics and technical conditions foreseen in this diploma, up to the limits established in the General State Budget for the 2020 Budget Year
62	PRESIDENTIAL DECREE NO. 12/20, OF JANUARY 24	PRESIDENT OF THE REPUBLIC	Authorizes the Minister of Finance to resort to issuing Treasury Bills under the terms provided for in articles 22 to 33 of Presidential Decree 164/18, of July 2, which approves the Regulations for the Issue and Management of Direct and Indirect Public Debt, up to the limits established in the SGB.
63	PRESIDENTIAL DECREE NO. 80/20, MARCH 25	PRESIDENT OF THE REPUBLIC	Authorizes the Holder of the Ministerial Department responsible for Public Finance to resort to issuing Treasury Bonds in Brazilian currency
64	EXECUTIVE DECREE NO. 122/20, OF MARCH 24	MINISTRY OF ADMINISTRATION PUBLIC, LABOR AND SOCIAL SECURITY	Elaboration and application of the contingency plan to public and private companies
65	PRESIDENTIAL DECREE NO. 119/20, OF APRIL 22	PRESIDENT OF THE REPUBLIC	Amends Articles 1 and 2 of Presidential Decree No. 165/17, of July 12, authorizing the Minister of Finance to issue OT's
66	PRESIDENTIAL DECREE NO. 184/20	PRESIDENT OF THE REPUBLIC	Establishes the exceptional and temporary measures in force in cases in which a provincial and municipal health fence is declared provincial and municipal health fence
67	PRESIDENTIAL DECREE NO. 229/20	PRESIDENT OF THE REPUBLIC	Updates measures for the Prevention and Control of the SARS-CoV-2 virus spread and COVID-19
68	EXECUTIVE DECREE NO. 186/20, OF JUNE 25	PRESIDENT OF THE REPUBLIC	Validates the documents relating to permanence, which have expired or will expire, namely: Residence Permit, refugee card, investor visas, work, study and temporary stay of foreign citizens absent and that are in national territory are in national territory until August 31, 2020
69	EXECUTIVE DECREE NO. 207/20, JULY 14 2020	MINISTRY OF FINANCE	Decrees the anticipated redemption of Treasury Bonds belonging to the BPC portfolio
70	EXECUTIVE DECREE NO. 121/20, MARCH 24 2020	MINISTRY OF JUSTICE AND HUMAN RIGHTS	Suspends the provision of services of the Registry and Notary Office, Civil and Criminal Identification, Legal Office, Business One-Stop Shop (GUE), Entrepreneur One Stop Shop (BUE), Center for Extrajudicial Dispute Resolution (CREL) and the National Institute for Judicial Studies (INEJ), for 15 days, with effect from 24 March 24, 2020
71	EXECUTIVE DECREE NO. 233/20, SEPTEMBER 4	PRESIDENT OF THE REPUBLIC	Extension of Tourist Visa Validity
72	EXECUTIVE DECREE N.º 50/20, OF 10 OF FEBRUARY 10	MINISTRY OF FINANCE	Defines the characteristics of the OT's foreseen in no. 1 of Presidential Decree no. 11/20, of 24 January, up to the global value defined in this diploma
73	EXECUTIVE DECREE N.º 51/20, OF 10 OF FEBRUARY 10	MINISTRY OF FINANCE	Regulates the characteristics of the OT's foreseen in Presidential Decree no. 10/20, of 24 January, which are issued, in the form of conversion, to creditors of the State that have entered into an Agreement for the Regularization of the Internal Public Debt, founded with the Ministry The securities are delivered at face value, without discount;
74	EXECUTIVE DECREE N.º 52/20, OF 10 OF FEBRUARY 10	MINISTRY OF FINANCE	Regulates the issue of direct public debt securities, called Treasury Bills, to finance the OGE-2020, with the characteristics and conditions established in Presidential Decree 164/18, of July 12, which approves the Regulations for the Issue and Management of Direct and Indirect Public Debt
75	EXECUTIVE DECREE NO. 126/20, OF MARCH 31	MINISTRY OF FINANCE	Regulates the characteristics of the OT's foreseen in the Presidential Decree no. 80/20, of March 25, up to the total value issued without readjustment of the nominal value, with coupon interest rate of 16.50% per year and delivered to the BPC at face value, without discount

	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
76	EXECUTIVE DECREE NO. 127/20, OF MARCH 31	MINISTRY OF FINANCE	Regulates the characteristics of the OT's foreseen in the Presidential Decree no. 80/20, of March 25 March, issued without readjustment of the nominal value, with a coupon interest rate of 16.50% per year and made available to the Deposit Guarantee Fund, without discount
77	EXECUTIVE DECREE N.º 53/20, OF 10 OF FEBRUARY 10	MINISTRY OF FINANCE	Regulates the characteristics of the OT's foreseen in the Presidential Decree no. 11/20, of 24 January, which are issued up to the overall value defined in this diploma
78	EXECUTIVE DECREE 233/20, OF SEPTEMBER	MINISTRY OF FINANCE	Extends the validity of tourist, short-stay or border visas which have expired from February 28, 2020, whose holders have not been able to leave the national territory, due to the closing of borders, until December 31st
79	DISPATCH NO. 1/20, OF FEBRUARY 10TH	MINISTRY OF FINANCE	Authorizes the issue and placement of Treasury Bills-2020 - Funded Debt
80	DISPATCH NO. 2/20, OF 10 OF FEBRUARY	MINISTRY OF FINANCE	Authorizes the issue and placement of Treasury Bills-2020 - Floating Debt
81	DISPATCH NO. 3/20, OF FEBRUARY 10TH	MINISTRY OF FINANCE	Determines that the issue, placement and redemption of OT in national currency...must comply with the special conditions established in the General Obligation
82	DISPATCH NO. 4/20, OF FEBRUARY 10TH	MINISTRY OF FINANCE	Determines that the issue, placement and redemption of OT's foreseen in nº 1 of Executive Decree no. 51/20, of February 10, shall comply with the special conditions established in the General Obligation
83	DISPATCH NO. 5/20, OF FEBRUARY 10TH	MINISTRY OF FINANCE	Determines that the issuance, placement and redemption of OT's in foreign currency...with coupon interest rates pre-defined by maturity and placed through quantity or of prices, must obey the special conditions established in the General Obligation
84	DISPATCH NO. 6/20, OF 31 MARCH	MINISTRY OF FINANCE	Determines the issue, placement and reimbursement of OT's - 2020 - Capitalization BPC
85	DISPATCH NO. 7/20, OF 31 MARCH	MINISTRY OF FINANCE	Determines the issue, placement and reimbursement of OT's - 2020 - Capitalization of the Credit Guarantee Fund Credit Guarantee Fund
86	DISPATCH NO. 10/20, OF 21 MAY	MINISTRY OF FINANCE	Authorizes the use of Treasury Bonds issued under Presidential Decree No. 165/17, of July 12, in the amount that exceeds the need for securities for the acquisition of doubtful bank credit of the BPC, for the increase of BPC's share capital, in the amount determined by the quotation made available by BNA, on the date of the public deed
87	DISPATCH NO. 11/20, OF 14 JULY	MINISTRY OF FINANCE	Determines the issuance, placement, and redemption of Treasury Bonds-2020 - early redemption early redemption BPC
88	RECTIFICATION NO. 5/20, 21 MAY	MINISTRY OF FINANCE	Rectifies subparagraph c) of paragraph 5, of article 9 of Law no. 7/20, of March 30, which authorizes BNA to issue and put into circulation a new family of kwanza banknotes. BNA to issue and put into circulation a new family of kwanza banknotes

3

THE BFA

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Our History

1990

- Opening, in Luanda, of a representative office of the Banco de Fomento Exterior (BFE) in Luanda.

1993

- Reinforced presence of BFE with the opening of a branch in Luanda, which began the activity universal Commercial Bank activity, from with an equivalent capital of 4 million USD.

1996

- Acquisition of BFE by BPI Group, initiating a strong expansion Group's expansion in Angola.

2002

- BFA assumes the status of an autonomous entity under Angolan law.

2003

- Inauguration of the new Headquarters in Luanda, high-point of the affirmation of BFA brand in the Angolan market and a reference in the expansion plan of the Bank's commercial network Central Services in a single space.

2004

- The Commercial Network segmentation process began with the opening of the first three Business Centers, dedicated to the specialized service of Customers in the Corporate segment.

2005

- The Social Fund is created based on three lines of action: Education, Health and Social Solidarity.

- BFA launches the BFA Gold Credit Card, thereby making available the first Credit Card for the Angolan market.

2006

- Significant acceleration in the expansion of the commercial network and reinforcement segmentation, with the opening of the first investment center.

2007

- There was an expansion of the Commercial with 96 branches, 83 agencies, 7 Branches, 7 Corporate Centers 4 Investment Centers, and 2 Service Points.

- In partnership with VISA and EMIS, BFA is the first Bank to launch the service of cash withdrawals through Credit and Debit Cards, in the totality of BFA ATM.

2008

- Change in the shareholder structure due to the sale of 49.9% of BFA's capital to Unitel.

- Expansion of the Investment Centers Benguela Province with the Benguela Province with the opening first Investment Center in Lobito.

- Launch of the product Super Poupança BFA product, the main vehicle to attract new resources, particularly in USD.

2009

- Expansion of the Commercial Network to 129 branches.

- Launch of the BFA Savings BFA Savings Plan product and Western Union.

2010

- Creation of the Central Archive inserted in an up-to-date and dynamic information system that had as its main objective improve the quality of service to the Customer in terms of queries and documentation requests.

2011

- Launch of BFA SMS service for private customers.

- Launch of eMudar@BFA project aiming at providing the Bank with a management application platform.

- Signature of the Bankita Program with the BNA.

2012

- Creation of the Business Center Oil & Gas - Operators, ensuring an adequate response to oil operators' specific needs.

- Growth of the Branch Network reaching in December a total of 167 branches, 139 branches, 15 corporate Company Centers, 8 Investment Centers and 5 Banking Bank Service Centers.

- The branches in the Province of Luanda Province, reach a market share of 20% market share, with a total of 498 branches.

2013

- Creation of the Oil & Gas - Vendors Business Center, ensuring an adequate response to the specific needs of companies providing services companies in the oil sector.

2014

- Inauguration of the Assistance Line BFA 923 120 120.

- Launching of the VISA Card Kandandu Pre-Paid.

2015

- BFA is the first member of BOVIDA, with more than 70% of the market share in no. and volume of traded operations.

- BFA launches its first mobile application.

2016

- Legal establishment of Asset Management BFA, dedicated to the trading and management of Investment Funds.

2017

- UNITEL buys +2% of BFA, becoming majority shareholder.

2018

- Creation of the Directorate of Agribusiness, to support the sustainable development of this segment in Angola.

- Effective operationalization of the Risk Management function in the Bank.

- Creation of the Training Academy.

2019

- Reaching the historical number of 2 057 366 clients.

- Conclusion of the Implementation and Operationalization Risk Function.

- Opening of the first BFA Private Banking.

2020

- BFA becomes the first Bank to accepting American Express Cards.

- Migration to Banka 3G version.

Corporate Governance

CORPORATE GOVERNANCE AND INTERNAL CONTROL SYSTEM

The Board of Directors of Banco de Fomento Angola, S.A., submitted the respective Annual Report on the Corporate Governance and Internal Control System, reported to November 30, 2020, in compliance with established in article 1 of BNA Instruction no. 1/2013 of 22 March, which regulates the sending of information to Banco Nacional de Angola by Financial Institutions, within the scope of the provisions set out in Notices of the BNA no. 1 and 2/2013, both of March 22.

The Board of Directors has timely prepared action plans on corporate management and internal control, according to the terms established in paragraph 2 of article 26 of Notice no. 01/2013 and in no. 2 of article 22 of Notice No. 02/2013, both of March 22nd , where it was established the timings for implementation of the necessary actions to comply with that regulation, and equip the Bank with the best international practices on the subject.

BFA made a coordinated effort to strengthen its internal control with internationally accepted practices. In effect, the Bank implemented in 2019 a set of improvements in the Compliance and Risk Management strand, strengthening its processes and systems, thus complying with the set of Notices and Instruction established by the BNA in this area.

GUIDING PRINCIPLES OF CORPORATE GOVERNANCE

The Guiding Principles of the Corporate Governance Policy in force at BFA are based on strict compliance with national and international legislation and regulations, applicable in the best internationally recognized practices, and in conformity with the best ethical and deontological principles. These include:

CORPORATE STRUCTURE AND GOVERNANCE MODEL

BFA was incorporated by public deed on 26 August 2002, following the transformation of the Angola branch of Banco BPI, S.A. into an Angolan-law bank.

By public deed published in the Diário da República III Series - No. 11, of January 17, 2017, following the Unanimous Written Resolution of the respective Shareholders of October 14, 2016, and the corresponding authorization of the BNA, a profound reformulation of BFA's statutes was promoted, following the change in its shareholder structure.

CORPORATE STRUCTURE AND STAKES IN CAPITAL

BFA's share capital was, on December 31 distributed by the following Shareholders:

Shareholder Structure

BPI Group Unitel, S.A.

BFA'S PARTICIPATIONS

BFA, participates in the capital of the following companies:

13,90%	50,00%	2,00%	99,00%
Emis	Sociedade de Fomento Habitacional	Instituto do Mercado de Capitais	BFA Gestão de Activos

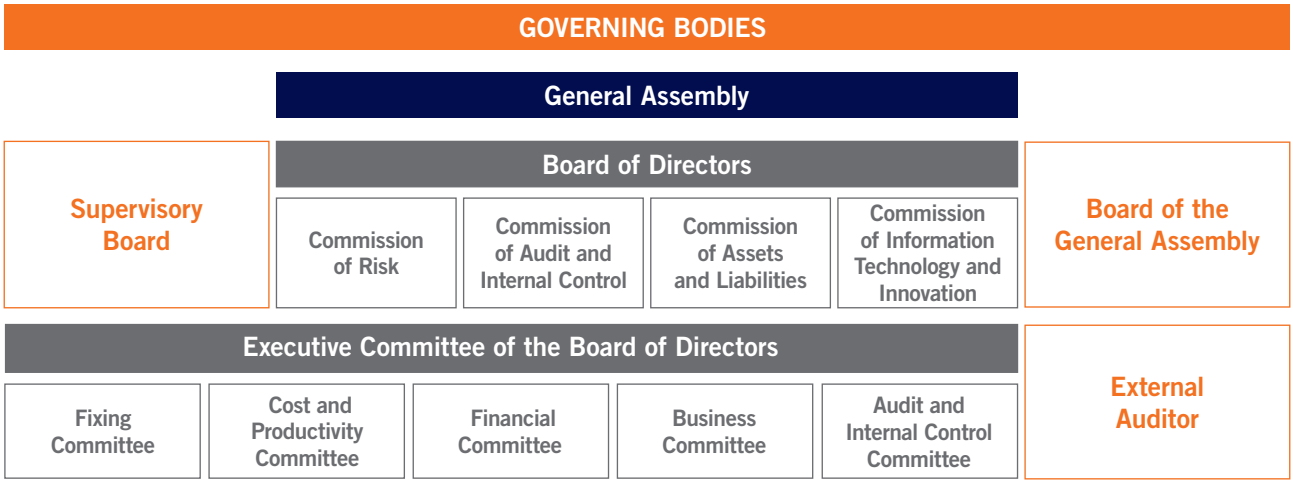
BFA is the largest private Shareholder of EMIS (Empresa Interbancária de Serviços, S.A.), with 13.90% of the capital and the primary Customer and user of its services, which manages the entire payment system at a national level.

Throughout its existence, BFA has been a support and incentive for EMIS initiatives, being customary for BFA to be among the first Banks in the system to seek and implement new solutions and services made available, namely:

- Implementation of BFA's new data processing center in the facilities built by EMIS, which meet technical and access conditions with the most rigorous international standards;
- Issuing of Multicaixa debit cards with the introduction new of EMV technology;
- Availability of a new cash withdrawal function values without a card;
- Use of the new card management platform, in which BFA holds a quota of 56% of valid VISA cards and 22% of valid Multicaixa debit cards.

GOVERNANCE MODEL

BFA's operating model complies with the requirements of the Financial Institutions Act (Law no. 12/2015, of June 17), and the following Organizational Model is established in its bylaws:



The Statutory Bodies are the Social Bodies, namely:

1. General Assembly
2. General Assembly Board
3. Board of Directors
4. Executive Committee of the Board of Directors
5. Fiscal Council
6. External Auditor

The members of the corporate bodies for the three years from 2017 to 2019 were elected by unanimous resolution of the shareholders, dated June 6, 2017. On the same date, the Board of Directors designated the composition of the ECSC, and the respective Chairman and proceeded to distribute the portfolios among its members.

General Assembly

Competencies

- Alteration of the company's by-laws, including that relating to increases or reductions of the capital stock
- Merger, split, transformation, or dissolution of the company
- Issuance of any securities that may give rise to subscription or conversion into shares
- Introduction of limitations or suppression of the preemptive right of Shareholders in capital increases
- Acquisition and disposal of own shares or bonds
- Distribution of profits from the fiscal year, under the terms foreseen in the Articles of Association
- Other distributions of assets to Shareholders and advances on account of profits

Board of Directors

Competencies

- Approval of business and strategic budget plans and any amendments to it, under the conditions defined in the Articles of Association
- Decisions with significant patrimonial impact
- Significant changes in the Company's geographical area of operation, unless foreseen in the strategic or business plan or business plan
- Listing of shares representing the share capital of the Company or subsidiaries
- Approval of the proposed appropriation of results
- Operations with related parties that exceed 2,500,000.00 USD
- Issuance of subordinated debt, unless foreseen in the budget
- Amendment of the CA and ECSC Regulations, as well as the Credit and Risk Regulations
- Constitution of any subsidiary or acquisition of participation that results in the formation of a subsidiary;
- Acquisition, sale or encumbrance of movable and immovable assets
- Provision of bonds and personal or real guarantees by the Company
- Opening or closing of establishments or part of them
- Modifications in the organization of the Company
- Formation of proxies to perform certain acts or categories of acts, defining the extent of the respective mandates.

Executive Committee of the Board of Directors

Competencies

Under its regulations, approved by the Board of Directors and subject to the action plans and annual budget, as well as other measures and guidelines approved by the Board, the ECSC has broad powers of the day-to-day management of the company necessary or convenient for the exercise of banking activity, under the terms and to the extent configured by law, namely, powers to decide and represent the company, within the scope of the delegation of powers granted to it by the BD.

Supervisory Board

Competencies

- Supervising the Bank's management
- Ensure compliance with the law and the articles of association
- Verifying the regularity of the books, accounting records, and supporting documents
- To verify the values of the balance sheet and income statement
- Verifying whether the valuation criteria adopted by the company lead to a correct assessment of the assets and results
- Preparing an annual report on its supervisory action and issuing an opinion on the report, accounts, and proposals presented by the administration
- Convening the General Assembly when the President of the Board of the General Assembly does not do so
- Comply with the duties set out in the law, the articles of association, and BNA guidelines

External Auditor

Competencies

- To audit BFA's Financial Statements referring to June 30 and December 31 of each year
- To issue an opinion as to the veracity and adequacy of the Annual Report on the Corporate Governance and the Internal Control System

Commission of Audit and Internal Control

Competencies

- To ensure the formalization and operationalization of effective and duly documented information, including the process of preparation and disclosure of financial statements
- To oversee the formalization and operationalization of the institution's accounting policies and practices
- To review all financial information for publication or internal disclosure, namely the annual management accounts
- To oversee the independence and effectiveness of the internal audit, to approve and review the scope and frequency of its actions and to supervise the implementation of internal audit measures and supervise the implementation of proposed corrective actions
- To oversee the performance of the Compliance function
- To oversee the activity and independence of the external auditors, establishing a communication channel to know the conclusions of the examinations carried out and the reports issued

Commission of Risks

Competencies

- To advise the Board of Directors on matters about risk strategy
- To monitor the management policy of all the risks of the Bank's activity

Commission of Assets and Liabilities

Competencies

- Support the Board of Directors concerning Asset and Liability management strategies
- Define and monitor the Asset and Liability management policy regarding the management of liquidity, interest liquidity, interest rate, exchange rate, and market risks
- Follow-up of indicators and metrics and their alignment with the objectives and targets defined in the Strategic Planning in matters of balance sheet financial management
- Trend analysis on market interest and exchange rates

Commission of Information Technology and Innovation

Competencies

- Support to the Board of Directors concerning management strategies, development of the Bank's information systems
- Monitor the implementation of projects related to the Bank's information systems
- Support the Board of Directors in identifying, evaluating, and implementing new processes, products, or working methods

Fixing Committee

Competencies

- Ensure compliance with BNA rules
- To monitor the execution of BNA's currency auctions, to analyze deviations, and to propose corrective measures
- To approve and monitor the distribution of foreign currency to customers following the criteria defined in the purchase and sale of foreign currency, as well as the internal rules instituted for this purpose
- To follow the management policy of all matters related to the sale of foreign currency, namely by requesting the preparation of proposals to be submitted to the ECSC aiming at the resolution of relevant constraints to the activity
- To monitor and stimulate the foreign currency requisition processes in the Bank through the identification of opportunities to improve processes or new methods and ensure their subsequent appraisal by the ECSC

Financial Committee

Competencies

- Monitoring of the legislation and prudential rules in effect
- Pricing policy
- New product strategy
- Management of balance sheet risks, namely: foreign exchange risk, interest rate risk, and liquidity risk

Business Committee

Competencies

- Monitoring the evolution of the business and commercial performance of the different networks
- Monitoring the competitive environment and perspectives for business evolution
- Definition of the commercial policy, namely through the identification of priorities, opportunities and constraints to commercial performance
- To require the elaboration of proposals to be submitted to the ECSC aimed at the resolution of relevant constraints for commercial activity
- Monitor the implementation of the defined priorities, namely by analyzing deviations and respective impacts
- Develop and stimulate the implementation of new products to be launched in the market, as well as monitor their commercial performance
- To monitor and stimulate the commercial activity by identifying opportunities for implementation of processes or new methods of processes or new methods and ensure their subsequent assessment by the ECSC

COMPOSITION OF THE CORPORATE BODIES

GENERAL ASSEMBLY BOARD

President	João Boa Francisco Quipipa
Secretary	Tidiane de Sousa Mendes dos Santos

BOARD OF DIRECTORS

President	Rui Jorge Carneiro Mangueira
Vice-President	Osvaldo Salvador Macaia
Voting members	Divaldo Kienda Feijó Palhares
	Jacinto Manuel Veloso

SECRETARY TO SOCIETY

Permanent	Maria Manuela Correia

EXTERNAL AUDITOR

PricewaterhouseCoopers (Angola), Lda.

EXECUTIVE COMMITTEE

President	Luís Roberto Gonçalves
Voting members	Vera Escórcio
	Sebastião Massango
	Natacha Sofia Barradas
	António Simões Matias
	Paulo Lélis Alves
	António Manuel Alfaia

SUPERVISORY BOARD

President	Ari Nelson Correia Brandão
Expert Accountant	Valdir de Jesus Lima Rodrigues

Luis Graça Moura (Vice President of the General Assembly) and Rodrigo Aguiar Quintas (Vice President of the Fiscal Council), outgoing directors.

ORGANOGRAM

The Bank's organizational chart is based on a functional structure, which allows for a clear division of areas and functions of each Department, under the responsibility of each of the Executive Directors.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Luís Roberto Gonçalves

- Company Secretary
- ECP Office
- BFA Academy
- Investment Banking Department
- Human Capital Department
- Marketing Department
- Institutional Relations

António Matias

- Facilities and Assets Department
- Means of Payment Department
- Operations and Treasury Division
- Foreign Operations Department
- Processing and Processing and Control

Vera Escórcio

- Procurement Department
- Accounting and Planning Department
- oFinancial and International Department
- Social Responsibility Department
- Asset Management BFA

Natacha Barradas

- Audit and Inspection Department*
- Compliance Department
- Exchange Control Department
- Risk Management Department
- Legal Department

Sebastião Massango

- Agribusiness Department
- Investment Centers Department
- Private Banking Department
- Individuals and Northern Business Department
- Individuals and Small Business Department

António Alfaia

- Monitoring, Recovery and Litigation Department
- Individual Credit Risk Department
- Structured and Investment Finance Department
- Credit Management Department
- Companies and Business Credit Risk Department
- Credit Risk of Large Corporates, Investments and Projects Department

Paulo Freitas Alves

- Organization and Quality Department
- Information Systems Department
- Digital Transformation Department
- Transformation Department
- Corporate Department
- Protocols Management Department

* Reports directly to the Chairman of the Board.

Executive Committee of the Board of Directors

António Alfaia
Administrator

Vera Escórcio
Administrator

Sebastião Massango
Administrator

Luís Roberto Gonçalves
President

Natacha Barradas
Administrator

António Matias
Administrator

Paulo Freitas Alves
Administrator

Executive Committee of the Board of Directors

LUÍS ROBERTO GONÇALVES

President
Nationality: Angolan
Date of Birth
6 June 1972

Qualifications: Degree in Higher Management Accounting from the Lusíada University of Angola, and a Post-Graduate degree in Monetary and Financial Economics from the University of Évora, Portugal. In his background, highlights include training in Anti-Money Laundering and Combating the Financing of Terrorism and Sanctions from PricewaterhouseCoopers (PWC), and an Effective Leadership Program taught by Nova School of Business & Economics and Interbank Markets, Intermoney Portugal SFC. In 2019, he attended the Corporate Governance training, Financial Services Volunteer Corps (FSVC).

Professional Experience: Luís Roberto Gonçalves started his banking career in 1996 at BFA, having held several years of relevance in the Bank. In 2016 he had the mission to create Asset Management BFA as Chairman of the Executive Committee. Until the beginning of 2020 he was Executive Director at "Banco Crédito do Sul". He also performed important functions in Banco KEVE.

ANTÓNIO MATIAS

Administrator
Nationality: Angolan
Date of Birth
19 July 1968

Qualifications: Degree in Business Management from the Faculty of Agostinho Neto University and a Post-Graduate degree in Banking, Insurance and Financial Markets from the "Superior Institute of Languages and Administration of Lisbon" (ISLA).

Professional Experience: António Matias has been a Director of BFA since 2005 and Chairman of the Board of IFBA. In addition to a career in the economic area, he has more than 20 years of experience in banking, having joined BFA in January 1998. During his career, he has various functions in the Credit area and in Corporate Management.

VERA ESCÓRCIO

Administrator
Nationality: Angolan
Date of Birth
17 September 1974

Qualifications: Degree in Economics with a specialization in Economics from the New University of Lisbon, Faculty of Economics. She attended a Postgraduate Degree in Banking Management at the University Institute of Graduate Studies (Madrid) and also counts with an Advanced Management Program for Banking Catholic Lisbon School of Business & Economics.

Professional Experience: Vera Escórcio has been a Director of BFA since 2009. She has 19 years of experience in Banking, which began in 2001 at BFA, in the Financial Department. She also worked at Banco BIC, where she was Director of the Financial Department. She served as a member Nova Cimangola's Fiscal Council and Fiscal Council of ABANC - Angolan Association of Banks.

NATACHA BARRADAS

Administrator
Nationality: Angolan
Date of Birth
25 September 1978

Qualifications: Natacha Sofia da Silva Barradas has a Law Degree from the Catholic University of Angola. She has two postgraduate degrees: Corporate Law and International Trade Law from the University of Lisbon and Agostinho Neto University. She also has a master's in business and Law from the Portuguese Catholic University.

Professional Experience: Natacha Sofia da Silva Barradas was Head of Legal Department, Company Secretary, and Chairman of the Shareholders Meeting of Standard Bank Angola. She was a member of the supervisory board of Fundo Soberano de Angola for two years. She has been a partner at LEAD Advogados since 2017, and had stints at several firms such as: MLGTS - Morais Leitão, Galvão Teles, Soares da Silva and FBL - Faria De Bastos e Lopes Advogados Associados. In 2013, she joined the Angolan Ministry of Finance as Director of the Legal Office and later as Director of the Office of the Minister of Finance. She was a lawyer at Banco BPI in 2008 and at Nova Sociedade de Seguros de Angola (Nossa Seguros) in 2005. In 2005, she was a lecturer at the Faculty of Law Catholic University of Angola.

ANTÓNIO ALFAIA

Administrator
Nationality: Portuguese
Date of birth
11 January 1973

Qualifications: Degree in Business Management from ISLA - Instituto Languages and Administration of Lisbon. Holds a Post-Graduation in Management Control and Performance at Overgest/ISCTE and an Executive Program in Management of Financial Institutions at Universidade Católica.

Professional Experience: António Alfaia, has been connected to the Retail, In-Store Banking, and Factoring activities and has held the position of Commercial Director at BPI Bank in the Individuals and Business segment.

He began his career at BFA in 2008, assuming responsibilities in Credit Risk to Individuals and Businesses, Workplace Banking, Credit Risk Management, and implementation of the IFRS9 STANDARD. In 2020, he took the General Manager of Credit position at BFA, with responsibility for monitoring all areas of granting, monitoring of concession, monitoring, recovery, and operational management.

SEBASTIÃO MASSANGO

Administrator
Nationality: Angolan
Date of Birth
10 September 1976

Qualifications: Bachelor's degree in Business Management from the Faculty of Agostinho Neto University and a post-graduate degree in Management from the Catholic University of Lisbon.

Professional Experience: Sebastião Machado Francisco Massango, has a background of 18 years at BFA, having performed important functions in Corporate Banking and in the Risk Department. In 2019 he was Director in the Agribusiness Directorate.

PAULO FREITAS ALVES

Administrator
Nationality: Angolan
Date of birth
24th November 1978

Qualifications: Bachelor's degree in Linguistics/English from the Higher Institute of Sciences of Education in Lubango, and a Master's degree in Business Management from the Open University of Lisbon.

Professional Experience: Paulo Freitas Alves has extensive experience in the Commercial area and leadership of multidisciplinary teams. In another Financial Institution, he performed the functions of Clerk, Credit Technician, Desk Officer, Sub-Manager, and Manager. In 2005 he was invited to join the BFA team as manager, having held until 2017 various functions in the Directorate of Individuals and Businesses - Manager, Area Director, Assistant Director, and Commercial Director. He was then challenged to join the Transformation team as Lead of one of the work fronts and in 2019 became part of the Corporate Banking team.

INTERNAL CONTROL SYSTEM

BFA's Internal Control System consists of the organization plan of all the methods and procedures adopted by the Management to achieve the objective of ensuring, as far as practicable, the methodical and efficient conduct of its activities. The objectives include adherence to management policies, safeguarding assets, preventing and detecting fraud and error, accurate and complete accounting records and the timely preparation of reliable financial information.

Following Notice 2/13, which regulates the obligation of financial institutions to implement an Internal Control System, it will be financial institutions will be adequate and effective in the case where the Board of Directors and Management have reasonable assurance that the Bank's strategic and operational objectives are being achieved, the reporting system is reliable and rules and regulations are being complied with.

BFA's current Internal Control System is made up of 4 components, with specific objectives and instruments, which support BFA's adequate and integrated Internal Control system:

Control Environment	The Control Environment refers to the attitudes and acts of the Bank's management bodies and Employees, considering the levels of knowledge and experience appropriate to their functions, as well as the high ethical principles and integrity with which they act.
Risk Management System	The Risk Management System aims to establish a set of integrated policies and processes that ensure the correct identification, assessment, monitoring, control, and reporting of risks. It must consider all relevant risks and ensure their effective, consistent and timely management.
Information and Communication	The Bank's Information and Communication Systems must ensure complete, reliable, consistent, understandable information aligned with the defined objectives and measures and procedures for collecting, processing, and disclosing it, following best practices.
Monitoring	The monitoring of the internal control system concerns the continuous and effective timely detection of deficiencies in strategy, policies, processes, and all risk categories, as well as ethical and professional principles.

REMUNERATION OF THE CORPORATE BODIES

Structure of the remuneration of Executive Directors

The remuneration policy at BFA for the members of the Executive Committee of the Board of Directors (ECSC) is based on the existence of a fixed component complemented by a variable component, attributed in line with market practice and the performance of BFA, as well as of each of these Directors, to the year that precedes the payment of this remuneration.

The fixed remuneration values paid to the members of the ECSC are consistent with market practice and are fixed by the Deliberation of the Bank's Shareholders.

The existence of a variable remuneration component aims to strengthen the alignment of the interests of the ECSC members with the interests of BFA and its Shareholders.

Structure of the remuneration of Non-Executive Directors, Supervisory Board, and General Meeting Board

The remuneration of the Non-Executive Directors, the Supervisory Board and the Board of the General Meeting is fixed, and the remuneration amounts paid to the management body members, the Board of the General Meeting, and the Supervisory Board are defined by the Shareholders by Unanimous Written Resolution.

In 2020, the total fixed remuneration of all members of the Board of Directors, Supervisory Board and General Meeting Board amounted to 12 279 320.24 USD distributed as follows:

- Executive members of the Management Board 9 699 915.58 USD paid as fixed and variable remuneration;
- Nonexecutive members of the Board of Directors, Supervisory Board and General Meeting Board, 2 579 404.66 USD, paid as fixed remuneration.

Profit Distribution Policy

The policy for distribution of results is established in the Articles of Association, which defines the following priority for the use of profits:

- Coverage of losses carried forward from Coverage of losses carried forward from previous years;
- Formation or reconstitution of legal reserves;
- Formation or reconstitution of special reserves imposed by law;
- Payment of the priority dividend due to the privileged shares, namely preferred shares without voting rights, that the Company may have issued.
- 40% of the remaining portion for distribution to all Shareholders, unless the General Assembly resolves by a majority corresponding to two-thirds of the share capital, its allocation in whole or in part, to the constitution and/or reinforcement of any reserves, or the realization of any other specific applications of interest of the Company;
- The remaining part, the application that the General Assembly deliberates by simple majority.

Ethical Principles and Conflicts of Interest

The Code of Conduct, the Regulations of the Board of Board of Directors, and the ECSC Regulations contemplate the highest standards of conduct, under ethical and deontological principles, defining rules, principles and procedures to allow the identification, monitoring, and mitigation of conflicts of interest.

BFA promotes transparency in relations involving corporate bodies and Employees, inhibiting participation in illegal activities and excessive risk-taking, contributing to the clarity of the contractual relations between the Bank and its counterparts.

The professional activity of the members of the governing bodies and of and employees of the Bank are governed by the ethical principles defined in BFA's Code of Conduct, approved by the Board of Directors, made available on the Intranet and on the institutional website, whose main lines are summarized as follows.

Understanding the importance of defining a clear and objective behavioral reference manual, BFA makes the institution's Code of Conduct available to all new Employees. Additionally, all Employees of the Financial and International Department (DFI), for the exercise of their functions, have subscribed the Declaration of Commitment to Compliance with the Code of Conduct of the Markets published by the BNA in Notice no. 13/2011.

BFA signed the Statement of Adherence to the Code of Conduct for the Monetary and Foreign Exchange Markets, which aims to guarantee the principles of ethics and professional deontology in relations between participants in interbank markets, the markets' operational practices, and their efficiency.

RISK MANAGEMENT SYSTEM

At BFA, the Risk Management System comprises the following essential functions:

- Strategy Definition;
- Identification and evaluation of exposure to risks;
- Monitoring and control;
- Reporting and performance evaluation.

Risk management at BFA is thus based on the constant identification and analysis of exposure to the different types of risk and the execution of strategies to optimize results facing such risks. Also noteworthy is the full respect for pre-established restrictions and limits, duly supervised.

BFA concluded in 2019 the process of Implementation and Operationalization of its Risk Function duly-empowered from the human procedural and technological point of view to fulfill its mission, in line with the logistics in place.

Additionally, BFA maintained the distribution by the Bank's Departments of the measures and practices (Risk Management System) aimed at the identification, assessment, monitoring, and control of risks, defined in 2017:

Credit Risk

O processo de avaliação e controlo do risco de crédito está sob a responsabilidade das seguintes áreas:

- **Individual, Corporate and Business Credit Management:** risk assessment of credit operations in this segment;
- **Directorate of Credit Risk of Large Corporations and Projects:** analysis, opinion issuance and risk decision on operations for clients in the Large Corporate, Institutional Large Companies, Institutional - State and Public Sector;
- **Credit Management Department:** monitoring of regular credit, due preparation of decisions, their formalization conditions, and monitoring of guarantees received;
- **Credit Monitoring, Recovery, and Litigation Department:** Credit monitoring and recovering in an irregular situation for more than 60 days. This department is also responsible for the recovery of overdue credit, either through negotiation or judicial means;
- **Risk Management Department - Credit Risk Area:** constituted by 3 hubs (Credit Management Hub, Credit Impairment Hub, Model Development Hub.

Operational Risk

The process of assessing and controlling operational risk is the responsibility of the following areas under the responsibility:

- **Operational Risk Department:** global exposure analysis;
- **Internal Audit Department:** Operational Risk management process

Liquidity Risk

- **Financial and International Department:** analysis of individual liquidity risks by instrument.

Market Risk

- **Financial and International Management:** risk analysis by instrument and global risk analysis - interest rate exchange rate, trading portfolios.

Country Risk

- **Financial and International Department:** Country risk analysis using ratings and external analysis.

Compliance Risk

- **Compliance/Legal Department:** analysis of compliance risk.

INTERNAL INFORMATION

The Information and Communication Systems are an integral part of the strategy to ensure high levels of innovation, modernization, and risk control, promoting the sustainable growth of the Bank and the transparency of its activity.

Institutional Communication

BFA considers of high importance the maintenance of the relationship with shareholders, the authorities, the media, and the remaining market players, with communication being performed through the publication of the Annual Report and the summary of quarterly accounts in the form of a balance sheet, published on its public website. The Bank's performance and activities are disclosed via the intranet.

Quarterly, the Bank also holds a Senior Management Meeting, with representatives from different directorates, to present results and future perspectives.

MONITORING

The Audit and Inspection Division (DAI) and the Compliance (DC) monitor the internal control system to evaluate the effectiveness, efficiency, and adequacy of the system, being responsible for ensuring periodic audits of the activities of the Commercial and Central Services, for safeguarding the integrity and security of the Bank and Client assets, and internal regulations and risk control. Additionally, the IAD is responsible for verifying the adequacy of the various control processes concerning the new risks identified and their adequacy to the Legislation in force relative to each process.

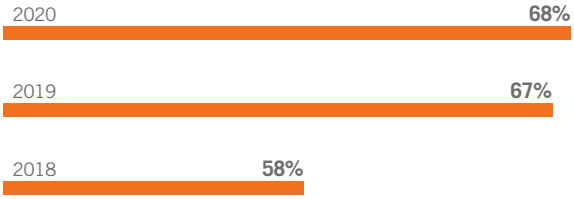
Main Business Areas

LEADERSHIP IN PROMOTING FINANCIAL INCLUSION AND STRENGTHENING OF FINANCING FOR THE ECONOMY

Growth of Banking in Angola

A survey conducted in 2020 of the population living in the province of Luanda aged 15 years old or more registered a bank usage index of 68%, an increase of 1 p.p. of 1 p.p. compared to 2019, evidencing a trajectory continues to be positive in the country's banking.

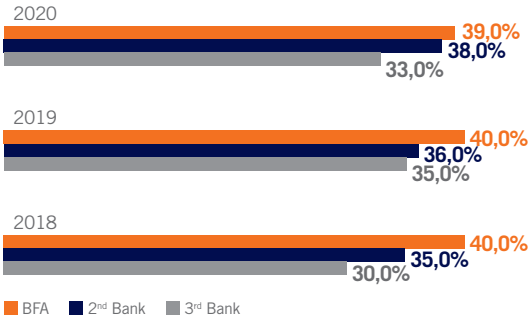
Penetration Rate Evolution



Source: AAMPS 2020, Marktest.

In 2020, BFA's penetration rate was stable, thus maintaining its leadership, with 40% of the market share, once more illustrating BFA's work and dynamics in attracting and retaining a relationship with the market and its Customers.

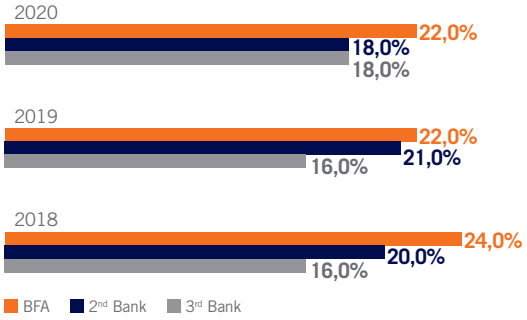
Penetration Rate Evolution



Source: AAMPS 2020, Marktest.

In 2020, BFA maintained its leadership, as in years, as the Leading Bank with a 22% market share, thus continuing as the first choice for the supply of financial services.

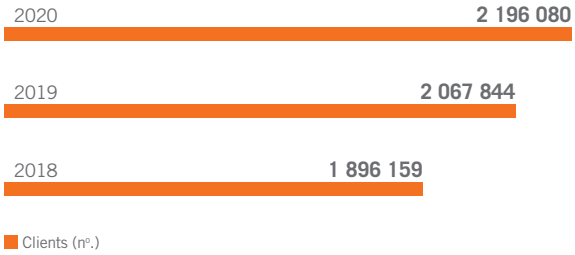
Evolution of Market Share as Main Bank



Source: AAMPS 2020, Marktest.

Sustainability and Consolidation of Market Position

The improvement of customer service, namely through the quality of attendance, has been one of the Bank's transversal action principles. This has been reflected, as in previous years, in sustained growth in the number of customers. In 2020, there was a 6.2% increase in the number of Customers compared to 2019, with the Bank acquiring the relevant mark of 2 196 080 Clients.



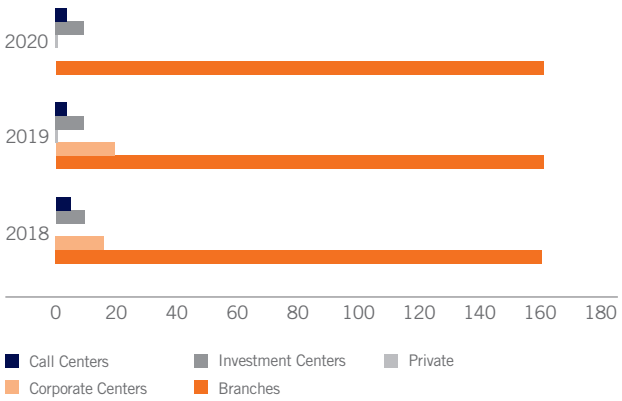
SUSTAINED INVESTMENT IN THE PHYSICAL BRANCH NETWORK

Commercial Network Present throughout the Angolan Territory

To guarantee an excellent service, BFA's commercial network is based on a market segmentation strategy in three areas of operation:

- Branches;
- Individual Customers;
- Entrepreneurs and Businesses.

BFA Distribution Network



PRIVATE AND BUSINESS

Improving efficiency in customer service

The year 2020 was atypical due to the pandemic situation of COVID-19, which greatly affected the real economy sector in Angola, similarly to what occurred worldwide, giving rise to an unprecedented economic and social crisis.

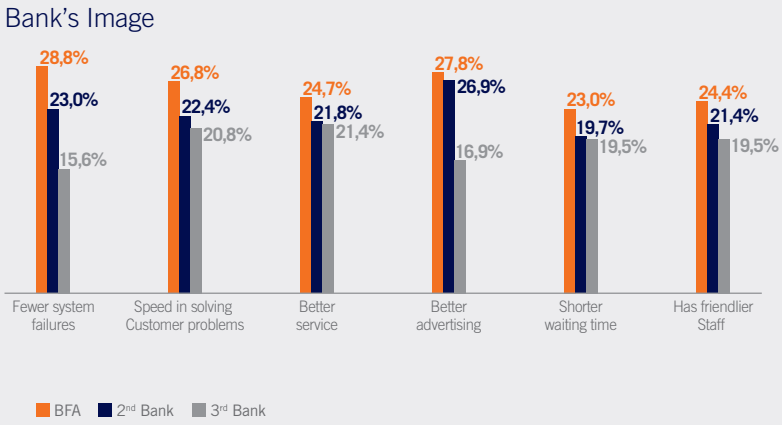
One of the fundamental principles guiding BFA's operations is service quality, which has led the Bank to continue to adjust its practices and systems, with the Customer at the center of the entire process. Within this scope, the Bank proceeded in 2019 with a reorganization of the Individuals and Business Division to create two distinct Divisions, DPN North and DPN South, to further strengthen the quality of service and follow-up, placing its Customers at the center of its activity.

The reality experienced in 2020 had a strong impact on the banking activity, with teams having to adapt to the new imposed by the COVID-19 pandemic and began to hold meetings among themselves and with customers in digital format and most of the time in GSM calls.

QUALITY OF SERVICE

AAMPS 2020 Study: Banks' Image

In 2020, 81% of individuals aged 18 or over residing in Luanda did not have an account with the Bank but intended to open one. This factor constitutes an opportunity to continue the growth of BFA's market share concerning the rate of banking in Angola and add another step towards financial inclusion, one of the purposes established by the Bank for all Angolans.



Source: AAMPS 2020, Marktest.

Leaders in Attracting Clients

In 2020, BFA reached 2,185,040 Customers in the Individual, Corporate, and Business segments, which meant an increase of 6.2 p.p.. BFA Net registered a decrease of 62.6%, while the number of Credit Cards fell by 32.4%. The number of Debit Cards reached 1,253,046, up 10.1%, while Salary Accounts showed a value of 211,079, down 2.1p.p. for 2019.

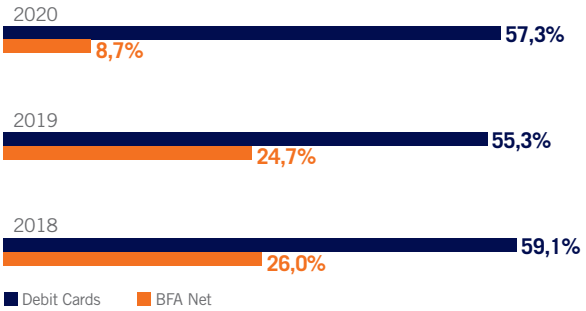
EVOLUTION OF THE CUSTOMER BASE AND SERVICES - INDIVIDUALS AND BUSINESSES

Million KZ

	2018	2019	2020	Δ% 18-19	Δ% 19-20
Clients (nº)	1 884 469	2 057 366	2 185 040	9,2%	6,2%
BFA Net (no.)	489 900	507 724	190 012	3,6%	(62,6)%
Debit Cards (nº)	1 112 944	1 138 420	1 253 046	2,3%	10,1%
Credit Cards (nº)	12 000	10 641	7 193	(11,3)%	(32,4)%
Salary Account (no.)	110 679	215 652	211 079	94,8%	(2,1)%

In 2020, the penetration rate of Debit Cards was increased by 2 p.p. with BFA Net reduced by 16 p.p.

BFA Net Penetration Rate and Debit Cards



Evolution of Deposits

In 2020 the deposit portfolio amounted to 376 617.6 million kwanzas, broken down into Demand Deposits of 297 054.6 million kwanzas and 79 563.0 million

CUSTOMER RESOURCES - INDIVIDUALS AND BUSINESSES

Million KZ

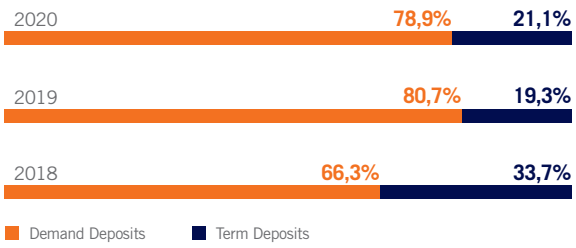
	2018	2019	2020	Δ% 18-19	Δ% 19-20
Resources	416 777,0	288 834,5	376 617,6	(30,7)%	30,4%
Deposits	416 777,0	288 834,5	376 617,6	(30,7)%	30,4%
Demand Deposits	276 507,9	232 968,7	297 054,6	(15,7)%	27,5%
Time Deposits	140 269,1	55 865,8	79 563,0	(60,2)%	42,4%
Other Resources	-	-	-	0,0%	0,0%

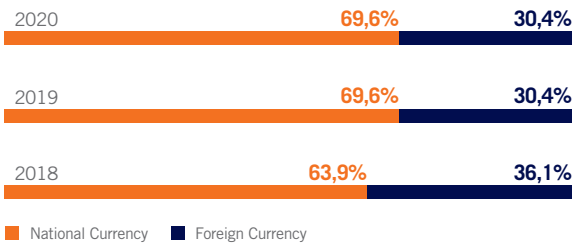
Demand Deposits registered in 2020 a value of 297 054.6 million kwanzas, an increase of 27.5% relative to 2019, with Term Deposits having reported a rise of 42.4% totaling 79,563.0 million kwanzas.

Despite the increase in the values of Demand Deposits and Time Deposits, the distribution of deposits has not changed significantly compared to the previous year, with Demand Deposits representing 78.9%, compared to 80.7% in the prior year.

The structure of the Deposits by Currency typology remained unchanged from 2019.

Structure of Deposits by Currency and Type - Private and Businesses

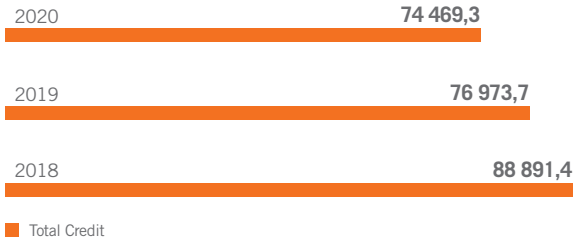




Loans to Customers (millions of kwanzas)

At the level of Credit, there was, after segmentation of Customers, a portfolio of 74 469.3 million kwanzas for this type of Customer, translating into a decrease of 3.3% compared to 2019.

Customer Credit



Note: accrued interest was excluded

PROTOCOL MANAGEMENT DIRECTORATE

The Protocols Management Department (DGP) is a first level body of the organizational structure whose main mission is to identify opportunities to increase the share of domiciliation of salaries at BFA, through the signing of Protocols with public and private sector entities, in alignment with the Bank's strategy and objectives, guaranteeing their implementation and the actions necessary for their materialization, in compliance with applicable legislation, regulations and standards.

The year 2020 was one of the most challenging in history due to the Covid-19 pandemic, requiring soft skills from professionals to ensure i) people safety, ii) stakeholder confidence, and iii) business continuity.

Despite the highly uncertain scenario, we ended the year with the following position on December 31:

- 144 Protocol Contracts, a growth of +6.7% compared to the same period the previous year, with a 34.6% completion rate;
- 22,522 Protocol beneficiaries, 90% keep their salaries in BFA;
- 22,642 live credit operations of which 5,849 were distributed in 2020 for a total amount of 16.2 billion kwanzas;
- 6 New initiatives with an implementation status of 51% of planned action;
- 11 Training actions carried out in eLearning format.

In 2021, the challenges will continue and the Directorate of Protocol Management, believing in the strength and resilience of the great BFA Team. The Management's ambition is to achieve the following objectives:

- 40% activation fee on Protocols;
- Promote the recovery of 10% of overdue credit under Protocols;
- 25% rate of concretization of proposals in the portfolio.

To ensure the goals set for 2021, the Board has defined as priorities:

i) To ensure the necessary resources for the continuity of the priority activities in Protocol Management, with remote events to maintain proximity with the Team, the protocoled entities, and their Employees;

ii) Reset the staff through internal recruitment competition, encouraging the development and career progression of our people while ensuring safety and the application of best practices in hosting;

iii) Increase the capacity building of the Team with distance training to raise the degree of alignment of the collective and focus on high performance;

iv) Create standards for integrated processes in the Protocols activity, contributing to the mitigation of operational risk and credit risk;

v) Increase the level of data quality with an impact on the management information produced to support decision making;

vi) Propose solutions that ensure the Bank's competitive position in the medium and long term.

INVESTMENT CENTERS

LEADERS IN CREATING INVESTMENT AND SAVINGS SOLUTIONS

The Investment Centers network plays a key role in the Bank's segmentation and specialization strategy. For this reason, teams are structured to focus on personalized relationships, thus allowing the capture and development of solutions tailored to clients' needs with a high net worth or with high potential for net worth accumulation.

In terms of the activity of the Investment Centers Directorate, in 2020, we highlight:

- Client Segmentation for Private Banking with a portfolio of 1 300 000 000 USD.
- Segmentation of 2,515 clients from other commercial networks to the Investment Centers.
- As a result of the segmentation, the resource portfolio reduced its representativeness in the Bank's portfolio from 26% to 7%, with the need to redefine the strategies for capturing business from the new customer segment.
- Adaptation to the model of virtual meetings with Clients and with teams given the context of the COVID-19 pandemic.

Evolution of the Customer Base and Services - Investment Centers

In 2020, the number of Customers decreased by about 1.2%, having in 2020 decreased 68 compared to 2019. The number of Customers with access to home banking followed this negative evolution, with the number of adherents falling by 10.4% in 2020.

Looking into the Debit Cards, there was a slight increase of 0.8% and a decrease of 13.2% regarding Credit. By the end of 2020 they totaled 4,403 and 2,838, respectively.

EVOLUTION OF THE CUSTOMER BASE AND SERVICES - INVESTMENT CENTERS

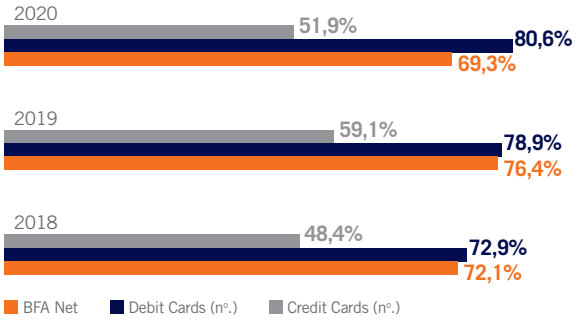
Million KZ

	2018	2019	2020	Δ% 18-19	Δ% 19-20
Clients (nº)	4 759	5 533	5 465	16,3%	(1,2)%
BFA Net (no.)	3 431	4 229	3 789	23,3%	(10,4)%
Debit Cards (nº)	3 471	4 368	4 403	25,8%	0,8%
Credit Cards (nº)	2 302	3 269	2 838	42,0%	(13,2)%

In recent years, the Bank has paid particular attention to providing a more significant number of solutions to its Customers, to enhance their loyalty and satisfaction.

In 2020, the penetration rate of the BFA Net service reached 69.3%, and Credit Cards showed a rate of 51.9%, representing a decrease compared to 2019 of 7.1% and 7.2%, respectively. Debit Cards reached a penetration rate of 80.6%, representing a slight increase of 1.6% over the previous year.

BFA Net Penetration Rate, Debit Cards and Credit Cards - Investment Centers



After completing the migration process of Clients from the Investment Centers to the new Private Banking Division, occurred in 2019, the Client Funds portfolio, reached 176 751.3 million kwanzas in 2020.

As for Term Deposits, these totaled about 114 836 million kwanzas, representing a 22.1% increase over 2019.

CUSTOMER RESOURCES - INVESTMENT CENTERS

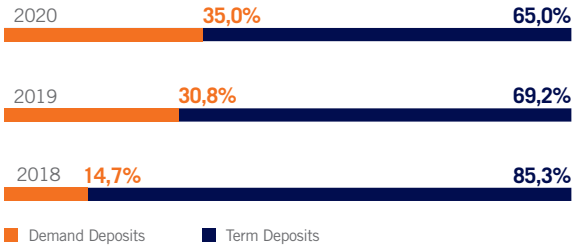
Million KZ

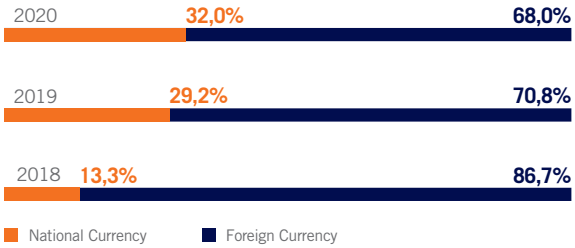
	2018	2019	2020	Δ% 18-19	Δ% 19-20
Resources	328 008,9	135 824,1	176 751,3	(58,6)%	30,1%
Deposits	328 008,9	135 824,1	176 751,3	(58,6)%	30,1%
Demand Deposits	48 350,1	41 771,6	61 915,3	(13,6)%	48,2%
Time Deposits	279 658,8	94 052,4	114 836,0	(66,4)%	22,1%
Other Resources	-	-	-	0,0%	0,0%

The difference between Demand Deposits and Time Deposits is still quite significant. In fact, the deposit portfolio of the client segment of the Investment Centers has been predominantly characterized by time deposits (65%), although this proportion will have reduced in 2020, due to the greater increase in Demand Deposits.

In 2020, Foreign Currency accounted for about 68%, while Local Currency was at 32%.

Deposit Structure by Type and Currency - Investment Centers





Loans to Customers - Investment Centers

The evolution of Loans to Customers suffered a slight decrease compared to 2019, having registered a reduction of 9.8%, registering a total value of 10 721.6 million kwanzas at the end of 2020.

Objectives for 2021

The following objectives were defined:

Resources	Mandatory approach to the topic of resources, in the preparation and realization of meetings with Clients. Promotion of the transfer of resources and OTs from other Banks to BFA; Capturing of new Salary Domiciliation.
Credit	Mandatory approach to the subject of credit, in meetings and contacts with Clients. Continuous focus on the sale of prestigious products; Granting of credit, in the different types.
Breach	Proactive collection to go into default; Develop actions to regularize the default.
Clients	Capture accounts from partners, managing partners and company directors; Establish periodic courtesy contacts with Clients.
Campaigns	Issuing new credit cards; Selling financial and non-financial products; Proposing credit card limit increases.

PRIVATE BANKING

As part of its strategy to deepen the segmentation of the commercial network, BFA inaugurated in December 2019 the Private Banking BFA, dedicated to the follow-up of private clients of the high segment.

BFA Private Banking is a unit of excellence, with a welcoming and functional space, a specialized team, and totally oriented towards Customer service.

In the scope of its mission and functions, one of the main ones is the collaboration with the Administration and business units in the definition of the commercial strategy, focusing on identifying, attracting, and maintaining a relationship with Customers in this segment.

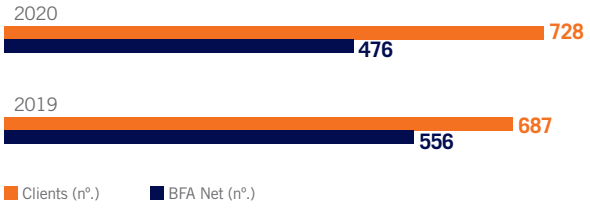
The knowledge of the Bank's Culture, of its business partners and their performance, allows us to maintain proximity to the Client, identifying and satisfying their needs, presenting unique, effective and innovative solutions with personalized, specialized and excellent service, reaching high levels of optimization at the commercial and operational levels.

Banco BFA's strategy of segmenting its Customers allows Customer service to be provided through this Center and the complementary channels (internet banking and mobile banking) with specific off-the-shelf investment products and exclusive services suited to their customers' profile and assets.

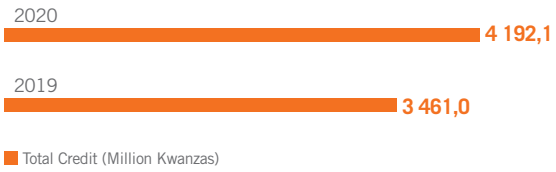
During the 1st semester, the Special Closed-end Securities Investment Fund called the Private Banking Fund was made available, designed exclusively for clients in this segment to a global value of Kz 4,500,000,000.00 absorbed in its entirety.

Additionally, and to improve the management of the Customers' assets, an investment was made in the continuous training of the employees of this Department to guarantee the best follow-up and response to the Customers' needs.

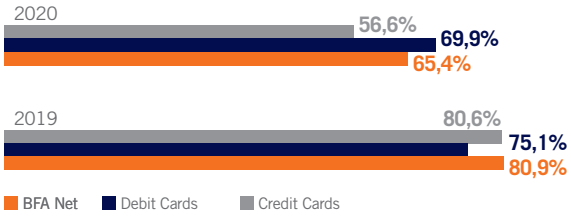
In 2020, there was a 6% increase in the total number of customers in the Private Banking segment, with the number of subscribers to the BFA Net service decreased by 14.4%.



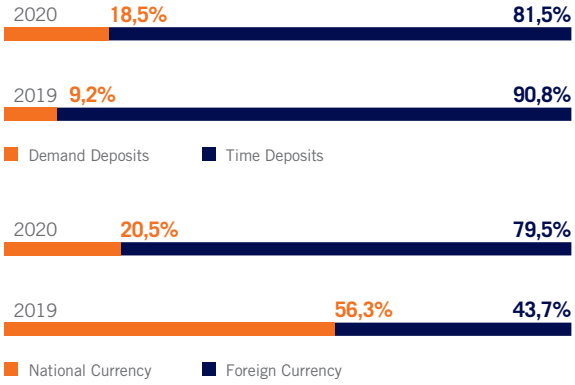
In 2020 there was an increase in total credit in this segment, reaching 4,192.1 million kwanzas at the end of the year.



Regarding service penetration, there was an overall decrease in the number of credit cards, debit cards, and BFA Net relative to 2019.



Regarding Assets, there was a decrease in the weight of time deposits to the detriment of demand deposits, with the weight of the former standing at 81.5% at the end of 2020.
By 2020 foreign currency deposits accounted for about 79.5% of the total.



BUSINESS

Business Segment Specialization

In November 2020, intending to support the Clients of the Corporate segment reliably, BFA created the Large Companies Department and the Medium-sized Companies, thus providing focused and specific teams to the companies.

These teams present to their Customers a wide range of products and services, with solutions for the most diverse requests from their Customers.

Having exclusive and specialized teams to monitor and manage the needs of companies, it has 9 Medium Business Centers distributed by Luanda, Lubango, Benguela, Lobito and Cabinda, and 7 Large Business Centers in Luanda, focused on supporting the activities of customers from these very important segments of our economy.

For the first half of 2021, it is planned the opening of 2 more Enterprise Centers.

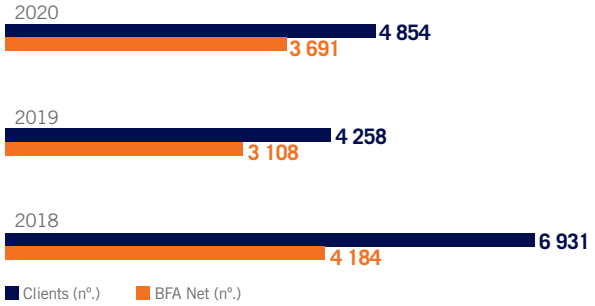
Continuous Support to the Angolan Business Sector

As a benchmark financial institution in Angola, BFA considers its role of supporting the development of the business sector to be of supreme importance. In this regard, during 2020, BFA sought, notwithstanding the constraints verified at the economic level, to continue its efforts to finance the business sector in Angola. In this sense, in 2020, there was an expansion of the credit portfolio directed to this segment, clearly a fundamental pillar of business activity.

Customer Base and Service Penetration Rate

In 2020, the number of Customers in the Corporate Banking segment increased by about 14% compared to 2019, reaching 4,854 Customers. At the same time, the number of Customers with access to homebanking increased by 18.8%, and the number of registered adherents was 3,691.

Evolution of the Customer and Service Base - Companies



In 2020, it maintained a positive evolution in the penetration rate of the BFA Net service, reaching 76.0%. This progress is justified by the continuity of the priority given by the Bank in making a greater number of solutions available to promote the growth of Customers' loyalty and satisfaction and unequivocally support the development of its business.

Penetration Rate BFA Net Companies

Customer Resource Growth

Over 2020, an increase of 34.1% was recorded in Customer Resources, reaching 1 084 553.7 million kwanzas.

Concerning Deposits, these totaled about 1 084 538.8 million kwanzas, translating into a 34.2% increase compared to 2019. This evolution is justified by the positive growth of 57.7% of Demand Deposits and 12.3% of Time Deposits, reaching 615 363.5 and 469 173.3 million kwanzas, respectively.

CUSTOMER RESOURCES - COMPANIES

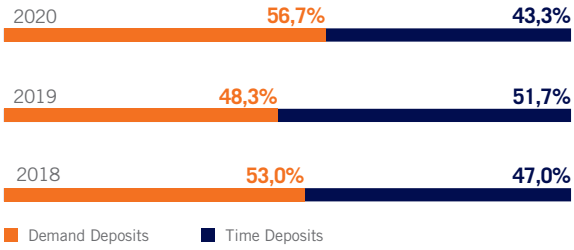
Million KZ

	2018	2019	2020	Δ% 18-19	Δ% 19-20
Resources	998 564,0	808 525,6	1 084 553,7	(19,0)%	34,1%
Deposits	479 601,7	808 125,6	1 084 538,8	68,5%	34,2%
Demand Deposits	254 375,3	390 184,0	615 363,5	53,4%	57,7%
Time Deposits	225 226,4	417 941,6	469 173,3	85,6%	12,3%
Titles *	518 962,3	400,0	14,9	(99,9)%	(96,3)%

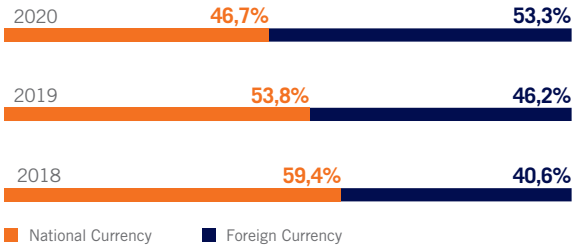
*Client securities in BFA's custody and considered off-balance sheet; considered off-balance sheet.

In 2020 there was an increase in the relative importance of Demand Deposits to the detriment of Time Deposits, with the former reaching 56.7%. Additionally, in 2020, there was a negative change in the proportion of deposits in local currency, having decreased by 7 p.p. compared to 2019.

Deposit Structure by Type



Structure of Deposits by Currency



Credit Evolution

The evolution of the loan portfolio of the Corporate network suffered a slight decrease in 2020, having registered a reduction of 2.7% to 317,428.1 million kwanzas. This decrease was due to the decline in documentary credit.

Imports, which decreased 76.6% in comparison to the previous year and, although the guarantees provided increased 49.6% and Loans to Clients increased 12.1%, it was not enough to counterbalance the drop in documentary credit, with loans to corporate clients having registered a total decrease of 8,669.7 million kwanzas.

LOANS TO CLIENTS - COMPANIES

Million KZ

	2018	2019	2020	Δ% 18-19	Δ% 19-20
Total Credit	258 952,1	326 097,8	317 428,1	25,9%	(2,7)%
Companies	258 952,1	326 097,8	317 428,1	25,9%	(2,7)%
Loans to Customers	202 861,0	239 535,3	268 522,0	18,1%	12,1%
Credit by Subscription	56 091,1	86 562,5	48 906,1	54,3%	(43,5)%
Cr. Import Doc.	21 607,3	63 857,0	14 945,1	195,5%	(76,6)%
Guarantees Provided	34 483,8	22 705,5	33 961,0	(34,2)%	49,6%

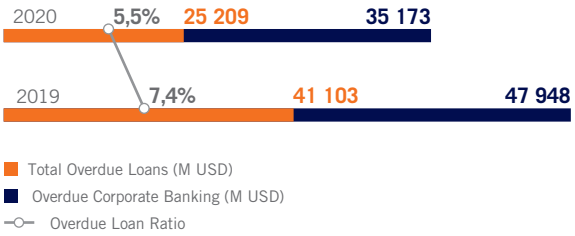
Note: credit volume excluding accrued interest

Overdue Portfolio

About overdue loans in Corporate Banking, there was a reduction in volume by 15 894 million kwanzas compared to 2019. Consequently, the overdue loan ratio decreased from 7.4% in 2019 to 5.5% in 2020.

The ratio of coverage by impairment stood at 260% in 2020, thus reflecting the degree of prudence associated with BFA's management, particularly in a context of increasing overdue credit.

Credit Quality - Corporate Banking

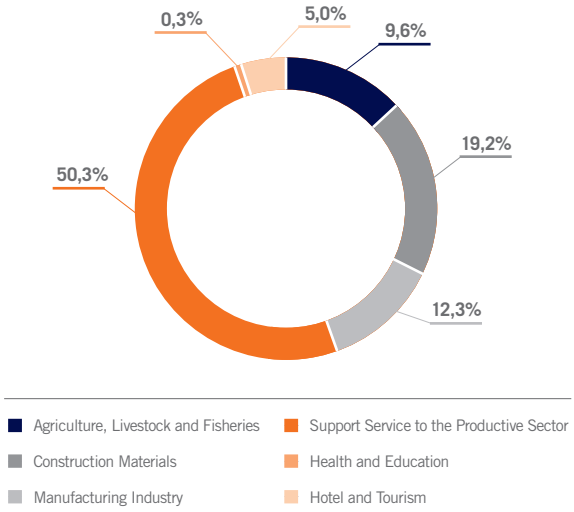


Structured and Investment Financing

- Start-up type projects;
- Project finance;
- Mergers & acquisitions;
- Large project investments at risk Corporate;
- Financing to the State and Public Organizations and/or guarantee from the Angolan State;
- Structured financing with banking syndicates;
- Restructuring of liabilities/replacement of liabilities in large Business Groups to safeguard credit involvement;
- Projects with risk sharing, namely with Multilateral and Bilateral Agencies and Export Credit Agencies (ECAs);
- Crédito Agrícola, which includes evaluating the technical component and Investment Credit, intended to finance non-current investments or those covered by the Angola Investe Program and the 10/2020 notice.

BNA published on April 3, 2020 Notice No. 10/20, which determines a minimum amount of credit to be granted for productive activities related to a group of goods with highly advantageous conditions for the promoters, namely the maximum annual financing cost of 7.5% per year. Within the scope of Notice 10/20, BFA approved 16 requests for financing. The overall amount approved, including restructured contracts, totaled 91.1 billion kwanzas, a figure that rises to 31.7 billion kwanzas when excluding the restructured contracts.

Operations dominated credit for private investment under BNA's Notice 10/20, and among the 13 new operations approved 7 refer to agriculture and livestock projects, 4 are industrial projects, and 2 are fishing activities.



OIL & GAS AND INSTITUTIONAL

BFA permanently seeks to define a value proposition based on innovative solutions and service excellence to address the challenges presented by its Clients in the oil sector. This concern is particularly due to the dynamism of the markets in which it operates and the geographic dispersion of its business partners.

In this sense, the area's action is based on three elementary pillars:

1. EXPERT MONITORING

It aims to **specialize the attendance of different companies of the oil sector** through two specific Company Centers:

- **Oil & Gas Company Center - Operators and Vendors** (Clients acting in the Petroleum Sector)
- **Institutional Company Center** (entities acting in the Public Sector and entities with diplomatic recognition)

With experienced and dedicated teams with knowledge of the transactional specificities and the Regulatory framework, they guarantee celerity in processing the instructions presented.

In this way, BFA has been recognized as a preferential partner in doing business with Customers that operate in this segment.

2. OPERATIONAL MONITORING

BFA opted to **adapt** its **operational structure** and **payment** and **transfer processing systems**:

- Automated integration of files between the computer systems of the Client's companies and the Bank;
- Automatic sending of statements and SWIFT from operations processed by MT940 and MT101, as well as batch payment in PSX files;
- Encouraging the use of electronic payment methods such as Home banking;
- Ability of the Home banking system to make tax payments;
- Registration and monitoring of Service and Salary Contracts in SINOC (Integrated Foreign Exchange Operations System).

3. SOLIDITY AND SECURITY

Due to its solid **Balance Sheet and high liquidity**, BFA can to guarantee a total capacity to transparently support the needs presented by Clients in the oil sector.

The **applicational and technological solutions** developed and made available by BFA to its Customers are aligned with the best practices of the sector, guaranteeing total **security, celerity, efficiency, and integrity in the processing of transactions**.

BFA has ensured that all of its Clients have up-to-date KYC information by **adopting current compliance requirements** that safeguard the relationship with its counterparties.

The area in 2020

Throughout 2020, BFA continued to execute, with the efficiency that characterizes it, and maintaining its commitment to its Customers, the operations of

- FX transactions, with the BNA, for the payment of contracts and local expenses in kwanzas.
- Payment of Petroleum Taxes (PIT).
- Tripartite Contracts, since for these Customers BFA will not suffer restrictions in the purchase of USD from the operators.

The crisis has changed the way BFA relates to its Clients and, as a consequence, the way it does business.

The digitalization process implemented by BFA, in the period prior to COVID-19, was crucial and contributed in a decisive way to adapting to the context imposed by the confinement and allowed the Bank to be able to respond to the needs presented by the Customers, in a remote format, ensuring the follow-up of operations and guarding against the potential fraud that periods of sudden change can bring about.

The challenging economic impact, which has shaken all sectors of the business fabric, has influenced the relevance of adapting business models into sustainable alternatives.

With this in mind, the Corporate Department was restructured, with the main objective of segmenting Clients by sectors of activity and ensuring a better experience in the relationship with BFA.

Events with impact on Clients in the Petroleum Sector;

- Termination on December 31, 2020, of tripartite contracts (Notice 13/2019).
  Alternative previously granted for the acquisition of foreign currency by vendors to Operators, through Commercial Banks (Notice 7/2014)
- Impact on waiting times in the Due Diligence analysis of service contracts through Circular Letter002/DCC/2020. However, the client's close relationship ensured the necessary alignment that allowed the initial constraints to be overcome.

Events with impact on Clients in the Mining Sector;

- Presidential Decree nº143/20 - Governance Model for the Mining Sector
- Notice 13/2020 - Foreign Exchange Regime Applicable to the Mining Sector

Events with impact on Public Sector Clients

- Notice nº 23/20 of December 29 - Procedures for processing transfers abroad ordered by State Bodies.

Prospects for 2021

In 2021, O BFA will reiterate its commitment to continue training the teams, including digital tools, to ensure that Customers remain a priority even in hybrid service (face-to-face and remote).

AGRIBUSINESS MANAGEMENT

Direct support to the diversification of the Angolan economy

The Directorate of Agribusiness (DAN) was created on the 3rd of October 2018, entering into operation on December 3, 2018. It assumes as its primary mission to support the sustainable development of the Agribusiness sector in Angola, namely agriculture, livestock, fisheries, forestry, and other associated industries. BFA thus assumes as one of its priorities to become the main banking reference for companies in these sectors.

In its first year of operation, the newly created area presented particularly positive results, having laid the necessary foundations for BFA to invest in a professionalized approach to agribusiness.
The Agribusiness Department presents a pioneering vision in the market and seeks to guarantee the best risk coverage in the following sectors: agribusiness, fishing, forestry, and manufacturing. The year 2020 was marked by the effective operationalization of the DAN, assuming as priorities:

- Reinforcement of the team of collaborators
- Training the sales network on the strategic objective of the Management
- Actions to stimulate and identify Customers
- Identification and evaluation of investment projects, to be supported by BFA
- Participation in forums with public institutions and bilateral cooperation organizations and fairs to foster BFA's visibility in this segment
- Sectorial research

Concerning dynamism and promotion, activities were developed to manage the client portfolio, referring to the offer of specific credit products for the sector, client prospecting, and capacity building and training.

DAN's main results in 2020

Total no. of target-clients identified	No. of Customers visited	No. of credit proposals received	No. of training sessions held
23	7	58	6 sessões

In Dynamization and Promotion, activities were developed to promote loyalty and attract new agribusiness customers to generate a consistent and robust customer database. By the end of 2020, 120 Clients were identified, distributed among the Commercial Departments as follows:

Sectors	DEs	DPNs	Total
Agriculture	20	15	35
Livestock	4	9	13
Fishing	11	12	23
With inputs	9	7	16
Forest Exp.	5	7	12
Agro Industries	8	13	21
Total	**57**	**63**	**120**

Of these, 14 are part of large economic groups, with relevant projects in the agro sector ranging from agriculture to livestock.

As far as **potential Clients are concerned**, 23 **companies** were mapped out in the priority geographic areas that will be the object of dynamic actions during 2021.

Together with the commercial network, we hope to carry out commercial actions to identify points for improvement in the relationship with these Customers and, in parallel, to improve the quality of the information in the Bank's System.

Concerning specific products for the sector approved the **Campaign Credit** and **Credit for the acquisition of machinery and equipment** and a new campaign is being designed, "PDAC Credit Line", that will benefit micro and small companies Clients of BFA.

In the technical area, 58 financing requests were received, in an overall value of about 160 billion kwanzas, under the programs and in the sectors mentioned in the following table.

RECEIVED PROPOSALS

Sector	PAC	Notice #10	PAI	Another	Total	Total amount requested (KZ)
Agriculture	10	18	-	-	28	56 221 699 364,84
Livestock	6	10	2	-	18	76 511 147 567,70
Fisheries	3	4	-	-	7	14 208 797 270,00
Industry	-	3	-	-	3	7 392 700 000,00
Trade	-	1	-	1	2	5 461 420 000,00
Total	**19**	**36**	**2**	**1**	**58**	**159 795 764 202,54**

In terms of monitoring ongoing projects, 7 visits were made out of 24; numbers justified by the pandemic context.

In terms of partnerships with other institutions, a protocol was signed with the PDAC for the co-financing of credit operations up to a maximum amount in kwanzas equivalent to 470 thousand EUR, under the financing conditions of Notice no. 10 of the BNA, with risk sharing by the FGC up to 65% of the financing granted by the BFA.

Negotiations have been started with the ADB for the co-financing of projects of BFA Customers that require financing maturities above 10/12 years.

In terms of training the commercial network, 6 training sessions were held in Luanda, in partnership with the Commercial Support Office, on the insufficiencies of the credit processes submitted to the Bank.

At the request of the Ministry of Economy, in June, two training sessions on the **Conformation of credit requests at BFA** were held for INAPEM technicians and MEP to present the bases of the process of instruction of a credit application at BFA in the scope of an application for medium, long term investment credit (MLP).

Expectations for 2021

1. Propose an agribusiness funding proposal analysis report template that incorporates DAN technical and risk analysis, to improve response times to agribusiness customers;

2. Carry out a study with the objective to identify a model for financing family farming;

3. Carry out actions in partnership with the BFA Academy to identify training actions for the commercial network in agribusiness;

4. Identify partners for co-financing the Clients' investment projects;

5. Conduct study visits to financial institutions with financing in agribusiness;

6. Conduct the value chain study of corn in partnership with GEE-DFI and of coffee with a credible external partner;

7. Publish a quarterly AGRO Magazine with information and training for the sector;

8. Monitor the improvement of the Agribusiness Customer database;

9. To identify and propose to the commercial network actions to build loyalty and attract new clients in the agribusiness sector;

10. Training of the commercial network in BFA's credit products and services for agribusiness and in conformation of credit projects linked to the sector.

CAPITAL MARKET

PUBLIC DEBT INTERMEDIATION

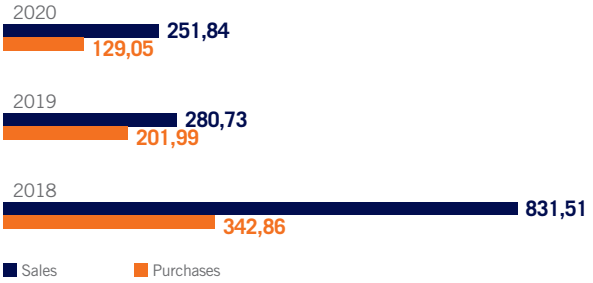
Leadership in Stimulating the Capital Market in Angola

BFA began its Public Debt Securities Intermediation activity at the beginning of 2014, yet another service intended to meet its customers' liquidity and investment needs. In 2020, the Bank became the first Preferred Treasury Securities Trader (OPTT), a function welcomed within the business strategy.

As a MTFO, the Bank acts as a Market Maker, transmitting liquidity to the market and creating fair prices, thus providing investors with the security that they can dispose of their assets at market prices in case of need.

Within the scope of its business strategy, BFA has acquired Treasury Bonds from its Customers, individuals, and companies, who need liquidity for their activities and sells these same Bonds to other Customers who take advantage of an opportunity to diversify and monetize their savings. BFA intermediated Public Debt with its Customers in local currency, registering a total transacted of USD 380.89 million, 21% less than in 2019. Despite the reduction, BFA actively addressed the needs evidenced by its Customers, solidifying its position as a market leader.

Public Debt Operations with Clients in M USD



BODIVA

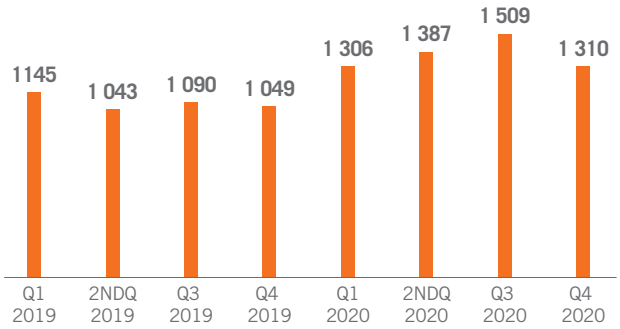
The consolidation of the Bank's position as a Financial Intermediation agent is intrinsically related to the Angola Debt and Securities Exchange (BODIVA) opening in 2015. This consolidation culminated with BFA becoming BODIVA's first trading member, with the possibility of acting in regulated markets in its name and as an intermediary in executing third-party orders.

BODIVA is a regulated market management company responsible for implementing the business environment that makes it possible to trade treasury bonds, corporate bonds, shares, investment fund units and other securities on the secondary market.

Registration at BODIVA makes it possible for all market participants to have access to the same information, which allows for full price transparency for those wishing to trade Treasury Securities. This factor proves to be critical and crucial in implementing a Capital Market, leveraging the trading of securities among the different market players.

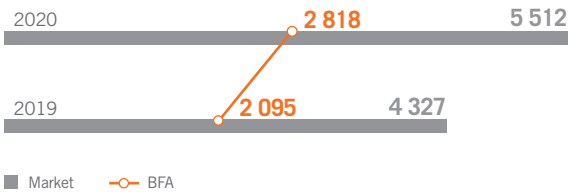
In 2020 BODIVA recorded a total of 5,512 trades, a 27.4% increase over 2019, accumulating a total of 1,187,026.44 billion kwanzas traded.

Business Accomplished per Quarter



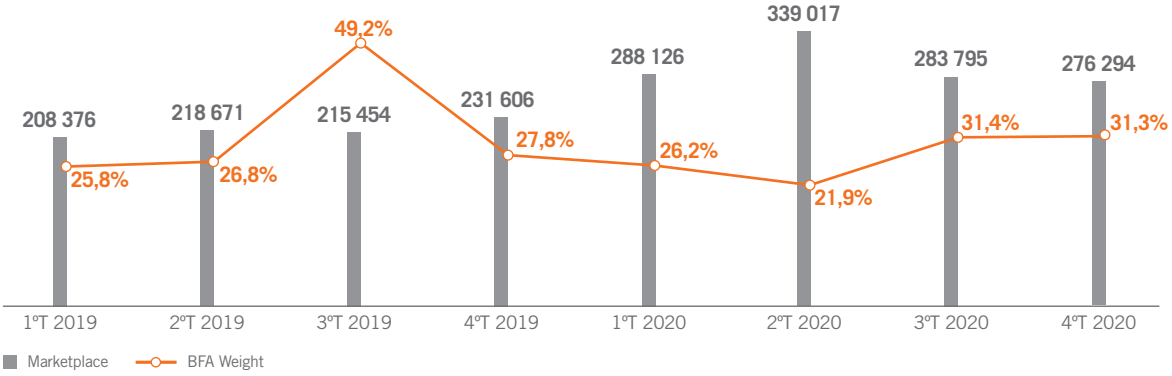
Of the total number of deals carried out in 2020, BFA has a 51.1% share, reflecting the Bank's capacity to offer its Customers access to the capital markets and the importance attributed to the dynamization of the Angolan capital market. The number of deals has followed an evolutionary trend and there was an increase of 34.5% in the number of deals done by BFA compared to 2019.

No. of Businesses Total



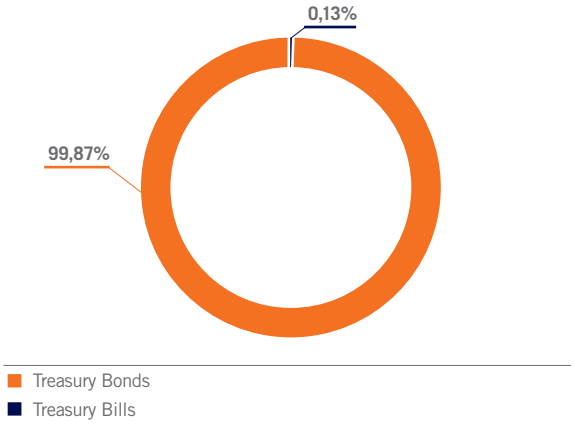
Analyzing the total amount traded in 2020 in BODIVA's markets, BFA obtained an annual market share of 27.4%, maintaining its leading position in the market concerning the number of trades and the number of trades in relation to the amount traded.

Accumulated Amount Traded (MKz)

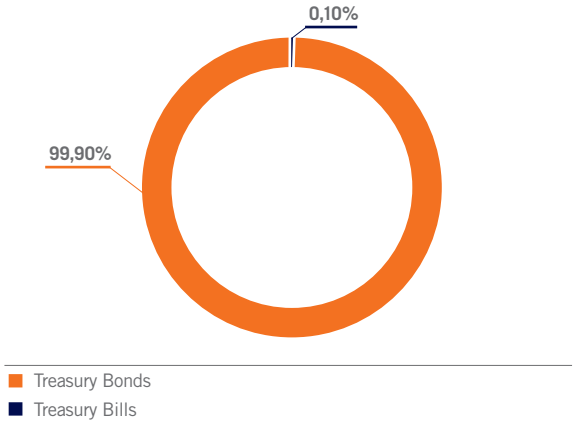


Business Typology

Distribution of the Number of Businesses



Distribution of the Amount of Business



Analyzing the type of assets traded throughout 2020, there is a clear predominance of trading in Treasury Bonds to the detriment of Treasury Bills in number of trades and amount, with shares of 99.87% and 99.90%, respectively.

CEVAMA accounts

Throughout 2020, the number of accounts opened with CEVAMA (BODIVA's Central Securities Exchange) had a significant increase, rising from 6 886 accounts in 2018 to 15 074 in 2020, which shows the growing dynamism of the Angolan capital market.

At the end of 2020 BFA had 9,378 active accounts open, representing a growth of 22.6% and a weight of 62.2% in CEVAMA's total accounts..

Awards

In 2018 BODIVA began recognizing its members for their performance and since that year BFA has been honored for its performance in the BODIVA Markets.

In 2020, BFA was also distinguished at the BODIVA Gala with the awards of Bank with the largest number of accounts under custody and Largest amount traded in the public debt market and also received an honorable mention for being the first Preferred Trader of Treasury Securities.

BFA - ASSET MANAGEMENT

MANAGEMENT COMPANY OF COLLECTIVE INVESTMENT UNDERTAKINGS

Asset Management BFA (BFA GA), has been registered with the Capital Market Commission (CMC) since December 2016, and is currently one of the largest Collective Investment Organization Management Companies (SGOIC) operating in Angola.

BFA GA, provides services of incorporation, management and advice on investment funds to institutional and non-institutional investors.

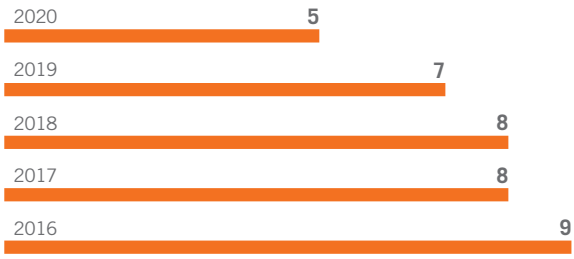
Its investment strategy covers asset classes, determined by carefully monitoring the various market trends and the opportunities that present themselves along the way.

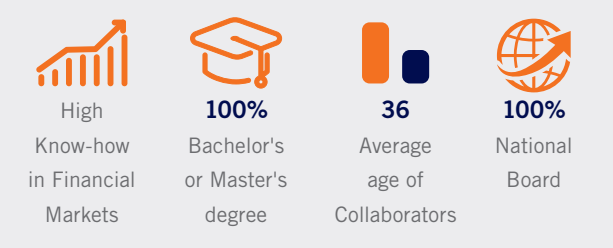
Until December 2020, BFA GA was responsible for the constitution of 8 Investment Funds, of which 3 are being liquidated and 5 are in activity. Thus, until December 2020, BFA GA had a track record of about 99 billion kwanzas of assets under management if considered the sum of the share capital of each constituted Fund, and a total of 128 billion kwanzas of assets under management considering the global net value of each Fund.

To date, all Funds have been successfully placed with the various Client segments (institutional and non-institutional). This success has been the result of the high professionalism and dynamism of the entire team of the group BFA, as well as a high sense of commitment, transparency, democracy, resilience, and capacity for innovation that it has undertaken since its inception, aiming to offer differentiated products and services to the market.

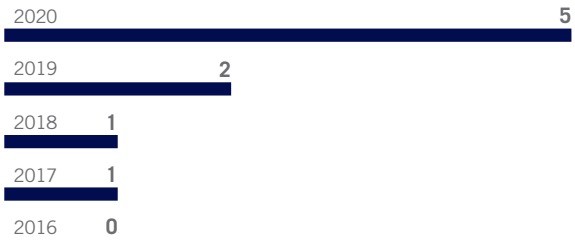
Dashboard

Number of Direct Employees

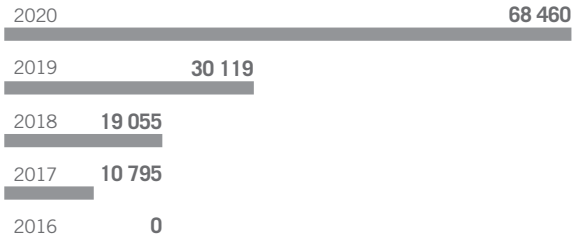


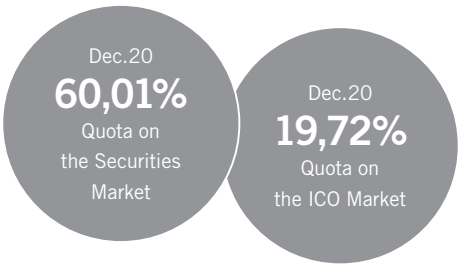


Number of Funds under management



Assets under Management (millions of Kwanzas)





HISTORICAL PERFORMANCE

BFA Opportunities

Incorporation Date	17/08/2017
Maturity Date Share	17/08/2018
Capital	10 Billion Kz
Assets	BT I DP
Maturity	1 year
Performance / Profitability	18%

BFA Opportunities II

Incorporation Date	17/08/2018
Maturity Date Share	17/08/2019
Capital	18 Billion Kz
Assets	BT I DP
Maturity	1 year
Performance / Profitability	15%

BFA Protection

Incorporation Date	03/09/2019
Maturity Date Share	18/12/2020
Capital	8,5 Billion Kz
Assets	OTIKZ I DP
Maturity	1 year & ≈ 3 months
Performance / Annualized Profitability	63%
Performance / Accumulated Profitability	81%

BFA Opportunities III

Incorporation Date	11/09/2019
Maturity Date Share	26/01/2021
Capital	17,7 Billion Kz
Assets	OTNR I DP
Maturity	1 year & ≈ 4 months
Performance / Annualized Profitability	15%
Performance / Accumulated Profitability	21%

BFA Private

Date of Incorporation	25/05/2020
Date of Maturity	02/08/2021
Share Capital	4,5 Billion Kz
Assets	OTNR I DP
Maturity	1 ano & ≈ 3 months

BFA Opportunities IV

Incorporation Date	22/07/2020
Maturity Date Share	25/04/2022
Capital	10 Billion Kz
Assets	OTNR I DP
Maturity	1 ano & ≈ 9 months

BFA Opportunities V

Date of Incorporation	27/08/2021
Date of Maturity	07/11/2021
Share Capital	10 Billion Kz
Assets	OTNR I DP
Maturity	1 year & ≈ 3 months

BFA Opportunities VI

Incorporation Date	21/12/2020
Maturity Date	09/01/2022
Share Capital	20 Billion Kz
Assets:	OTNR I DP
Maturity	1 year & ≈ 1 month

Focus for 2021

BFA GA believes that the year 2021 will be marked essentially by three aspects:

1. Consolidation of Foreign Investment - A greater affluence by non-resident foreign exchange investors is expected as a result of the various policies that the Executive has been implementing to improve the business environment, allied to the good practices that have been verified in the most diverse sectors of the national economy.

   These policies aim to reaffirm and show to the world the new paradigm that is being lived in Angola, having as an example the publication of Notice nº15/2019, which essentially aims to make more flexible the process of import and export of capital by non-resident foreign exchange investors;

2. Consolidation / materialization of the privatization program - this may be one of the main means by which foreign investment will materialize (mentioned in the point above) and concomitantly kick-start the stock market;

3. Consolidation of the Corporate Securities Market - BFA GA believes that government bond yields will continue to fall, which may lead to more corporate bond issues.

In order to respond to the various challenges, BFA GA will continue to invest heavily in the training and continuous education of its staff. The main goal of this investment is to reinforce the quality of service as a promoter of success, mitigate operational risk, and continue to create innovative investment solutions for all its partners to establish a reliable and long-lasting relationship to solidify its position in the Capital Markets.

Human Capital

Human Capital Strategy

BFA Employees are the fundamental base of the Bank's operations and are its greatest asset. Consequently, the Bank implements a policy of constant appreciation, strengthening of skills, promotion of a culture of excellence, and orientation towards the quality of the service provided to the Customer.

In 2020, BFA gave continuity to the implementation of the transformation processes defined within the scope of its Strategic Plan, assuming as an objective the strengthening of a culture based on BFA values:

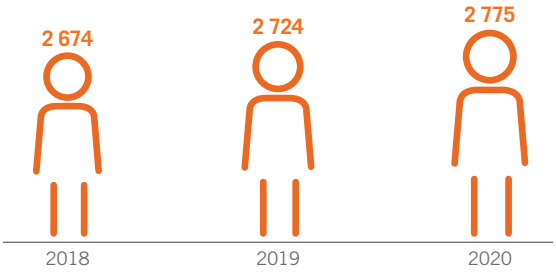
- Transparency
- Innovation
- Proximity

The Transformational Program initiated by BFA, transversal to the entire organization, has a significant impact on this scope. To promote the level of satisfaction of its employees and accompany the sustained growth of the business, this program encourages changes in the Recruitment and Selection Process and the remaining human capital management processes.

Area in 2020

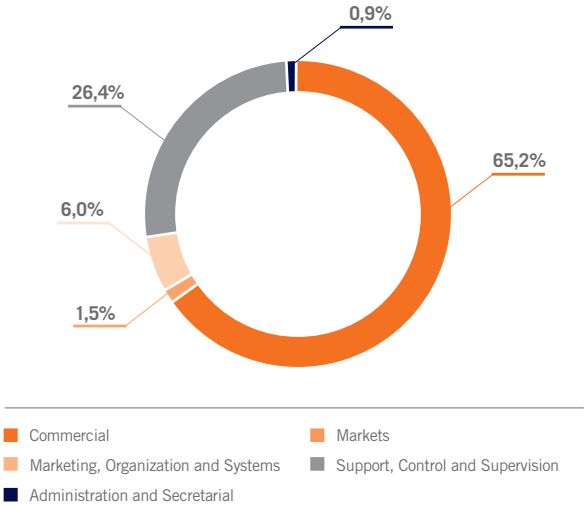
At the end of 2020, the Bank had 2,775 employees, an increase of 1.87% over the previous period, registering an increase of 51 new Employees.

Evolution of the Workforce



Distribution of Employees by Area of Activity

% Total



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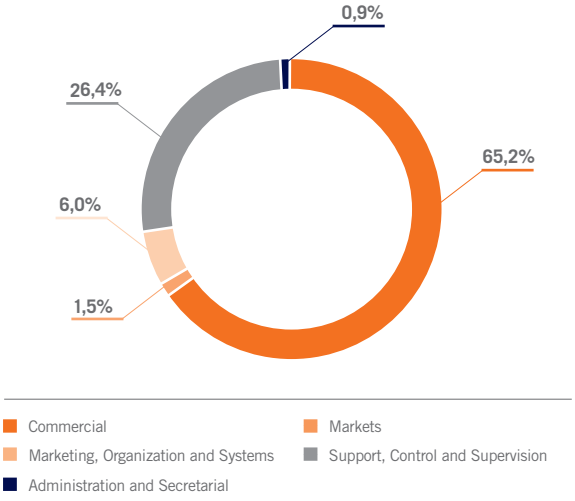
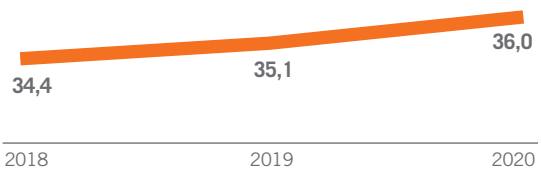
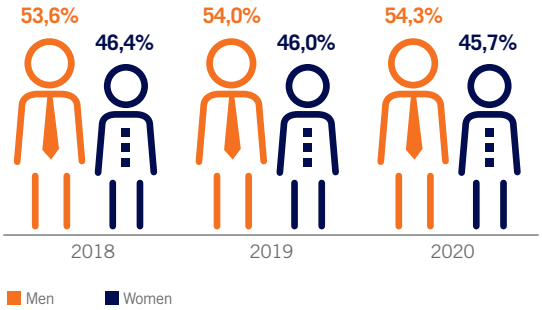


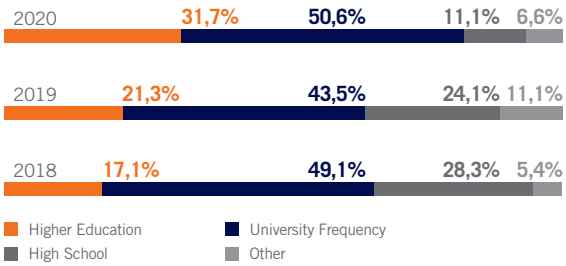
Average Age of Employees



Distribution of Employees by Gender



Distribution of the Workforce by Qualification Level



DCH Activities

Internal Turnover, Mobility and Promotions

With the slowdown in the economy, recruitment is seen as punctual and strategic. In this sense, to strengthen the existing staff, BFA has been investing and meeting its needs for new employees through internal rotation, mobility and promotions.

In 2020 about 131 Employees were covered by these processes.

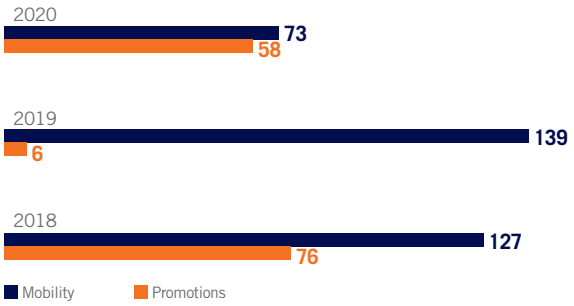
Given the current epidemiological context, in 2020, BFA had 1,022 Employees covered by the contingency plan, 39 Employees teleworking and 112 Employees in quarantine.

Throughout 2020, BFA promoted the development of Employees through internal mobility, based on the following expression:

"The right people, in the right places."

This program aims to retain employees, in order to promote their development and growth in the various areas of the Bank, where its contribution and competencies are more necessary.

This continuous focus on mobility, transfers and internal promotions has been supported by restructuring and creating several departments, which enhances the knowledge and skills of employees through the acquisition of knowledge across the organization.



Welcoming new employees

BFA launched in the first half of 2019 the 1st Edition of the Trainee Program, called #FuturoBFA. The program was developed together with Novabase to select 25 young talents with Master's or Postgraduate degrees in information technology courses to be inserted in the Information Systems Department. After the end of the program, in the second half of 2020, 22 trainees were integrated into the BFA structure, inserted in several projects related to digital transformation.

Additionally, the #FuturoBFA V0.2 project for the business areas began in the first quarter of 2020. This edition of the project aimed to select 52 young talents with degrees in Economics, Finance, and Business Management to be inserted in the various departments linked to the Bank's business. With a total duration of 12 months, its objective is to implement a strategy to identify talents at a national level that will actively contribute to the Bank's growth.

Prospects for 2021

In 2021, the Human Capital Division will continue to deepen its mission to partner with the other areas of the Bank to contribute to the business growth. Management will continue the optimization of the human capital management system, namely SAP, with the integration of more SAP SuccessFactors modules, thus ensuring more efficient management and a more analytics component of the Capital BFA Human.

TRAINING

The activity in 2020

The BFA Academy's goal is to provide training to all BFA Employees, either by necessity for the individual development plan or by interest in improving proficiency levels, both inside and outside Luanda.

Management is responsible for correlating the Bank's strategy, for the development of its employees, by building curricular paths relevant to the business.

Throughout 2020, a set of partnerships of excellence was established, capable of providing an integrated offer of training and development services to BFA Employees.

Within its scope, the BFA Academy promotes the development of the Employees' skills, through training activities, in both face-to-face and e-learning methods.

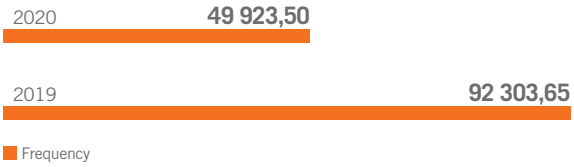
In 2020, 2,724 Employees were trained, 40 fewer than in 2019, because of the new context, which had to be adapted to the new methods of training, representing a percentage of 81.22% of participation.

Evolution of Employees Trained

Counting the Id_former

In terms of the number of hours invested in training, there was also a decrease of about 45.91% over the previous year.

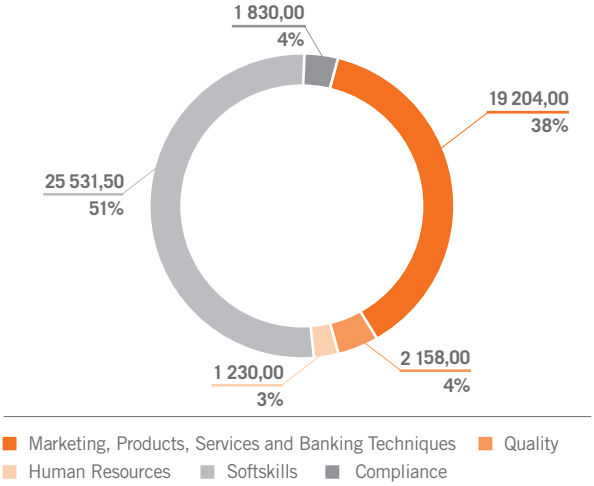
Attendance and Enrollment Count by Year



Within this scope, the largest investments of time were made in the areas of:

- Softskills, which considers exclusively behavioral training; and
- Marketing, Products, Services, and Banking Techniques, which includes the commercial component, according to the ABANC parameters, which follows the Regulator's requirements.

Frequency by Thematic Area - 2020



Redefinition of the strategy defined for the Body

Overall, BFA intends to become an increasingly solid company, prepared for future challenges.

Additionally, BFA expects to implement a vision of bringing digital to its employees for a smart and fully connected world. This process is essential to overcome barriers such as the one we face today. The BFA Academy has been working on leadership and management training programs with templates and tools for immediate application.

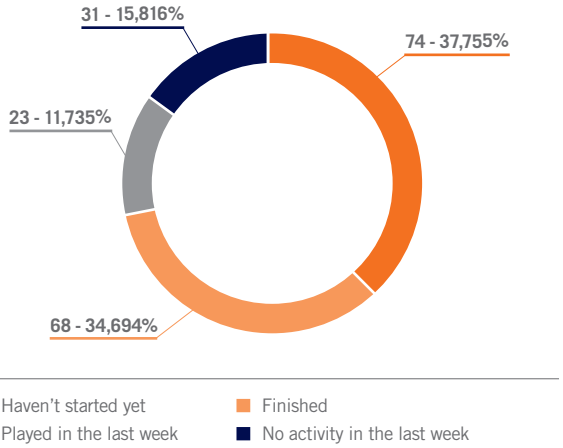
In short, the big challenge is that keep the Collaborators focused on the Customer, promote the sustainability of good results.

The BFA Academy has been offering training programs that focus on Learning Experiences encouraging Social Learning, promoting communication between employees and teams within organizations, giving them autonomy and empowering shared information, leading to knowledge retention, and establishing premises to reduce the cost of speed keeping up with socio-economic changes.

Leadership Training

In this program, 179 employees from the 1st line of management were summoned, and the final result was enormous success, where the average rating was 8.75 (scale 1-10), and an extraordinary NPS of 65.

The experience was recommended to other employees by 94% of the students, and 100% of the students found the content useful and applicable to their daily lives.



The consolidation training actions focus on specific and fundamental themes for the performance of the function, allowing the Employee to deepen knowledge, update and improve techniques, and broaden his horizons.

These are short-medium-term training programs associated with the performance of their duties and gaining more and more depth in their responsibilities at BFA.
The BFA Academy considers that it is extremely relevant to continue to provide knowledge that promotes the possible best performance, through the development of behavioral, technical, and strategic skills that enable the Collaborator to improve the quality and rigor of a given activity, thus updating and deepening knowledge, and acquiring greater autonomy.

A large part of these actions are developed and delivered with internal knowledge transfer.

Bank Management Program I/II

PART I - Fundamentals of Banking and BFA (Level I and II)

- BFA History
- BFA Governance
- Knowledge of the Banking Business
- Anti-Money Laundering
- BFA Ethics and Code of Conduct

PART III - Fundamentals of Commercial Banking (Level I)

- Fundamentals of Commercial Banking I (BFA Products and Services)
- Knowledge of Banking Activity
- Treasury Management

PART II - Customer Experience (Level I and II)

- Customer Focus
- Time Management
- 3 Games

PART III - Fundamentals of Commercial Banking (Level II)

- Fundamentals of Commercial Banking II (BFA Products and Services)
- Evolution of Banking in Angola
- Team Management

Bank Management Program I/II

With the implementation of a new application in the institution, the Bank identified the need for very specific training in the SAP application, integrating these needs in the planning of the training action to be operationalized.

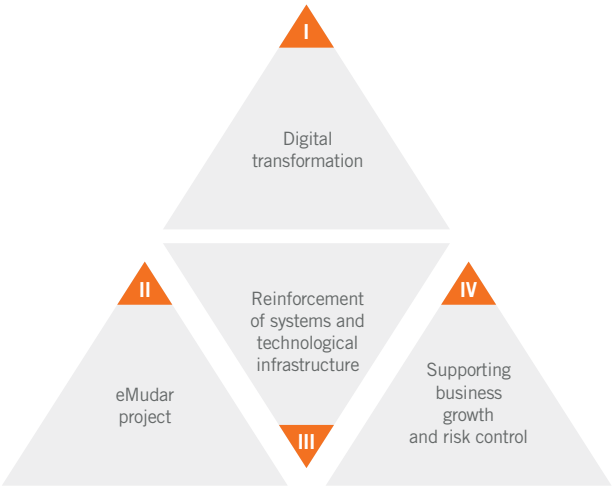
- Training Phase #1: 3 Modules
- Module I- SAP ABAP Workbench Foundations
- Module II- SAP HCM - Business Processes
- Module III - SAP BASIS - System Administration Best Practices
- Training Management Company: ITGEST Training Center
- Number of Graduates: 36
- Recipients - DSI and DCH
- Total hours duration: 90 Hours

Innovation and Technology

One of the main pillars of BFA's strategy is Innovation and Technology.

Throughout 2020 several projects were developed on this front, allowing a strengthening of the capacity and resilience of the Bank's systems, support for business growth to provide the Bank with greater agility, flexibility, and mobility.

The following strategic orientations are of note in this scope:



I. Digital Transformation

Within the scope of the strategic objectives that BFA has set itself, in 2020 a set of initiatives were developed that aim to accelerate the process of adopting digital transformation, of which the following stand out:

- **Technological Solutions:** acquisition of the platform that will support the development process of internal solutions, namely the digital days;
- **Service Exposure Architecture:** design of the conceptual model of the architecture, development and validation of the proof of concept, and implementation of the service exposure layer to ensure that it meets the challenges of digital transformation;
- **Systems Architecture:** design of the conceptual model of the systems architecture that will enable the technological refresh, choice and selection of equipment and partners, to ensure an infrastructure with levels of excellence in the components of resilience and redundancy, so that it provides a high response to the challenges posed by digitalization;
- **Mobility:** acquisition and delivery of 245 laptops to internal users, access to internal applications from external accesses controlled and implemented by a collaborative tool, which allowed the organization in the context of a pandemic, operate without restrictions and equip it with the means to accelerate the process of adopting digital transformation;
- **Internal Transformation:** the new version of the requisition management system went into production, giving greater support and functional coverage to the requisition process, meeting the objective of digitalization.
- **Human Capital:** entry into production of human capital management solutions, from a 360º perspective, covering not only the usual registration and salary processing processes, but also all talent management, namely the evaluation process, training and improvement paths, and succession processes. The following project initiatives stand out:

#01

Salary registration and processing, via SAP HCM.

#02

Performance Management and Training, via Success Factors.

II. eMudar Project

The eMudar platform has remained one of the essential pillars of the Bank's transformation in terms of effectiveness and efficiency. Processes have become more simple, automated, dynamic and resilient. This system is structural for the development of BFA's activity, insofar as:

- It allows the reduction of operational risk;
- It introduces standardized procedures, as well as their standardization throughout the various areas of the Bank;
- Ensures service levels and reduced process handling time;
- It allows the automation and dematerialization of processes;
- It allows for the unequivocal improvement of service quality to Clients.
- In 2020 the Bank continued this effort, having implemented 32 new functionalities in eMudar.

Of these, the ones that impacted the validation of compliance processes, card segmentation, and payments to agents stand out.

Initiatives to strengthen the resilience of the Bank's systems were undertaken in 2020, and a great deal of effort and investment was devoted to these, including:

- Migration of Core Banking: entry into production of the most current version of core banking. In addition to its size, complexity, and criticality, this project is crucial to the digital transformation adoption strategy.
- Strengthening SWIFT Support Systems: upgrade to the latest version of the platform and implement automatic message confirmation.
- Renovation of the technology park: the process of renovating the technology park in the branches and central services continued. In 2020, communications links and critical equipment were renewed and reinforced.
- Increased Analytical Capacity: restructuring and implementing new datamarts, increasing their capacity to meet the needs of official reporting and dissemination of information to support decision-making.
- Data Warehouse: in 2020, the partner was selected to perform the assessment that allowed the definition of the conceptual model and identification of requirements for implementing the Data Warehouse project.
- SMS Gateway: with the implementation of the SMS Gateway, we introduced a new mechanism for validating financial transactions, increasing their security levels

No. of eMudar@BFA Processes
4.9 Million +

Sent SMS
1 Million+

Card Activation
810 169 SMS sent

Activation of BFA Net Access
59 536 SMS sent

Check Activation
42 158 SMS sent

Activation of Transfers
58 709 SMS sent

III. Reinforcement of systems and technological infrastructure

Initiatives to strengthen the resilience of the Bank's systems were undertaken in 2020, and a great deal of effort and investment was devoted to these, including:

- Migration of Core Banking: entry into production of the most current version of core banking. In addition to its size, complexity, and criticality, this project is crucial to the digital transformation adoption strategy.
- Strengthening of SWIFT Support Systems: upgrade to the latest version of the platform and implement automatic message confirmation.
- Renovation of the Technology Park: the process of renovating the technology park of the branches and central services continued. Communication links and critical equipment were renewed and reinforced in 2020.
- Increased Analytical Capacity: restructuring and implementation of new datamarts, increasing their capacity to meet the needs of official reporting and dissemination of information to support decision-making.
- Data Warehouse: in 2020, the partner was selected to perform the assessment that allowed the definition of the conceptual model and identification of requirements for implementing of the Data Warehouse project.
- SMS Gateway: with the implementation of the SMS Gateway, we introduced a new mechanism for validating financial transactions, increasing their security levels.

IV. Supporting business growth and risk control

The year 2020 was characterized by BFA's strengthening of its direct business support tools and systems, its processes, and the Bank's risk management, of which we highlight:

SIFOX

Sifox solution was implemented to support the securities application, with the extension to the commercial network.

KYC AND KYT

Changes were made in the KYC - Know Your Customer process and the implementation of Know Your Transaction, which went into production in 2019.

RISK MANAGEMENT SUPPORT

Special focus was given to the consolidation of the risk management support solutions, and models implemented.

FOREIGN PROCEDURES

Solutions to the needs of new workflows for foreign processes are under analysis, using Business Process Management tools for this purpose.

CUSTOMER PROXIMITY

The strategy of proximity with the Customer was reinforced, providing agile solutions for access to mobile platforms and new functionalities on the public site, BFA Net, BFA Net Empresas and BFA App.

ANALYTICAL MODELLING

The implementation of a solution to support information modeling and analytics was started, preparing the Bank for the challenges of information analysis, and enabling it to leverage the business.

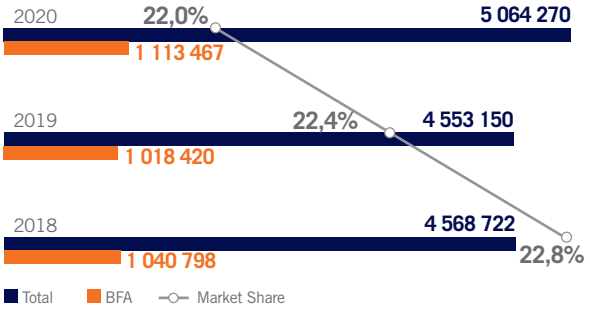
Payment Systems

DEBIT CARDS

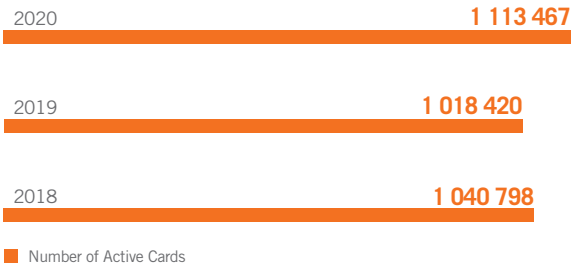
In 2020, the total number of valid Debit Cards (active and inactive) was 1,725,953, representing a growth of 9,3%. With this range, BFA maintained its leadership in terms of market share, which stands at 25.4% (27.1% in 2019).

The total number of active BFA Debit Cards registered a growth of 9.3%, slightly lower than that of the Market (+11,2%). Despite a slight reduction, BFA maintained the leadership in terms of market share with 22.0% (22.4% in 2019).

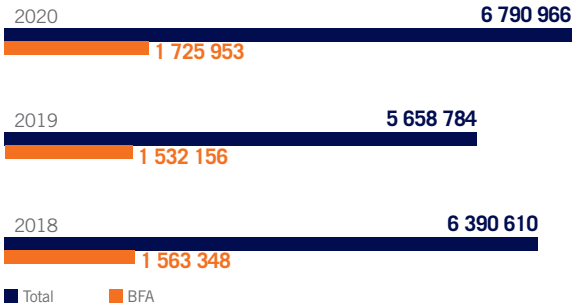
Number of Active Debit Cards



Evolution of the Number of BFA Active Debit Cards

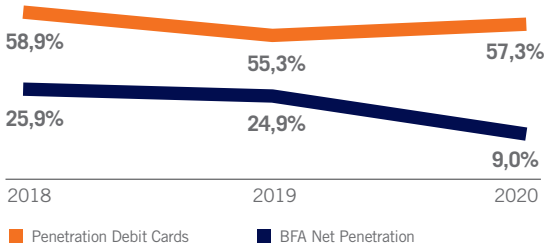


Number of Valid Debit Cards



In 2020, the debit card penetration rate was 57.3%, comparing to the 55.3% achieved in 2019.

Services



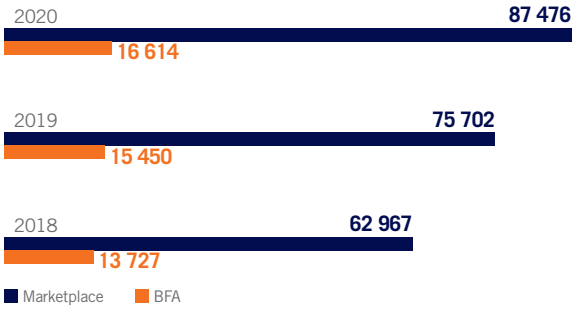
It should be noted that, by the end of 2020, BFA already had about 36.7% of its cards with EMV technology, and was the leader in issuing this type of card, with a share of almost 34%.

APT and ATM Park

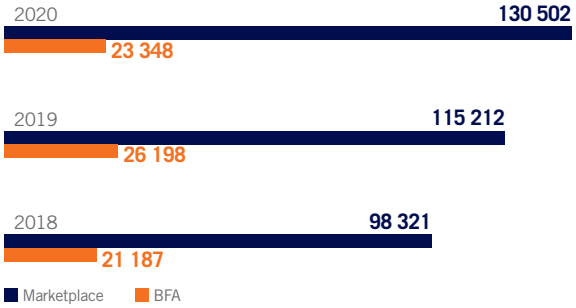
In 2020, Angola's TPA park saw an increase of 15.6% over 2019, with there being at the end of the year 130,502 TPA's installed, 67% of which are active.

During 2020, the number of BFA TPA's decreased by 10.9% relative to 2019 due to the rationalization made. However, the number of active TPA's registered a growth of 7.5%, and BFA reached a market share in active TPA's of 19%.

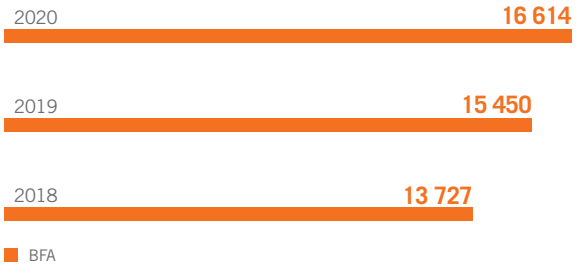
Number of Active TPA's



Number of TPA's Enrolled

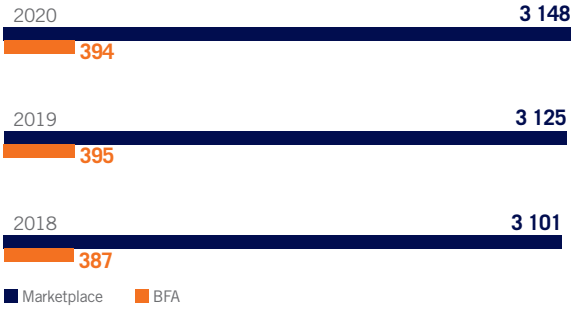


Evolution of the Number of TPAs at BFA



Em 2020, o parque de ATM's de Angola aumentou 0,7% relativamente a 2019, sendo que o número de ATM's do BFA aumentou 0,3%, totalizando 394 ATMs em 31 de Dezembro de 2020.

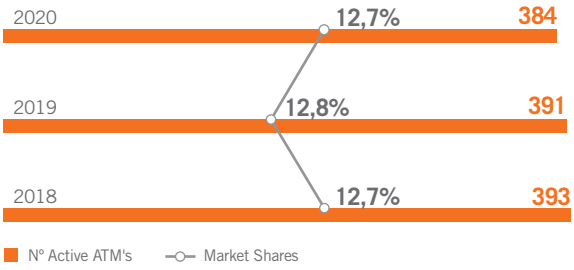
Number of ATMs Enrolled



In 2020, the market decreased 1.1% in number of active ATMs, a similar variation seen by BFA, which dropped 1.8%. Within this scope, BFA's market share reached 12.7%.

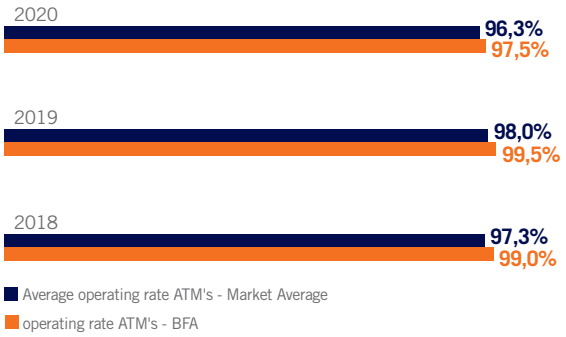
Regarding to the amounts withdrawn at ATMs, the market registered an increase of 6.3%, exceeding 2.35 billion kwanzas. BFA surpassed 369,000 million kwanzas dispensed by its ATM's, registering a 15.7% share.

Number of Active ATM's



Number of Active ATM's

Average ATM Operational Fees



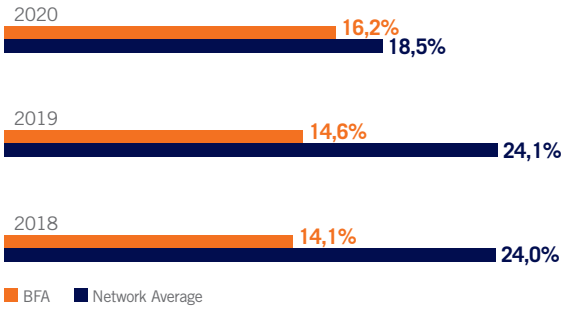
The average TOR of BFA's ATMs in 2020 was 95.2%, having registered a slight decrease (-2%) compared to 2019.

Note: The operationality rate is a measure of the degree of ATM utilization and is calculated as follows: Operability Rate=1- ((No Days Inoperable)/(No Days Mes)), consequently an ATM is considered inoperable when it does not register any transaction throughout the month.

Down-Time Notes

In 2020, the percentage of down-time due to lack of notes in the market, was 18.5%, with BFA recording a lower than average figure: 16.2%.

Down-Time for lack of Notes

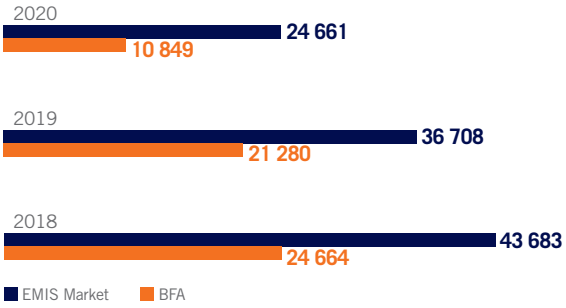


Source: EMIS Monthly Report

INTERNATIONAL PAYMENT SYSTEM CARDS (SPI)

The number of active BFA SPI Cards (VISA Credit and Prepaid Cards) in 2020 reduced to 10,849, representing a market share of 44.0% of the SPI cards managed by EMIS. The total market for SPI cards managed by EMIS, increased by 41.6%, reaching 24,661 active cards at the end of 2020.

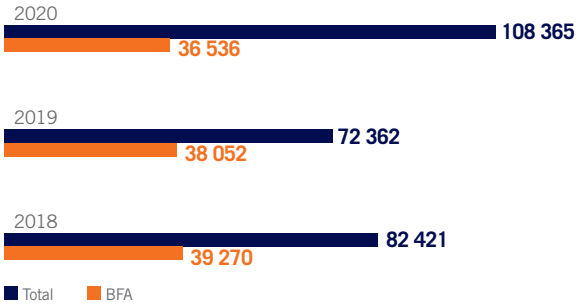
Number of Active Credit Cards



Market Share Active Credit Cards

Concerning the volume of valid BFA SPI Cards, a reduction of 6.2%, reaching 36,536 registered cards, with the market reaching 108,365, but with a reduction in the activity rate (from 50.7% in 2019 to 22.8% in 2020).

Evolution of Valid Credit Cards



H2H Payments

The H2H system is a subsystem of EMIS that allows the connection of a Bank's host with the main EMIS host. The purpose of the system is to enable banks to make their respective payment functionalities available in the Multicaixa System, especially Payments.

Payment by HBMB (Multicaixa Express)

Multicaixa Express works as an interbank channel for payments, withdrawals and transfers, provided by EMIS, and that, by association of several Multicaixa cards on the cell phone, aims to be the driving force for the massification of banking transactions in Angola.

BFA is the Bank with the largest number of cards associated with Multicaixa Express, having reached 184,961 adhesions (22.3% market share) at the end of 2020.

BFA on Digital

The year 2020 was marked by a trend toward greater smartphone usage, but some traffic sources continue to see a higher percentage of Desktop users.

During the year, there was a growth of about 36% in active users in the various social networks. Currently, about 98% of users access the content of BFA's social networks via cell phone.

BFA'S PUBLIC WEBSITE

Organic search engine searches have been the main entry channel to the website, with about 60% of all visits.

Within the Individuals area, the Services section was responsible for 42% of the views. The page that arouses most interest among visitors continues to be the BFA Net service.

As mentioned, there was a trend towards smartphone access in some traffic sources and that performed in 2020 was as follows:

Traffic Source	Desktop	Smartphone	Tablet
Organic Search	49%	49%	2%
Direct Traffic	60%	38%	2%
Display Campaigns	30%	66%	4%
References	71%	28%	1%
Social	13%	86%	1%

The cross-cutting areas most accessed by the public were:

- Frequently Asked Questions;
- Branch Network;
- Being a BFA Collaborator;
- Suggestion/Complaint.

	Global Visits	Single Visitors	Pageviews
2019	1 430 067	541 400	2 152 483
2020	940 712	461 525	1 830 129

BFA NET - IMPROVEMENT OF FEATURES AND CONTINUOUS EVOLUTION

At the end of 2020 BFA Net had a total of 197,968 adherents, thus underlining a reduction of 61.60% in the number of adherents.

ADHERENTS	
2020	197 968
2019	515 617
2018	497 515

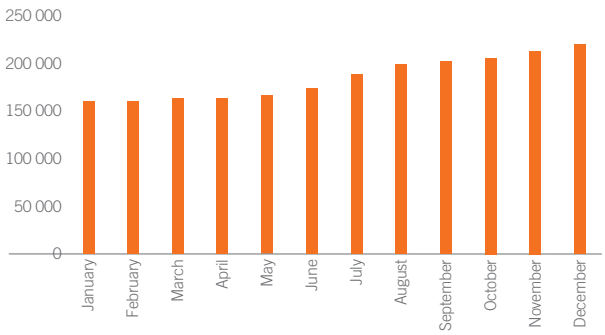
BFA APP - BFA'S MOBILE APPLICATION

- Longer period for using BFA Net
- Inclusion of an entity that allows the purchase of Treasury Bonds
- Possibility to activate and deactivate the virtual keyboard, for greater comfort while maintaining security levels
- Consultation of Foreign Exchange Requisitions of operations on Foreign Countries, both for companies and individuals
- Automatic filling of the values to make payments and transfers

In 2020, BFA, reached about 12 million users and 220,000 fans, a significant evolution compared to 2019, where the Bank, had 65,000 fans.

Facebook has been a great resource for building relationships. The comments, shares, likes and clicks have been a great opportunity for dialogue with the Community.

Fan Evolution in 2020



FACEBOOK

Facebook is the social network with the most users worldwide, having 3 million active users in Angola.

Through this social network, BFA communicates with all its targets, given its diversified audience.

This way you can be closer to your customers and followers.

Due to the pandemic, we have reinforced our sponsorship of Angolan culture and artists to promote several lives on the site. These supports were a conscious decision to support culture during such a challenging context as the one caused by the Covid-19 pandemic.

LINKEDIN

LinkedIn is the world's largest recruitment platform and is, therefore, the platform where you can find the human resources that BFA needs when it intends to recruit. It is ideal for communicating BFA's corporate and employer image since it brings together specialized and interested users.

Additionally, to make the page more relevant, economic/ financial education content and news are shared. This platform can inspire through the use of "Life pages," with a vision focused on BFA's human capital. Compared to the other competitors, BFA has the highest number of LinkedIn followers and Updates. Thus, the number of interactions it gets is much higher than its competitors.

INSTRAGRAM

With about 380k monthly active users, mostly under 24 years old, it is the network of choice to create emotional and empathetic relationships with the community and Customers to humanize the brand.

At the end of 2020, BFA had 15 000 followers, a constant evolution sustained by a strategy of creating emotional relationships with the followers. It was possible to obtain record values for the profile in 3 metrics throughout the year: interaction, number of likes, and number of saved.

It was also possible to maintain the creative solution of the triple image, reinforcing the culture of images, one of the DNA's of the network.

BFA SERVICE LINE - 923 120 120

Inaugurated in late 2014, the BFA Helpline is available 24/7 at 923 120 120.

The BFA Hotline maintains its ambition to increase the quality of the service levels, broaden access to information about the different products and services, and reduce queues at the branches.

In 2020, it was possible to verify a 74% increase in the volume of incoming calls, while the volume of answered calls increased by 55% - which motivated the reduction of 10.8% in effectiveness and 5.1% in SLA. The ratio between calls received and calls answered registered an overall efficiency of 85.9%.

Communication

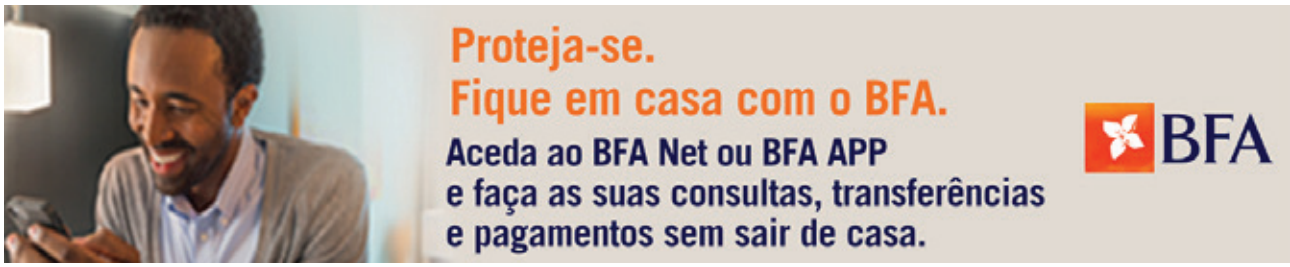
CAMPAIGN 2020

BFA Solidarity Campaign 2nd edition - For a future made of smiles.

The 2nd Edition of the BFA Solidarity campaign is an innovative social responsibility program to empower the social sector by involving a wide range of partners. The program consisted of launching a contest, whose winners were entitled to a monetary prize, where the amounts were used to support organizations in the implementation of strategic projects for the development of their activities.

Campaign New BFA website - With you at every moment of life.

The New BFA Website campaign with the slogan "With you at all times of life" had the objective of informing the public about the new BFA site and reinforcing BFA's positioning as an innovative Bank that follows market trends.



BFA Campaign Protect Yourself - Stay Home with BFA.

Given the context of the Covid-19 pandemic, in which it was advised against unnecessary trips to the branches, the campaign, BFA Protect yourself, was created with the slogan "Stay at home with BFA", to encourage BFA Customers to use the remote channels (BFA net and BFA app).

BFA Term Deposit 13% Campaign - 13 will bring luck.

The DP 13% campaign is a savings offer with a term deposit, in kwanzas, for 18 months, with a nominal rate and a minimum subscription amount of 500,000 KZ.

The DP 13 % is an alternative for customers to monetize their resources in kwanzas, with an excellent rate; a good investment, and a way for the Bank to raise funds.

AMEX - Welcome to American Express

The campaign aimed to publicize the partnership between American Express and BFA. This way BFA became the only Bank in Angola to accept payments through AMEX cards in its POS.

Simplified Account - an account where everyone counts

The campaign was aimed at promoting the Simplified Account. The Simplified Account is a demand deposit account in kwanzas that allows access to the financial system, resident citizens who do not meet all the necessary conditions to open a conventional bank account or access certain means of payment.

Events and Sponsorships

THE GOLF CUP UNITEL BFA

BFA sponsored the 7th Edition of the national golf championship called **The Golf Cup Unitel BFA**, which took place on November 14, 2020, at Mangais Golf Resort, in Luanda.

The Golf Cup Unitel BFA is a project that has become a reference for golf in Angola and the most prestigious and disputed event at a national level. The tournament comprise 4 qualifying stages to determine the 12 teams that will play the grand final in 2 rounds of 18 holes in February 2021.

Xª EDIÇÃO DO FÓRUM BANCA

BFA sponsored the Xth Edition of Fórum Banca, under the theme "The Role of Banking in Credit to the Economy in Times of Crisis", on 11 September 2020. Among other guests, the participation of Dr. Luís Roberto Gonçalves, BFA's Chief Executive Officer, stands out.

The Banking Forum aims to promote a broad debate on the role of banking institutions in times of crisis, their responsibility in contributing to the economic development and the banks' strategy to meet this challenge.

LIVE ANGOLA 45

BFA sponsored the Angola 45th Anniversary Show, which took place on November 11, 2020, at the Capitol Theatre in Lisbon.

The event sponsored by Bonga Kwenda had the participation of several artists, such as Jacob Desvaireaux, Yuri da Cunha, Don Kikas, Kyaku Kyadaff, Yola Semedo, Matias Damásio, Eduardo Paim, among other guests, who sang unreleased themes, created specifically for the event, resulting in the edition of the album with the same name, which was released simultaneously.

The show lasted approximately two hours and was broadcast live on TPA, RTP Africa, on TPA's digital platforms, on Platinaline, and on BFA's Facebook page.

LIVE 3G SEMBA SOLIDARITY

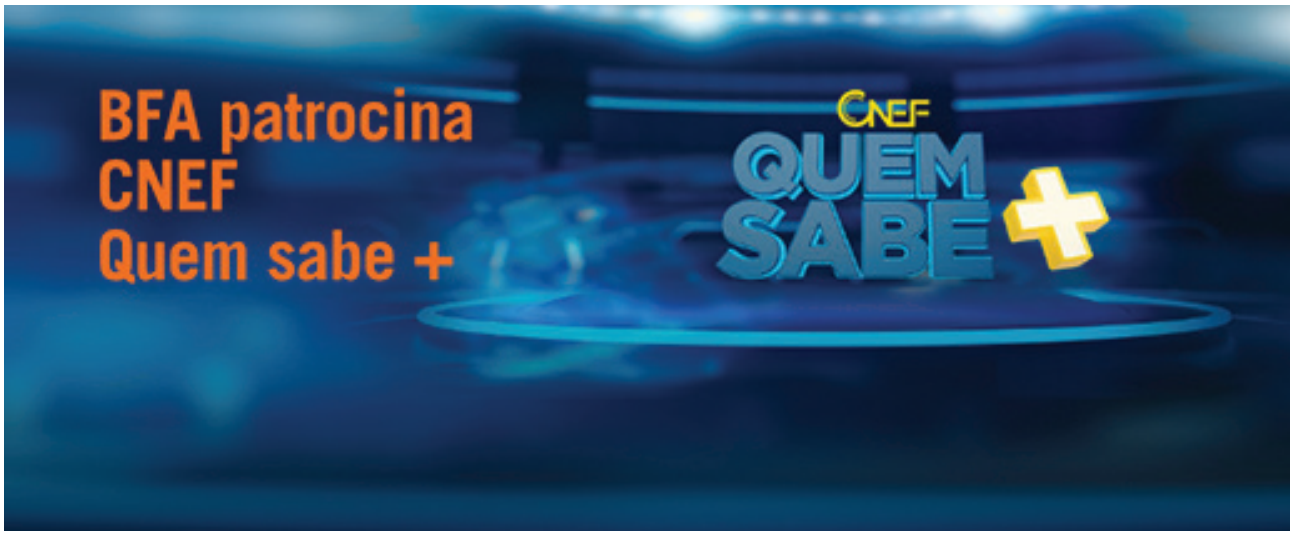
BFA sponsored Solidarity Live production by Bonga, Paulo Flores and Yuri da Cunha, which took place on Sunday, June 28, 2020 at Teatro São Jorge in Lisbon.

Called "3G do Semba", the live at Kubico was broadcasted on TPA 1, TPA Online, RTP África, on the digital platforms of Platineline and the artists (@kwendabonga, @pauloflo-resmusic, and @yuridacunha).

This journey into the world of Semba brought together, for the first time on stage, three nationally and internationally acclaimed artists who represent three generations united by this genre of traditional Angolan music and dance that has become very popular across borders.

The "3G do Semba" ended the programming of the month of June as part of the Live no Kubico project, carried out by TPA. The revenues from the donations acquired during the live broadcast were reverted in favor of the Ana Carolina Foundation.

CNEF WHO KNOWS +



BFA sponsored the CNEF - Who Knows Best contest, a television program that arose from a partnership between ZAP Viva and the National Council for Financial Stability (CNEF). The contest, held on November 4, had the objective to promote financial culture and familiarize Angolans with economic concepts essential to their daily lives.

The competition was especially aimed at university students, and in each program, four university students tested their knowledge of our financial system. The winner of each edition won a cash prize of 250,000 Kz, and the top four finishers, guaranteed a place in the final and a chance to take home the grand prize, which was:

- 6-week on-site internship at the new SAHAM ANGOLA SEGUROS facilities;
- International training at SAHAM in a location of their choice. The options were Casablanca, Johannesburg or Cape Town;
- Employment contract with SAHAM for a fixed term, with the possibility of renewal;
- Check for 1,000,000 Kz (One million kwanzas).

ACOUSTIC CONVERSATIONS

BFA sponsored five editions of "Conversas Acústicas" held at the Luanda Space.

This exclusive event brought together in the same place in an original way: music, gastronomy, and fine arts:

- **Singer Kyaku Kyadaff**, winner of the "Top Most Loved 2018" and Best Lusophone Male Artist award at the All Africa Music Awards (AFRIMMA 2018).

- The **Singer Ary**, considered one of the most admired voices in Angola. With a unique style, extravagant, spontaneous and very energetic on stage, the artist is considered one of the most respected names in the world of Angolan music;

- **Singer Puto Português**, considered to be part of the new generation of semba, was the big winner of the Top Rádio Luanda award with the album Geração do Semba, in which he worked with several musicians and producers in the Angolan market. In 2013 he recorded his second album entitled Ritmo e Melodia;

- The **singer Euclides da Lomba**, born in Cabinda, and with roots also in Cape Verde, began his career musical as a troubadour, in Cuba, where he did his academic training. He made his musical debut with the album "Livre Serás" in 1998, and later released albums such as "Desejo Malandro", "Recado num Semba" and "Três Sucessos em Um";

- **Singer Sandra Cordeiro**, considered one of the most representative female voices in the restricted universe of afro-jazz, has been building her career with sure steps since her debut CD, "Tata Zambi".

- **Chief Anselmo Silvestre;**
- **Chief Lizandra Pita;**
- **Chief Octávio Neto;**
- **Chief Eduardo Helfer;**
- **Chief Ricardo Braga.**
- **Visual artist Álvaro Macieira,**
- **Visual Artist And Graf**
- **Visual Artist Don Sebas**
- **Visual Artist Davi Dombele**
- **Visual artist Petra Almeida**

The event was streamed live on the BFA Facebook page and via Platinaline's digital platform.

Social Responsibility

MAIN 2020 PROJECTS

SOLIDARITY BFA

The BFA Solidarity Program, launched within the scope of the social responsibility policy, aims to support financially through subsidies, activities, and projects that promote health conditions, education, and social insertion of minors who live in Angola.

This program is only in effect in Angola and is aimed at Angolan non-governmental and non-profit institutions that carry out activities and whose beneficiaries are resident in Angola.

Organizations applied to the program with projects in three categories:

Education: aimed at organizations that develop activities to improve the educational level or qualifications of minors from disadvantaged social strata.

Health: aimed at organizations that develop activities to improve the health conditions of minors from underprivileged social strata.

Social Inclusion: aimed at organizations that carry out activities whose objective is to promote the qualification and insertion in the social and financial fabric of children and young people at risk, namely through measures of education and prevention of risky behavior, professional qualification, and basic life support.

The overall allocation for the BFA Solidarity 2020 Program was Kz 250,000,000 (two hundred and fifty million kwanzas), divided into each of the categories. 173 organizations applied for this edition.

The amounts allocated under the BFA Solidarity Program are intended to finance specific projects presented by the recipient organizations, which have as their objective the acquisition or improvement of fixed assets, the acquisition of current assets, the introduction or improvement of information technology, and training.

BFA +HEALTH HUAMBO

The project began in 2018, responding to a call from the government for the malaria outbreak emergency in Huambo province.

During the year 2020 the support to Huambo Central Hospital was maintained, with support equipment for the improvementof the service conditions, the pediatrics section, responding to hospital's priorities and ensuring better care for children.

BFA + WATER + LIFE

In partnership with the United Nations Children's Fund (UNICEF) and the Provincial Government of Cunene, the project "Safe Harbors" was developed to support vulnerable children and their families affected by drought in the municipality of Ombadja, Cunene province.

This project is intended to reduce the long-term vulnerability of the people of Ombadja, including children and adolescents, and to strengthen the capacity of local communities to develop preparedness plans,response mechanisms and measures for mitigation and adaptation to climate disasters.

With this project, it was possible to introduce the school as a safe haven center and as a long-term development initiative to ensure that the provincial and municipal governments are prepared to respond to existing risks and future climate shocks.

BFA +NUTRITION

Acute and chronic malnutrition is among the most common pathologies in pediatric emergency room admissions and is one of the leading causes of death in children under 5 years of age.

In 2020 BFA maintained the partnership started in 2019 with the Ministry of Health in the BFA + Nutrir project with the main objective of promoting acceleration in the reduction of acute and chronic malnutrition in Bié province - Cunhinga municipality

The project aims to strengthen the appropriate nutritional response both in the preventive area and in the curative area in the municipality. This intervention allows for the early identification of malnutrition cases at the community level, improved management of acute and chronic malnutrition cases, and the promotion of preventive breastfeeding practices and behavior change.

BFA is thus contributing to the reduction of acute and chronic malnutrition in children under 5 years old in the municipality of Cunhinga, Bié Province, through the implementation of preventive and curative interventions.

SUPPORT FOR THE HYDROCEPHALUS CENTER

In partnership with the Center for Neurosurgery and Hydrocephalus treatment, BFA supported the performance of 150 free surgeries. This project had an award of 65,366,004 Kz.

SUPPORT FOR THE GOVERNMENT IN THE FIGHT AGAINST COVID 19

In 2020, with the beginning of the Covid-19 pandemic, BFA joined the Government of Angola and contributed with USD5M to fight this scourge.

BFA VOLUNTEERING

BFA VOLUNTARY DONOR

In partnership with the National Blood Institute, the BFA Donor Volunteer project was developed to create the Regular Donor Volunteer and support health institutions in reducing the blood deficit.

During the year 2020, blood donation campaigns were held in the 18 provinces of the country, with the participation of 1. 935 volunteers, including BFA employees, family members, and friends.

BFA +CULTURE +NATAL

With the motto of bringing a smile to children and promoting a Christmas of Light, in 2020, BFA held a Christmas party at the pediatric ward of the Huambo Central Hospital and at the Pequena Semente (Little Seed) Shelter. More than 300 children participated in this party.

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RISK MANAGEMENT

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Risk Management

EXECUTIVE SUMMARY

GENERAL PRINCIPLES OF THE RISK MANAGEMENT SYSTEM

Principle 1: The Board of Directors is the highest governing body of the Bank.

Principle 2: The Bank's Risk Management Function is an element of the organizational structure, and is exercised with independence and autonomy.

Principle 3: Continuous adaptation to market circumstances.

Principle 4: The risk appetite framework as a central element of the Bank's risk management.

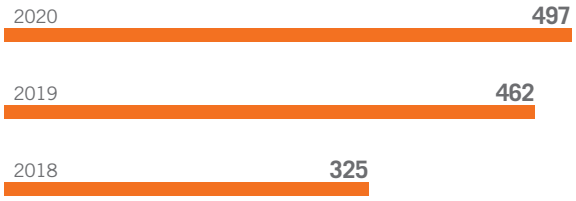
Principle 5: Solvency, liquidity and profitability of the Bank are the primary objectives of risk management.

Principle 6: A risk culture is the foundation of the Bank's activities.

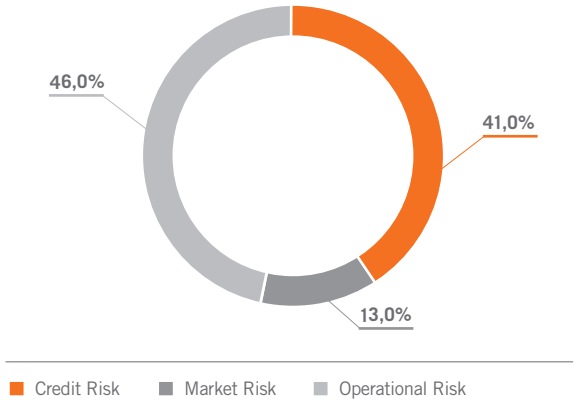
RISK PROFILE IN ADVERSE CONTEXT

High capital levels demonstrate the robustness of the balance sheet. BFA's Regulatory Solvency Ratio (RSR) is 5.4 times the regulatory minimum level (10%) and higher than the average of the Angolan Financial System.

Regulatory Capital (mMAOA)



APR[1] by Risk Type



[1] Risk-weighted assets

Regulatory Solvency Ratio

The distribution of capital requirements by type of risk remains relatively stable in relation to the previous year, with operational risk assuming a high weight, justified by the use of the basic indicator method in the calculation of risk requirements.

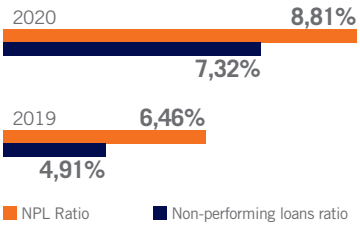
LIQUIDITY RISK - MAINTAINING VERY COMFORTABLE LIQUIDITY LEVELS

Regulatory Liquidity Ratio

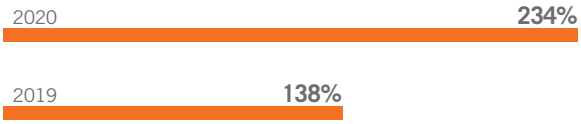
- High level of liquid assets and proper management of cash inflows and outflows allow the regulatory liquidity ratio to be 4.6x higher than the regulatory limit (100%);
- During 2020 it was necessary to strengthen liquidity management given the adverse environment and a restrictive monetary policy.

CREDIT RISK - QUALITY INDICES OF THE CREDIT PORTFOLIO, WITH DETERIORATION AT ACCEPTABLE LEVELS

Evolution of the NPL and Non-Performing Loans Ratio



NPL Hedge for Impairment



During 2020, there was a deterioration in the financial conditions of companies and households which translated into a deterioration in the quality of BFA's credit portfolio, leading to the reinforcement of impairment to cover credit exposure and mainly non-performing loans. One of the main factors was the pandemic context verified at an international level, in addition to the crisis context experienced in the domestic market in recent years.

NON-FINANCIAL RISKS - CONTINUOUS IMPROVEMENT OF MANAGEMENT PROCESSES

- Evolution and improvement of operational risk management tools;
- Continued development of the information security management system, which includes among others information security risk management;
- Reinforced control and management of customer complaints, with increased pressure also from the supervisor;
- Challenges derived from FT/BC regulations.

Risk Management Model

The foundation of the Risk Management Department at BFA began in 2017, with an action plan to operationalize the function that was completed in 2019. Until that time, risk management was developed by each of the risk-taking areas, in an environment of strict control of the risks assumed.

Effective risk management over the years and the creation of a board with responsibility for risk management has allowed to adequately address the changing economic, social and regulatory environment in which the Bank operates.

Thus, risk management is one of the key functions for BFA to continue to be a solid, safe and sustainable Bank that ensures management aligned with the interests of Customers, Shareholders and other stakeholders.

The Bank seeks to align its internal procedures with the best international practices in global risk management, in particular those established by the Basel Committee guidelines for Banking Supervision (BCBS) and those of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), ensuring overall compliance with the prudential requirements established by regulators and supervisors. As a result, the following principles are established:

Principle 1: The Board of Directors is the highest governing body of the Bank

The Board of Directors provides overall oversight of business strategy and risk management, defining the guidelines, objectives and limits according to which the day-to-day management of the Bank is carried out.

Principle 2: The Bank's Risk Management Function is an element of the organizational structure, and is exercised with independence and autonomy

The risk management system is supported by a governance model that contemplates an adequate segregation of functions between the risk-originating units and those of control, including the establishment of an independent Risk Management Function with functional reporting to the Risk Committee of the Bank's Board of Directors.

Principle 3: Continuous adaptation to market circumstances

The Bank's risk management system does not define the Bank's strategy, but influences its development and review.

Principle 4: The risk appetite framework as a central element of the Bank's risk management

The Bank manages and controls its risks as set out in its risk appetite framework: this limits the types and amount of risk the Bank can take in order to achieve its strategy and business objectives.

Principle 5: Solvency, liquidity and profitability of the Bank are the primary objectives of risk management

The Bank governs its risk management system based on a risk appetite framework with a view to ensuring consistency between the overall risk profile and the business strategy in order to manage and preserve its capital, economic and regulatory, and its liquidity position.

Principle 6: A risk culture is the foundation of the Bank's activities

The risk management system is based on the promotion of a risk culture, transversal to the entire Bank, through instruments related to (i) the training of resources; (ii) the alignment between performance evaluation, incentives and risk profile; (iii) the communication and discussion of the Bank's main issues and strategies; and (iv) the promotion and fostering, internally and externally, of a corporate image.

CATALOG OF RISKS

The BFA presents a risk catalog, also called a risk taxonomy, which describes the types of first level risks, upon which they are assessed:

Credit Risk - Risk arising from the failure of a borrower or counterparty in the Bank's operations to meet contractually established financial commitments.

Concentration Risk - Risk arising from exposure or group of exposures of counterparties linked to each other, with a quantitative expression that is sufficiently high to produce significant potential losses, which may jeopardize the Bank's solvency or its capacity to maaintain its current activity.

Liquidity Risk - Risk arising from the Bank's inability to meet its financial responsibilities when they become due.

Market Risk - Risk arising from adverse movements in the prices of bonds, stocks or commodities.

Interest Rate Risk - Risk arising from adverse movements in interest rates resulting from mismatches in the amount, maturities or re-setting periods of interest rates observed in financial instruments with interest receivable and payable.

Exchange Rate Risk - Risk arising from movements in exchange rates resulting from exchange positions originating from the existence of financial instruments denominated in different currencies.

Operational Risk - Risk arising from the inadequacy of internal processes, people or systems, enabling the occurrence of fraud, internal or external, as well as external events. It includes Information Systems Risk, Operational Risk, Conduct and Compliance Risk.

Sovereign Risk - Risk arising from changes or disturbances of a political, economic, financial or military nature, which prevent or hinder the full compliance with the responsibilities assumed by a State before the Bank.

Capital Risk - Risk arising from an internal capital structure that is incapable of absorbing losses arising from the materialization of risks of all kinds, and which is inadequate in view of the size, business and complexity of the Bank.

Model Risk - Risk arising from decisions made based on the results of internal models, as a consequence of their inadequate development, implementation or use.

Real Estate Risk - Risk arising from adverse fluctuations in the price of real estate assets held by the Bank.

Reputation Risk - Risk arising from the adverse perception by clients, counterparts, shareholders, investors, supervisors and public opinion, of the image of financial institutions in general, and of the Bank in specific.

Strategy Risk - Risk arising from the inability to respond to adverse changes in the business environment and inadequate strategic management decisions.

RISK GOVERNANCE

For the proper performance of the risk management function, the Bank relies on a solid governance model that ensures adequate and efficient risk management, promoting informed decision-making.

THE 3 LINES OF DEFENSE AS AN ORGANIZATIONAL MODEL

1st Line of Defense - Business and Support Units

It is the responsibility of the units that form the business and support areas to identify and manage the risks that result from their activities and are inherent to the Bank's business strategy, as well as to ensure their regular reporting. To achieve these objectives they must implement internal controls adequate to manage and treat the risks identified.

2nd Line of Defense - Risk Management Function and Compliance Function

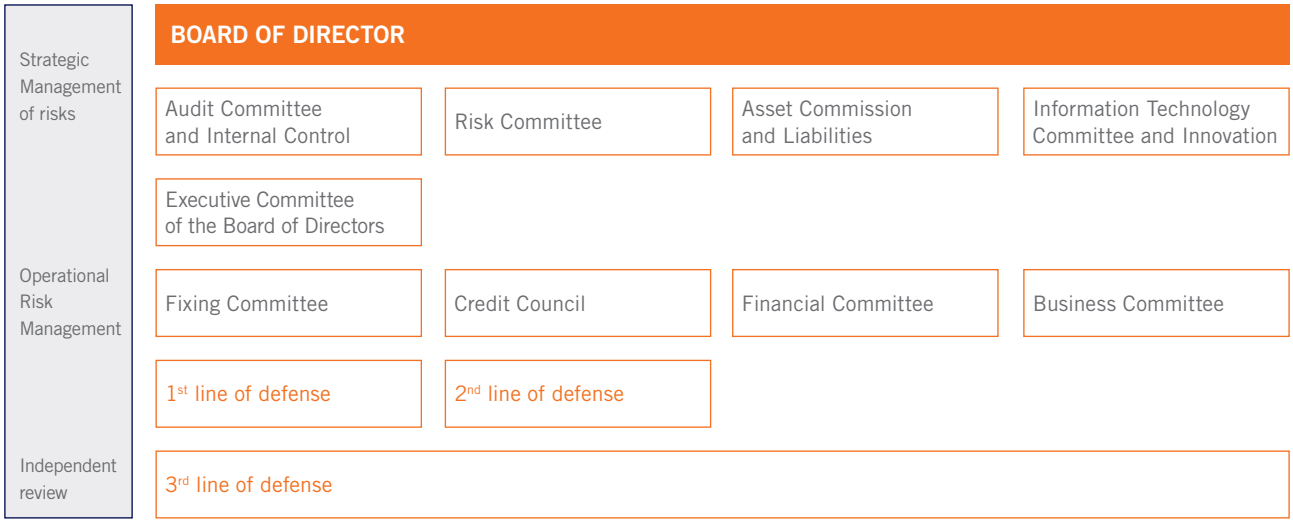
The Risk Management Function and Compliance Function enter the second line of defence with a proactive role, through contributing to the overall development and performance of the risk management system, the Bank's management and to themaking informed decisions, supporting the activities of first-line units. On the other hand, with a reactive role, independently ensuring the monitoring and control of the Bank's activities, identifying any deviations from the established strategy, policies and limits.

3rd Line of Defense - Internal Audit Function

The third line of defence is provided by the Internal Audit Function, which assesses the efficiency and effectiveness of the Bank's internal control system and risk management system. The External Auditor and the Supervisory Authorities are also integral parts of BFA's risk management model, the former contributing to the effectiveness of its risk management system through its independent and objective analysis of its functioning, and the latter through the supervision of internal practices.

RISK MANAGEMENT GOVERNANCE BODIES AT BFA

Under the governance model in place, the Board of Directors is the body overall responsible for defining the Bank's overall risk strategy. It defines the guidelines, objectives and limits according to which the day-to-day management of the Bank is carried out by the Executive Committee, supported by the Risk Committee, the Asset and Liability Committee and the Audit and Internal Control Committee.



Board of Directors

The Board of Directors provides overall supervision of business strategy and risk management, defining the guidelines, objectives and limits according to which the day-to-day management of the Bank is carried out (by its Executive Committee).

The Board of Directors knows and understands the main risks of the Bank's strategy and activities and ensures the general articulation between management practices and the risk management strategy. Thus, and in the context of the risk appetite framework, the Bank's Board of Directors defines the policies for managing the risks to which the Bank is materially exposed, establishing the principles, responsibilities and processes for managing each material risk.

Risk Committee

Without prejudice to the powers attributed to the Board of Directors and those provided for in the Commission's regulations, it is responsible for supporting and advising the Board on risk matters, namely: (i) support and advise the Board of Directors in defining risk management strategies and policies; (ii) support the Board of Directors in supervising the execution of risk management policies and strategies; (iii) receive and analyze information on the different risks, including individualized information on individual exposures, segments, products or portfolios; (iv) monitor and evaluate the results of risk management instruments, including projects (internal or external) aimed at supporting the development of such instruments; (v) supervise and evaluate the performance of the Risk Management Function.

Assets and Liabilities Committee

The Asset and Liability Committee (CAP), among other responsibilities, includes advising the Board of Directors on strategy and policy for the management of the Bank's assets and liabilities, particularly with regard to the balance sheet risks (market, liquidity, interest rate and exchange rate).

Audit and Internal Control Committee

The Audit and Internal Control Committee (CACI) is responsible for overseeing the independence and effectiveness of the Compliance and Internal Audit Functions, as well as the internal control system as a whole.

Competent Bodies of the DGR

In addition to the areas belonging to the three identified lines of defense, responsibility for managing the risks to which the Bank is subject, is distributed among the following Competent Bodies of the RMD:

Global Risk Area

- Regulatory Reporting Center: its purpose is to manage interactions with supervisors of a prudential nature, preparing and sending regulatory reports.
- Integrated Risk Analysis Core: a core that deals with strategic risk management, i.e. RAF/RAS, stress testing, ICAAP, ILAAP, and support under the Funding and Capital Plan (FCP).

Balance Sheet Risks Area

- Balance Sheet Risk Management Center: its objective is to manage balance sheet risks (liquidity risk, interest rate, exchange rate and market risk). It is also responsible for ILAAP, the Liquidity Contingency Plan and the regulatory reports related to balance sheet risks.

Credit Risk Area

- Impairment Risk: core responsible for the impairment model in IFRS9, with collective impairment calculation and consolidation of impairment. It also ensures the reconsolidation, updating of risk factors and backtesting of the model.
- Credit Risk Management Center: responsible for opening and closing the individual analysis cycles that feed the impairment model, calculating forecasts, reporting to the supervisor and to the management body on credit risk.

Operational Risk Area

- Identification and Evaluation Nucleus: responsible for identifying and evaluating non-financial risks. Among others, it ensures the registration of operational risk events in the database and performs the definition of process risks and controls and carries out the self-assessment of risks and controls.
- Monitoring and Reporting Center: responsible for defining and monitoring KRIs and reporting information on non-financial risks.

Exploration Office Data

- Office responsible for managing the Datamart and SAS modules, namely the Impairment module, the Regulatory Reporting module, and the Stress Testing module.
- In technical terms it supports DRG in solving errors in the SAS system and in developing analyses.

RISK CULTURE

BFA promotes a risk culture based on the principles of (i) consistency between the Bank's sustainability and the performance of its activities; (ii) quality of its human resources; (iii) knowledge, communication and transversal discussion on risk matters.

In the context of constant changes, with new types of risks and the imposition of increasingly demanding requirements by supervisors, BFA maintains an excellent level of risk management that allows it to obtain sustainable growth. This growth is based on development of a common culture in which each person recognizes the risks he or she incurs in everyday life.

Thus, BFA intends to promote the strengthening of the risk culture through the following common elements:

- Governance - risk culture and risk management are underpinned by a solid governance model;
- Training - the Bank's training plans, prepared annually, incorporate contents dedicated to the subjects of internal control and risk management;
- Communication - the communication processes are promoted by the Bank's management, with a view to cultivating an environment of transparency about the Bank's activities and its risks: This element of the risk management system aims to send clear and consistent messages to the Bank's Employees, demonstrating that risk management is an overall responsibility of the Bank.

RISK MANAGEMENT PROCESSES

Consistent with risk management principles, the Bank organizes its overall risk management processes according to 3 dimensions:

Strategic Processes

Transversal processes that integrate the view on the Bank's different risks and consolidate their impacts on liquidity capital.

Operational Processes

Operational processes, defined by material risk category, that support the day-to-day management and control of each of the risks.

Contingency Planning

Contingency planning that allows the Bank to maintain its activities in disruptive scenarios.

STRATEGIC RISK MANAGEMENT PROCESSES

The strategic risk management processes aggregate the elements that make it possible to understand, in aggregate, the profile of the Bank's risks and to establish the risk appetite and limits. It includes the processes to monitor these risks, using normal and adverse scenarios which also help to assess the Bank's capital and liquidity adequacy and, based on their results, support proper planning of the Bank's economic capital and internal liquidity.

	Self-assessment of risk profile	Risk Appetite Framework	Internal stress testing program	ICAAP & ILAAP
Strategic Processes	Identification of risk categories to which the Bank is materially exposed	Establishment of appetite and limits of risk	Definition and simulation of plausible limit scenarios to which the Bank is (or may be) exposed	Capital adequacy and liquidity assessment Bank

Self-assessment of risk profile

The Bank's risk profile self-assessment is a strategic risk management process that aims to identify risk categories to which the Bank is materially exposed. Its results inform the risk management and control approaches: all material risk categories are assessed (or quantified) for their impact on economic capital or liquidity and their management supported by specific policies.

The RMF is responsible for the overall dynamization and conduction of the process, which must enable the participation of the management bodies and all the Bank's Employees (directly or represented by the heads of each organic unit).

Risk Appetite Chart

The risk appetite framework - RAF is a central element of the Bank's risk management system, in which (i) the Bank's Risk Appetite Statement is defined; (ii) its Governance Model; (iii) the Limits System that supports it and the mechanisms for monitoring and responding to breaches of the defined tolerances; and (iv) the Risk Appetite Integration Model in the Bank's management practices.

The Risk Management Department (DGR) is responsible for documenting the elements described in the previous number, as well as the procedures that support it in internal regulations (RAF/RAS Governance Regulations).

Stress Test Program

Within the scope of strategic risk management, a program of stress tests is carried out, the objectives of which are: (i) identify new or emerging risks; (ii) assess or reassess the exposure to material risks; and (iii) support the assessment of the adequacy of the economic capital and liquidity position, based on adverse but plausible scenarios.

The stress testing program is comprehensive, and includes all risks and their factors, resulting in an assessment of the adequacy of the economic capital and liquidity position

of the Bank. Stress tests are based on the definition and simulation of limiting but plausible scenarios to which the Bank is (or could be) exposed.

The Board of Directors, on a proposal from the RMD, is responsible for defining objectives and limits for the results of the stress tests, consistent with risk appetite. The results are formally communicated to and discussed by the management bodies, with the RMD proposing the approval of these bodies, when necessary and according to the defined escalation hierarchy/procedures, the mitigation/remediation plans for any increased risk conditions highlighted in the test results.

Capital Adequacy and Liquidity Assessment

The monitoring and control of risk appetite limits and the assessment of the adequacy of the economic capital and liquidity position are the responsibility of the RMD, based on internal methodologies and procedures for quantifying the Bank's economic capital, material risks and liquidity position.

The process of evaluation and adequacy of internal capital, and internal liquidity are not yet mandatory in the Angolan financial system. However, BFA has executed these processes in 2016 at the request of the Shareholder and in 2019 included in its operationalization plan the performance of these processes periodically, based on the requirements defined at the international level (Basel II and Basel III).

In addition to the methodological approach, BFA has already developed the mechanisms that allow the execution of the processes and is in the process of accepting the tool for the management of the ICAAP, with the ILAAP being held already in 2019 and in 2020.

OPERATIONAL RISK MANAGEMENT PROCESSES

Operational risk management processes are informed by the results of the risk profile self-assessment: all material risk categories are supported by specific, documented approaches (risk management policies), which establish how each of the Bank's risks is regularly identified, quantified, controlled and reported.

The RGD is responsible for defining and proposing for approval by the Board of Directors, the policies referred to in the previous paragraph and, on an ongoing basis, dynamizing and monitoring their implementation.

	Identification	Evaluation / Quantification	Monitoring and Control	Report
Operational Processes	Identifying the current and potential risks, through updated, timely information and reliability of the various areas	Evaluation of information collected for submission to mechanisms of consistent evaluation and auditable	Definition of limits and control mechanisms	Communication of results reporting and mechanisms used

Identification - Identifies the current and potential risks to which BFA is subject, through the use of updated, timely and reliable information from the various areas. This phase has as its main activities:

- Gather reliable and timely information from the various areas;
- Define the strategy for risk identification;
- Identify existing or new risks;
- Define and review risk indicators and limits;
- Incorporate recommendations from risk reports.

Evaluation/Quantification - Evaluates all the information gathered from the various areas, for subsequent submission to consistent and auditable qualitative or quantitative evaluation mechanisms. This phase has as main activities:

- Gather reliable and timely data from the various areas;
- Define assumptions and risk measurement models;
- Develop risk measurement models;
- Calculate and analyze the impact of the identified risks;
- Validate and ensure that risk measurement models are up-to-date and appropriate;
- Subject the measurement models to periodic audits and implement the respective recommendations for improvement, if any.

Monitoring and Control - Risk management is subject to a continuous monitoring process whereby limits and control mechanisms are defined. This phase has as its main activities:

- Monitor risk indicators;
- Monitor the limits defined in the risk contingency plan;
- Guarantee the updating and adequacy of the indicators and limits to the different economic cycles;
- Develop control mechanisms and risk alerts;
- Perform stress testing based on the definition of risk scenarios;
- Monitor the adequacy of the Risk Management System.

Reporting - The reporting of the results and mechanisms used must be carried out whenever there is a need or according to a periodicity defined by the regulators or internally. This phase has as its main activities:

- Prepare reports based on the information provided;
- Develop recommendations for risk mitigation;
- Submit the reports for review by the Board of Directors and the Executive Committee of the Board of Directors;
- Develop the action plan and responsibilities for risk mitigation;
- Promote the dissemination of the reports in a structured way to the Bank's areas;
- Monitor the implementation of the activities defined in the action plan.

CONTINGENCY PLANNING

In order to respond to exceptional risk circumstances and based on the results of the strategic/operational control processes for each of the risks, the Bank establishes contingency planning which, in accordance with the indicators and limits defined, is carried out with a view to ensuring the normal continuity of its business activities.

	Capital and Liquidity	Business Continuity
Strategic Processes	Establishment of an adequate structure and measures that allow the Bank to maintain its activities in case of deterioration of its capital and liquidity	Ensure the functioning of the Bank's activities and mitigate the consequent losses in contingency situations

In order to establish an appropriate structure and measures that allow the Bank to maintain its activities in the event of a significant deterioration of its capital and liquidity, the risk management system includes a response planning and the respective contingency mechanisms. The RMD, in coordination with the organic units responsible for planning, management control and finance, is responsible for advising and supporting the Board of Directors in defining and approving the capital and liquidity contingency plan.

Additionally, in order to ensure the operation of the Bank's activities in contingency situations and to mitigate the resulting losses, the Bank prepares a business continuity management framework, including a Business Continuity Plan, in accordance with the requirements of the National Bank of Angola.

MATERIALLY RELEVANT RISKS

The risk self-assessment takes place annually and is the basis of that year's risk management. In 2020, the risk self-assessment was defined in a qualitative way, through workshops with relevant areas and the materially relevant risks presented below were identified:

- Business Risk and Strategy;
- Capital / Solvency Risk;
- Funding and Liquidity Risk;
- Credit Risk;
- Concentration Risk;
- Market Risk (includes Interest Rate Risk and Foreign Exchange Risk);
- Operational Risk;
- Reputational Risk.

At the end of 2020, to define the materially relevant risks for the 2021 fiscal year, the risk self-assessment process was started with the launch of questionnaires covering several departments, with the aim of increasing the dissemination of the risk culture in the Bank.

Context and Challenges of the Risk Management Function

During the year 2020, the world economy was significantly affected by the pandemic of COVID-19. Many economies in an attempt to balance the economic effects with managing the health crisis, implemented a set of measures that significantly affected economic activity in a transversal way in the various economic sectors.

In this environment of falling economic activity and, consequently, falling income, households and companies generally face significant challenges in ensuring spending patterns at acceptable levels and the ability to meet financial commitments.

Since the activity of the financial sector also depends on the evolution of the non-financial sector, this sector also suffered repercussions associated with the reduction in economic activity, with a worsening of the various macroeconomic indicators.

Several challenges have thus marked the Angolan financial system in 2020.

Deterioration of the Republic of Angola's rating

In September 2020 the Republic of Angola suffered a downgrade from B3 to Caa1, worsening the risk perception by international investors and, at the level of the Angolan financial system, negatively affected the results of banks with sovereign debt in their investments, by the calculation of impairment losses for sovereign debt.

BFA, in the calculation of impairment losses, incorporated the negative effect of the rating revision, which affected the levels of profitability and capital for the year. Notwithstanding, BFA maintains high levels of solvency.

Increase in non-productive credit and cost of risk

In general terms, the deterioration of financial capacity by companies and households leads to an increase in their credit risk, with an impact on debt service compliance and, as a result, an increase in credit non-productive (NPL). This situation negatively impacts the Bank's profitability and capital.

BFA, aware of the potential impacts of a pandemic on the Angolan market, conducted a survey of the Bank's main credit exposures and, after assessing them, decided to reinforce the impairment losses. Throughout the year, there was a deterioration in the quality of the portfolio and an increase in levels of non-performing loans. Even so, these remain at acceptable levels under the developed risk profile.

Taking into consideration that credit risk manifests itself in the medium and long term, we believe that the impacts of the pandemic will still be reflected in the coming years.

Strengthening the regulatory environment

In 2020 the regulator's communication with commercial banks was strengthened in order to monitor more closely the activities that were developing to maintain efficient risk management in an adverse environment, and in parallel, support the diversification of the economy through financing to the relevant sectors, under the strategy defined by the government.

The project for the equivalence of the SFA to Pillar II of Basel II also began in 2020 and is materializing in different initiatives with respect to the scope of regulation. It should be noted that the growing level of demand implies an important effort on the part of the entities involved, impacting on a reduction of the profitability. It is important for the sector to be aligned with international rules and a stable and lasting regulatory framework, and an assessment of the impact of this regulatory framework is also necessary to ensure that a good balance between financial stability and economic growth is achieved.

BFA is aligned with the regulatory framework implemented in the SFA and has in its business plan since 2019 to comply with the Basel II pillar II requirements, and the investment has been made as of this date.

Increased Cyber Risk

The worldwide pandemic has led to the adoption of new operating models, with an exponential increase in remote work, online commerce and forms of personal and professional communication. The evolution of the digitalization of the economy promotes the increase of cyber-attacks, leading to these having become one of the main risks, for all sectors worldwide.

BFA has worked hard to implement information security controls based on international standards and define preventive measures to be prepared for events of this nature.

Risk Profile

The risk appetite is expressed through quantitative metrics limits and qualitative indicators that measure the Bank's exposure or risk profile per type of risk. These metrics and risk appetite limits are articulated in four major axes or qualitative statements, which define the positioning that BFA's management body intends to adopt or maintain in the development of its business model:

Dimension	Qualitative statements
Strategy and Business	BFA intends to be recognized as the main Bank of universal character, generating income through the diversification of revenues, preserving the Shareholders' capital and ensuring a balance between the risk assumed and the return generated;
Liquidity and Financing	The appetite for risk must be aligned with BFA's strategic objectives with the maintenance of a medium-low risk profile and ensuring a liquidity position that will allow the Bank to be able to meet its obligations at all times, even under adverse scenarios;
Solvability	To maintain a solid financial condition, promoting a balance between the assumed risk and profitability, preserving the stakeholders' interests.
Operational Compliance	BFA is committed to disseminating the risk culture, promoting high ethical standards and operational excellence.

Limits, monitoring and control system

The definition of the risk appetite exercise is annual and covers a set of risk metrics and limits (risk appetite limits or statements), which express in quantitative and qualitative terms the maximum risk exposure that the Bank is willing to assume.

Compliance with the risk appetite limits is subject to continuous monitoring. The risk management function in its control activities reports at least monthly to the Board of Directors and its specialized risk committee the adequacy of the risk profile to the authorized appetite.

In greater detail, every quarter, the excesses and non-compliances with the risk appetite statement are reported to these bodies and their presentation is accompanied by information on the causes that caused them, an estimate of how long they will remain, as well as a proposal for actions to correct the excesses for analysis by the management body.

As already mentioned, BFA is oriented to maintain a medium-low risk profile to the different risks. Next, the main types of risk will be addressed: credit risk, balance sheet risk, operational risk and capital risk.

Credit Risk

Credit risk is the risk of loss due to clients' non-compliance with their contractual obligations. Additionally, this type of risk may also arise when there is concentration on a single counterparty, industry, product, geography or maturity.

Introduction to Credit Risk Management

The organization of the credit risk management of the operations at BFA is specialized according to the typology of Customers, in order to distinguish Customers with similar characteristics.

Individual Credit Risk Department (DRCP)	Evaluation of the credit operations of the private segment (individuals).
Corporate and Business Credit Risk Department (DRCEN)	Evaluation of credit operations of Companies (SMEs) and Entrepreneurs.
Large Companies, Institutional and Projects Credit Risk Department (DRCGEIP)	Analysis, issuance of opinions and risk decision in operations for clients in the segments of Large Companies, Institutional - State and Public Sector.
Credit Monitoring, Recovery and Litigation Department (DARC)	Monitoring and recovery of credit in an irregular situation for more than 60 days and recovery of overdue credit, through negotiation or in court.
Credit Management Division (DGC)	Management and coordination of the various phases of the credit granting process and monitoring of the credit and collateral operations management process, as well as all related expedient.

These Divisions report to the Director of the Portfolio, who does not assume any responsibilities at the level of Commercial Divisions or Credit Risk Control Divisions.

The limits and procedures for granting and managing credit operations are established in the General Credit Regulations, in the Credit Procedures Manual and in Product Files. The situations in which credit cannot be granted are also clearly established.

Rejection filter for defaults or material incidents

- Registration of material incidents;
- Default with the Bank;
- Delay in making any payments of principal or interest due to Financial Institutions for a period exceeding 45 days;
- Irregular use of means of payment under the responsibility of that person or entity;
- Pending legal action against that identity, provided the outcome of such action is deemed likely to have a materially adverse effect on their economic situation.

The assessment of credit proposals presupposes a rigorous analysis, framed by a set of parameters that guarantee adequate risk acceptance:

Prior collection, verification and critical analysis of relevant information regarding the applicant of the operation and its economic and financial situation, the operation to be financed and the guarantees offered.

Proposals for credit operations or guarantees to be submitted have:

- Be adequately characterized in the Technical File;
- Respect the respective product data sheet;
- Be accompanied by a duly substantiated credit risk analysis;
- Contain the signatures of the respective proposing bodies.

Analysis of operations by the body responsible for monitoring the company or group, in cases of spreading company or group accounts across several BFA Business Centers or Branches.

Consideration of the Bank's total exposure to the Client or the group to which the Client belongs under the terms of the legislation applicable at each moment.

Collateral analysis and weighting

- All credit operations have associated guarantees appropriate to the borrower's risk, the nature and term of the operation. The credit proposal must be duly substantiated with regards to the sufficiency and liquidity of the guarantees;
- The real guarantees are evaluated prior to the credit decision;
- The Guarantees Center of the Credit Management Department promotes and monitors the whole process of registration, updating and distortion of mortgages, as well as the real estate appraisal processes of assets given as guarantee for credit operations.

Risk Classification

Considering BNA Notice no. 11/2014, BFA has defined the following classification criteria in the respective risk levels for new operations:

- Level A (Minimum Risk): operations assumed by the Angolan State;
- Level B (Very Low Risk): Remaining credit operations.

Exceptionally, given the characteristics of the borrowers and the nature of the operations, other loans may be classified in risk levels A and B. These situations depend on the approval of the Board of Directors or the Executive Committee of the Board of Directors.

BFA does not grant loans with a risk classification above B. In loans to Individuals, BFA requires more than one intervenient with income, with the exception of protocols with companies.

The review of the classification of the credit in progress and respective provisioning is made in accordance with Notice No. 11/2014 of the BNA, with the minimum monthly frequency.

Deliberations of the decision-making bodies

- The deliberations of each decision-making body constitute collegial decisions of the members that compose it, and are recorded in minutes and signed by all participants;
- Decisions are taken unanimously. In the event of non-unanimity, the proposal is submitted to the next higher-level decision-making body;
- Members of a decision-making body who have a direct or indirect interest are barred from participating in the discussion and decision of any transaction, and the respective decision is submitted to the higher level.

Validity of decisions

- Decisions on credit matters are valid (for formalization) for 90 days, and are always communicated to the Client;
- All decisions foresee a maximum time limit for the use of credit or for the issue of a guarantee, which, in case of omission, is considered to be 30 days after the signing of the contract.

CREDIT RISK MANAGEMENT AT BFA

For the global monitoring of the credit risk assumed by BFA, the Risk Management Department was created, which has a specialized area for the calculation of the impairment losses of the financial assets and the control and reporting of credit risk to the management body, regulators and other stakeholders. The Credit Risk Area (DGR-ARC) comprises two divisions - the Credit Management Division and the Credit Impairment Division.

During 2020 the main focus was on very strict risk management, in an unfavorable context that affected the quality of the loan portfolio. Additionally, the development of new projects were also highlights: (i) evolution of the IFRS9 impairment model, and (ii) implementation of a system to manage non-performing exposures in compliance with BNA Directive 2/2020.

The following activities involving the ARC of the DGR were also noteworthy:

- Support to external and internal audits, regarding the calculation model of impairment losses, in the areas of individual impairment, collective impairment and consolidated impairment;
- Migration of the core Banka system from version 2.3 to version 3G, with evaluation of potential impacts.

THE IMPAIRMENT LOSS MODEL FOR FINANCIAL INSTRUMENTS (IFRS9)

The model for calculating impairment losses on financial instruments was initially developed in 2013, and from 2018, with the evolution of legislation Financial Institutions were required to perform the calculation of impairment losses on financial assets under the international standard IFRS9 (which replaced IAS39).

In addition to the individual impairment component, the impairment model also has an impairment component collective, based on statistical models for determining risk factors for risk segments with similar characteristics.

Since this is a model that is partly highly complex, it is submitted periodically to backtesting and recalibration processes in order to ensure that it correctly reflects the relationship between macroeconomic variables and risk parameters. The project to evolve the impairment model took place during the second half of 2020 and included the following scope: (i) backtesting; (ii) updating risk factors; and (iii) improvements to the model arising from internal audit findings and AQA 2019.

The calculation of impairment losses is applicable to all financial instruments, namely:

- Availability;
- Liquidity Applications;
- Customer Credit;
- Securities (except AFJVAR);
- Other assets with credit risk.

Loans and advances to Customers were segregated into risk segments, with this segmentation occurring in accordance with homogeneous risk profiles. In the case of Individuals considered segmentation by product, and in the case of companies, segmentation by type of company with similar characteristics. Thus, we have:

- Status;
- Financial Institutions;
- Meaningful Exposures;
- Not very significant exhibits;
- Housing Credit;
- Consumer Credit;
- Car Credit;
- Discovered in DO;
- Credit Cards.

The calculation of impairment losses is based on the definition of own calculation methodologies, adjusted to the historical data series and the characteristics of the Bank's loan portfolio. For the purpose of calculating impairment, the Bank classifies its portfolio according to evidence of impairment classified by stages:

- Stage 1: Classification to be applied upon initial recognition of the financial instruments or in case it does not meet any of the classification criteria of the other stages of impairment;
- Stage 2: Classification to be applied to financial instruments that see a significant increase in credit risk;
- Stage 3: Classification to be applied to financial instruments in default, respecting the materiality rules defined by the Bank.

The restructured operations receive a differentiated treatment, being classified as:

- Stage 2: until they meet the cure period (12 months), provided there are no delays of more than 30 days after restructuring;
- Stage 3: the case of restructuring of operations already in default, restructuring with material loss or grace period, as well as verification of delays exceeding 30 days.

In addition to the stage marking criteria, the Bank has defined contagion criteria, if the entity has more than one credit operation with the Bank, where the propagation of the classification of all Client transactions to stage 2 or 3, if the total exposure in these stages represents 20% of the Client's total exposure.

In classifying the significant increase in credit risk and default, a set of criteria were defined by the Bank, also observable under IFRS9:

- Contracts with credit more than 30 days overdue;
- Client with at least one credit operation in litigation in the last 5 years;
- Credit with a material decrease in the value of the collateral (greater than 20%) when this results in a funding-collateral ratio greater than 80%;

- Customers with unauthorized overdrafts, authorized overdrafts above the limit formally contracted with Customers or revolving credit operations permanently used at least 95% of the limit initially contracted in the last 12 months;
- Customers with at least one restructured credit operation in the last 12 months;
- Clients with debts to the Tax Administration and/or Social Security;
- Bank liens or expectation of insolvency or object of recovery process/financial and/or operational reorganization;
- Significant change in the Client's (Companies) operating results, for Clients subject to Individual Analysis;
- Clients in bankruptcy/ insolvency or with expectation of bankruptcy/ insolvency.

The Bank has defined in its calculation methodology the "Cured Credit" for stage 3 operations, which comprises credits that are in a quarantine period, in which a period between 6 and 12 months has elapsed since the first payment of principal, in which the debtor is complying with its responsibilities regularly (i.e. in which the debtor has been paying the principal and interest instalments of the contract without presenting any overdue exposure for a period of more than 30 days, until it is classified as "Cured Credit").

The calculation of risk factors takes into consideration segmentation, based on historical and prospective information (forward looking).

In the end, the consolidated impairment considers the aggregation of the groups of Clients/Clients with significant exposure targeted for individual analysis and the Clients targeted for collective analysis.

Individual Analysis

In the scope of individual analysis, the following Clients are considered:

- Individuals: exposure of more than 100 million kwanzas, or with an overdue balance of more than 1 million kwanzas (more than 30 days) and exposure of more than 50 million kwanzas;
- Companies: exposure higher than 50 million kwanzas, or with an overdue balance higher than 1 million kwanzas (more than 30 days) and exposure higher than 25 million kwanzas;
- All clients with restructured operations;
- Companies or Individuals indicated by the RMD or Risk Committee that are not subject to individual analysis by the previous criteria, but that the Bank considers adequate for its performance, regardless of the segment to which they belong.

Collective Analysis

In the scope of the collective analysis, based on the analysis of the portfolio's historical evolution and prospective market information, the following risk factors were determined:

- Probability of Default (PD): calculation of expected losses (ECL) for stage 1 transactions considering the 12-month period and for stage 2 transactions considering the residual maturity of the transaction. In accordance with IFRS 9, all estimates obtained throughout the model must be adjusted to include a forward-looking component, and the final model estimates used to calculate ECL are the forward-looking lifetime PDs;
- Loss Given Default (LGD): calculation of expected losses (ECL) for operations in stages 1, 2 and 3, incorporating the "collateral" component, which estimates recoveries through collateral foreclosures, and the "cash" component, which estimates recoveries through other means;

- Credit Conversion Factors (CCF): calculation of the percentage of off-balance sheet exposure that can be converted into on-balance sheet exposure in the event of default;

- Total Prepayment (PPT): a measure of the probability of a credit being fully repaid before reaching its contractual maturity date;

- Behavioral Maturity (BM): period during which the institution is exposed to credit risk, being applicable only to operations where the operation's maturity date is not defined.

KEY EVENTS IN 2020

- Implementation of corrections to the impairment model, based on audit recommendations, the AQA 2019 program and improvements identified by the Bank;

- Execution of the processes for updating the risk factors of the impairment model;

- Formalizing the back-testing methodology;

- Improved reporting to the management body, with more detailed reporting on the credit portfolio, portfolio quality, and monitoring and recovery of exposures;

- Implementation of the first phase of the Directive No. 2/DRO/DSB/2020 project on non-productive exposures, restructured and foreclosed assets, which consisted of the internal capacity self-assessment, definition of strategic options and targets, and development of the detailed operational plan to implement the strategic options and improvement opportunities identified in the internal capacity self-assessment;

- Follow up and ensure the implementation of the recommendations made under the AQA 2019 program;

- Guarantee of a monthly cadence of individual impairment analyses that ensures, at all times, an updated follow-up and evaluation of the risk of the significant exposures - this monitoring was particularly important in 2020, where BFA in March, and anticipating the unfavorable macroeconomic context and the negative impact of Covid-19, carried out a set of individual analyses in the sense of aggravating impairment for the significant exposures and with probability of aggravating the expected loss;

- Final implementation and validation of the information reported to the supervisor on the Impairment Supervision Model;

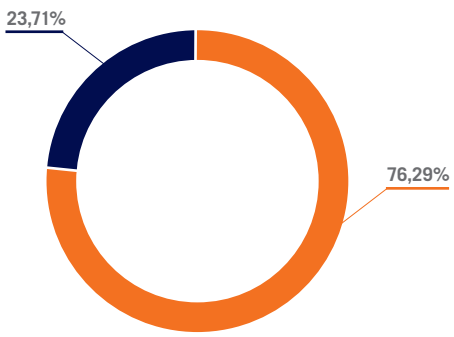
- Interaction with supervisor to provide reliable, quality and timely information. Main aspects: (i) ME credit; (ii) compliance with notice 10/2020; (iii) monthly overdue credit information; (iv) validation of the impairment supervision model.

EVOLUTION OF CREDIT RISK

In 2020, the gross loan portfolio increased by 8.34% compared to 2019, reaching 389 billion based on the analysis of the portfolio's historical evolution and prospective market information. The evolution was influenced mainly by the increase in credit in the corporate segment.

In terms of the distribution of credit between individuals and companies, about 76% of credit is granted to Companies, with the weight of credit to companies having increased compared to 2019 by 2.16 percentage points.

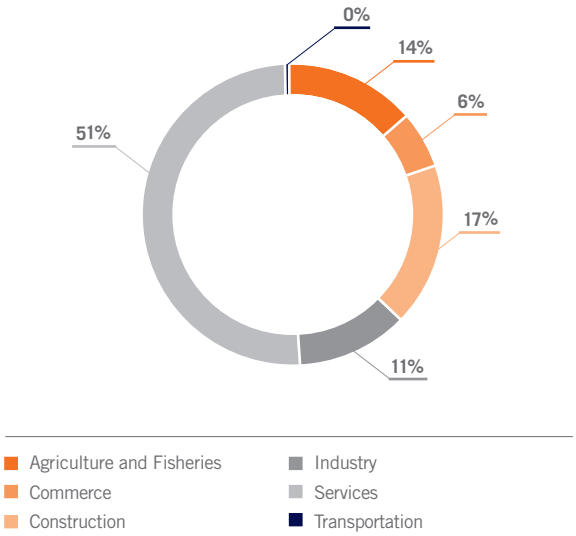
Distribution of Gross Credit by Type of Customer



Companies Private

In terms of the distribution of credit by currency, there was a 24% increase in credit in local currency and a 22% reduction in credit in foreign currency, with these having a weight in the credit portfolio of 75% and 25%, respectively.

Diversification of Gross Credit by Sector of Activity



Credit Granted per Risk Class

Regarding the structure of the loan portfolio by risk class, as defined in Notice 11/2014 and BNA Instruction 9/2015, it can be seen that, as in previous years, the classes with the lowest risk have the greatest weight in the total loans granted.

About 79.8% of total credit granted presents a risk classification between classes A and C, inclusive. In the highest risk classes (risk higher than "Moderate"), the exposure of BFA's credit portfolio increased by 8.7 percentage points compared to 2019.

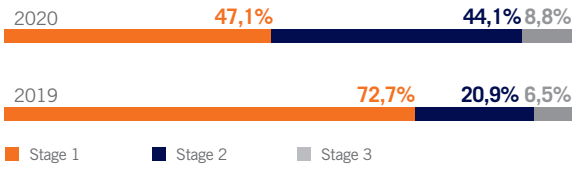
CREDIT GRANTED BY RISK CLASS

Total Credit Operations

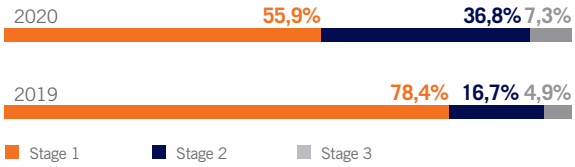
Class	2018	2019	2020
A - Null	40,4%	29,2%	33,9%
B - Very Low	46,1%	59,0%	45,6%
C - Reduced	7,8%	0,3%	0,2%
D - Moderate	0,2%	6,2%	10,5%
E - High	0,7%	0,4%	3,1%
F - Very high	0,4%	0,3%	0,2%
G - Loss	4,4%	4,6%	6,5%
Total	**100%**	**100%**	**100%**

The risk level of the gross loan portfolio is divided among the impairment stages as follows:

Gross Credit per Stage



Total Credit per Internship



In 2020, there is a deterioration in the quality of the portfolio with a significant increase in stage 2 customers and an increase, albeit to a lesser extent, in non-performing loans. This deterioration occurs in terms of both gross credit (on-balance sheet credit) and total credit (which includes on- and off-balance sheet credit).

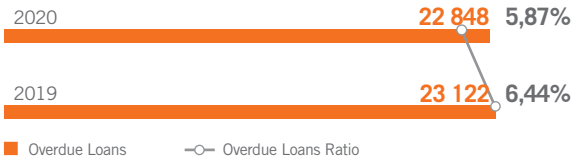
Non-productive credit

In 2020 the BNA published Directive no. 2/2020/DRO/DSB on the management of non-productive exposures, restructured and assets given in payment in kind, with the objective of harmonizing management practices for this type of asset. This measure aims to reduce this type of assets in the Angolan financial system.

BFA has developed a project for the implementation of a management system for this type of exposure that will allow a closer follow-up of these exposures and the definition of reduction goals for this type of assets.

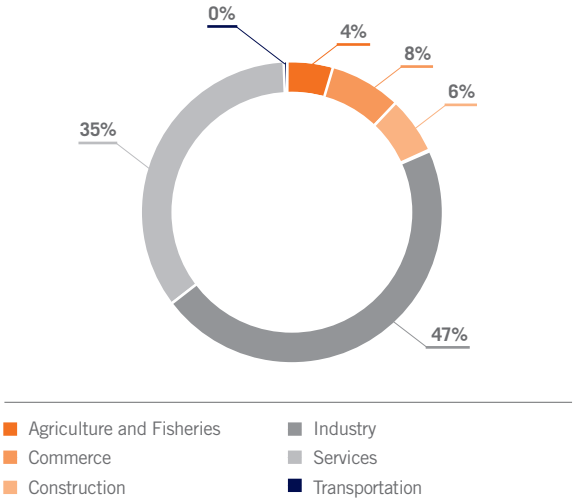
Given the macroeconomic context and the global pandemic mentioned above, there has been a deterioration in the quality of the portfolio with an increase in the non-performing loan ratio(NPL) by 2.3 percentage points, to represent 8.8% of gross credit (asset credit).

Evolution of Overdue Credit



In spite of the increase in non-performing loans, overdue credit showed a slight reduction both in terms of amount and in terms of the overdue credit ratio. This reduction in the overdue credit ratio was driven by the increase in gross credit (asset loans).

Concentration of Overdue Credit by Industry



Taking into consideration the total overdue loans of the corporate segment by activity sector, we found that in 2020 the Industry sector was the one with the largest weight in the structure of overdue loans, accounting for 46.6%, followed
By the Services sector with 35.0%. Note that the Agriculture & Fisheries sector holds only 4% of overdue loans.

Impairment and Coverage Ratio (millions of kwanzas)

Compared to 2019, the impairment coverage on total exposure increased by 4.8 percentage points, influenced by the increase in impairment recorded during 2020 as a result of the downgrade of the sovereign risk rating by Moody's agency from B3 to Caa1.

In December 2020, the impairment coverage ratio was 239%, which represents a comfortable credit coverage position, mirroring a prudent risk management policy.

Millions of Kwanzas

Class	2020
Impairment	54 538,5
Loan Portfolio Coverage Ratio	11,5%
Overdue Loan Coverage Ratio	239,1%

Note: Includes signature credit

The amount of credit written off in 2020 suffered a reduction of 50% in relation to the same period the previous year, reaching 0.7 million USD. The write-off of credit to assets was more significant in the products of Pledged Current Accounts, Overdrafts and Consumer Credit.

Write Off Credit

Million USD

Balance Sheet Risks

LIQUIDITY RISK

Liquidity Risk is defined as the probability of the occurrence of negative impacts resulting from the Bank's inability to immediately dispose of liquid funds to meet its financial obligations on time.

Liquidity Risk Management

Liquidity risk management is carried out, in the first line of defence, by the Financial and International Department (DFI), and in the second line of defence by the Risk Management Department - Balance Sheet Risks Area (DGR-ARG).

BFA enjoys a privileged condition regarding the financing of its activity, as a result of particularly prudent management of its liquidity levels.

By ensuring a stable, secure and sufficient liquidity position based on an adequate reserve level, the Bank maintains high liquidity and observation ratios.

Compliance with the limit established in the local currency of the daily liquidity gap is ensured by the Financial and International Department (DFI). This limit consists of the difference between inflows and outflows of funds in local currency verified on one day, considering compliance with the Mandatory Reserves.

The Risk Management Department - Balance Sheet Risks Area, is responsible for the implementation of the methodologies, processes, and activities to monitor and control balance sheet risks, by evaluating the main liquidity risk indicators, by performing stress tests, and also by carrying out the internal liquidity adequacy assessment process (ILAAP).

The financial management of BFA's Liquidity Risk is supported by a set of documentation distributed to various management bodies:

- Daily information with a summary of the domestic and international market information and the main movements and operations verified on the day;
- Documentation for the Financial Committee, with a retrospective weekly summary of the main national and international markets;
- Daily report of the regulatory foreign exchange position, sent to the Directors of the financial and risk departments, indicating the accumulated gap by foreign currency;
- Monitoring of Early Warning Indicators (EWI) to monitor the Bank's liquidity situation - during the 2020 fiscal year no breaks in the early warning indicators were identified, and it was not necessary to activate the liquidity contingency plan;
- Monthly elaboration of resource volatility;
- Integrated Risk Management Report, with monthly analysis of the main indicators and risk limits for liquidity risk, carried out by the Risk Committee and the Board of Directors.

BFA is governed by an organizational and decision-making model, composed of five bodies:

Board of Directors	Taking more critical decisions regarding operations with Angolan State risk, counterparty limits and deposit and credit interest rates, on the proposal of the Risk Commission, the ECSC and/or the Assets and Liabilities Committee.
Risk Committee	Support and advice to the Board of Directors on risk management matters, including liquidity risk.
Assets and Liabilities Committee	Performing daily and weekly analyses of the markets and continuously monitoring compliance with the decisions of the Board of Directors and all regulatory and internal limits.
Assets and Liabilities Committee	Monitoring and advising the Board of Directors on the strategy and policy for managing the Bank's assets and liabilities, particularly with regard to balance sheet risks (market, liquidity, interest rate and exchange rate).
Financial Committee	Weekly aggregation and operationalization of the Board of Directors' decisions and making proposals to the Assets and Liabilities Committee, when necessary.

Main Developments of 2020

- On August 30, 2016, BNA published Instruction No. 19/2016, which established the specificities of the sending of information relative to liquidity risk management. Within this scope, the Financial Institutions began to report the liquidity maps, considering the cash flows in national currency and foreign currencies that are significant for the Institution, on a fortnightly basis. They must also report monthly the liquidity map considering the cash flows of all currencies in an aggregate form.

- Financial Institutions must therefore ensure that, as of August 31, 2019 and until August 31, 2020, liquidity ratios and observation, will have to be greater than 100% (for domestic currency and aggregate reporting of all currencies) and 150% for reporting of significant foreign currencies.

- The monitoring of current and structural liquidity levels, required according to the amounts and deadlines of the commitments made and the resources in portfolio, is done through the identification of liquidity gaps.

BFA's liquidity position is determined on a regular basis, identifying the factors that justify the variations occurring. This control is reinforced by the execution of stress tests to characterize the Bank's risk profile and to ensure that its obligations are likely to be fulfilled in a scenario of worsening market conditions.

As already mentioned, at the regulatory level, the liquidity ratios and observation ratios are calculated monthly. On December 31, 2020, the liquidity and observation ratios are presented as follows:

Liquidity Ratios

ALL CURRENCIES

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Net Assets	1 158 323	1 170 667	1 345 775	1 435 993	1 621 215
Cash outflows	278 637	296 595	332 676	313 696	368 963
Cash inflows	26 398	14 396	50 354	5 147	16 726
Liquidity ratio	459%	415%	477%	465%	460%
Limits	100%	100%	100%	100%	100%

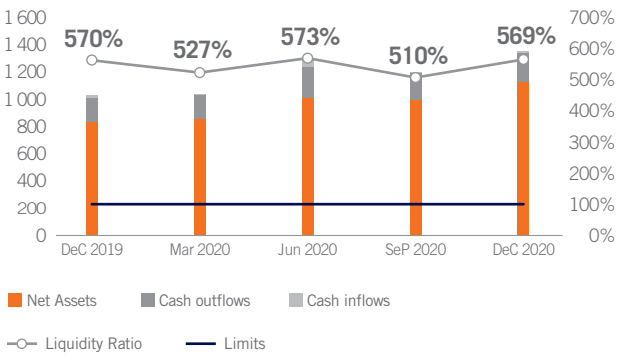
NATIONAL CURRENCY

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Net Assets	839 294	856 020	1 016 319	1 000 387	1 129 934
Cash outflows	173 198	176 689	227 823	201 311	215 302
Cash inflows	26 030	14 302	50 351	5 144	16 687
Liquidity ratio	570%	527%	573%	510%	569%
Limits	100%	100%	100%	100%	100%

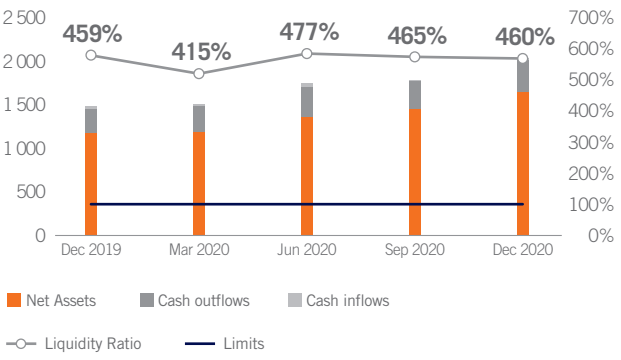
SIGNIFICANT CURRENCY

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Net Assets	224 042	219 859	234 283	291 306	259 149
Cash outflows	79 893	100 969	84 708	94 679	92 937
Cash inflows	28	3	3	3	31
Liquidity ratio	281%	218%	277%	308%	279%
Limits	150%	150%	150%	150%	150%

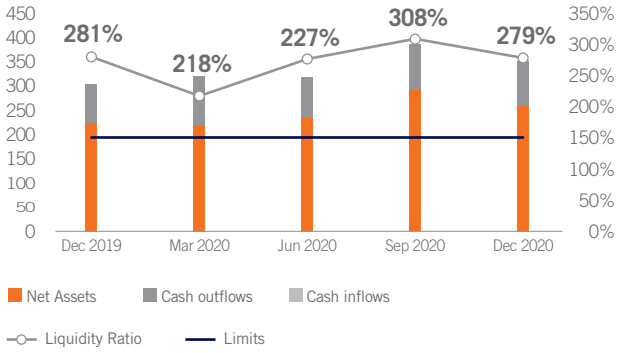
Liquidity Ratio - All Currencies (mMAOA)



Liquidity Ratio - Domestic Currency (mMAOA)

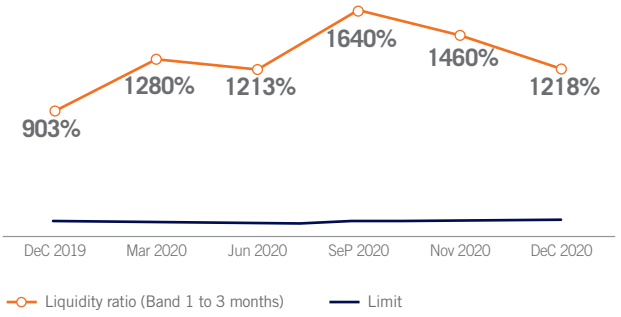


Liquidity Ratio - Significant Currency (mMAOA)

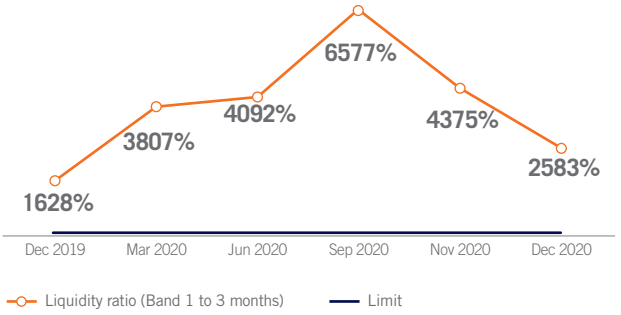


Observation Ratio

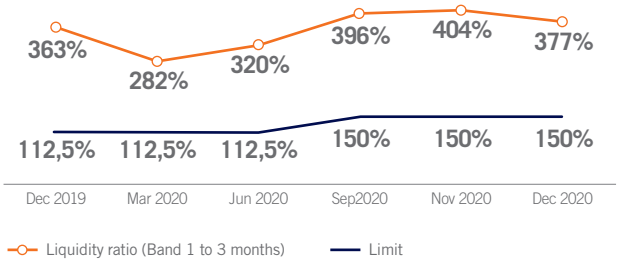
Observation Ratio - All Currencies (mMAOA)



Observation Ratio - National Currency (mMAOA)



Observation Ratio - Significant Currency (mMAOA)



Within the scope of prudential information requirements, BFA has been monitoring the application and ensuring compliance with regulatory requirements, not only by reporting regulatory liquidity information, such as by participating in various study exercises and discussions promoted, among others, by the regulator and by ABANC.

In the scope of liquidity, the implementation of the Supervisory Review and Evaluation Process (SREP), regarding the liquidity adequacy self-assessment processes (ILAAP, together with the capital adequacy process self-assessment (ICAAP).

The liquidity adequacy self-assessment process (ILAAP) is characterized as a fundamental assessment tool for risk management and internal determination of liquidity needs. In this process, the Bank analyzes a wide range of qualitative and qualitative information quantitative, to define a framework for managing the Bank's liquidity risk in accordance with its profile and aligned with the guidelines defined by the regulator. The methodology followed in the ILAAP exercise includes the Bank's characteristics, such as business model, governance, controls implemented and their monitoring, size, complexity, market constraints and regulatory obligations defined at the Angolan market level.

The main developments in the Bank's liquidity situation in 2020 were as follows:

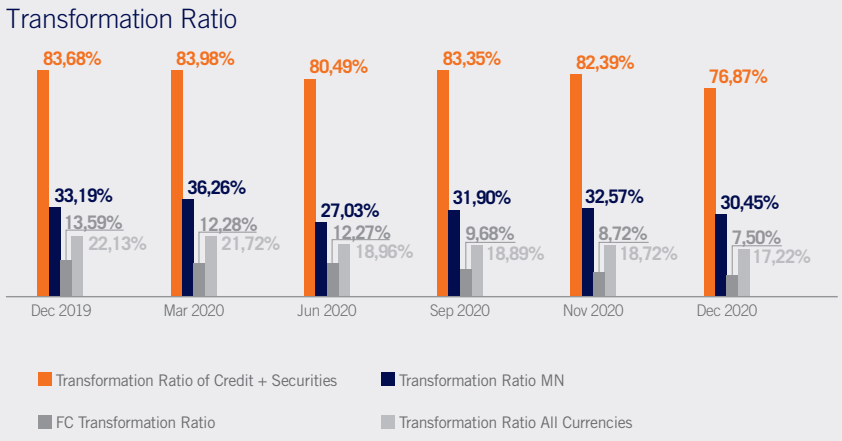
- At the end of December 2020, Customer resources stood at 2,252,202.7 million kwanzas, registering an increase of +38.8% compared to December 2019, with resources in national currency reaching 953,755.3 million kwanzas (+34.9% YoY). Gross credit amounted to 387,818.7 million kwanzas, which represents an increase of +8.0% YoY;

- The assets integrated with the monetary policy pool and eligible for rediscount operations with Banco Nacional de Angola, net of haircuts, amounted to 791,729.3 million kwanzas on December 31, 2020;

- The gross sovereign debt portfolio stood at 1,387,051.5 million kwanzas (+37.1% YoY), of which around 30.3% was represented by nominated securities in foreign currency. The one-off needs of liquidity were fully supplied in the money market, whose balance stood at 1,024.4 million kwanzas on December 31;

- In structural terms, the Bank's liquidity profile is sustainable, having recorded a loan-to-customer funds transformation ratio of 17.2% in December 2020. The transformation ratio in local currency stood at 30.4% (33.2% in December 2019), maintaining a liquidity reserve at comfortable levels;

- On December 31, 2020, available liquidity with the National Bank of Angola, less compulsory reserves, amounted to 227,352.9 million kwanzas, of which 25,213.1 million kwanzas in national currency. Encumbered assets amounted to 175,372.2 million kwanzas, in national currency, and 207,291.3 million kwanzas, in foreign currency, representing, respectively, about 12% and 15% of assets per currency.



INTEREST RATE RISK

Interest rate risk is defined as the possibility of financial losses arising from adverse movements in interest rates. In this case, interest rate risk is assessed from a medium and long-term perspective, at the level of the banking portfolio, which enables the Bank's exposure to this risk to be assessed and its capacity to absorb adverse variations in the rates to which it is exposed to be inferred.

THE MANAGEMENT OF EXCHANGE RATE RISK

At BFA, interest rate risk is calculated by classifying all asset, liability and off-balance sheet items belonging to the banking portfolio which are sensitive to interest rate fluctuations, by interest rate repricing intervals. It is monitored on a systematic basis according to the repricing periods for assets and liabilities. The purpose of the interest rate risk sensitivity analysis is to assess the Bank's exposure to this risk and infer its capacity to absorb adverse variations in the rates to which it is exposed.

Balance sheet interest rate risk management

- Performed through the control of the Balance Sheet Aggregate Interest Rate Risk. Corresponds to the sum of the impact of a parallel variation in the interest rate curve of the various currencies in the valuation of the assets and liabilities of BFA's Balance Sheet.

- It is the responsibility of the DFI to ensure that the aggregate interest rate risk of the balance sheet remains within the defined limit against Regulatory Own Funds.

Management of the interest rate risk of the securities portfolio

It consists of controlling the aggregate interest rate risk. This corresponds to the sum of the impact of a parallel shift in the interest rate curve on the valuation of the Bank's portfolio of securities with a residual maturity of more than 1 year.

The financial management of BFA's Interest Rate Risk is supported by a set of documentation distributed to the various management bodies:

- Daily information with a summary of the main information from the domestic and international markets, the main movements and operations verified on the day, namely the money market and public debt;

- Documentation for the Financial Committee, with a retrospective weekly summary of the main national and international markets;

- Documentation for the Risk Committee and the Board of Directors, with monthly analysis of the Integrated Risk Management Report (RGIR) covering the main indicators and risk limits, for materially relevant risks, including interest rate risk.

The organization and decision-making model at BFA, in this regard, considers:

Board of Directors	Approval of the risk appetite and the limits defined for interest rate risk. Taking of the most relevant decisions regarding State risk operations, counterparty limits and interest rates on deposits and credit, at the proposal of the ECSC and/or the Assets and Liabilities Committee
Risk Committee	Support and advice to the Board of Directors on risk management issues, including interest rate risk
Executive Committee	Daily and weekly analysis of the markets and permanent monitoring of compliance with the decisions of the Board of Directors and of compliance with all regulatory and internal limits
Assets and Liabilities Committee	Monthly aggregation of documentation and information in a proper dossier and presentation of proposals for action to the Board of Directors
Financial Committee	Operationalization of the Board of Directors' decisions and, when necessary, preparation of proposals to the Assets and Liabilities Committee

Evaluation of Interest Rate Risk

The sensitivity analysis performed is based on the methodology provided for in Notice No. 08/2016, of June 22, of the National Bank of Angola, which establishes the analysis requirements to be observed by Financial Institutions, within the scope of interest rate risk in the banking portfolio.

According to the same, the Financial Institutions must send to the BNA detailed information on the level of exposure to interest rate risk of their banking portfolio. They must consider an instantaneous positive or negative shock of 2% in the interest rates, resulting from a parallel movement of the yield curve of the same magnitude, in order to estimate the impact on the current value of the cash flows and the interest margin. Institutions must provide information to BNA on the positive or negative interest rate movements that imply the most adverse scenario for their balance sheets.

They should assess their level of exposure to interest rate risk in the banking book on an ongoing basis. After performing the shock, if it verifies a potential reduction in its economic value equal to or greater than 20% of its regulatory own funds, the institution has a period of one business day to inform BNA.

In calculating interest rate risk, all on- and off-balance sheet financial instruments that are relevant to this analysis and that are, by definition, affected by interest rate changes are included.

Considering the type of remuneration rate, the positions are considered for the repricing period or the respective residual maturity, in accordance with that Notice.

The positions denominated in foreign currency and subject to interest rate risk were converted into kwanzas at the official BNA exchange rate on the reporting date. Considering, also, the weight that positions in dollars (and subject to interest to interest rate risk) represent in the banking portfolio, it was considered appropriate to perform a disaggregated analysis for this currency, following the same principles and assumptions applied for the local currency.

In quantitative terms, on December 31, 2020, BFA observed the following interest rate risk values:

Interest Rate Risk (Banking Portfolio)			Impact on All Currencies	
			2019	2020
Effect of the net situation of a 200 bp shock in the interest rate	Value	+	(8 407 829)	(13 871 328)
		-	8 407 829	13 871 328
	% of Regulatory Capital	+	-2,03%	-3,00%
		-	2,03%	3,00%

Risco de Taxa de Juro (Carteira Bancária)			Impact on the AOA Border	
			2019	2020
Effect of the net situation of a 200 bp shock in the interest rate	Value	+	(3 729 574)	(9 366 432)
		-	3 729 574	9 366 432
	% of Regulatory Capital	+	(0,90)%	(2,03)%
		-	0,90%	2,03%

Risco de Taxa de Juro (Carteira Bancária)			Impact on USD Currency	
			2019	2020
Effect of the net situation of a 200 bp shock in the interest rate	Value	+	(7 261 007)	11 307
		-	7 261 007	(11 307)
	% of Regulatory Capital	+	(1,75)%	0,00%
		-	1,75%	0,00%

It can be seen that the impact of the economic value is within the defined regulatory limit, that is, a value equal to or less than 20% of Regulatory Own Funds.

EXCHANGE RATE RISK

Exchange rate risk arises from unfavorable fluctuations in the exchange rates between currencies and arises from the difference in asset and liability positions in each foreign currency or indexed to exchange rate variation.

Exchange Rate Risk Management

BFA seeks to control its risk in an active and particularly rigorous manner, maintaining for each currency its asset and liability positions within approved limits.

It is the responsibility of the Finance and International Department (DFI) and the Balance Sheet Risk Area (ARG) belonging to the Risk Management Department to manage foreign exchange risk. The DFI also ensures that the difference between assets and liabilities in each foreign (or indexed) currency is residual, with the exception of positions in USD and EUR, for which a foreign exchange exposure limit is foreseen.

In parallel, it is the responsibility of the Balance Sheet Risks Area of the Risk Management Department:

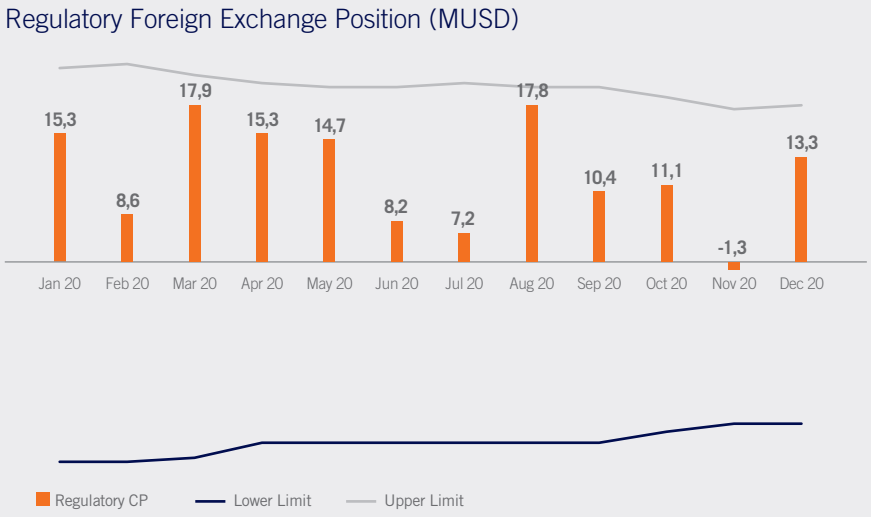
Implement the methodologies, processes and activities for monitoring and controlling balance sheet risks	Evaluate the main exchange rate risk indicators	Ensure the elaboration of stress tests for Foreign Exchange Risk

The management of BFA's Foreign Exchange Risk is supported by a set of documentation, distributed to various management bodies, namely:

- Daily information, with a summary of the main information from the domestic and international markets, the main movements and operations verified on the day, namely on the foreign exchange market;
- Documentation for the Finance Committee, with the retrospective weekly summary of the domestic foreign exchange market and major domestic markets;
- Documentation for the Risk Commission and the Board of Directors, with the monthly analysis of the main indicators and risk limits, for materially relevant risks, including foreign exchange risk, present in the Integrated Risk Management Report (RGIR);
- Documentation for the Board of Directors with the monthly foreign exchange market summary;
- Daily assessment report of the exchange rate risk using the statistical model (VaR Cambial - parametric model).

The organization and decision-making model at BFA, in this regard, considers:

Board of Directors	Takes the most relevant decisions regarding operations with Angolan State risk, foreign exchange position, and deposit and credit interest rates, on the proposal of the ECSC and/or the Assets and Liabilities Committee.
Risk Committee	Support and advice to the Board of Directors on risk management matters, including exchange rate risk.
Executive Committee	It permanently monitors compliance with the Board of Directors' decisions and compliance with all regulatory and internal limits and conducts daily and weekly market analyses.
Assets and Liabilities Committee	It puts together proposals for action based on documentation and information gathered on a regular basis, to present to the Board of Directors.
Financial Committee	It meets at least once a month to operationalize the Board of Directors' decisions and make proposals to the Assets and Liabilities Committee, if necessary.


Regulatory Foreign Exchange Position (MUSD)
15,3
8,6
17,9
15,3
14,7
8,2
7,2
17,8
10,4
11,1
-1,3
13,3
Jan 20
Feb 20
Mar 20
Apr 20
May 20
Jun 20
Jul 20
Aug 20
Sep 20
Oct 20
Nov 20
Dec 20
Regulatory CP
Lower Limit
Upper Limit

Operational Risk

Operational Risk is the probability of the occurrence of negative impacts on results or capital that result from losses due to the inadequacy of (i) internal processes, (ii) human capital or (iii) systems, as well as the existence of fraud (internal or external) and/or other external events.

OPERATIONAL RISK MANAGEMENT

Operational risk management is the responsibility of the Risk Management Department - Operational Risk Area (DGR-ARO). This area, based on the collection of events and identification of risks inherent to the activities developed, promotes the respective evaluation, classification and definition of measures (action plans) aimed at eliminating or mitigating the most relevant ones. Complementarily, the global monitoring of BFA's exposure to operational risk is ensured through the follow-up of risk indicators and limits.

The implemented methodology guarantees their alignment with the best international practices, assuming the main objectives:

- Stimulate the implementation at BFA of a true risk culture;
- Identify and qualitatively assess the risks and controls associated with the Bank's processes;
- Promote the centralized collection of events classifiable as an operational risk;
- Define and monitor key risk indicators (KRI);
- Ensure the preparation, maintenance and operationalization of relevant policies related to business continuity management;
- Calculate BFA's exposure to operational risk and report periodically to the various stakeholders, namely the Board of Directors, the Executive Committee of the Board of Directors, and the Risk Committee;
- Promote the definition and monitor the implementation of action plans to mitigate operational risk. In addition, it is based on the involvement of all Bank Employees in the effective management of this type of risk, by supporting the RMGR-ARO in the assessment of existing risks in its activities and in the identification and timely reporting of any risk events that they encounter in the exercise of their functions.

Main developments in 2020

In 2020 an evaluation of the documents and tools already developed was conducted and priorities were assessed.

These were area goals in 2020:

- the re-evaluation of the existing plan of activities;
- the definition of priorities taking into consideration the technical and human capacity and previous processes that DGR-ARO does not control (example: process catalog and process standards);
- the calculation of provisions for general credit risks;
- the development of priority tools for the development of operational risk management activities (operational risk events database and template for mapping risks and controls in the Bank's process standards).

Strategy, Governance and Policy

- Creation of the Operational Risk Management and Control Model
- Definition of the Operational Risk Management Policy
- Elaboration of the Operational Risk Management Processes Standard

Operational Risk Identification & Assessment

- Operational Risk Management Pilot Implementation
- Pilot Testing and Validation
- Implementation of the Interim Management Tool and the RO Events DB
- Identification of Risks & Controls in the activities of the Process Catalog
- Definition and implementation of the Risk Catalog
- Risk and Control Self-Assessment

Operational Risk Monitoring & Reporting

- Implementation and Monitoring of Key Risk Indicators (KRIs)
- Collaboration in the (monthly) preparation of the Integrated Risk Management Report (RGIR)
- Operational Risk Report Elaboration
- Collaboration in the elaboration of the (annual) Report on the Risk Management System

Collection of Operational Risk Events

The development of the Operational Risk Events Database was improved during 2020, a year in which the collection of operational risk events still occurred informally, to the extent that its communication to the management body was based on information collected by Internal Audit. It is expected that in 2021 the reporting of operational risk events to the Risk Committee and the Board of Directors will begin.

Risk and Control Mapping

In 2020 the model for mapping risks and controls of business, support and control processes was defined with the Organization and Quality Department.

Based on this model, the RMGR-ARO began mapping process risks and controls during this fiscal year, and this activity will be strengthened in 2021 with the aim of mapping as many processes as possible. With this mapping, the RMGR-ARO will be able to carry out a self-assessment of risks and controls, in order to evaluate which processes, present the greatest risk and what the action plans are to mitigate them.

Compliance Risk

WHAT IS COMPLIANCE RISK AND HOW DOES IT ARISE?

Compliance Risk is understood as the probability of the occurrence of events that may imply the imposition of legal or regulatory sanctions, with a negative impact on the Institution's reputation, results or capital, as a consequence of violations or non-compliance with laws, rules, regulations, codes of conduct, instituted practices or ethical principles that regulate the Institution's activity.

The emergence of Compliance risk is intrinsic to any banking structure and its business since it is based on a normative and legal basis, guided by rules defined by the various supervisory entities and by contracts signed with business partners and Customers.

The detection, management and effective mitigation of this type of risk are key instruments in managing reputation risk since they represent one of the main pillars guiding the Bank's activities.

With the growing demands of the BNA and the regulatory entities with regard to the control and monitoring of Customers and Transactions, BFA has regarded the management of Compliance risk as one of its main strategic priorities in the short and medium-term. In this sense, its focus has been:

- **Development of appropriate processes and procedures;**
- **Implementation of tools to support processes and procedures;**
- **Investment in Integrity and Employee Training;**
- **Robustness in Internal Controls and Culture.**

WHAT IS BFA'S SHORT/MEDIUM TERM COMPLIANCE RISK MANAGEMENT STRATEGY

For the current fiscal year, there were key strategic aspects for short-term implementation, namely:

Strategic Challenges	Strategic Objectives	Values
• Risk Prevention in Related Party Transactions; • Conflict of Interest Prevention • BC/FTP Prevention • Regulatory Compliance Prevention • Strengthening of Management Controls	• Improving Internal Controls through Tools for Operational Compliance Risk Management • Appropriateness of PBC/FTP Controls, Regulatory, Conflict of Interest, Identification and Related Party Transactions	• Responsibility and Accountability • Integrity and Professionalism • Prudence

During the year, BFA's Board of Directors needed to ensure consistency in the compliance and scrupulous monitoring of compliance risks and consequently drew up a strategic plan whose guidelines are described below:

Compliance Strategy	Strategic Objectives ofCompliance	Compliance Objectives Short Term
• Compliance Culture; • Compliance with Legal Standards; • Operational Controls; • Robustness in the Relationship with the Regulator.	• Manage Compliance Risk; • Raise the BFA Brand in terms of Internal Controls/Risk Management Compliance/PBC/FTP; • Elevate the BFA values: Compliance, PBC/FTP, Conflict of Interest, Related Party Transactions; • Reduce penalties.	• Empowering Human Capital: Investment in Employee Integrity, Training, and Awareness; • Automate Special Compliance Risk Management Tools: Increased effectiveness of Internal controls for operational risk management of BC/FTP; • Review Processes/Standards: Improvement of Internal Standards and More Stringent Rules for KYC, Evaluation BC/FT Client Risk, Products and Services, Individual Declarations of Conflict of Interest and others.

HOW IS COMPLIANCE RISK MANAGED?

Compliance Risk Management Governance Model

BFA has implemented and promotes compliance with the principles regulated by the National Bank of Angola, the Capital Market Commission and other Authorities as regards the rules of Corporate Governance and Internal Controls, and in the latter, the standards of Compliance Risk management Additionally, in order to strengthen its system, it has adopted and adapted a set of internationally recognized and accepted key concepts, highlighting the recommendations issued by the Basel Committee on Banking Supervision, GAFI - Financial Action Group.

The governance model of the risk management system at BFA is developed on two main levels:

- **Strategic**: Competence of the Board of Directors, assisted by the Executive Committee and by a wide range of specialized committees, which are responsible for the follow-up, monitoring and control of risks.

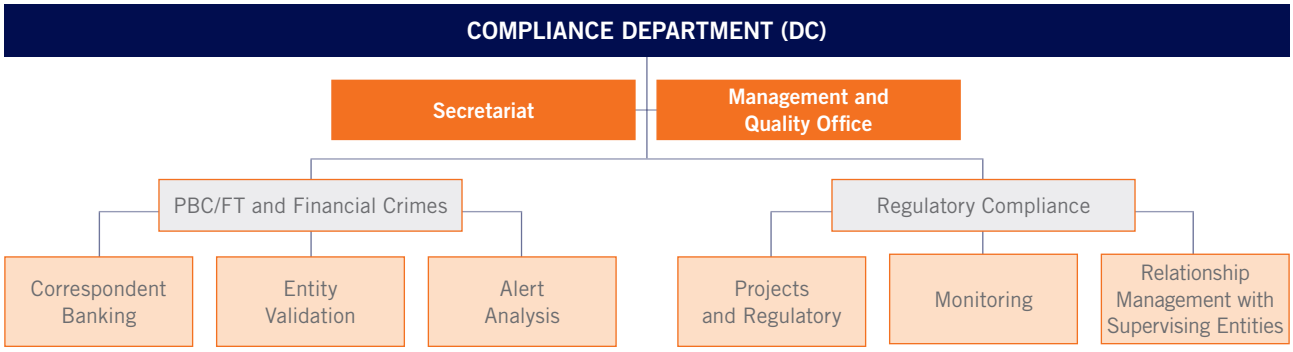
- **Operational**: Implementation of the three lines of defence model with clear responsibilities and risk management across the board:

1ST LINE OF DEFENSE	2ND LINE OF DEFENSE	3RD LINE OF DEFENSE
Performing self-monitoring by self-assessment, mitigation actions and improvements including the self-training process for its management. Appropriate measures in the introduction of products and services in the Bank.	Establishment of controls by the guidance, inspection, supervision and evaluation of the First Line of Defense.	Assessment, adequacy and effectiveness of business operations, risk management, internal controls and corporate governance of the Bank in a systematic and standardized manner.

The Compliance Department, as the Bank's second line of defence, provides support to the Board of Directors, the Bank's activity and business, by monitoring the management of this compliance risk, in order to ensure that the Bank's activity and business are carried out in compliance with legal regulations and with adequate mitigation measures in order to avoid non-compliance that can materialize in penalties and reputational risk.

HOW IS COMPLIANCE MANAGEMENT SEGREGATED TO ENSURE THAT THIS RESPONSIBILITY IS FOLLOWED UP?

The organization of the Compliance Directorate is as follows:



Generic Responsibilities for its major Practice Areas, are as follows:

PBC/FT and Financial Crimes Area

Correspondent Banking Center

Mitigates the Compliance and BC/FT risks that arise from the Bank's correspondence and also with other counterparties and/or Financial Institutions, having as main tasks:

- Bank correspondence relationship management through counterparty risk profile assessment and due diligence in the matching list and RMAs;
- Management of the relationship with correspondent banks in due diligence actions associated with customer transactions.

Entity Validation Center

Reviews high-risk customer data and documentation at the beginning and during the course of the business relationship to ensure appropriate assessment of the degree of BC/ FT risk assigned at the system level, validating and/ or authorizing interaction with customers by performing the following tasks:

- Definition and review of the criteria and requirements of the BC/FT risk matrix, as well as the BC/FT and FATCA (Foreign Account Tax Compliance Act) risk analysis of onboarding clients;
- Ongoing monitoring/evaluation of enhanced due diligence measures for High Risk Clients and PEPs.

Alert Analysis Center

Analyzes transactional and International Sanctions/Restrictive Measures Alerts, assessing the profile and proposing the closure of the business relationship, according to the identified risk, including the following tasks:

- Define, review and update the alert criteria;
- Analyze KYT alerts, Filtering (PEPs and Sanctions), assess customer profiles for associated risk;
- Periodically evaluate the requirements for the risk classification of Customer Sanctions as well as the procedures for managing the risk of the same.

Regulatory Compliance Area

Projects and Norms Center

Control regulatory compliance, providing technical assistance to Management. Areas/Directions of the Bank in the process of identifying Legal Regulations and standards applicable to the Bank's operating and business environment. Its main tasks are:

- Identification, compilation, disclosure and permanent updating, control of External Regulations that directly and/or indirectly affect the Bank's activity/business, diffusing and evaluating the residual risk in the function of the implemented controls;
- Identification and proposal of improvements or mitigation in the Bank's Regulations, Processes and Internal Policies in view of the contextualization of the regulation;
- Participation in processes and projects for implementing new products, services and channels, as well as reviewing them and/or proposing recommendations for improvement in case of new regulatory developments.

Monitoring Center

Performs assurance tests on the degree of compliance with Laws, Regulations, Policies and Processes, the degree of adequacy and effectiveness of the implemented controls, outlining recommendations in order to mitigate the Compliance risk, has as its main tasks:

- Regular monitoring and testing of implemented controls vs;
- Evaluation of the efficiency and effectiveness of the Compliance controls implemented in the Areas/Divisions;
- To evaluate the adherence, adequacy, controls implemented and degree of compliance with the rules of conduct mirrored in the Bank's Code of Conduct and Policies, namely Related Parties, Conflict of Interest Management and Anti-Bribery and Corruption.

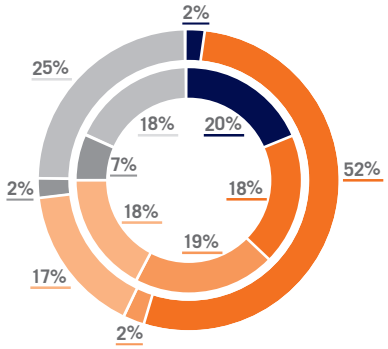
Center for Management of Relations with Supervising Entities

Ensures solid communication between the Bank and the Supervisory Entities on issues such as regulatory impacts as well as the implementation of controls in communication, monitoring and compliance with deadlines. Its main tasks are:

- Coordinates and controls internal and external regulatory communication, developing internal and external contacts with entities, while not straying from those technically associated with each Directorate/area of the Bank;
- Follow up on-site and off-site Inspection processes that may have a regulatory impact;
- Follows the degree of compliance with the deadlines for mandatory reporting to authorities and assess the level of non-compliance and any associated risks.

Training and capacity building program for the Compliance function 2019/2020:

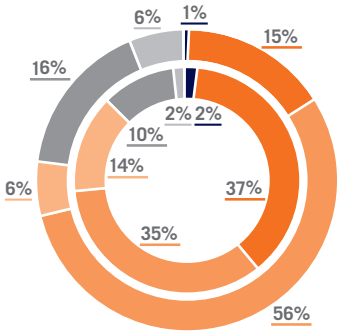
Nº. of Trainees VS Nº. of Hours 2019 - DC



- AML - elearning
- Advanced on AML/CFT and Sanctions
- Código de conduta - elearning
- Ethics and PRFSC
- ACCPA's AML Certification Exam
- Compliance Function

Outer circle - no. trainees I Inner circle - nº. hours

Nº. of Trainees VS Nº. of Hours 2020 - DC



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- Ethics and PRFSC
- ACCPA's AML Certification Exam
- Compliance Function

Outer circle - no. trainees I Inner circle - nº. hours

WHAT ARE THE STEPS FOR COMPLIANCE RISK MANAGEMENT AND HOW IS IT DONE?

For risk management, there are properly segregated phases that are identified below:

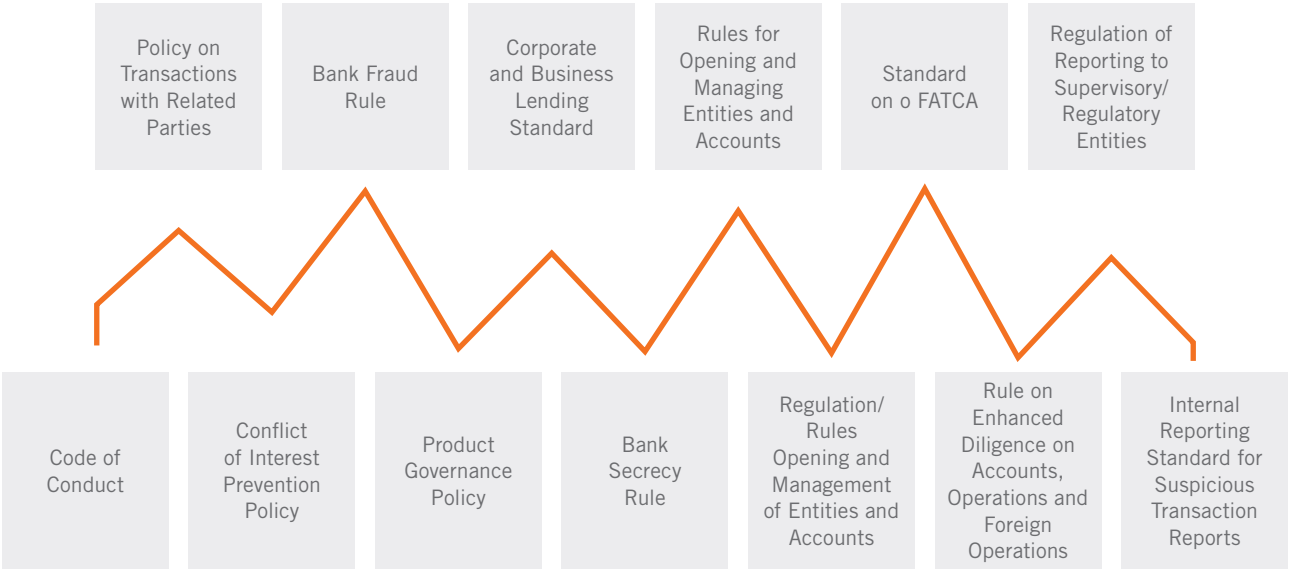
Identification	Measurement	Evaluation	Monitoring	Report	Control and Mitigation

There is also a set of circumstances that are indicators for an action and/or evaluation and/or contextualization of the Bank's level of adequacy, thus allowing for continuous monitoring at different levels of action:

In addition, the strengthening of internal controls is characterized by the comprehensive assignment of clear responsibilities within the governance model, the preventive nature, as well as integrated process management:

Comprehensive Process Management	Proactivity & Initiative	Clear Responsibilities
Identify, assess, mitigate and effectively communicate compliance risks to senior management through the implementation of a standardized compliance risk management process.	Proactively identifying and preventing compliance risks, integrating compliance risk control measures from a procedural perspective, and managing compliance initiatives with Directorates.	Transversality of Compliance Risk management and in this context, it must be ensured that the Bank's business and activities comply with the relevant regulatory requirements.

To ensure the legal and regulatory effectiveness of compliance risk mitigation and the consequent implementation of controls for its mitigation, there is a minimum set of special matters that are implemented transversally through Policies, Regulations and Rules of Procedures, as described below:



WHAT ARE THE MINIMUM COMPLIANCE SPECIAL RISKS THAT HAVE PRIMACY AND FALL UNDER THE STRATEGIC FRONT OF THE BOARD OF DIRECTORS?

BC/FTP Risk Management

- Safeguarding the best standards of KYC (Know Your Customer) and KYT (Know Your Transactions), Filtering (Sanctions and PEPs).
- Tool automation;
- Policy, Regulations, standards and processes with robustness in view of the size of the Bank and its portfolio of clients.

Risk Management of Related Party Transactions:

- It regulates the processes of identification, evaluation, decision and monitoring of Related Party Transactions;
- Ensures that the Bank's financial information truly, completely and reliably reflects the Identification and disclosure of Related Party transactions.

Conflict of Interest Risk Management

- Ensures compliance with the legal requirements in force in the identification, management, and monitoring of Conflict of Interest events;
- Reinforces the rules of action/conduct of the Bank's Employees.

Regulatory Risk Management

- Ensures assistance in maintaining regulatory requirements specific to each business unit;
- Periodically updates the Bank's regulatory internal control system;
- Interaction with Regulatory Entities.

BC/FTP RISK MANAGEMENT

Introduction to Politics:

The Policy aims to ensure the accountability of stakeholders, to establish the guidelines on the process of Identification of the Client, Politically Exposed Person and Beneficiary, as well as to implement the rules on control and transactional registration, correct risk assessment and classification of Customers, concepts of confidentiality, bank secrecy, and also matters on restrictive measures (Sanctions). Ensuring:

(i) the management and prevention of BC/FT risk and Sanctions;

(ii) (ii) the protection of the Bank and its Employees from legal, regulatory, reputational and penalty risks that may result from possible BC/FT situations;

(iii) the criteria for reviewing KYCs of Clients according to their degree of risk;

(iv) the due diligence/monitoring criteria;

(v) the recognition of international sanctions lists for the purpose of international sanctions risk management, freezing of funds, and reporting;

(vi) the need to establish processes and procedures that allow for the recognition, investigation and reporting of suspicious activities and transactions to the competent authorities; and

(vii) the alignment of BFA practices, internally and externally, in compliance with national legislation, and international benchmark practices.

Management Processes:

Identification and Due Diligence

BFA adopts identification and diligence measures for its Clients, suppliers and all entities prior to and throughout the establishment of a business relationship.

KYC - Know Your Customer is the cornerstone for BC/FTP risk management and in these terms, it comprises the following phases:

Due diligence measures translate into a set of processes that allow the Bank, in a reasonable way, to know the identity of Clients/Suppliers, to keep the information in order to understand the nature of the business, the activity as well as the risk profile of its Clients.

Identification

- Determining the name and relevant information about the Customer/potential Customer, partners.

Check

- Existence of documentary evidence that the Client, partners, and beneficial owners are properly identified.

Obtaining Asset Information/Origin and Destination of Funds

- Diligence measures in order to verify the provenance of funds/income through Contracts, Assets, and Financial Statements.

Obtaining Information on the Object and Nature of the Relationship

- Measures to identify the purpose and nature of the business relationship to be maintained with the Customer.

Updating Client Information

- Measures to ensure that the available documentation and information is kept up to date, and also continuous monitoring of this information.

Continuous Monitoring of Customer Relationship

- Measures to monitor Client activity, to check for suspicious behavior that may be related to criminal activities.

The Bank carries out its mandatory Customer identification actions under the terms of the PBC/ FTP rules on establishing business relationships and considers any of the circumstances listed below to be a business relationship:

- Account opening;
- Hiring of products, services, and channels;
- Contractual relationship with Suppliers.

Diligence is a fundamental factor for Controls; therefore, the Bank has adopted the following types of diligence in its processes:

Continuous Diligence ▶ **Simplified Diligence** ▶ **Special Diligence** ▶ **Enhanced Diligence**

Continuous Monitoring/Diligence

Continuous due diligence relies on reviewing the Client's profile and transactions.

Customer Monitoring

- Regular Basis: once a year (high-risk customers/PEPs); 3 every 3 years (medium-risk customers) and every 4 years (low-risk customers)
- Particular Event: (i) is assigned product, service and/or channels categorized as high risk, (ii) upon identification of suspicious operations/transactions

Transaction Monitoring

- Activity is in line with what can be expected considering the information obtained. In the absence of a logical transactional explanation and the existence of evidence of a crime, the information should be reported to the FIU.

Simplified Diligence

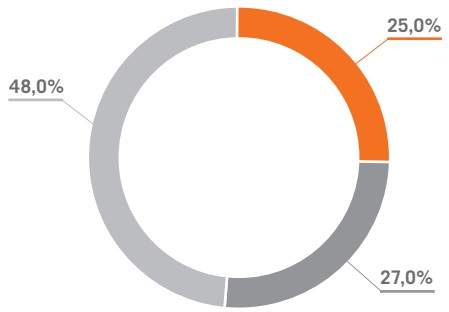
The Law exempts the compliance with the obligations below when the Client is (i) the State or a public law legal entity, of any nature, integrated with the administration central, provincial or local government or (ii) a public authority or body, subject to transparent accounting practices and also, the treatment that should be given to a certain product depending on its specificity (financial inclusion). The simplification does not exempt the Bank from monitoring the business relationship in order to identify suspicious CB/FTP transactions, nor from keeping updated the information obtained in the course of the business relationship.

Special Diligence

Considering the overall BC/FTP risk as high for a specific group of customers, the Bank performs special due diligence (SDD), i.e. special follow-up based on the customer's basic information.

For the period in reference, special monitoring was concluded at the KYC Compliance level of Customers, Foreign Exchange/ Remittance Offices, whose results are mirrored below:

Special Diligence: Foreign Exchange Houses

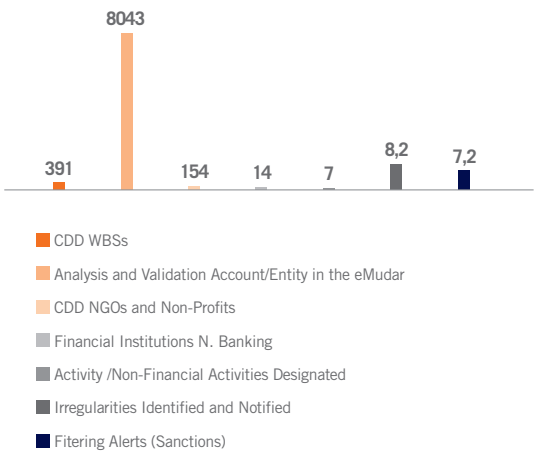


- KYC Compliace (Favorable Opinion)
- KYC Non Compliace: Invitation to Terminate Relationship Special
- Follow-up Data Update

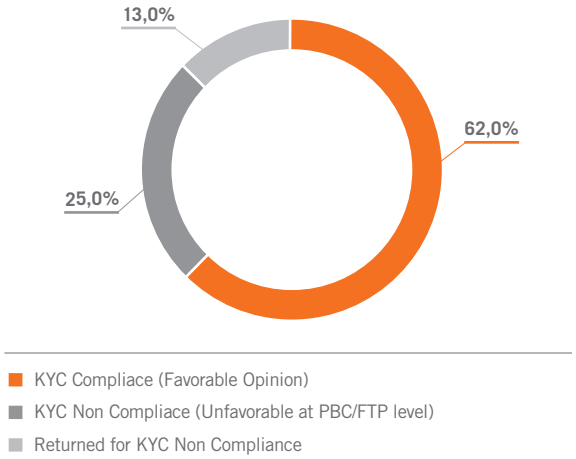
Enhanced Diligence

The Bank adopts adequate measures for effective controls in relation to high-risk or medium-risk customers or suppliers (when applicable), Politically Exposed Persons (it classifies them in a "lifetime" manner and, consequently, carries out enhanced due diligence procedures to the extent that they continue to represent an increased risk of BC/FTP) or, also, on products and services considered as high-risk and which have special monitoring.

KYC - Opening, Updating and Validating Accounts

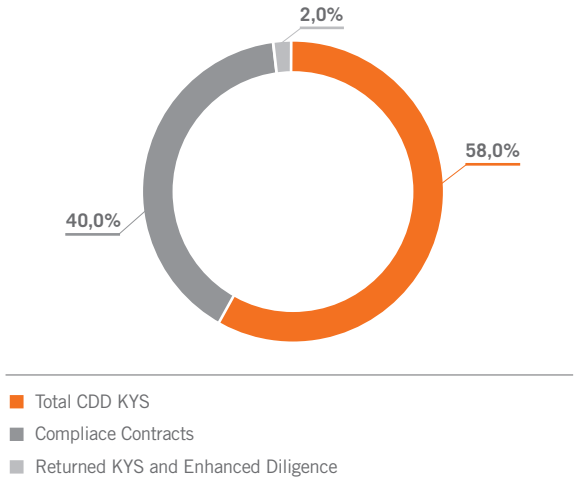


Credit Process Analysis

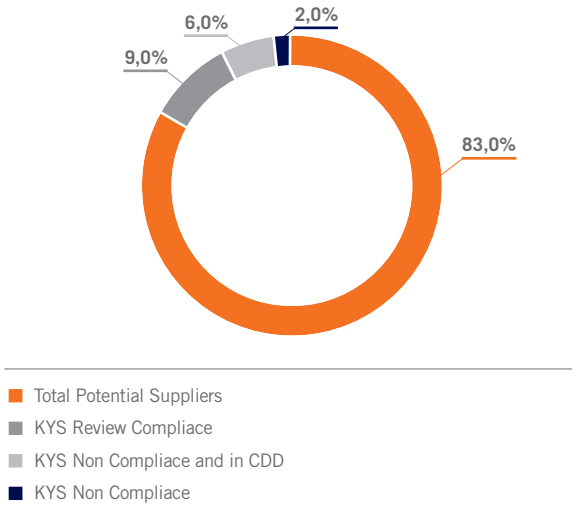


KYS - Start, Update and Validation of Supplier Relationships

Supply Agreement

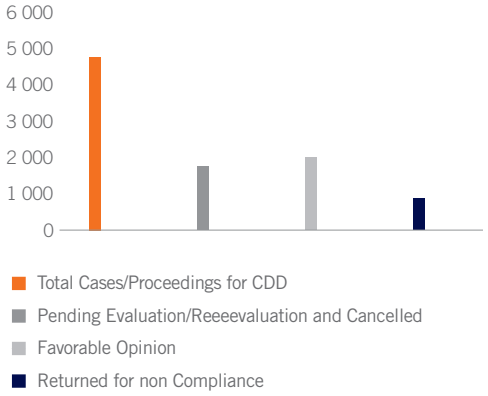


Potential Suppliers

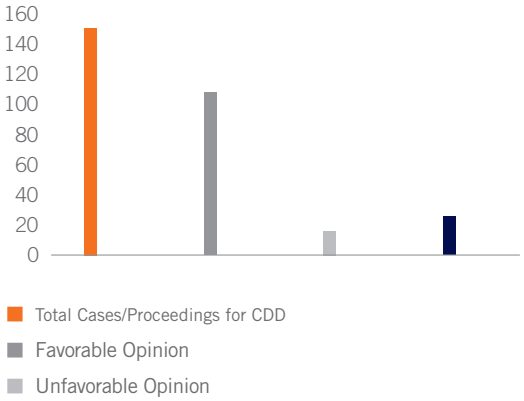


Foreign Exchange Operations Analysis

Goods, Services and Capital



Current Invisibles (Travel and Family Aid)



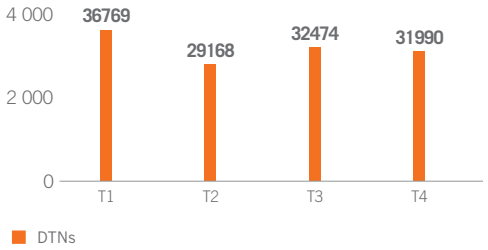
Other: Issuance of KYC Statements at the request of the Regulator I BNA: 7 (Seven) Statements I CMC: 1 (One) Statement

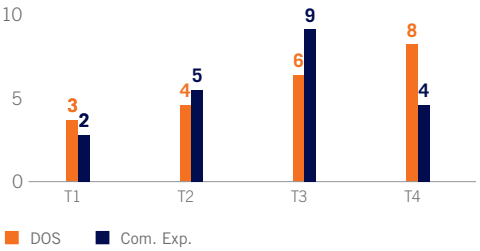
Correspondence List

CDD Transactions	BPI	Eurobic	Commerbank	Atlântico Europe	Novo Banco S.A. Lisbon
Total Notified Clients	(7 261 007)	(7 261 007)	(7 261 007)	(7 261 007)	11 307
Total Cases/Operations	7 261 007	7 261 007	7 261 007	7 261 007	(11 307)
Total Questionnaires	1,75%	1,75%	1,75%	1,75%	0,00%

Reporting of Unusual/Suspicious Operations/DTNs

The Bank prudently, efficiently and promptly identifies cash transactions and suspicious behavior of its Customers and accurately report to the FIU - Financial Intelligence Unit, for this purpose, for the year in reference, the following reports were totaled:





Cooperation and Bank Secrecy

The Bank is guided by the principle of cooperation with the Angolan authorities in all its spheres of activity. Consequently, it has implemented a procedure that regulates the management of cooperation with the authorities.

Under the terms of the law, the names and other personal information of Clients, their deposit accounts, respective movements and other banking operations, are subject to professional secrecy (banking secrecy), and the Bank may only disclose them to third parties in compliance with legal obligations or after authorization transmitted by the Customers themselves.

Below they identify the volume of requests for cooperation and provision of information:

Requests for Cooperation and Provision of Information	UIF	OPG	Court	AGT
Received from	15	3205	2960	865
Completed	15	3159	2886	847
In Diligence of the Year-End Date	-	46	74	18

Restrictive Measures "Sanctions"

BFA in its internal control program for the special risk of Sanctions, has as its matrix, to ensure that the acceptance, initiation of relationships, business, offers of products and services are not provided and/or granted in favor of sanctioned entities or countries. In these terms, it is determined that no financial services shall be provided to sanctioned countries, entities or designated individuals where the prohibition is expressed in the regulations associated with the Schedules to which the Bank adheres, with the departure recognizing the following competent authorities (among others):

UNSC or UN ▶ **OFAC/SDN** ▶ **HMT** ▶ **UE**

The minimum controls implemented aim to ensure compliance with the rules on sanctions applied at the Bank. In these terms, the DCS and Swift system includes the following screenings:

- Relevant payments received and made, against the applicable sanctions lists;
- All Clients and related parties, including, but not limited to, relevant Shareholders, controllers, executives, Directors and officers, against the most recent Sanctions lists;
- At the time of account opening, Customer approval, and in the course of the business relationship, when Customer information subject to due diligence, is updated or revised.

No âmbito da diligência, caso seja identificado um hit positivo, é coordenado o processo de reporte à UIF via DIPD e consequentemente, as acções legais de bloqueio de contas/congelamento de activos nos casos aplicáveis.

RISK MANAGEMENT OF CONFLICT OF INTERESTS, IDENTIFICATION AND TRANSACTIONS WITH RELATED PARTIES

Introduction to Politics:

The Policy aims to ensure stakeholder accountability, to establish guidelines on the process of Identification and management of conflict of interests, as well as implementing the rules on control and registration, the correct evaluation and classification of operations including, transactions with Related Parties of need for strengthened controls. Ensuring:

(i) The guarantee and prevalence of the Customers' interests, when there is a situation of potential conflict of interest between its Customers' interests and the interests of entities that integrate BFA Group, the members of its corporate bodies or its Employees;

(ii) The security of a transparent and equitable treatment of Customers, safeguarding BFA Group's commercial interests, whenever Employees intervene in a situation of potential conflict of interest (i) between BFA Group and its Customers; (ii) between suppliers of goods or services and its Customers;

(iii) Ensuring the transparency of the Bank's activity, either through the timely disclosure to Customers and BFA bodies of the occurrence of a conflict of interest situation or through the maintenance of a documentary record of the occurrence of a conflict of interest situation and its periodic reporting;

(iv) Safeguarding the interests of the Bank, its Shareholders, Employees, and Clients, as well as the interests of the supervisors and the stability of the financial system, in case of occurrence of situations of potential conflicts of interest in relation to transactions with Related Parties;

(v) The assurance that the financial information at the reporting level truly and completely reflects the economic and financial situation of the Bank.

Management Processes:

BFA adopts measures to identify and diligence the personal interests of its Employees, Designated Employees and members of governing bodies in a moment prior to their hiring/ appointment and in periodic processes and thus be guaranteed the robust control of impact on financial reporting and the need for disclosure.

KYE - Know Your Employee and KYB - Know Your Business is the basis for risk management of Related Party Transactions and in these terms, it comprises the following phases:

Identification

- Determination of Employees targeted for control, relevant information associated with personal data, assets.

Statement

- Periodic statements about family information, own business.

Verification/Registration

- Measures to check the Bank's database to see if they are Customers of the Bank, and to make the appropriate characterization and registration.
- Measures to accompany the transactional process and transparency.

Continuous Monitoring

- Measures to monitor the activity and business of the identified entities and verify possible Conflict of Interest issues.
- Control of decision levels
- Report
- Disclosure.

Due diligence measures are a set of processes that enable the Bank to reasonably know about the personal interests of its Employees and members of the corporate bodies retain information in order to understand the impact on the Bank's business, and also ensure transparency and management of the disclosure of information in the financial report.

The following matters are relevant to controls on transactions with related parties:

- The Credit Operations;
- The Supplies;
- The Employment Contract;
- The placement of investment funds or insurance products that include financial assets issued by a Related Party;
- The performance of transactions on real estate owned by a Related Party;

Any other contract that has a counterparty or in which a Related Party intervenes in any capacity.

REGULATORY RISK MANAGEMENT

The management of Regulatory Compliance Risk is carried out through 4 stages that are identified below and has its general basis the identification of the legislation issued by the Competent Authorities, its prioritization in terms of classification, the correct qualification in terms of the framework in the Bank's activity, assessing the direct or indirect impact on the Bank's business and activities. In these terms, the associated risk is identified as high, medium or low, taking into consideration that the classification is determined by the controls implemented and the probability of occurrence of events of default:

Legislative Identification ▶ **Priority** ▶ **Management** ▶ **Monitoring**

Procedural Management Mechanisms Management mechanisms fall under:

Events	Event Management Mechanisms	Event Classification
• Legislative Amendment; • Penalties; • Inspections/Audits; • Products, Services and Business Development; • Others.	• Id; • Assess and Mitigate; • Monitor; • Report.	• General Events (penalties 0.5% of last year's result and short-term negative Media/reputation coverage); • Material Events (penalties 0.5% - 1% of the result of the previous year and negative coverage short/medium term Media/reputation); • Extremely Material Events (penalties in an amount equal to or greater than 1% of the past year's result and long-term negative media/reputation coverage).

KEY DEVELOPMENTS 2020

Given the objectives set for the period, the following tasks/ projects were carried out:

Completion of the process of structuring the Compliance Department and completion of the preparation of the Department's Procedures Manual:

Given the need to strengthen the structure of the Compliance Department and ensure adequate support for Compliance risk management, the department's restructuring process was completed, enabling the:

- Clear segregation of responsibilities and, consequently, the completion of the process catalog;
- Drafting of the Regulatory Compliance Process Manual with a risk-based approach.

The computerized PBC/FT system called DCS - Dixtior Compliance System, with its Filtering (PEP's and International Sanctions) and Profiling (Suspicious Operations with standardized rules) went into production:

To guarantee the robustness of the continuous monitoring of PBC/FTP and Sanctions in the implementation of internal controls, an automatic tool was acquired that, in the current fiscal year (i) the transactional monitoring of Customers went into production, through specific KYT - Know Your Transactions - rules, and (ii) allowed the improvement of qualitative information for the monitoring of the Customers' profile against the international lists (Sanctions) to which the Bank belongs and also against the international list of PEPs.

Prevention of Money Laundering, Terrorist Financing and Sanctions Policy:

Whereas BFA bases its actions on the principles of responsibility, integrity, rigor and transparency in conducting its business in accordance with principles of ethics and conduct, aiming at compliance with the rules legal and regulatory in force in the country and the good practices of the sector in terms of PBC/FTP and Sanctions, also respecting the international practices with reference to the Basel Committee on Banking Supervision and FATF - Financial Action Task Force, has strengthened the general principles in PBC/ FTP and Sanctions. The Policy has as its main objectives (i) the management and prevention of BC/ FT risk and Sanctions, (ii) the protection of the Bank and its Employees from legal, regulatory, reputational and penalty risks that may result from possible ML/FT situations, (iii) the establishment of processes and procedures that allow the recognition, investigation and reporting of suspicious activities and transactions to the competent authorities.

Bribery and Corruption Prevention Policy:

Considering that BFA repudiates the practice of corruption in all its forms, guiding its actions by the principles of respect and compliance with the Law and other regulations in force, in a market that it intends to be free to provide its services in a competitive and fair environment, it has adopted this policy with the objectives of (i) ensuring that the Bank's activity is governed by the highest standards of integrity, transparency, ethics and governance, (ii) guaranteeing compliance with national legislation and the adoption of the best international practices, (iii) define the responsibilities, at the different levels of the Bank's activity, in the fight against corruption and bribery, (iv) guide the behavior of its employees when dealing with matters of corruption and bribery.

Regulation of Reporting to Regulatory/Supervisory Entities:

It is convenient to ensure the implementation of internal controls in the relationship with the Supervisory bodies, regarding the duty to provide and transparency of information as reflected in Law No. 12/2015 of June 17 - Financial Institutions Law, the Regulation in reference was prepared, which aims to (i) identify the internal bodies, (ii) their responsibilities, (iii) deadlines, (iv) reporting channels, (v) ensure the general knowledge of all Employees of the Bank and the (vi) improvement of controls and mitigation of any compliance risks.

Product, Service and Distribution Channels Evaluation Process Manual for the purpose of PBC/FT:

With the objective of allowing the effective classification of product risk for the purposes of BC/FTP and in compliance with the Bank's internal Product Governance Policy, the methodology for assessing products, services and channels was designed through a risk-based approach and, consequently, the attribution of a risk level per product, based on the following indicators:

Proposed revision of the Conflict of Interest Identification, Prevention and Management Policy:

Considering the need for periodic review of the policy given its amplitude for a robust and transparent governance model, there was the need to review BFA's Policy respecting the premises designated by the National Bank of Angola, the Capital Market Commission, as well as the international standards issued by the Banking Supervision Committee - Basel.

The review clearly contemplates the following assumptions:

Clear Responsibilities, respecting in these terms the Bank's Governance Model and recognition of the Irregularities/ Complaints Channel, thus allowing there to be a connection and transversality in the amplitude of the norms.

- Introduction of Concepts: (i) information barrier (Chinese Walls); (ii) Insider Information; (iii) bonus and incentive; (iv) Proprietary Trading (Employee and Bank position).

- Typification of activities exposed to Conflict of Interest, namely (i) Investment in financial and capital markets; (ii) Human resources management; (iii) Management and procurement of goods and services (suppliers); (iv) Legal services and credit recovery; (v) Credit management and decision; (vi) Providing services/investment consulting; (vii) Managing information systems; (viii) Managing audits and internal control systems; (ix) Creating products, financial services and investment funds; (x) Real estate management.

- Clear and segregated framework for identifying Conflicts of Interest, namely (i) unfavorable to Clients, (ii) Institutional and (iii) Employees/connected persons.

- Conflict of Interest Management Measures: (i) Organizational Measures, (ii) Acting Measures Behavioral, (iii) Special Measures and (iv) Registration, Control and Communication Measures.

Preparation of the Internal Control System Report on PBC/FT and ADM:

Article 9 of Law No. 5/20 of January 27 (Law for the Prevention and Combating of Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction), combined with articles 4, 6 and 27 of Notice No. 14/2020 of June 22, establishes the obligation to prepare an annual report of PBC/FTP, reported for the period January 1, 2020 to December 31, 2020.

Capital Risk

Solvency or capital risk arises from the possibility that the Financial Institution does not have a sufficient level of capital to deal with unexpected future losses resulting from its activity.

CAPITAL MANAGEMENT

In order to ascertain the level of capital, BFA calculates its Solvency Ratio, Regulatory Own Funds and Regulatory Own Funds Requirements. This management is guaranteed by the Global Risk Area of the Risk Management Department, in close compliance with the provisions and regulatory requirements stipulated by the National Bank of Angola (BNA).

The Risk Management Department is also responsible for the internal capital adequacy assessment process (ICAAP) and stress tests, conducted by the Bank with the regularity imposed by legislation.

BFA also defines the risk appetite statement (Risk Appetite Framework and Risk Appetite Statement) for Solvency Risk, incorporating, whenever applicable, the metrics, internal limits and tolerance levels adequate to the Bank's strategy.

Solvency Ratio and Own Funds	• Notice no. 02/2016 - Regulatory Own Funds • Instruction no. 18/2016 - Provision of Information on Own Funds Composition and Solvency Ratio
Own Funds Requirements for Credit Risk	• Notice no. 03/2016 - Regulatory Capital Requirement for Credit Risk and Counterparty Credit Risk • Instruction No. 12/2016 - Calculation and Regulatory Capital Requirements for Credit Risk and Counterparty Credit Risk • Instruction no. 13/2016 - Provision of Information on Regulatory Capital Requirement for Credit Risk and Counterparty Credit Risk
Market Risk Capital Requirements	• Notice no. 04/2016 - Regulatory Capital Requirement for Market Risk and Counterparty Credit Risk in the Trading Book • Instruction No. 14/2016 - Calculation and Regulatory Own Funds Requirement for Market Risk and Counterparty Credit Risk in the Trading Portfolio • Instruction No. 15/2016 - Provision of Information on PF Requirements for Market Risk and Counterparty Credit Risk in the Trading Book
Regulatory Capital Requirements for Operational Risk	• Notice no. 05/2016 - Regulatory Capital Requirement for Operational Risk • Instruction No. 16/2016 - Calculation and Regulatory Own Funds Requirement for Operational Risk • Instruction No. 17/2016 - Provision of Information on Regulatory Own Funds Requirement for Operational Risk

On December 31, 2020, the Regulatory Solvency Ratio showed a negative evolution of 2.1 percentage points in relation to the same period in the previous year, justified by the increase in Own Funds Requirements for Market Risk and Operational Risk.

	2019		2020	
	KZ	USD	KZ	USD
Basic Own Funds	414 979,8	860,5	461 824,4	710,9
Complementary Own Funds	0,0	0,0	0,0	0,0
Deductions to Base and Complementary Own Funds	(50,2)	(0,1)	(50,2)	(0,1)
Regulatory Own Funds	**414 929,6**	**860,4**	**461 774,2**	**710,9**
Total Requirements	**70 982,0**	**147,2**	**81 871,3**	**126,0**
Credit Risk Requirements - RFPRC	32 959,4	68,3	33 270,1	51,2
Market Risk Requirements - RFPRM	6 954,3	14,4	10 644,6	16,4
Operational Risk Requirements - RFPRO	31 068,3	64,4	37 956,6	58,4
Regulatory Solvency Ratio	**58,5%**	**58,5%**	**56,4%**	**56,4%**
Regulatory Solvency Ratio SFA	**24,1%**	**24,1%**	**28,2%**	**28,2%**
Regulatory Limit	**10,0%**	**10,0%**	**10,0%**	**10,0%**

INTERNAL CAPITAL ADEQUACY AND SELF-ASSESSMENT PROCESS (ICAAP)

The Internal Capital Adequacy and Self-Assessment Process (ICAAP) allows Financial Institutions to make internal estimates of the capital they should have available to ensure solvency against events caused by different types of risk.

Traditionally, the concept of economic capital is opposed to that of regulatory capital, the latter being the one required by solvency regulation. The new Basel II capital model undoubtedly brings both concepts closer together, although some significant differences remain, such as the recognition of the diversification or concentration effects allowed by economic capital models.

BFA's internal capital model allows quantifying the risk profile considering all significant risks of the activity, as well as the diversification effect associated with the different risks to which the Bank is exposed. Despite being an intuitive concept and present in risk management since the birth of banking activity, we can also explain the diversification with the fact that the correlation between the various risks is imperfect, so the largest loss events do not occur simultaneously in all portfolios, nor risk types. In other words, the risk that BFA bears as a whole is less than the risk of the sum of the parts if considered separately.

From the very beginning, BFA and the DGR in particular have maintained a firm commitment to the principles that inspire the international convergence model of capital measures and standards (Basel II). This commitment was stated in the operationalization schedule of the DGR with the activities to be developed in the scope of internal capital and its development was started in 2019, with the Bank having dedicated human and material means for its development.

During 2020 DGR continued to develop the methodological approach for each of the ICAAP dimensions and at the end of the fiscal year the methodological approach to be used in ICAAP was approved by the governing body.

In 2021, the Banks in the financial system will be required to carry out the ICAAP and ILAAP processes under the equivalence process of the supervisor to the SREP (pillar II of Whale II). Considering the investment already made by BFA in the last 2 years we consider that despite lacking full implementation, the Bank presents the methodology and tools necessary to carry out these processes.

Despite the slight drop in the ratio, BFA maintains robust capital levels, 2x above the average of the Financial System and 5.6x above the regulatory limit

5

FINANCIAL ANALYSIS

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Financial Analysis[3]

Rigor, Compromisso e Confiança

Active
2 874 899.7 million KZ
+ 31,0%
vis-a-vis 2019

Customer Resources
2 252 202.7 million KZ
+ 38,8%
vis-a-vis 2019

Banking Product
274 224.3 million KZ
+ 30,7%
vis-a-vis 2019

Total Credit
438 282.9 million KZ
- 2,8%
vis-a-vis 2019

Net Result
89 848.6 million KZ
- 25,1%
vis-a-vis 2019

Regulatory Solvency Ratio
56,4%
+ 2,1 p.p.
vis-a-vis 2019

BFA once again witnessed solid asset growth of 31.0%, higher than last year's growth of 2.1 percentage points, reaching 2 874 899.7 million kwanzas. The growth in the Bank's assets reflected the consolidation and positioning of the BFA brand as the leading Bank in Angola.

As of December 31, 2020, BFA's net assets showed a growth of 679,841.7 million kwanzas between 2019 and 2020, reflecting an increase of 31.0% compared to 2019, resulting from the increase in Cash and Cash Equivalents, Applications at Credit Institutions and Applications in Securities. The growth in deposits with credit institutions totaled 192 344.7 million kwanzas.

However, the item with the greatest weight in Assets is Securities Investments, representing 47% of Net Assets, equivalent to 1,343,531 million kwanzas, representing thus, an increase of 34.1% compared to 2019. With regard to the volume of loans and advances to customers, the item increased by only 1.7% compared to the previous year, representing about 11.6% of total assets, corresponding to 333 373.3 million kwanzas (net of impairment).

The Bank's Customer resources also recorded an increase, in this case of 38.8% year-on-year, to 2,252,202.7 million kwanzas at the end of the year 2020. In fact, the deposit portfolio has shown robust growth and little influenced by the current Angolan monetary policy and the adverse macroeconomic context.

Regarding the ratio between Resources and Credit, due to the steeper increase in Customer deposits compared to the rise in the volume of credit granted, resulted in a slight decrease in the Transformation Ratio to 17.2% from 22.1% recorded in 2019.

Throughout 2020, the Bank's activity was particularly affected by the depreciation of the national currency and by the macroeconomic scenario. However, it presented a positive variation in the accounting headings, namely Resources and Loans and advances to Customers.

In 2020, Banking Income totaled 274 224.3 million kwanzas, which corresponds to an increase of 30.7% compared to 2019. The Financial Margin registered a rise of 21.7% totaling 186,703.4 million kwanzas. This increase is composed of an income of 216 454.6 million kwanzas and a cost of 29 751.3 million kwanzas, which represents a variation of 14.1% and -17.9%, respectively, compared to 2019. Income in Securities represents 79% of the Interest and Similar Income item, amounting to 171 045.3 million kwanzas, while Term Deposits represent 92% of the total Interest and Similar Charge.

In turn, the Complementary Margin recorded an increase of 55.2% compared to 2019, rising to 87 520.9 million kwanzas at the end of 2020. This variation is essentially due to the valuation of financial instruments at fair value through profit or loss and the sale of these assets totaling 26 476.1 million kwanzas in 2020 (2019: -1 751.1 million kwanzas).

Note: Given the strong relationship of the Angolan market with the Dollar, the financial analysis will be presented in both currencies: Kz and USD. Nevertheless, it is important to note that due to the significant devaluation of the national currency, sometimes the increase of an item in absolute value can result in a positive variation in kwanzas and, at the same time, result in a negative variation in US dollars. In these cases, it can be seen that the devaluation factor of the national currency against the USD was higher than the increase of the item in national currency. The reverse is also true.

On the other hand, Structure Costs increased by 19.1% compared to 2019, totaling 91 764.1 million kwanzas on December 31, 2020. This increase is mostly justified by the 28.6% increase in personnel costs totaling 59 081.3 million kwanzas in 2020. Additionally, there was a significant impact of recording provisions of 15 229.3 million kwanzas (2019: -9 498.1 million kwanzas) and strengthening impairment of the securities portfolio of 42 424.1 million kwanzas, justified essentially by the downgrade of Angola's rating.

Although the pre-tax result was positive, to the tune of 107,687.1 million kwanzas, the main income contributing to this result is taxed under Capital Gains Tax (IAC), and are therefore outside the tax base for Business Tax. It should be noted that, regarding December 31, 2020, the Bank recorded total current tax of 11 141.5 million kwanzas, which corresponds to an increase of 12.7% compared to 2019.

The Regulatory Solvency Ratio, calculated in accordance with the norms published by the BNA, reached a value of 56.4%, above the minimum of 10% required. The values presented confirm BFA's solidity and the security it offers its Customers.

BFA'S BALANCE SHEET FROM 2019 TO 2020

(Amounts in Millions)

	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
Net Assets						
Cash and Cash Equivalents	345 224,0	715,9	500 493,6	770,5	45,0%	7,6%
Total Applications	1 786 225,8	3 704,1	2 325 996,1	3 580,6	30,2%	(3,3)%
Applications in Credit Institutions	456 747,0	947,2	649 091,7	999,2	42,1%	5,5%
Loans to Customers	327 936,7	680,0	333 373,3	513,2	1,7%	(24,5)%
Investments in Securities	1 001 542,0	2 076,9	1 343 531,0	2 068,2	34,1%	(0,4)%
Net Fixed Assets	33 218,3	68,9	30 788,8	47,4	(7,3)%	(31,2)%
Other Assets	30 390,0	63,0	17 621,2	27,1	(42,0)%	(57,0)%
Total Assets	**2 195 058,0**	**4 551,9**	**2 874 899,7**	**4 425,6**	**31,0%**	**(2,8)%**
Liabilities	**1 732 852,1**	**3 593,4**	**2 376 922,4**	**3 659,0**	**37,2%**	**1,8%**
Resources of Credit Institutions	7 669,1	15,9	4 088,3	6,3	(46,7)%	(60,4)%
Customer Deposits	1 622 897,6	3 365,4	2 252 202,7	3 467,0	38,8%	3,0%
Other Liabilities	77 923,2	161,6	79 163,3	121,9	1,6%	(24,6)%
Provisions for Risks and Charges	24 362,2	50,5	41 468,1	63,8	70,2%	26,4%
Equity and Equivalent Capital	**462 205,9**	**958,5**	**497 977,3**	**766,6**	**7,7%**	**(20,0)%**
Total Liabilities and Capital	**2 195 058,0**	**4 551,9**	**2 874 899,7**	**4 425,6**	**31,0%**	**(2,8)%**

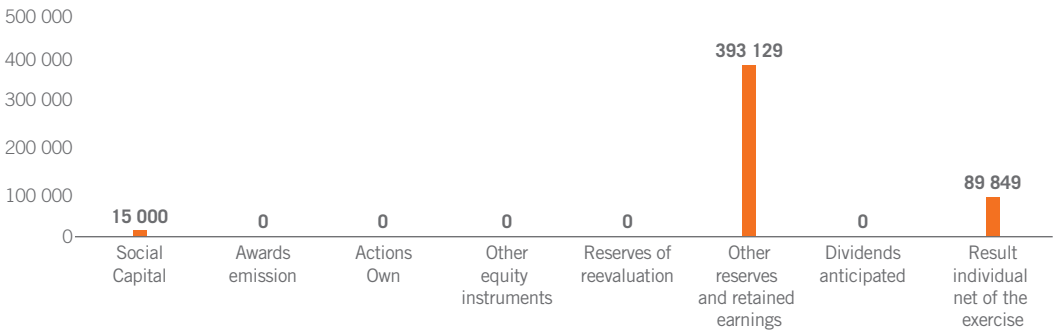
In parallel, the liabilities presented a positive growth explained mainly by the evolution in the item Customer Deposits, which represent about 78.3% of Total Liabilities.

The item Resources from Credit Institutions, showed a decrease of 46.7% in 2020, reversing the evolutionary trend of 2019, a year in which it showed an increase of 51.5%, showing at the end of 2020 the value of 4 088.3 million kwanzas.

Equity and Equivalent Capital, show a positive variation of 7.7% compared to 2019, totaling 497,977.3 million kwanzas in 2020.

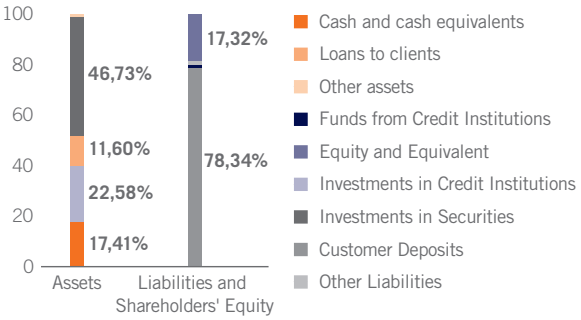
The total values in USD for the liabilities and assets headings present in general the same behavior, decreasing relative to 2019. The difference shown between local and foreign currency trends reflects exchange devaluation of the national currency during 2020.

Equity (millions of kwanzas)



The structure of the Bank's Balance Sheet reveals an optimal level of liquidity, where total Equity and Customer Deposits, as of December 31, 2020, enable 95.7% of Assets to be funded.

BFA Balance Sheet Structure as of December 2020



Strengthening of the Securities Portfolio

Securities represent a relevant dimension of BFA's assets (46.7%). During 2020, the total volume of securities in the portfolio increased by about 34.1%, presenting a total value of 1 343 531.0 million kwanzas.

In 2020 the Trading Portfolio had an increase of 111.8% over the previous year, and the Held to Maturity Portfolio followed the same growth trend, having had an increase of 18.0% over 2019. The latter portfolio shows an increase of 34.9% in Treasury Bonds in dollars influenced by the exchange rate effect and 15.9% in the volume of Treasury Bonds in national currency.

Regarding the impairments accounted in 2020, a value of 57 318.0 million kwanzas was calculated.

SECURITIES PORTFOLIO

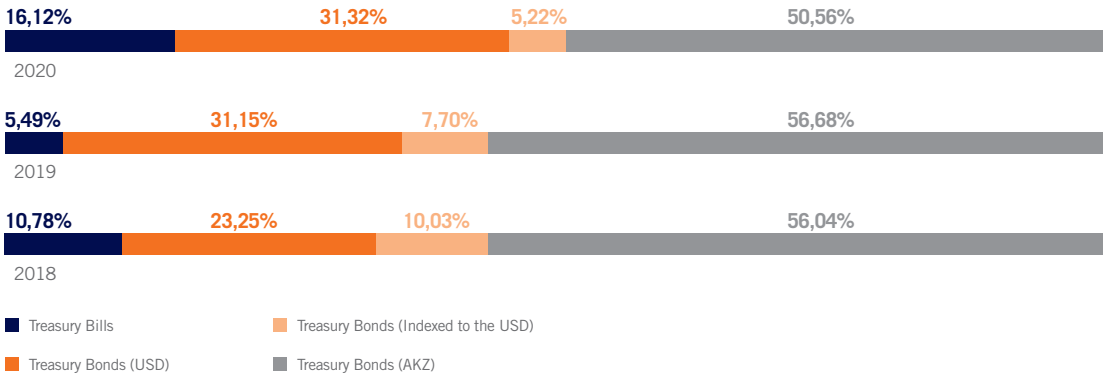
(Values in Millions)

	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
Trading Portfolio	**172 690,2**	**358,1**	**365 694,3**	**562,9**	**111,8%**	**57,2%**
Treasury Bills	55 027,2	114,1	216 599,7	333,4	293,6%	192,2%
Treasury Bonds (USD)	-	-	-	-	-	-
Treasury Bonds (Indexed to the USD)	77 112,5	159,9	70 040,1	107,8	(9,2)%	(32,6)%
Treasury Bonds (KZ)	37 560,4	77,9	64 977,7	100,0	73,0%	28,4%
Other	2 990,1	6,2	14 076,8	21,7	370,8%	249,5%
Impairments (IFRS9)	**-**	**-**	**-**	**-**	**-**	**-**
Held-to-Maturity Portfolio	**828 851,8**	**1 718,8**	**977 836,8**	**1 505,3**	**18,0%**	**(12,4)%**
Treasury Bills	-	-	-	-	-	-
Treasury Bonds (USD)	312 002,0	647,0	420 851,1	647,9	34,9%	0,1%
Treasury Bonds (Indexed to the USD)	-	-	-	-	-	-
Treasury Bonds (KZ)	530 082,3	1 099,2	614 303,6	945,7	15,9%	(14,0)%
Impairments (IFRS9)	**(13 232,5)**	**(27,4)**	**(57 318,0)**	**(88,2)**	**333,2%**	**221,6%**
Total	**1001 542,0**	**2 076,9**	**1343 531,0**	**2 068,2**	**34,1%**	**(0,4)%**

In 2020, the proportion of Treasury Bills (USD) in the Securities Portfolio increased by 10.6 percentage points, and there was also a reduction of 2.5 percentage points in Dollar-indexed Treasury Bonds.

On the other hand, investment in National Currency securities represented, on December 31, 2020, about 50.6% of BFA's Securities Portfolio.

Structure of the Securities Portfolio in June 2020



SECURITIES PORTFOLIO BY CONTRACTUAL MATURITY

(Values in Millions)

	< 1 ano		1 - 3 anos		Superior a 3 anos	
	KZ	USD	KZ	USD	KZ	USD
OT's IKZ[1]	-	-	-	-	70 040,12	107,82
OT's KZ	-	-	91 561,43	140,95	587 721,50	904,74
OT's USD	-	-	21 953,96	33,80	398 894,31	614,06
BT's	196 559,37	302,58	20 041,53	30,85	-	-
Other	-	-	-	-	-	-
Total	**196 559,4**	**302,6**	**133 556,9**	**205,6**	**1 056 655,9**	**1 626,6**

1 Securities in local currency indexed to foreign currency (USD)

About the contractual maturity of the Securities Portfolio, it can be seen that on December 31, 2020, 14.2% of the portfolio corresponded to securities with a maturity of less than 1 year and 9.6% had a maturity between 1 and 3 years. Securities with a maturity of more than 3 years represent 76.0% of the portfolio, 8 percentage points less than in the same period last year.

Weight of Local Currency in Loans to Customers

In 2020, the Total Credit volume showed a decrease of 12 584.5 million kwanzas, representing a negative variation of 2.8% compared to 2019. This trend was outlined by the growth of 29.2% in the heading of Credit in National Currency counterbalanced by a decrease of 32.5% in the heading of Credit in Foreign Currency.

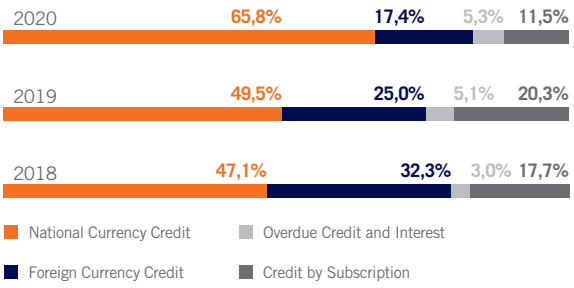
EVOLUTION OF CREDIT TO CUSTOMERS

(Values in Millions)

	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
1. Total Credit	**450 867,38**	**934,97**	**438 282,92**	**674,69**	**(2,8%)**	**(27,8%)**
1.1 Loans and advances to customers	336 048,38	696,9	364 523,1	561,1	8,5%	(19,5%)
Loans in local currency	223 207,4	462,9	288 342,2	443,9	29,2%	(4,1%)
Loans in foreign currency	112 841,0	234,0	76 180,9	117,3	(32,5%)	(49,9%)
1.2 Overdue Loans and Interest	23 121,9	47,9	23 295,6	35,9	0,8%	(25,2%)
1.3 Credits by Subscription	91 697,1	190,15	50 464,2	77,68	(45,0%)	(59,1%)
2. Total Credit Provisions	**31 897,5**	**66,1**	**54 538,5**	**84,0**	**71,0%**	**26,9%**
2.1 Specific Provisions for	31 233,5	64,8	54 445,5	83,8	74,3%	29,4%
Overdue Loans and Interest	22 167,1	33,3	25 671,9	39,5	15,8%	18,8%
2.2 For General Credit Risks	664,0	1,4	93,1	0,1	(86,0%)	(89,6%)
3. Credit Net of Provisions	**327 936,7**	**680,0**	**333 373,3**	**513,2**	**1,7%**	**(24,5%)**
Of which: Overdue Credit and Interest	23 121,9	47,9	23 295,6	35,9	0,8%	(25,2%)
4. Credit Quality						
Overdue Loans (% Total Loans)	6,4%	6,4%	6,0%	6,0%	(0,4) p.p	`(0,4) p.p
Coverage of Overdue Loans by Total Provisions	138,0%	138,0%	234,1%	234,1%	96,2 p.p	96,2 p.p

However, when analyzed in foreign currency, the opposite behavior is registered, with the value of Total Credit registering a deterioration of 27.8% in comparison to the same period the previous year, which represents a decrease of 260.3 million USD, this effect being the result of the devaluation of the national currency.

Structure of the Credit Portfolio



BFA develops its internal policies for granting credit adopting a conservative profile, guaranteeing a detailed analysis of the level of risk of Customers and the guarantees received, given the macroeconomic environment favorable to high levels of default rates.

The volume of Overdue Loans and Interest registered an absolute increase of 173.7 million kwanzas, representing an increase, albeit not significant, of 0.2 percentage points in the Bank's overall structure.

Evolution of Investments in Credit Institutions

The Investments in Credit Institutions (CI) showed a notable increase during 2020, in the order of 42.0%, recording a total of 649,862.7 million kwanzas (1,000.4 million USD). This appreciation was sustained by a 46.1% increase in the volume of Applications with Credit Institutions abroad.

INVESTMENTS IN CREDIT INSTITUTIONS

(Values in Millions)

	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
Applications in IC's	**457 492,8**	**948,7**	**649 862,7**	**1 000,4**	**42,0%**	**5,4%**
In the Country	23 893,8	49,5	16 481,3	25,4	(31,02)%	(48,80)%
Abroad	433 599,0	899,2	633 381,4	975,0	46,08%	8,44%
Impairments (IFRS9)	**(745,8)**	**(1,5)**	**(771,0)**	**(1,2)**	**3,37%**	**(23,27)%**
Total	**456 747,0**	**947,2**	**649 091,7**	**999,2**	**42,11%**	**5,50%**

Composition of Investments in Credit Institutions

Customer Resources

Customer resources are the main source of financing of BFA. Customer resources registered a positive variation of 38.8% compared to 2019, reaching a total of 2,252,202.7 million kwanzas (3,467.0 million USD) in 2020.

EVOLUTION OF CUSTOMER FUNDS

(Values in Millions)

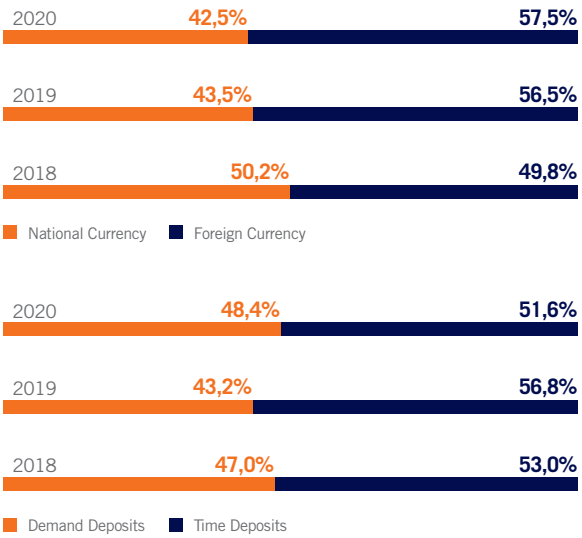
	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
Demand Deposits	**701 019,2**	**1 453,7**	**1089 758,7**	**1 677,6**	**55,5%**	**15,4%**
National Currency	453 600,5	940,6	684 324,9	1 053,4	50,9%	12,0%
Foreign Currency	247 418,7	513,1	405 433,8	624,1	63,9%	21,6%
Time Deposits	**921 878,5**	**1 911,7**	**1162 444,0**	**1 789,5**	**26,1%**	**(6,4)%**
National Currency	252 990,7	524,6	272 653,0	419,7	7,8%	(20,0)%
Foreign Currency	668 887,8	1 387,1	889 790,9	1 369,7	33,0%	(1,2)%
Total	**1622 897,6**	**3 365,4**	**2 252 202,7**	**3 467,0**	**38,8%**	**3,0%**

This variation is mostly explained by the growth of 50.9% and 63.9% in local and foreign currency Deposits, respectively.

In parallel, the evolution of Time Deposits registered, in 2020, an increase of about 26.1%, and the amount invested in National Currency registered an increase of 7.8% and the amount in Foreign Currency an increase of 33.0%, year-on-year.

Nevertheless, this increase in the global value of resources continued to be influenced by the devaluation registered in the national currency. When measured in kwanzas, the growth registered in the item Time Deposits reported a negative evolution when analyzed in dollars.

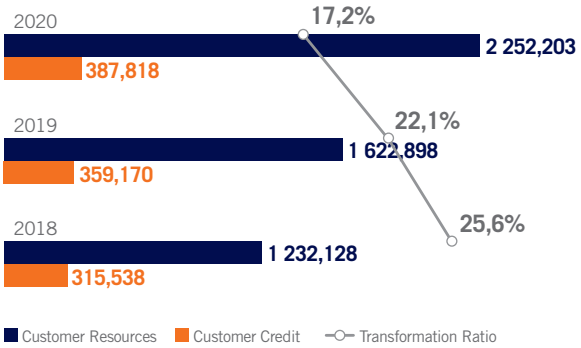
Composition of Client Deposits by Product and Currency



The pace of growth in the Bank's deposits, when compared to the pace of growth in loans and advances to customers, resulted in a decrease in the transformation ratio to 17.2%, a negative change of 4.9 percentage points.

In 2020, there was a slight decrease, in percentage terms, of deposits in national currency in relation to deposits in foreign currency, with the current first a weight of 42.5% in total deposits, reflecting a reduction of 1 percentage point.

Transformation Ratio



Profitability and Increased Profitability

BFA's Net Income at the end of 2020 showed a total of 89,848.6 million kwanzas (165.1 million USD), reflecting a reduction of 25.1% and 47.3%, in national and foreign currency, respectively, in relation to the Net Income obtained in 2019.

OPERATING ACCOUNT

(Values in Millions)

	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
Financial Margin [FM]=[P-C]	153 475,7	418,4	186 703,4	320,9	21,7%	(23,3)%
Complementary Margin [CM]	56 393,5	146,8	87 520,9	150,0	55,2%	2,2%
Banking Product [BP]=[FM+CM]	**209 869,2**	**565,2**	**274 224,3**	**471,0**	**30,7%**	**(16,7)%**
Administrative Expenses [AE]	71 498,0	189,4	86 242,0	148,9	20,6%	(21,4)%
Operating Cash Flow [BP-AE]	**138 371,2**	**375,8**	**187 982,3**	**322,0**	**35,9%**	**(14,3)%**
Extraordinary Results [XR]=[G-P']	-	-	-	-	0,0%	0,0%
Operating Result [OR]=[BP-AE+XR]	138 371,2	375,8	187 982,3	322,0	35,9%	(14,3)%
Provisions, Impairments and Amortizations [PA].	10 028,7	39,1	80 295,2	127,5	700,7%	225,8%
Income Before Tax [BT]=[NI-PA]	128 342,5	336,6	107 687,1	194,5	(16,1)%	(42,2)%
Taxes on Profits [TP]	(8 402,3)	(23,2)	(17 838,5)	(29,5)	112,3%	27,2%
Net Income [NI]=[RA-IL]	119 940,2	313,5	89 848,6	165,1	(25,1)%	(47,3)%
Cash Flow for the Year [CF]=[NI+PA]	**129 968,9**	**352,6**	**170 143,8**	**292,5**	**30,9%**	**(17,0)%**

P - Income from Financial Instruments Assets C - Costs from Financial Instruments Liabilities G - Other operating gains P' - Other operating losses

Net interest income increased 21.7% year-on-year, with the Complementary Margin accompanied the positive evolution, with a 55.2% increase compared to 2019, which led to a 30.7% increase in Banking Product, with this having a value of 274 224.3 million kwanzas at the end of 2020.

On the other hand, costs with Administrative Expenses suffered a 20.6% increase, having reached 86 242.0 million kwanzas on December 31, 2020, resulting from an item with expenses predominantly in foreign currency.

Contrary to the trend in the previous period, in 2020 the total amount in kwanzas for Provisions, Impairments and Depreciation registered a positive variation of 225.8%. This increase, totaling 80 295.2 million kwanzas, is mainly justified by the recording of provisions of 15 229.3 million kwanzas, the reinforcement of impairment in the securities portfolio of 42 424.1 million kwanzas, mainly justified by the downgrade of Angola's rating that occurred during 2020 and the increase of 16 920.9 million kwanzas in the impairment of loans to Customers related to the evolution of the global economic situation during 2020.

BREAKDOWN OF PROFITABILITY

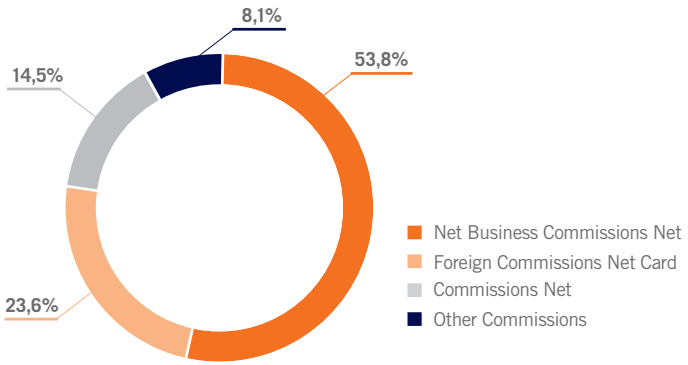
(Values in % of average total assets)

ROA and ROE	2018	2019
Net interest margin rate	7,9%	7,5%
Profits on Financial Operations	2,1%	1,7%
Commissions and other income	0,8%	1,8%
Banking Product	**10,8%**	**11,0%**
Administrative Charges	3,7%	3,5%
Operating result	**7,1%**	**7,5%**
Provisions and amortization	0,5%	3,2%
Extraordinary results	0,0%	0,0%
Income before taxes	**6,6%**	**4,3%**
Taxes on profits	(0,4)%	(0,7)%
Net Result (ROA)	**6,2%**	**3,6%**
Multiplier (ATM/FPM)	4,9	5,0
Net income attributable to shareholders (ROE)	**30,0%**	**18,1%**

Values as % of total average assets

In 2020, there was a decrease in the Bank's return on equity, showing a Return-on-equity of 18.1%, 11.9 percentage points less than the value presented in the previous year, resulting essentially from a lower contribution of income from financial operations.

Analysis of Commissions and Other Income



Analyzing the item Commissions and Other Income, it can be seen that 53.8% of its total comes from Net Business Commissions (mostly composed of commissions on securities, credit commissions, and commissions on withdrawals), followed by commissions from abroad, with 23.6% of the total.

EVOLUTION OF THE FINANCIAL MARGIN

(Values in Millions)

	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
Income from Active Financial Instruments [P]	189 694,9	517,0	216 454,6	372,5	14,1%	(27,9)%
Financial Instruments Liabilities Costs [C]	36 219,2	98,6	29 751,3	51,5	(17,9)%	(47,7)%
Financial Margin	**153 475,7**	**418,4**	**186 703,4**	**320,9**	**21,7%**	**(23,3)%**

BFA's net interest income increased in 2020, recording a total of 186 703.4 million kwanzas, which translates into a growth of 21.7% compared to the value recorded in the same period last year. However, due to the devaluation recorded in the national currency, the same value in USD decreased 23.3%, representing a drop of 97.4 million US dollars, in absolute terms.

The observed trend results from an increase of 14.1% in Income from Financial Instruments, referring to the holding of Treasury Bonds representing 74.3% of total Financial Income.

At the same time, there was a 17.9% decrease in the Cost structure, with special emphasis on the remuneration of Customer Deposits, which registered a value of 27 917.9 million kwanzas, 19.5% less than the previous year.

Breaking down the evolution of BFA's Financial Margin by business volume (volume effect) and spread (rate effect), a considerable positive impact was registered in both in relation to Remunerated Assets, with Remunerated Liabilities registering a positive variation in business volume, however, the spread variation was negative.

BREAKDOWN OF VARIATION OF THE FINANCIAL MARGIN

(Values in Millions)

	Volume Effect	Rate Effect	Δ
Remunerated Assets	2 728,93	24 030,83	26 759,76
Remunerated Liabilities	44,89	(6 512,76)	(6 467,88)
Δ Net Interest Margin	**2 773,82**	**17 518,06**	**20 291,88**

Complementary Margin

On 31 December 2020, BFA's Complementary Margin showed a value of 87 520.9 million kwanzas (150.0 million USD), which reflected an increase of approximately 55.2% compared to the previous year. This variation was driven by a significant increase of 2 368.7% in Other Net Income.

EVOLUTION OF THE COMPLEMENTARY MARGIN

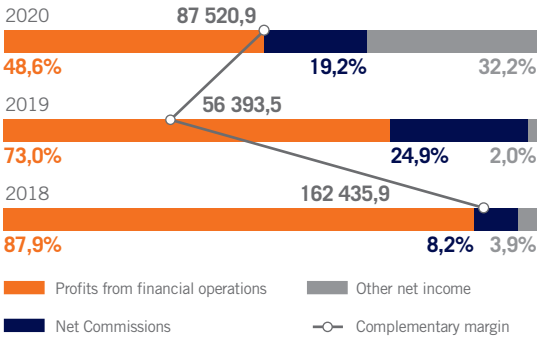
(Values in Millions)

	2019		2020		Δ% 2019 - 2020	
	KZ	USD	KZ	USD	KZ	USD
Profits on Financial Operations	41 188,1	99,5	42 508,5	71,9	3,2%	(27,7)%
Net Commissions	14 063,1	38,3	16 813,6	28,6	19,6%	(25,3)%
Other Net Income	1 142,3	9,02	28 198,81	49,44	2368,7%	448,0%
Complementary Margin	**56 393,5**	**146,8**	**87 520,9**	**150,0**	**55,2%**	**2,2%**

In the composition of the Complementary Margin, the highlight remains on Profits on Financial Operations, which represented about 48.6% of the total Complementary Margin, although with a smaller weight than in 2019, a year in which they represented 73.0% of the total Margin Complementary. On the other hand, the weight of the item Commissions.

Net Income decreased to 19.2% from 24.9% recorded in 2019. The Other Net Income gained relevance when compared to that recorded in 2019. There was an increase in the relative weight, with the Other Net Income item recording a weight of 32.2% of the Complementary Margin in 2020, compared to 2% in 2019.

Composition and Evolution of the Complementary Margin



Note: Complementary Margin in millions of kwanzas, and the remaining items as a percentage of the total Complementary Margin.

A considerable part of the Structure Costs are denominated in foreign currency. In this sense, their value continues to represent a high value, further emphasized by its 19.1% growth compared to 2019, from 77 075.3 million kwanzas to 91 764.1 million of kwanzas, partly explained by the strong devaluation registered in the national currency.

The item with the greatest weight in structural costs is Personnel Costs, which represented 64.3% of costs of structure in 2020, an increase of 4.7 percentage points from 2019.

EVOLUTION OF STRUCTURAL COSTS

(Values in Millions)

	2018		2019		Δ% 2018 - 2019	
	KZ	USD	KZ	USD	KZ	USD
Personnel Costs (I)	45 941,3	121,7	59 081,3	101,1	28,60%	(16,92)%
Third-Party Supplies and Services (II)	25 556,7	67,7	27 160,7	47,9	6,28%	(29,37)%
Other General Costs (III)	-	-	-	-	-	-
Operating Costs (IV = I+II+III)	71 498,0	189,4	86 242,0	148,9	20,62%	(21,37)%
Depreciation (V)	5 577,2	15,1	5 522,1	9,5	(0,99)%	(36,94)%
Structure Costs (VI = IV+V)	**77 075,3**	**204,6**	**91 764,1**	**158,5**	**19,06%**	**(22,52)%**
Cost Recovery (VII)	-	-	-	-	-	-
Administrative Costs (VI-V-VII)	**71 498,0**	**189,4**	**86 242,0**	**148,9**	**20,62%**	**(21,37)%**
Extraordinary Results	-	-	-	-	-	-
Cost-to-income	**36,7%**	**36,7%**	**33,5%**	**33,5%**	**(8,82)%**	**(8,82)%**

In 2020 there was a slight reduction in the cost-to-income ratio, which decreased from 36.7% to 33.5%. However, optimization in the management of BFA's expenses continued to be, in 2020, one of the main focus areas through the continued concern in maintaining the efficiency ratio.

Growth and Sustainability

Total equity on December 31, 2020 reached 497,977.3 million kwanzas, representing an additional 35,771.4 million kwanzas, or an increase of 7.7% over the previous year. This item showed a negative variation of 191.9 million USD in foreign currency compared to the same period last year, totaling 766.6 million USD in 2020. This behavior is due to the strengthening of the value of reserves which grew by 20.1% compared to 2019 and the decrease of 25.1% in the Results for the Year.

EQUITY AND EQUIVALENT EQUITY

(Values in Millions)

	2018		2019		Δ% 2018 - 2019	
	KZ	USD	KZ	USD	KZ	USD
Capital	15 000,0	31,1	15 000,0	23,1	-	(25,77)%
Funds	-	-	-	-	-	-
Reserves and Retained Earnings	327 265,7	613,9	393 128,7	578,4	20,13%	(5,78)%
Fiscal Year Results	119 940,2	313,5	89 848,6	165,1	(25,09)%	(47,34)%
Total	**462 205,9**	**958,5**	**497 977,3**	**766,6**	**7,74%**	**(20,02)%**

SOLVENCY RATIO

(Values in Millions)

	2019		2020	
	KZ	USD	KZ	USD
Basic Own Funds Tier 1 Capital	414 979,8	860,5	461 824,4	710,9
Complementary Own Funds (Tier 2)	-	-	-	-
Deductions to Base and Complementary Own Funds	(50,2)	(0,1)	(50,2)	(0,1)
Regulatory Own Funds	**414 929,6**	**860,4**	**461 774,2**	**710,9**
Total Requirements	**70 982,0**	**147,2**	**81 871,3**	**126,0**
Credit Risk Requirements - RFPRC	32 959,4	68,3	33 270,1	51,2
Market Risk Requirements - RFPRM	6 954,3	14,4	10 644,6	16,4
Operational Risk Requirements - RFPRO	31 068,3	64,4	37 956,6	58,4
Regulatory Solvency Ratio	**58,5%**	**58,5%**	**56,4%**	**56,4%**
Tier 1 Ratio	**58,5%**	**58,5%**	**56,4%**	**56,4%**
Regulatory Limit	**10,0%**	**10,0%**	**10,0%**	**10,0%**

BFA presented high financial solidity, proven by a regulatory solvency ratio above the minimum required (10%), presenting a slight decrease in relation to the previous year.

Proposed Application of Results

Whereas in fiscal year 2020 Banco de Fomento Angola, S.A. obtained Net Results of 89,848,597,742 Kwanzas, and are therefore available for distribution;

We propose that the Net Results for the year of 89,848,597,742 Kwanzas be applied as follows:

- To Free Reserves: the equivalent of 60% of the net income obtained, in the amount of 53,909,158,645 Kwanzas;
- For Dividends: the corresponding 40% of the net income obtained, amounting to 35,939,439,097 Kwanzas.

The present proposal for applying results has no impact on the calculated Regulatory Solvency Ratio, since the respective calculation has already assumed this distribution assumption.

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FINANCIAL STATEMENTS AND NOTES

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STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Kwanzas)

	Notes	31/12/2020	31/12/2019
Interest and similar income	20	216 454 644	189 694 884
Interest and similar charges	20	29 751 290	36 219 167
Financial Margin		**186 703 354**	**153 475 717**
Income from services and commissions	21	23 654 102	18 793 658
Charges for services and commissions	21	6 840 486	4 730 576
Results of financial assets and liabilities valued at fair value through profit or loss	7	26 476 147	(1 751 138)
Results of investments at amortized cost	-	0	-
Foreign exchange results	22	42 508 516	41 188 144
Results from the sale of other assets	23	50 561	110 222
Other operating income	24	1 672 097	2 783 184
Product of the banking activity		**274 224 291**	**209 869 212**
Personnel costs	25	59 081 263	45 941 262
Third-party supplies and services	26	27 160 743	25 556 741
Depreciation and amortization for the period	12	5 522 107	5 577 250
Provisions net of cancellations	27	15 229 293	(9 498 088)
Impairment for loans to clients net of reversals and recoveries	27	16 920 894	5 082 613
Impairment for other financial assets net of reversals and recoveries	27	42 424 090	8 294 331
Impairment for other assets net of reversals and recoveries		198 836	572 621
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS		**107 687 066**	**128 342 482**
Taxes on results			
Chains	13	(11 141 490)	(9 890 173)
Deferred	13	(6 696 980)	1 487 883
NET INCOME FOR THE PERIOD		**89 848 596**	**119 940 192**
INCOME RECOGNIZED DIRECTLY IN EQUITY		**-**	**-**
TOTAL INCOME FOR THE PERIOD		**89 848 596**	**119 940 192**
Average number of ordinary shares issued	**18**	15 000 000	15 000 000
Basic earnings per share (in Kwanzas)	**18**	5,990	7,996
Diluted earnings per share (in Kwanzas)	**18**	5,990	7,996

BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Kwanzas)

	Notes	31/12/2020			31/12/2019
		Active Raw	Amortizations and Impairment	Active Liquid	
ASSETS					
Cash and deposits at Central Banks	4	474 216 835	-	474 216 835	302 716 195
Deposits in other credit institutions	5	26 295 341	(18 548)	26 276 793	42 507 797
Investments in Central Banks and others credit institutions	6	649 862 691	(770 956)	649 091 735	456 746 995
Financial assets at fair value through results	7	365 694 288	-	365 694 288	172 690 202
Investments at amortized cost	8	1 035 154 711	(57 317 952)	977 836 759	828 851 838
Customer Credit	9	387 818 749	(54 445 480)	333 373 269	327 936 737
Non-current assets held for sale	10	606 592	(338 833)	267 759	84 788
Investments in subsidiaries, associates and joint ventures	11	50 375	-	50 375	50 375
Other tangible assets12	12	59 147 839	(28 572 519)	30 575 320	32 588 090
Intangible assets12	12	5 349 414	(5 135 942)	213 472	630 225
Current tax assets13	13	4 186	-	4 186	4 186
Deferred tax assets13	13	1 645 788	-	1 645 788	7 887 478
Other assets14	14	15 653 131	-	15 653 131	22 363 129
Total Assets		**3 021 499 940**	**(146 600 230)**	**2 874 899 710**	**2 195 058 036**

	Notes	31/12/2020	31/12/2019
LIABILITIES AND EQUITY			
Deposits from central banks and other credit institutions	15	4 088 299	7 669 106
Customer funds and other loans	16	2 252 202 707	1 622 897 644
Financial liabilities at fair value through profit or loss	7	4 244 410	12 675 871
Provisions	17	41 468 071	24 362 164
Current tax liabilities	13	7 785 077	4 628 099
Lease Liabilities	18	7 318 355	10 840 950
Other Liabilities	18	59 815 468	49 778 300
Total Liabilities		**2 376 922 387**	**1 732 852 134**
Capital stock	19	15 000 000	15 000 000
Revaluation Reserves	19	-	-
Other reserves and retained earnings	19	393 128 727	327 265 709
Net income for the year	19	89 848 596	119 940 192
Total Own Funds		**497 977 323**	**462 205 902**
Total Liabilities and Equity		**2 874 899 710**	**2 195 058 036**

STATEMENTS OF CHANGES IN OWN FUNDS FOR THE YEAR DECEMBER 31ST, 2020 AND 2019

(Amounts expressed in thousands of Kwanzas)

	Notes	Capital Social	Reservation of Capital update of capital stock	Reserves of Revaluation	Other reservations and results carried over	Result period	Total
Balance as of January 1st, 2019		**15 000 000**	**450 717**	**1 253 828**	**187 537 632**	**174 258 743**	**378 500 920**
Application of the result of the 2018 period:							
Constitution of reserves and funds	19	-	-	-	138 929 787	(138 929 787)	-
Dividend distribution	19	-	-	-	-	(35 328 956)	(35 328 956)
Transfer of Reserves to Earnings carried over	19	-	(450 717)	(1 253 828)	798 290	-	(906 255)
Net income for the year	19	-	-	-	-	119 940 192	119 940 192
Balance as of December 31, 2019		**15 000 000**	**-**	**-**	**327 265 709**	**119 940 192**	**462 205 901**
Application of the 2019 fiscal year result:							
Constitution of reserves and funds	19	-	-	-	71 964 115	(71 964 115)	-
Distribution of dividends	19	-	-	-	-	(47 976 077)	(47 976 077)
Distribution of dividends	19	-	-	-	(6 101 097)	-	(6 101 097)
Net result for the period	19	-	-	-	-	89 848 596	89 848 596
Balance on December 31st, 2020		**15 000 000**	**-**	**-**	**393 128 727**	**89 848 596**	**497 977 323**

STATEMENTS OF CASH FLOWS FOR THE YEAR DECEMBER 31ST , 2020 AND 2019

(Amounts expressed in thousands of Kwanzas)

	Notes	31/12/2020	31/12/2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions and other similar income received	20 e 21	230 678 123	200 240 700
Interest, commissions and other similar costs paid	20 e 21	(37 122 188)	(31 149 134)
Payments to employees and suppliers	25 e 26	(80 127 027)	(61 345 900)
Payments and contributions to pension funds and other benefits		(3 605 423)	(2 434 118)
Recovery of credits written off	24	1 232 425	760 769
Other results	7, 23 e 24	1 722 658	983 932
Cash flows before changes in operating assets and liabilities		**112 778 568**	**107 056 249**
Increases/Decreases in operating assets:			
Investments in Central Banks and other credit institutions	6	(160 001 171)	(86 814 635)
Financial assets at fair value through profit or loss	7	(164 316 700)	10 760 272
Financial investments at amortized cost	8	(43 920 302)	(106 407 627)
Customer Credit	9	19 072 317	31 605 222
Non-current assets held for sale	10	(182 971)	-
Other Assets	14	18 194 871	5 421 863
Net cash flow from operating assets		**(331 153 956)**	**(145 434 905)**
Increases/Decreases in operating liabilities:			
Deposits from central banks and other credit institutions	15	(4 084 410)	909 885
Customer funds and other loans	16	279 839 118	49 627 634
Other Liabilities	18	(677 088)	21 672 851
Net flow from operating liabilities		**275 077 620**	**72 210 370**
Net cash from operating activities before income taxes		56 702 232	33 831 714
Income taxes paid	13, 14 e 18	(20 710 008)	(37 678 870)
Net cash from operating activities		**35 992 224**	**(3 847 156)**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisitions of other tangible assets, net of disposals	12	(6 702 691)	(5 775 362)
Acquisitions of intangible assets, net of disposals	12	-	(351 090)
Acquisitions of investments in subsidiaries, associates and joint ventures, net of disposals		-	-
Net cash from investing activities		**(6 702 691)**	**(6 126 452)**
CASH FLOW FROM FINANCING ACTIVITIES			
Distribution of dividends	19	54 077 174	(35 328 956)
Net cash from financing activities		**54 077 174**	**(35 328 956)**
Variation in cash and cash equivalents		83 366 707	(45 302 563)
Cash and cash equivalents at the beginning of the period	4 e 5	345 238 670	302 839 884
Effects of exchange variation on cash and cash equivalents		71 906 799	87 701 349
Cash and cash equivalents at the end of the period	**4 e 5**	**500 512 176**	**345 238 670**

Notes to the Financial Statements

1. INTRODUCTORY NOTE

Banco de Fomento Angola, S.A. (hereinafter also referred to as "Bank" or "BFA"), was incorporated by public deed on 26 August 2002, resulting from the transformation of the Angola branch of Banco BPI, S.A. into a local-law bank.

As indicated in Note 19, on January 5, 2017, in the execution of the share purchase and sale agreement entered into in 2016, the sale by Banco BPI to Unitel of a 2% stake in BFA's share capital was completed. Thus, on December 31, 2020 and 2019, BFA was majority-owned by Unitel, S.A.

By unanimous resolution of the General Meeting, of 4 October 2018, it was decided to increase BFA's capital by incorporating "Other Reserves" in the amount of 11 478 003 mKZ. This capital increase was carried out within the scope of the provisions of Notice no. 02/2018 of the Banco Nacional de Angola, which defines that the minimum value of the fully paid-in capital stock in national currency is 7 500 000 mKZ.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or others, which it applies, together with its resources, in the granting of loans, deposits at Banco Nacional de Angola, investments in credit institutions, acquisition of securities or other assets, for which it is duly authorised. It also provides other banking services and carries out several types of operations in foreign currency, having for this purpose, on December 31, 2020, a national network of 161 branches, 5 service stations, 10 investment centers and 20 corporate centers and 1 Private Banking.

Within the scope of the supervisory functions attributed to Banco Nacional de Angola ("BNA") and given the challenges facing the Angolan Financial System and BNA's intention to continuously adopt best practices international, it became pertinent to conduct in fiscal year 2019 an Asset Quality Assessment ("Exercise" or "AQA") of the Banking Financial Institutions ("BFIs") operating in the domestic market.

This Exercise covered the main IFB's in Angola and had as a general objective to perform a comprehensive and independent assessment of risks inherent in the Banks' activities, including an analysis of the quality of its assets. To this end, the scope of this work included analyses of the portfolios of loans and advances, securities and investments, cash and investments in IFBs, tangible fixed assets, non-current assets held for sale, deferred tax assets and other assets with credit risk. An evaluation of the financial risk governance model, the calculation of capital requirements, as well as a validation of the parameters and methodologies used to perform the stress tests, were also performed. The reference date of this exercise was December 31, 2018 but subsequent events have been incorporated through September 30, 2019.

No significant deviations were identified in BFA's AQA, i.e. with a material impact on the solvency ratio, with the same remaining above that required by the regulator. The methodologies defined by the regulator in the financial year which do not conflict with the International Accounting Standards were incorporated in financial years 2019 and 2020.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 PRESENTATION BASES

The Bank's financial statements were prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), pursuant to Notice No. 6/2016 of June 22, of Banco Nacional de Angola. The IFRS include the accounting standards, issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"), and effective from January 1, 2020. The Bank adopted IFRS for the first time in the year ended December 31, 2016.

The financial statements now presented refer to the year ended December 31, 2020.

The accounting policies used by the Bank in preparing its financial statements for the year ended December 31, 2020 are consistent with those used on December 31, 2019.

The Bank's financial statements are expressed in thousands of Kwanzas, rounded to the nearest thousand, with assets and liabilities denominated in other currencies that have been converted into national currency, based on the average indicative exchange rate published by Banco Nacional de Angola on each reference date.

The financial statements were prepared under the historical cost principle, modified by the application of fair value for derivative financial instruments and financial assets and financial liabilities recognized at fair value through profit or loss.

The financial statements for the year ending December 31, 2020, were approved at a meeting of the Bank's Board of Directors on April 06, 2021 and will be submitted to the General Assembly that has the power to change. However, it is the belief of the Bank's Board of Directors that they will be approved without significant changes.

Recently issued accounting standards and amendments that have not yet come into force and that the Bank has not yet applied in the preparation of its financial statements can be analyzed in Note 31.

Notwithstanding the 99.9% investment held by the Bank in its subsidiary Asset Management BFA (see Note 11), which began operations in the 2017 financial year, in light of the IFRS base principles and conceptual framework, the Bank considers that the preparation of consolidated financial statements as of December 31, 2020 is not relevant, namely considering (i) the reduced activity developed by this company since its incorporation and (ii) the reduced impact that would result from the consolidation of its financial statements, after consolidation adjustments, on BFA's financial statements as of that date.

2.2 FOREIGN CURRENCY TRANSACTIONS

Operations in foreign currency are recorded in accordance with the principles of the multi-currency system, with each operation being recorded according to the respective currency of denomination. Assets and liabilities expressed in foreign currency are converted into kwanzas at the average exchange rate published by Banco Nacional de Angola on the date of the balance sheet. The costs and income relative to exchange differences, realized or potential, are recorded in the income statement for the year in which they occur under "exchange results". The "forward exchange position" transactions relate to forward contracts.

The costs and income related to these are recorded under "Results from financial assets and liabilities valued at fair value through profit or loss" in the income statement.

On December 31, 2020 and 2019, the exchange rates of the Kwanza (KZ) against the United States Dollar (USD) and the Euro (EUR) were as follows:

	31/12/2020	31/12/2019
1 USD	649,604	482,227
1 EUR	798,429	540,817

Forward currency position

The forward currency position corresponds to the net balance of forward transactions awaiting settlement. All contracts relating to these operations are revalued at forward market exchange rates.

The difference between the counter values in Kwanzas at the forward revaluation rates applied, and the counter values at the contracted rates, is registered under assets or under liabilities, against income or costs, respectively.

2.3 FINANCIAL INSTRUMENTS

2.3.1 Classification of financial assets

The Bank classifies its financial assets in one of the following valuation categories:

a) Investments at amortized cost;
b) Financial assets at fair value through other comprehensive income;
c) Financial assets at fair value through profit or loss.

The rating requirements for debt and equity instruments are presented as follows:

Debt instruments

Debt instruments are instruments that meet the definition of financial liability from the issuer's perspective, such as loans, public and private bonds, and receivables purchased from Customers under non-recourse factoring contracts.

The subsequent classification and valuation of these instruments in the previous categories is done on the basis of the following two elements:

- the Bank's business model for managing financial assets, and
- the contractual cash flow characteristics of financial assets.

Based on these elements, the Bank classifies its debt instruments for valuation purposes into one of the following three categories:

a) Financial assets at amortized cost when the following two conditions are met:

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

In addition to debt instruments managed based on a business model whose objective is to receive their contractual cash flows, these are recorded under the heading "Investments at amortized cost", the category of financial assets at amortized cost also includes investments in central banks and other credit institutions and loans and advances to Customers.

b) Financial assets at fair value through other comprehensive income, when the following two conditions are met:

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

c) Financial assets at fair value through profit or loss, whenever due to the Bank's business model or due to the characteristics of its contractual cash flows, it is not appropriate to classify financial assets in any of the previous categories. At the transition date, to classify financial assets in this category, the Bank also took into consideration whether it expects to recover the carrying value of the asset through sale to a third party.

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

- are originated or acquired for the purpose of trading them in the short term;
- are part of a group of identified, jointly managed financial instruments for which there is evidence of recent actions aimed at short-term gains; and
- are derivative instruments that neither meet the definition of a financial guarantee contract nor have been designated as hedging instruments.

Business model evaluation

The business model reflects how the Bank manages its assets from a cash flow perspective. Thus, it is important to understand if the Bank's objective is only to receive the contractual cash flows from the assets or if it wants to receive the contractual cash flows and the cash flows resulting from the sale of the assets. If neither of these situations applies (e.g. the financial assets are held for trading), then the financial assets are classified as part of the "other" business model and recognized at fair value through profit or loss.

Factors considered by the Bank in identifying the business model for a set of assets include past experience with respect to how (i) cash flows are received, (ii) how asset performance is evaluated and reported to management, (iii) how risks are assessed and managed, and (iv) how Directors are remunerated.

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

The evaluation of the business model does not depend on intentions for an individual instrument, but rather for a set of instruments, taking into consideration frequency, value, the sales schedule in previous years, the reasons for these sales and expectations regarding future sales. Sales that are infrequent, or insignificant, or close to the maturity of the asset, and those motivated by increased credit risk on financial assets, or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual term that may modify the timing or amount of contractual cash flows (such as early amortization or extension of duration clauses), the Bank determines whether the cash flows that will be generated during the life of the instrument due to the exercise of that term contractual, are only payments of principal and interest on the principal amount outstanding.

If a financial asset contemplates a periodic interest rate adjustment, but the frequency of that adjustment does not match the term of the benchmark interest rate (e.g., the interest rate is adjusted every three months), the Bank assesses, at the time of initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Contractual terms that, at the time of initial recognition, have a minimal effect on cash flows or are contingent upon the occurrence of exceptional or highly unlikely events (such as settlement by the issuer) do not preclude their classification in portfolios at amortized cost or fair value through other comprehensive income.

SPPI Assessment

When the business model is to hold assets with the intention of (i) receiving the contractual cash flows or (ii) receiving the contractual cash flows and selling these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to payments of principal and interest on the principal amount outstanding (the sole payments of principal and interest "SPPI" test). In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement, i.e., the interest includes only considerations regarding the time value of money, credit risk, and a profit margin that is consistent with a basic credit agreement. When the contractual terms introduce exposure to risk or variability of the cash flows that are inconsistent with a simple loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

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

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, they are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the net assets of the issuer. An example of equity instruments is common stock.

Investments in equity instruments are an exception to the general valuation criteria described above. As a general rule, the Bank exercises the option on initial recognition to irrevocably designate as financial assets at fair value through other comprehensive income those investments in equity instruments that are not classified as held for trading and which, if the option were not exercised, would be classified as financial assets at fair value through profit or loss. Impairment losses (and reversals of impairment) are not recorded separately from other changes in fair value.

2.3.2 Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be made by delivering cash or another financial asset, regardless of its legal form.

Financial liabilities are classified into the following categories:

(i) Financial liabilities at amortized cost

This category includes resources from Central Banks and other credit institutions and resources from Customers and other loans.

(ii) Financial liabilities held for trading

This category includes derivative financial instruments with negative fair value.

(iii) Financial liabilities at fair value through profit or loss (Fair Value Option)

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

- financial liabilities are managed, evaluated and analyzed internally based on their fair value;
- derivative operations are contracted with the objective of making the economic hedge of these assets or liabilities, thus ensuring consistency in the valuation of assets or liabilities and derivatives (accounting mismatch); and
- financial liabilities contain embedded derivatives.

2.3.3 Initial recognition and valuation of financial instruments

At the time of their initial recognition, all financial instruments are recorded at fair value. For financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are recognized immediately in profit or loss.

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

Financial assets are recognized in the balance sheet on the trade date - the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal figure that determines that the transfer of the rights takes place at a later date.

At initial recognition, when the fair value of financial assets and financial liabilities differs from the transaction price, the entity shall recognize this difference as follows:

- Where fair value is evidenced by quoted prices in an active market for an equivalent asset or liability (i.e., Level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss, and
- In the remaining cases, the difference is deferred and the timing of the initial recognition of the gain or loss is determined individually. This difference can then be (i) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognized through a settlement of the asset or liability.

2.3.4 Subsequent valuation of financial instruments

After initial recognition, the Bank values its financial assets at (i) amortized cost, (ii) fair value through other comprehensive income or (iii) fair value through profit or loss.

Trade receivables that do not have a significant financing component and trade receivables and short-term debt instruments that are initially valued at transaction price or outstanding principal, respectively, are valued at that amount less impairment losses.

Immediately after initial recognition, an impairment for expected credit losses (ECL) is also recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in profit or loss when the asset is originated.

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

2.3.5 Income and expenses from financial instruments

Income and expenses from financial instruments at amortized cost are recognized according to the following criteria:

i. Interest is recorded in the income statement under "Interest and similar income" and "Interest and similar charges" using the effective interest rate of the transaction on the gross carrying amount of the transaction (except in the case of impaired assets where the interest rate is applied on the net carrying amount of the impairment); and

ii. The remaining changes in value will be recognized in profit or loss as income, or expense, when the financial instrument is derecognized from the balance sheet under "Results from investments at amortized cost", when it is reclassified, and in the case of financial assets, when impairment losses or recovery gains occur, which are registered in the item "Impairment for credit to Customers net of reversals and recoveries", in the case of loans to Customers or in the item "Impairment for other financial assets net of reversals and recoveries", in the case of other financial assets.

In determining the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, not considering eventual impairment losses. The calculation 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, except for financial assets and liabilities at fair value through profit or loss.

Treasury Bonds issued in local currency indexed to the exchange rate of the United States Dollar are subject to exchange rate adjustment. The result of currency revaluation is reflected in the income statement for the year in which it occurs. The result of the currency revaluation of the nominal value of the security is reflected in the caption "Foreign exchange results" and the result of the currency revaluation of the discount and accrued interest is reflected in the caption "Net interest income - Interest and similar income".

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

i. Changes in fair value are recorded directly in results, separating between the part attributable to income from the instrument, which is recorded as interest or as dividends according to their nature in the items "Interest and similar income" and "Income from equity instruments", respectively, and the rest, which is recorded as results from financial operations in the item "Results of financial assets and liabilities valued at fair value through profit or loss"; and

ii. Interest on debt instruments is recorded in the income statement under "Interest and similar income" and is calculated by applying the effective interest rate method.

Income and expenses from financial assets at fair value through other comprehensive income, are recognized according to the following criteria:

i. Interest or, when applicable, dividends are recognized in results under the items "Interest and similar income" and "Income from capital instruments", respectively. For interest the procedure is the same as for assets at amortized cost;

ii. Exchange differences are recognized in the income statement under "Foreign exchange results" in the case of monetary financial assets, and in other comprehensive income in the case of non-monetary financial assets;

iii. In the case of debt instruments, the impairment losses or recovery gains are recognized in results under "Impairment for other financial assets net of reversals and recoveries"; and

iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in income for the year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to profit or loss for

the year. On the other hand, when an equity instrument valued at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income, is not reclassified to the profit and loss account, but remains in a reserve account.

2.3.6 Reclassification between categories of financial instruments

Only if the Bank decided to change its business model for managing financial assets would it reclassify all affected financial assets in accordance with the requirements of IFRS 9. This reclassification would be made prospectively from the reclassification date. Under IFRS 9, it is expected that changes in the model of business occur infrequently. IFRS 9 does not allow the reclassification of investments in equity instruments measured at fair value through other comprehensive income, or when the fair value option has been exercised for financial assets or liabilities. Financial liabilities cannot be reclassified between portfolios.

2.3.7 Fair value

As provided in IFRS 13, financial instruments at fair value are measured according to the valuation levels described in note 30.4.

The methodology for determining the fair value of securities used by the Bank is as follows:

i. iAverage trading price on the day of calculation or, when not available, the average trading price on the previous business day;

ii. Net probable realization value obtained through the adoption of an internal valuation technique or model;

iii. Price of similar financial instrument, taking into consideration, at a minimum, the payment terms and maturity, the credit risk and the currency or indexer; and

iv. Price defined by the National Bank of Angola.

2.3.8 Changing Credits

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

- If the debtor is in financial distress, the modification only reduces the contractual cash flows to an amount that the debtor can be expected to be able to pay;
- Whether any significant new terms, such as profit sharing or equity-based return, have been introduced that substantially affect the credit risk;
- Significant extension of contract maturity when the debtor is not in financial distress;
- Significant change in the interest rate;
- Change in the currency in which the credit was contracted; and
- Inclusion of a collateral, a guarantee or other credit enhancement that significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. The date of renegotiation is considered the date of initial recognition for the purposes of calculating impairment, including assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognized financial asset is impaired at initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the originally agreed payments. Differences in the carrying amount are recognized in the income statement as a derecognition gain or loss.

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

After the modification, the Bank may determine that the credit risk has improved significantly and that the assets have moved from Stage 3 to Stage 2 (ECL lifetime) or from Stage 2 to Stage 1 (ECL 12 months). This situation can only occur when the performance of the modified asset is in accordance with the new contract terms for a period of twelve consecutive months. Additionally, the Bank continues to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

As of December 31, 2020 and 2019, the Bank has no assets that have met these requirements for the reporting year.

2.3.9 Derecognition not resulting from a change

Financial assets granted are derecognized when the cash flows associated with them are extinguished, collected or disposed of to third parties and the (i) Bank transfers substantially all risks and rewards associated with holding the asset, or (ii) the Bank neither transfers nor holds substantially all risks and rewards associated with holding the asset and does not hold control over the asset. Gains and losses obtained from the sale of loans and advances to Customers on a definitive basis are recorded in "Other operating income". These gains or losses correspond to the difference between the fixed sale value and the book value of these assets, net of impairment losses.

The Bank enters into transactions in which it holds the contractual right to receive cash flows from assets but assumes a contractual obligation to pay these cash flows to other entities and transfers substantially all risks and rewards. These transactions result in derecognition of the asset if the Bank:

- You have no obligation to make payments unless you receive equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Have an obligation to remit any cash flow it receives from the assets without material delay.

The collateral granted by the Bank (shares and bonds) through repurchase agreements and securities lending and borrowing transactions are not derecognized because the Bank holds substantially all the risks and rewards based on the predetermined repurchase price, thus the derecognition criteria are not met (see Note 2.4).

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

2.3.10 Slaughter Policy

The Bank writes off financial assets, in part or in full, when it concludes that there is no reasonable expectation of receipt. Indicators that show that there is no reasonable expectation of receipt are (i) closure of operations and (ii) cases where recovery depends on receipt of collateral, but where the value of the collateral is so low that there is no reasonable expectation of recovering the entire asset.

The rules implemented for selecting the credits that may be written off are as follows:

- The credits cannot be under a risk-sharing protocol;
- Credits must be more than 210 days past due; and
- Credits cannot have the mark of renegotiated credits past due or be involved under an active payment arrangement.

2.3.11 Impairment of financial assets

The Bank determines impairment losses for debt instruments that are measured at amortized cost and fair value through other comprehensive income, as well as for other exposures that have associated credit risks such as bank guarantees and commitments.

The requirements of IFRS 9 aim to recognize expected losses from operations, assessed on an individual or collective basis, taking into account all reasonable, reliable and properly supported available information, including information from a forward-looking perspective.

Impairment losses on debt instruments that are measured at amortized cost are recognized against an accumulated balance sheet impairment item, which reduces the carrying amount of the asset, while impairment on assets measured at fair value through other comprehensive income is recognized against other comprehensive income.

The impairment losses for the year of loans to Customers are recognized in the income statement under the item "Impairment for loans to Customers net of reversals and recoveries" and those of the remaining financial assets in the item "Impairment for other financial assets net of reversals and recoveries".

Impairment losses on exposures that have credit risk associated and that are not positions recorded as assets are recorded as a provision under "Provisions" on the liabilities side of the balance sheet. Allocations and reversals are recorded under "Provisions net of reversals" in the income statement.

For the purposes of accounting for impairment losses on debt instruments, the following definitions should be taken into account:

a) **Credit losses**: correspond to the difference between all cash flows owed to the Bank, according to the contractual terms of the financial asset and all cash flows the Bank expects to receive (i.e., the entire cash flow shortfall), discounted at the original effective interest rate or, for purchased or originated credit-impaired financial assets, the credit-quality adjusted effective interest rate, or the interest rate at the date to which the financial statements relate when it is variable.

   For commitments, the contractual cash flows expected to be received from the Bank when the commitment is used are compared to the cash flows expected to be received when the asset is recognized. In the case of bank guarantees, we consider the payments that the Bank the cash flows it expects to realize minus the cash flows it expects to receive from the originator. The Bank estimates cash flows taking into consideration the contractual term defined for the operations.

   For purposes of determining cash flows, those resulting from the sale of real guarantees received are also included, taking into account the flows that would be obtained from their sale, less the costs necessary to obtain, maintain and subsequently sell them, or other guarantees that are an integral part of the contractual conditions, such as financial collateral.

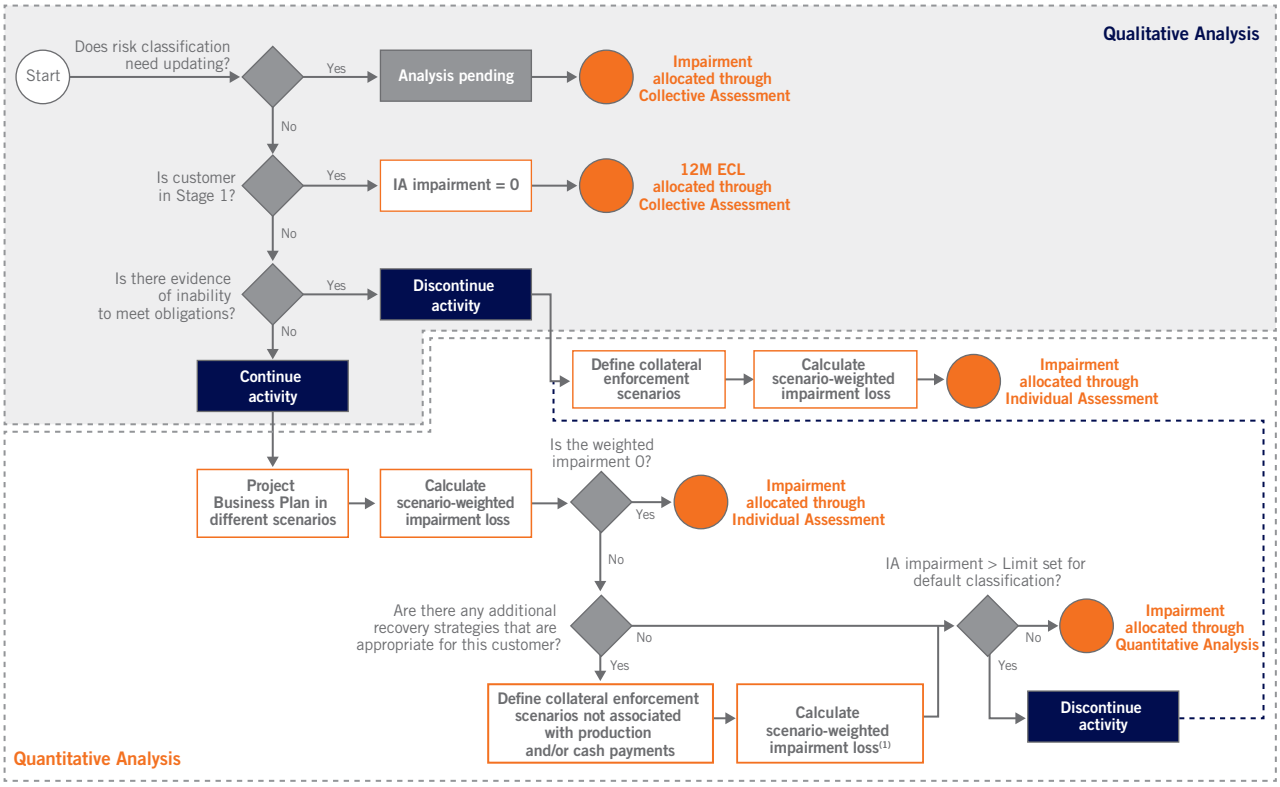
b) **Expected credit losses**: correspond to the weighted average of credit losses, using the probability of occurrence of events of default as a weighting factor. The following distinction will be taken into account: (i) lifetime expected credit losses: these are the expected credit losses that result from possible default events during the expected life of the transaction; (ii) 12-month expected credit losses: these are part of lifetime expected credit losses representing the expected credit losses that result from defaults on a financial instrument that are likely to occur within 12 months of the reference date.

Customer Credit Impairment Model

The methodology adopted by the Bank provides in a first phase for the identification of Economic Groups (and individual Customers) considered individually significant. These are analyzed individually and the others collectively according to homogeneous risk groups. The following criteria are considered as the selection of individually significant Groups (and individual Clients):

- Corporate clients with exposure greater than 50 million AKZ;
- Private customers with exposure greater than 100 million AKZ;
- Corporate Customers with overdue credit (more than 30 days), exposure greater than AKZ 25 million, and defaults greater than AKZ 1 million;
- Private Customers with overdue credit (more than 30 days), exposure greater than 50 million AKZ and defaults greater than 1 million AKZ;
- Clients with restructured operations due to financial difficulties of the debtor; and
- Ad-hoc clients (individuals or companies), which are not subject to individual analysis by the previous criteria, but which the Bank considers appropriate to make the respective individual analysis.

The individual analysis process follows the following flow:



In the collective analysis methodology, the Bank groups clients into homogeneous risk segments, namely the following:

- Consumer Credit
- Discoveries
- Credit Cards
- Car Credit
- Housing Credit
- Small Business
- Large Companies
- Status
- Financial Institutions

The amount of impairment losses is determined according to whether or not there has been a significant deterioration in risk since initial recognition and whether or not a default event has occurred. Consequently, the Bank classifies financial instruments into three stages of impairment as described below:

- Stage I: Classification to be applied on initial recognition of financial instruments or in case of no meet any of the classification criteria for the other stages of impairment;

- Stage II: Classification to be applied to financial instruments that show a significant increase in credit risk (SIRC) since origination;

- Stage III: All financial instruments that are in default according to the Bank's internal definition and in line with Instruction 8/2019 will be classified in this stage.

Marking

- Contracts for products other than overdrafts, with credit more than 30 days overdue;

- Overdraft product contracts with credit more than 15 days overdue;

- Customer with at least one credit operation restructured due to financial difficulties in the last 12 months;
- Clients with a litigation operation in the last 5 years;
- Customers with returned checks and/or inhibition of the use of checks according to the information available in the CIRC;
- Customers with unauthorized overdrafts.

For the individually analyzed Clients the following additional criteria are considered:

- Customers with a credit operation in the financial system that is more than 90 days overdue, with principal or interest written off/annulled, or in litigation;
- Customers with authorized overdrafts above the limit formally contracted with the Customers or revolving credit operations permanently used at least 95% of the limit initially contracted in the last 12 months;
- Credit with a material decrease in the value of the collateral (greater than 20%) when this results in a funding-collateral ratio greater than 80%;
- Clients under Special Recovery Programs;
- Clients with debts to the Tax Administration and/or Social Security;
- Bank liens or expectation of insolvency or object of recovery process/financial and/or operational reorganization;
- Significant change in the Client's (Companies) operating results, for Clients subject to Individual Analysis.

Propagation

- Propagation of all transactions to stage 2 if the total exposure of the transaction in stage 2 is greater than or equal to 20% of the Client's exposure.

The default marking criteria are as follows, provided they have (i) Absolute Materiality: >= 5,000 Akz of overdue credit; (ii) Relative Materiality: 1% Companies and 2.5% Individuals, of the Customer's equity exposure.

Marking

- Contracts with credit more than 90 days past due;
- Restructured contracts with credit more than 30 days overdue.

For the individually analyzed Clients the following additional criteria are considered:

- Clients in bankruptcy/ insolvency or with the expectation of bankruptcy/ insolvency;
- Restructurings with material loss or grace period or originating from contracts already at stage 3.

Propagation

- Propagation of the default flag when the defaulted exposure represents 20% of the Client's total exposure.

Deselect

- Contracts with credit overdue for more than 90 days: 12-month quarantine period (at least 6 months in stage 3, and 6 months in stage 2) with no default activation criteria;
- Restructured credits: quarantine period (at least 12 months) with a settlement of principal and interest with no exposure overdue for a period longer than 30 days.

In determining collective impairment, the Bank considers the following credit risk parameters:

a) Exposure: Exposure at default (EAD) is the estimated amount outstanding in the event of default. This component is relevant for financial instruments that have a variable amortization structure depending on the client's use (credit current accounts, credit cards, in general, any revolving product). The calculation of this estimate is based on the observation of historical data in debtors for whom situations were verified of default, relating the levels of utilization of the limits at the time of default and in the previous 12 months. In this framework, future utilization levels are estimated according to the nature of the product, the current utilization levels and the value of the limit.

b) Probability of default: the Bank applies a methodology for calculating the forecasted probability of default (PD) of each borrower for the entire credit portfolio and for each risk segment. The results of the methodology applied to determine the probability of default are used in the credit granting and follow-up processes and have been developed and calibrated according to the Bank's historical default experience. This parameter is used directly for calculating the expected loss (ECL) of operations in stages 1 and 2 of impairment. Thus, for stage 1 the period of 12 months must be considered and for stage 2 the residual maturity of the operation.

c) Loss given default: the loss given default (LGD) corresponds to the percentage of debt that will not be recovered in the event of default by the Client. The calculation of LGD is based on historical internal information, considering the cash flows associated with contracts from the time of default until their settlement or until the time when there are no relevant recovery expectations. Also incorporated in the calculation are estimates of costs associated with credit recovery processes.

The parameters considered in determining impairment are generally based on the Bank's internal historical experience of defaults and recoveries.
The parameters are periodically reviewed and updated to reflect the economic situation and to be representative of the current economic environment at all times.

The models also incorporate perspectives of future economic evolution (forward looking) to determine the expected loss considering the macroeconomic factors that are related to the probability of default and/or the Bank's recoverability indicators, namely:

- Real GDP;
- Non-oil GDP growth rate;
- USD/ AOA exchange rate (parallel) end of period;
- Luanda Consumer Price Index;
- Real Effective Exchange Rate (REER);
- EUR/ AOA exchange rate end of period.

The revision processes will also introduce the necessary improvements that are detected in the backtesting exercises.

During 2020, there was a deterioration in the quality of the credit risk of BFA's portfolio, essentially explained by the impact of the COVID-19 pandemic, with an increase in the amount of credit in Stage 2 (+123%) and Stage 3 (+49%), contributing to an increase total impairment of +22 641 051 tAKZ, against 31st December 2019.

It should be noted that BFA has only granted moratoriums of up to 60 days for valid applications that have been submitted to the Bank by May 30, 2020.

Additionally, BFA updated the regressions, scenarios and macroeconomic weightings in its model
However, it is not possible to quantify the impact of the forward-looking adjustment through COVID-19 in isolation, since the Bank has also made methodological and structural changes in the estimation of its risk parameters, namely at the level of the history considered, the definition of default and segmentation.

Impairment model for other financial instruments

The Bank classifies exposures into stages of impairment. Namely, exposures to sovereign states rated as investment grade by recognized agencies and exposures where the return is adjusted to the risk of the issuer and is within the limits defined in the Bank's risk profile are classified in stage 1. These exposures qualify for the calculation of 12-month impairment losses.

The risk factors applied are those associated with each counterparty rating level defined by the external provider.

The Bank did not apply the reduced credit risk exemption on any financial assets in the year ended December 31, 2020 and in fiscal 2019.

2.4 OPERATIONS WITH REPURCHASE OR RESALE AGREEMENTS

Securities transferred under repurchase agreements (repos) at a fixed price, or at a price, which is equal to the sale price plus interest for the term of the transaction are not derecognized from the balance sheet. The corresponding

liability is accounted for under payables to other credit or Customers, as appropriate. The difference between the sale value and the repurchase value is treated as interest and is deferred over the life of the agreement using the effective rate method.

Securities purchased under agreements to resell (reverse repos) at a fixed price, or at a price which is the same as the purchase price plus interest for the term of the operation, are not recognized in the balance sheet, the purchase value being recorded as loans to other credit institutions or Customers, as appropriate. The difference between purchase and resale value is treated as interest and is deferred over the life of the agreement using the effective rate method.

2.5 FINANCIAL DERIVATIVES

The Bank may carry out derivative financial instrument operations, within the scope of its activity, managing its own positions based on expectations of market evolution or meeting the needs of its Customers.

All derivative instruments are recorded on the date of their trading at fair value and changes in fair value are recognized in the income statement unless they qualify as cash flow hedges or net investment in foreign operations. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

Derivative financial instruments are classified as either hedging (hedge, provided all designation conditions are met) or trading, depending on their purpose.

Hedge Derivatives

The Bank had no hedging derivatives at the date of first adopting IFRS 9, however, it made the decision to continue to apply as a policy, the accounting treatment of IAS 39 as permitted by IFRS 9.

The Bank designates derivatives and other financial instruments to hedge interest rate risk and foreign exchange risk,

resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading.

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

A hedging relationship exists when:

- at the start date of the relationship there is a formal documentation of the coverage;
- coverage is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and is determined to be highly effective throughout the reporting period; and
- in relation to hedging a forecasted transaction, the transaction is highly probable and presents exposure to variations in cash flows that could ultimately affect results.

When a derivative financial instrument is used to hedge foreign exchange arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognized in the income statement, as well as the exchange rate risk changes of the underlying monetary items.

i. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded through profit or loss, together with changes in the fair value of the asset, liability or group of assets and liabilities being hedged with respect to the hedged risk. If the hedge relationship no longer meets the requirements for hedge accounting, the derivative financial instrument is transferred into the trading category and hedge accounting is discontinued, subsequently (the adjustment made to the carrying amount of a hedging instrument, where the effective interest rate method is used, is amortized through profit or loss for the period until its maturity and recognized in Net interest income). If the hedged asset or liability corresponds to a fixed income instrument, the cumulative gains or losses due to variations of the interest rate risk associated with the hedged item until the discontinuance date of the hedge are amortized through profit and loss over the remaining period of the hedged item.

ii. Cash flow hedging

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

Amounts accumulated in equity are reclassified to profit or loss for the year in those years when the hedged item affects profit or loss.

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

- deferred for the remaining term of the hedged instrument; and
- recognized immediately in the income statement if the hedged instrument is extinguished.

In case of discontinuation of a hedging relationship of a future transaction, the changes of the fair value of the derivative recorded inequity will remain there until the future transaction is recognized in the income statement. When the transaction is no longer expected to occur, the cumulative gains or losses recorded against equity are immediately recognized in the income statement.

As of December 31st, 2020 and 2019, the Bank did not hold any hedging derivatives.

Derivatives held for trading

The derivatives that are not considered in a hedge accounting relation are considered as other financial instruments at fair value through profit or loss. When the fair value of the instruments is positive, they are presented under assets, when their fair value is negative, they are classified under liabilities, in both cases under the headings of financial assets or financial liabilities at fair value through profit or loss.

Embedded Derivatives

An embedded derivative exists when a portion of the financial instruments that the Bank trades, contains a derivative and a non-derivative component. This component of the derivative is identified as the "embedded derivative", while the rest of the contract is described as the "base contract".

Derivatives embedded in financial instruments are separated for accounting purposes whenever:

- the economic risks and benefits of the derivative are not related to those of the main instrument (host contract);
- a separate instrument with the same terms meets the definition of a derivative; and
- the hybrid (joint) instrument is not initially recognized at fair value through profit or loss.

Embedded derivatives are presented under the headings of financial assets or financial liabilities at fair value through profit or loss, recorded at fair value with variations reflected in results.

2.6 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Subsidiaries are entities (including investment funds and securitization vehicles) controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to variability in returns from its involvement with that entity and can take possession of them through the power it has over the relevant activities of that entity (de facto control).

Associates are entities over which the Bank has significant influence, but not control over their financial and operating policies. The Bank is presumed to have significant influence when it holds more than 20% of the voting rights of the associate. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is presumed not to have significant influence, except when such influence can be clearly demonstrated.

The existence of significant influence by the Bank is usually demonstrated in one, or more than one, of the following ways:

- representation on the Board of Directors or equivalent governing body;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Bank and the investee;
- exchange of management personnel; and
- provision of essential technical information.

Investments in subsidiaries and associates are carried in the Bank's financial statements at historical cost less any impairment losses.

Impairment

The recoverable value of investments in subsidiaries and associates is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable value of the investments in subsidiaries or associates and their book value. Identified impairment losses are charged against income and subsequently reversed through income if the amount of the estimated loss decreases in a later period. The recoverable value is determined based on the higher of the value in use and the fair value lowest costs to sell, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value and business risks.

2.7 EQUITY INSTRUMENTS

A financial instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be made by delivering cash or another financial asset to a third party, regardless of its legal form, evidencing a residual interest in the assets of an entity after deducting all of its liabilities.

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

Distributions made on account of capital instruments are deducted from equity capital as dividends when declared.

2.8 RESERVE FOR MONETARY CORRECTION OF OWN FUNDS

Under the terms of Banco Nacional de Angola's Notice 2/2009, of May 8, on monetary revaluation, financial institutions must, in the case of inflation, consider the effects of the change in the national currency's purchasing power on a monthly basis, based on the application of the Consumer Price Index to the balances of capital, reserves and retained earnings.

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be expressed in terms of the measuring unit current at the balance sheet date. Under the provisions of IAS 29, hyperinflation is indicated by the characteristics of the economic environment of a country that includes, but is not limited to, the following situations:

- The general population prefers to keep their wealth in non-monetary assets or a foreign currency relatively stable. Amounts of local currency held are immediately invested to maintain purchasing power;
- The general population sees monetary amounts, not in terms of local currency, but in terms of a stable foreign currency. Prices can be quoted in this currency;
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- During the credit period, even if the period is short;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years approaches or exceeds 100%.

The value resulting from monetary revaluation must be reflected monthly in the income statement, against an increase in the balances of own funds, with the exception of the "Share capital" item, which must be classified under a specific item ("Revaluation reserves"), which can only be used for a subsequent capital increase.

2.9 INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

Intangible assets are recognized only when: i) they are identifiable; ii) it is probable that they will produce future economic benefits and iii) their cost can be reliably measured.

The acquisition cost of intangible assets comprises: i) the purchase price, including intellectual rights costs and fees after deducting any discounts and ii) any cost directly attributable to preparing the asset for its intended use.

After initial accounting, BFA measures its intangible assets according to the cost model.

Intangible assets, which correspond mainly to computer software, are recorded at acquisition cost and amortized on a straight-line basis over a period of three years.

Other tangible fixed assets are valued at cost less accumulated depreciation and any impairment losses. This cost includes: (a) the "deemed cost" determined at the date of transition to IFRS, which corresponds to the net amount carried forward from the standard previous, including legal revaluations and (b) the acquisition cost of assets acquired or constructed after that date.

Other tangible assets are recorded at acquisition cost, with revaluation being allowed under the applicable legal provisions.

The acquisition cost of other tangible assets includes the purchase price of the asset, the expenses directly imputable to its acquisition and the expenses incurred with the preparation of the asset, so that it may be placed in its condition of use. Finance costs incurred on borrowings for the construction of qualifying tangible assets are recognized as part of the construction cost of the asset.

Under the terms of Banco Nacional de Angola's Notice 2/2009, of May 8, on monetary revaluation, financial institutions must, in the event of inflation, revalue intangible assets and other tangible assets monthly based on the Consumer Price Index.

The value resulting from monetary updating must be reflected monthly as a credit in a results account, against the gross value and accumulated amortization items.

A percentage equivalent to 30% of the increase in depreciation resulting from the revaluations made is not accepted as a cost for tax purposes.

Land is not depreciated. Depreciation is calculated on a straight-line basis, according to the useful life estimated by the Bank, which corresponds to the following years of useful life:

	Years of useful life
Real Estate for own use (Buildings)	50
Work on rented buildings	10
Equipment:	
Furniture and material	10
IT equipment	3
Interior installations	10
Transport material	3
Machines and tools	6 and 7

2.10 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as non-current assets held for sale when their carrying amount is intended to be realized primarily through a sale transaction rather than through their continued use in the Bank's activities.

The caption "Non-current assets held for sale" records the assets received as payment in kind, following the recovery of defaulting loans, which are available for immediate sale and whose sale is highly probable (within one year). When the condition referred to in IFRS 5 is no longer met, the assets received in payment in kind are reclassified to the item "Other assets".

Reversals of impairment losses are made up to the limit of the assets' value if no impairment losses had ever been recognized, but only the effects of functional wear and tear were recognized through the recording of depreciation.

The value of assets received as payment in kind is initially recorded at the lower of fair value net of selling costs and the book value of the credit existing on the date the pledge was made, not being subsequently subject to amortization.

When the outstanding value of the loan is higher than its book value (net of provisions), the difference must be recognized as income for the year, up to the value determined in the valuation of the assets. When the appraised value of the assets is lower than the book value of the credit operation, the difference must be recognized as the cost for the year.

When these assets are real estate and their value is based on fair value less estimated costs to sell, they are classified at level 3 of the fair value hierarchy.

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

When there is an indication that an asset may be impaired, IAS 36 requires that its recoverable amount be estimated, and an impairment loss should be recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement and are reversed in subsequent reporting periods when the reasons that led to its initial recognition cease. For this purpose, the new depreciated amount will not be greater than the one that would have been accounted for if impairment losses had not been imputed to the asset, considering the depreciation it would have suffered.

The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use, the latter being calculated based on the present value of the estimated future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life.

On the date of derecognition of a tangible asset, the gain or loss calculated by the difference between the fair value lower costs to sell and the net book value is recognized in results under "Results from the disposal of other assets".

2.12 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date and with immaterial risk of change in fair value, where cash and deposits in other credit institutions are included.

2.13 DIVIDENDS

Dividends (income from equity instruments) are recognized in the income statement when the right to receive them is attributed.

2.14 COMMISSIONS

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

- when they are obtained as the services are provided, their recognition in results is made in the year to which they refer; and
- when they result from a service provision, their recognition is made when the said service is concluded.

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

2.15 EMPLOYEE BENEFITS

Short-term benefits are reflected under the item "Staff Costs" in the fiscal year to which they relate, according to the accrual principle.

BFA Employees are covered by Law 7/04, of October 15, which regulates the Angolan Social Security system, and provides for the attribution of pensions to all Angolan employees registered with the Social Security. The value of these pensions is calculated on the basis of a scale proportional to the number of years worked, applied to the average gross salary received in the years immediately prior to the date on which the Employee ceases functions. In accordance with Decree No. 38/08, of June 9, the contribution rates for this system are 8% for the employer and 3% for the Employees.

In accordance with Article 262 of Law no. 2/00, of February 11 (General Labor Law), BFA constituted provisions to cover liabilities in respect of "Retirement Compensation", which are determined by multiplying 25% of the monthly base salary practiced on the date the employee reaches the legal retirement age, by a number of years of seniority on the same date. The total value of liabilities is determined on an annual basis by experts using the "Projected Unit Credit" method for past service liabilities.

On September 15, 2015, Law No. 7/15 of June 15 (New General Labor Law) came into effect, repealing Law No. 2/00 of February 11. The New General Labor Law makes no reference to the need to set aside provisions to cover "retirement compensation" liabilities.

Additionally, the Bank granted its locally hired employees or their families the right to cash benefits for old age, disability and survivor's pensions. Thus, by deliberation of the Bank's Board of Directors, and with effects. As of 1 January 2005, the "Complementary Pension Plan" was created, embodying a defined contribution plan. This plan was initially set up with part of the balance from the "Provision for probable liabilities with retirement pension funds", consisting of BFA's contributions of a fixed percentage corresponding to 10% of the salary subject to deduction for Angolan Social Security, applied to fourteen salaries.

In 2013, with reference to the last day of the year, the Bank constituted the "BFA Pension Fund" to cover these liabilities, having in the financial year 2018 used the provisions previously constituted, as an initial contribution to the BFA Pension Fund (see Note 18). The amounts corresponding to the rights acquired in the "Complementary Pension Plan" were transferred to the current pension plan and converted into participant contributions. To the amount of the contributions is added the return on the investments made, net of any taxes.

Employment termination benefit

This type of benefit is recognized when the Bank terminates employment before the employee reaches his/her normal retirement date, or when, an employee accepts termination of employment in exchange for these benefits. The Bank recognizes the liability for termination benefits at the earlier of the following dates: when BFA is no longer able to withdraw the offer of the benefits or when BFA recognizes the expenses of restructuring as part of the recognition of restructuring provisions. Benefits due more than 12 months after the end of the reporting year are discounted to their present value.

2.16 TAXES ON PROFITS AND OTHER TAXES

Taxes on profits

Total taxes on profits recorded in the income statement include current taxes and deferred taxes.

Current tax

Current tax is calculated based on the taxable income for the year, which differs from the accounting result due to adjustments to the taxable income resulting from costs or income that are not relevant for tax purposes, or that will only be considered in future years according to the applicable tax laws (Industrial Tax Code).

Deferred Tax

Deferred taxes correspond to the impact on tax recoverable / payable in future years resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base, used to determine taxable income. Deferred taxes are calculated based on the tax rate in force or substantially in force at the financial reporting date, and which is estimated to be applicable at the date of realization of the deferred tax assets or at the date of payment of the deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable temporary differences, whereas deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the corresponding deductible temporary differences can be utilized, or tax losses carried forward. Additionally, deferred tax assets are not recorded in cases in which their recoverability may be questionable due to other situations, including questions of interpretation of the tax legislation in force.

Industrial Tax

As of December 31, 2020, the Bank is subject to an Industrial Tax and is considered a Group A taxpayer for tax purposes.

The Industrial Tax Code determines that income subject to Capital Gains Tax ("IAC") is deducted for purposes of determining taxable income, under Industrial Tax, and IAC is not a tax-deductible cost.

The income from Treasury Bonds and Treasury Bills issued by the Angolan State after January 1, 2013 is subject to IAC at the rate of 10% (5% in the case of debt securities admitted to trading on a regulated market and which have a maturity of three years or more) and to Business Income Tax, in the case of the capital gains or losses obtained (including any exchange revaluations on the capital component).

Income subject to IAC is excluded from Business Tax.

On July 20, 2020, Law no. 26/2020 was published, amending the Industrial Tax Code. This amendment provides for an increase in the Industrial Tax rate applicable to banking sector activities to 35%, applicable as early as 2020. Likewise, an increase in the period for carrying forward tax losses to 5 years, as well as changes were made to the tax treatment of exchange rate variations and the tax deductibility of provisions, in order to determine that impairment losses on secured receivables are not deductible for tax purposes, except for the unsecured portion.

The recording of the tax impacts of the transactions carried out by the Bank corresponds to management's understanding of the applicable tax treatment in the light of the legislation issued. In situations in which there is an interpretation and this may be questioned by the Tax Authorities, management reanalyzes it, assessing the probability (above or below 50%) that the adopted tax treatment will be accepted, and consequently determines the most likely or expected value of tax assets or liabilities to be recorded.

Capital Investment Tax (IAC)

The new IAC code, approved by Presidential Legislative Decree No. 2/2015, October 20, went into effect on November 19, 2014.

The IAC is generally levied on income from the Bank's financial investments. The rate varies between 5% (in the case of interest received on debt securities admitted to trading on a regulated market and with a maturity of three years or more) and 10%. Notwithstanding the above, with respect to income from public debt securities, according to the understanding of the Tax Authorities and the National Bank of Angola addressed to the Angolan Banks Association (letter from the National Bank of Angola, dated September 26, 2013), only those that arise from securities issued on or after January 1, 2013, are subject to this tax.

On August 1, 2013, the process of automating withholding tax at source by the BNA began, in accordance with the provisions of Presidential Legislative Decree No. 5/11 of December 30.

After January 1, 2015, the IAC ceased to have the nature of a payment on account of Business Tax, and the respective income is excluded from taxation under Business Tax. IAC is generally levied on the income from the securities identified above and is withheld at source by the Bank. For these reasons the Bank considers the conditions for considering ITC an income tax under IFRS to be fulfilled.

Value Added Tax (VAT)

Law 7/19 introduced VAT, which is in effect as of October 1, 2019, repealing the Consumer Tax (CI) Regulation and introducing relevant changes to the Stamp Duty (IS) Code. IS on receipts is also revoked.

The VAT rate is 14%.

The defined VAT regime presents some particularities, such as the captivity regime. Under the terms of this regime, the Bank acts as a captive agent for 50% of the VAT paid by its suppliers, with some exceptions.

Regarding the services provided, the Bank is obliged to pay VAT on commissions charged to clients, being exempt from paying VAT on some operations, such as interest.

Because it simultaneously carries out taxed and nontaxable transactions that give it the right to deduct and exempt transactions that restrict that right, the Bank can only deduct input VAT incurred on the acquisition of goods and services in proportion to the transactions that give it this right.

The Bank is also obliged to comply with rules on invoicing under the Legal Framework for Invoices and Equivalent Documents (RJFDE), in force since April 2019. In this regard, the Bank issues generic invoices through software certified by AGT.

Wealth tax

IP is levied at a rate of 0.5% on the asset value of the Bank's own properties used for the Bank's normal business, when its value exceeds 5,000 mAKZ.

Other taxes

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

2.17 PROVISIONS AND CONTINGENT LIABILITIES

A provision is set up when there is a present obligation (legal or non-formalized) resulting from past events for which the future outflow of resources is probable and can be reliably determined. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability on the balance sheet date. Provisions are measured at the present value of the estimated costs to pay the obligation using an interest rate before tax, which reflects the market valuation, for the discount period and the risk of the provision in question.

If the future expenditure of resources is not probable, it is a contingent liability, and the respective disclosure is made in accordance with the requirements of IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".

The provisions related to legal proceedings, opposing BFA to third-party entities, are constituted in accordance with internal risk assessments carried out by the Board of Administration, with the support and advice of its legal advisors.

2.18 FINANCIAL AND PERFORMANCE GUARANTEES

Financial guarantees

Contracts that require the issuer to make payments to compensate the holder for losses incurred as a result of non-compliance with the contractual terms of debt instruments, namely the payment of principal and/or interest, are considered financial guarantees.

Financial guarantees issued are initially recognized at fair value. Subsequently, these guarantees are measured at the higher of (i) the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the value of the obligation associated with financial guarantees issued is recognized in profit or loss.

The financial guarantees issued by the Bank normally have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount and period of the contract. On this basis, the fair value of the guarantees at the date of their initial recognition is approximately equivalent to the value of the initial commission received, taking into consideration that the conditions agreed upon are market conditions. Therefore, the amount recognized at the contracting date equals the amount of the initial commission received, which is recognized in the income statement during the year to which it relates. Subsequent commissions are recognized in the income statement in the year to which they relate.

Performance Guarantees

Performance guarantees are contracts that result in one party being compensated if it fails to perform its contractual obligation. Performance guarantees are initially recognized at fair value, which is usually evidenced by the value of commissions received over the contract period. Upon breach of contract, the Bank has the right to reverse the guarantee, and the amounts are recognized in Loans and advances to Customers, after the transfer of the loss compensation to the beneficiary of the guarantee.

2.19 RENTALS

This standard establishes requirements regarding the scope, classification/recognition and measurement of leases:

- From the lessor's perspective, leases continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single lease accounting model that results in the recognition of a right-of-use asset and a lease liability for all leases except for leases with a term of fewer than 12 months or for leases of low value assets where the lessee may elect the exemption from recognition under IFRS 16, in which case the lessee must recognize lease payments associated with those leases as expenses.

The Bank has chosen not to apply this standard to short-term leases of less than or equal to one year and to leases where the underlying asset has a reduced unit value, and the option of not applying this standard to leases of intangible assets was also used.

Rental Definition

A contract constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e., obtaining substantially all of the economic benefits of its use, and the right to direct the use of that identified asset, for a certain period of time in exchange for consideration.

Registration from the tenant's point of view

The Bank recognizes for all leases, except for leases with a period of less than 12 months or for leases on assets of low unit value:

- an asset under right-of-use, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) fewer lease incentives received, penalties for termination (if reasonably certain), as well as any estimated costs to be incurred by the lessee in dismantling and removing the underlying asset and/or restoring the site on which it is located. Subsequently is measured according to the cost model (subject to depreciation/amortization according to the lease term of each contract and to impairment tests);

- a lease liability initially recorded at the present value of future lease cash flows (NPV), which includes;

- fixed payments, fewer lease incentives receivable;

- variable lease payments that depend on an index or rate, measured initially and using the index or rate at the contract start date;

- the amounts to be paid by the lessee as residual value guarantees;

- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

- penalty payments for lease termination, if the lease term reflects the exercise of a lease termination option by the lessee.

When the interest rate implicit in the lease cannot be readily determined (paragraph 26 of IFRS 16), lease payments are discounted at the lessee's incremental borrowing rate which incorporates the risk-free interest rate curve (swap curve), plus a risk spread of the Bank, applied over the weighted average term of each lease contract. For the fixed-term contracts, this date is considered as the end date of the lease, for the other contracts without term, the period in which it will be enforceable is evaluated.

It is subsequently measured as follows:

- by increasing its carrying amount to reflect the interest on it;

- by decreasing its carrying amount to reflect lease payments; and

- the carrying amount is remeasured to reflect any revaluations or changes in the lease as well as to incorporate the revision of fixed lease payments in substance and the revision of the lease term.

The Bank remeasures a lease liability, and calculates the respective adjustment related to the asset under right-of-use whenever:

- there is a change in the lease term or in the valuation of a call option on the underlying asset, in which case the lease liability is remeasured by discounting the revised lease payments and using a revised discount rate;

- there is a change in the amounts payable under a residual value guarantee, or in the future lease payments resulting from a change in an index or rate used to determine those payments, in which case the lease liability is remeasured, discounting the revised lease payments using an unchanged discount rate (unless the change of lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and

- a lease is changed, but that change to the lease is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets are depreciated/amortized from the effective date to the end of the useful life of the underlying asset, or to the end of the lease term, if earlier. If the lease transfers ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a purchase option, the right-of-use asset must be depreciated/amortized from the effective date to the end of the useful life of the underlying asset. Depreciation/amortization commences on the effective date of the lease.

Accounting for leases from the lessee's perspective in the Bank's financial statements is done as follows:

In the income statement:

- recording in Net interest income the interest expense related to lease liabilities;
- recording in Other administrative expenses the amounts related to short-term rental contracts and leasing contracts of assets with reduced unit value; and
- recording in Depreciation and amortization for the period the depreciation cost of assets under the right of use.

On balance:

- recognition of right-of-use assets; and
- recording the value of lease liabilities recognized under the heading Other Liabilities.

Registration from the landlord's point of view

As of December 31, 2020 and 2019, the Bank has no leases in which it is a lessor.

2.20 EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of treasury shares held by the Bank.

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

If earnings per share changes as a result of a premium or discount issue or another event that changes the potential number of ordinary shares, or changes in accounting policies, the calculation of earnings per share for all years presented is adjusted retrospectively (see Note 19).

2.21 SUBSEQUENT EVENTS

The Bank analyzes the events that occurred after the balance sheet date, that is, the favorable and/or unfavorable events that occur between the balance sheet date and the date on which the financial statements were authorized for issue. Two types of events can be identified in this scope:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

Events occurring after the date of the financial statements that are not considered adjustable events, if significant, are disclosed in the notes to the financial statements.

3. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF ACCOUNTING POLICIES

The IFRS establish a set of accounting treatments and require the Board of Directors to make judgments and estimates necessary to decide on the most appropriate accounting treatment. The main estimates and judgments used by the Bank in the application of the accounting principles are presented in this note, with the objective of improving the understanding of how their application affects the Bank's reported results and related disclosure, considering the context of uncertainty resulting from the impact of the COVID 19 pandemic.

A broader description of the accounting policies employed by the Bank is presented in Note 2 to the financial statements, whereas in many situations alternatives to the accounting treatment adopted by the Council exist of Directors, the Bank's reported results could differ if a different treatment were chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present the Bank's financial position and the results of its operations in a true and fair manner in all material respects.

3.1 INCOME TAX AND DEFERRED TAXES

In order to determine the overall amount of income taxes (Business Tax), certain interpretations and estimates had to be made.

On December 31, 2020, the Industrial Tax (current and deferred) was determined based on the tax legislation in effect for taxpayers fiscally classified in Group A.

The General Tax Administration has the possibility to review the Bank's calculation of the taxable income for a period of five years.

In 2018, BFA proceeded with the adoption of IFRS 9 - Financial Instruments, and with regard to this matter, there is no transitory regime establishing the tax treatment to be given to the transition adjustments to IFRS 9, whereby the treatment given resulted from Management's interpretation of the application of the general rules of the legislation relating to Industrial Tax. It is the understanding of the Board of Directors that the impacts arising from the adoption of the IFRS, recognized directly in the income statement are subject to recognition as deferred taxes.

Similarly, the Board of Directors has reflected in the financial statements for the year ended December 31, 2020 and its interpretation of the changes resulting from the entry into force of Law No. 26/2020 regarding the tax treatment of exchange rate changes and impairment losses on secured loans.

Different interpretations of the tax legislation may influence the amount of Industrial Tax and deferred taxes recognized in the year and presented in Note 13. Consequently, the amounts recorded, which result from the best understanding of the management bodies may be subject to change based on different interpretations by the tax authorities.

3.2 IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTIZED COST AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

a) Significant increase in credit risk: Impairment losses correspond to expected losses in case of default over a 12-month time horizon, for assets in stage 1, and to expected losses considering the probability of occurrence of a default event sometime until the maturity date of the financial instrument, for assets in stages 2 and 3. An asset is classified in stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank takes into consideration reasonable and sustainable qualitative and quantitative information.

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

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

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

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses recognized and presented in notes 6, 8 and 9, with a consequent impact on the Bank's results.

3.3 FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

The fair value is based on market quotations, when available, being, in its absence, determined by the use of prices of recent, similar transactions carried out under market conditions or based on valuation methodologies, based on discounted future cash flow techniques considering the conditions the effect of time, the yield curve, and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in applying a particular model could result in different financial results than those reported in note 7.

3.4 PROVISIONS

The measurement of provisions takes into account the principles defined in IAS 37 regarding the best estimate of the expected cost, the most probable outcome of the actions in progress and taking into account the risks and uncertainties inherent in the process. Different assumptions and judgments would impact the determination of the amount of provisions, which are presented in Note 17.

4. RESTATEMENT OF COMPARATIVES AND FIRST-TIME ADOPTION OF IFRS 16

At December 31st , 2020 and 2019, the item Cash and Deposits at Central Banks has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Box		
National notes and coins	20 815 102	20 809 566
Foreign notes and coins		
In United States Dollars	3 617 554	5 190 201
In other currencies	6 032 320	4 688 655
	30 464 976	**30 688 422**
Deposits at the Central Bank		
Demand deposits at the National Bank of Angola (BNA)		
In Local currency	200 585 284	162 609 318
In United States Dollars	32 660 769	47 954 603
In other currencies	210 505 806	61 463 852
	443 751 859	**272 027 773**
	474 216 835	**302 716 195**

Demand deposits at BNA in local and foreign currency are intended to comply with the provisions in force for the maintenance of mandatory reserves and do not earn interest.

As of December 31, 2019, the required reserves are calculated in accordance with the provisions of BNA Instruction 17/2019 dated October 24, 2019 and BNA Directive 08/2019 dated October 24, 2019.

On December 31, 2020, the mandatory reserves are calculated in accordance with the provisions of BNA Instruction No. 16/2020 of October 6, 2020 and BNA Directive No. 04/2020 of October 6, 2020.

As of December 31, 2020, the required reserve maintenance requirement is determined by applying a rate of 22% (2019: 22%), on the arithmetic average of eligible liabilities in domestic currency and a rate of 17% (2019:15%), on the arithmetic average of eligible liabilities in foreign currency.

BNA's Directive Nº 04/2020 establishes that in relation to the obligatory reserves in national currency, the balances of the deposit accounts in foreign and national currency, opened at Banco Nacional de Angola on behalf of each banking financial institution. For the fulfillment of foreign currency reserve requirements, the following assets are eligible:

- Balance of the deposit account in foreign and local currency, opened at the National Bank of Angola in the name of each banking financial institution; and
- Treasury bonds in foreign currency, belonging to the own portfolio, registered in SIGMA, and issued from 2015 onwards, up to 80% of the effective callability.

For the fulfillment of the minimum reserve requirements are also eligible:

- 80% (eighty percent) of the Assets representing the value of credit disbursements in LC, granted on the date of the entry of the publication of the above mentioned Directive, to projects of the agriculture, livestock, forestry and fishing sectors, provided that they have a residual maturity greater than or equal to 24 months;
- 100% of the credits defined in accordance with article 6 of Notice no. 10/2020, of April 1st, on the Granting of Credit to the Real Sector of the Economy, whatever the residual maturity.

5. HOLDINGS IN OTHER CREDIT INSTITUTIONS

As of December 31st , 2020 and 2019, the item "Cash at Other Credit Institutions" is entirely composed of demand deposits at institutions abroad.

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Demand Deposits	26 295 341	42 522 475
Accumulated impairment losses	(18 548)	(14 678)
	26 276 793	**42 507 797**

6. INVESTMENTS IN CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

The item Investments in Central Banks and Other Credit Institutions, with reference to December 31, 2020 and 2019 has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Applications in Credit Institutions:		
Applications in Credit Institutions Abroad:		
. In United States Dollars	570 352 312	376 137 060
. In Euros	55 890 030	50 782 716
. Star Libra	7 102 184	6 422 570
	633 344 526	433 342 346
Applications in Credit Institutions in the Country:		
. Other Credit Institutions in the country		
. In Kwanzas	16 375 500	23 751 700
	16 375 500	23 751 700
Income Receivable	142 665	398 786
	649 862 691	457 492 832
Accumulated impairment losses	(770 956)	(745 837)
	649 091 735	**456 746 995**

At December 31st, 2020 and 2019, investments in credit institutions had residual maturities of less than 3 months.

At December 31st, 2020 and 2019, investments in credit institutions bore interest at the following weighted average annual rates:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
In United States Dollars	0,19%	1,80%
In Euros	0,09%	0,05%
In Kwanzas	5,98%	14,24%
In British Pounds	0,02%	0,56%

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As of December 31st, 2020 and 2019, the Bank only has financial assets held for trading, and does not hold financial assets designated upon initial recognition at fair value through profit or loss (Fair Value Option).

The breakdown of financial assets at fair value through profit or loss is presented as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Debt Securities:		
Treasury Bills	216 599 735	55 027 196
Treasury Bonds	144 199 296	114 672 863
	360 799 031	169 700 059
Derivatives:		
Foreign exchange Forwards	585 191	208 633
Equity instruments:		
Visa Incl. - Class C (Series I)	1 972 648	1 259 123
EMIS	1 992 704	1 412 746
IMC - Institute of Capital Markets	337	337
SWIFT	40 971	27 752
Unidades de participação:		
BFA Protection	15 089	7 012
BFA Opportunities III	128 038	74 540
BFA Opportunities IV	98 155	-
BFA Opportunities V	66 117	-
BFA Opportunities VI	(3 993)	-
	365 694 288	**172 690 202**

Debt securities

As of December 31st , 2020 and 2019, the Bank holds Treasury Bills and Treasury Bonds issued by the Angolan State, for trading, in the secondary market, with other Banks, or with its Customers.

Equity securities

As of December 31st , 2020 the portfolio of equity securities recorded at fair value through profit or loss refers to:

- 13,896 Class C (Series I) shares of Visa Inc;
- participation in EMIS - Interbank Services Company, S.A.R.L. (EMIS);
- participation in IMC - Institute of Capital Markets (2%);
- BFA Protection;
- units in the BFA Opportunities III Fund;
- units in the BFA Opportunities Fund IV;
- units of participation in the BFA Opportunities V Fund; and
- units in the BFA Opportunities Fund VI;

SWIFT

In fiscal year 2019, BFA acquired 11 SWIFT securities for a total amount of 51,315 Euros (equivalent to 27,752 tAKZ to December 31st , 2019).

EMIS

On December 31st , 2020, the participation corresponds to 17.26% of the share capital of EMIS. EMIS was incorporated, in Angola, with the function of managing electronic means of payments and complementary services.

During fiscal 2020 and 2019, these companies did not distribute dividends.

As of December 31st , 2020 and 2019, changes in the value of debt securities recorded at fair value through profit or loss and the gains realized by the Bank from transactions in these securities are recorded under "Income from financial assets and liabilities measured at fair value through profit or loss" in the income statement.

Derivatives

As of December 31st, 2020 and 2019, the item "Derivatives - Foreign Exchange Forwards" has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Financial assets at fair value through profit or loss		
Derivative Financial Instruments Positive		
fair value (asset)	585 191	208 633
	585 191	208 633
Financial liabilities at fair value through profit or loss		
Derivative Financial Instruments Negative		
fair value (liability)	(4 244 410)	(12 675 871)
	(4 244 410)	(12 675 871)
	(3 659 219)	**(12 467 238)**

At December 31, 2020 and 2019, the derivative financial instruments correspond to currency forwards contracted with non-financial companies, with maturities from January to March 2021 and from July to September 2020, respectively.

The notional of the forwards are recognized in the off-balance sheet items, in the amount of tAKZ 39,785,662 and 40 559 456 tAKZ, as of December 31, 2020 and 2019, respectively.

As of December 31st , 2020 and 2019, the results of financial assets and liabilities measured at fair value through profit or loss amounted to net gains of tAKZ 26,476,147 and net losses of tAKZ 1,751,138, respectively, and are mainly related to (i) variations in the fair value of these assets and liabilities and (ii) results generated from the sale of securities.

8. INVESTMENTS AT AMORTIZED COST

As of December 31st , 2020 and 2019, the heading Investments at amortized cost has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2019										
	Risk Level	Country	Currency	Nominal Value	Acquisition Cost	Premium/ run discount	Accrued interest	Book value	Impairment	Net Book Value	Average interest rate
DEBT SECURITIES											
Treasury bonds in national currency:											
Not indexed	A	Angola	KZ	662 910 000	525 064 180	69 322 035	19 917 375	614 303 590	(34 014 842)	580 288 748	14,07%
Foreign currency treasury bonds	A	Angola	USD	417 208 169	417 208 169	-	3 642 952	420 851 121	(23 303 110)	397 548 011	4,99%
				1 080 118 169	**942 272 349**	**69 322 035**	**23 560 327**	**1 035 154 711**	**(57 317 952)**	**977 836 759**	

(Amounts expressed in thousands of Kwanzas)

	31/12/2019										
	Risk Level	Country	Currency	Nominal Value	Acquisition Cost	Premium/ run discount	Accrued interest	Book value	Impairment	Net Book Value	Average interest rate
DEBT SECURITIES											
Treasury bonds in national currency:											
Not indexed	A	Angola	KZ	587 225 700	463 500 379	50 077 186	16 504 776	530 082 341	(8 329 714)	521 752 627	12,62%
Foreign currency treasury bonds	A	Angola	USD	309 310 042	309 310 042	-	2 691 969	312 002 011	(4 902 800)	307 099 211	4,85%
				896 535 742	**772 810 421**	**50 077 186**	**19 196 745**	**842 084 352**	**(13 232 514)**	**828 851 838**	

The scaling of investments at amortized cost by residual maturity is shown in Note 30.2.

The fair value and the detail by hierarchy of the fair value of the investment portfolio at amortized cost are presented in Note 30.4.

The impairment losses as of December 31, 2020 and 2019 for treasury bonds were determined based on the credit risk parameters provided by the international rating agency Moody's.

When assessing the existence of a significant increase in credit risk on December 31, 2020 for the portfolio of instruments at amortized cost, which must be carried out from the date of acquisition of the financial assets, the Bank considered that the Treasury Bonds with Angolan State risk acquired after October 2017 met the conditions to remain at Stage 1, to the extent that at the time of their acquisition the Angolan sovereign risk was already B2 - highly speculative, so the implicit risk already existed, and did not undergo significant changes until December 31, 2020 (only two rating downgrades were registered). Similarly, Treasury Bonds acquired before October 2017, to the extent that on December 31, 2020 they have already suffered more than 2 rating downgrades since the acquisition date, meet the criteria to be considered Stage 2 (significant increase in credit risk).

The increase registered in 2020 is a direct result of the revision of Angola's external rating which occurred in the second half of 2020.

Note 9 shows the balances of instruments at amortized cost by stage.

A total impairment of 57,317,952 tAKZ and 13,232 514 mAKZ, respectively.

9. CUSTOMER CREDIT

As of December 31st , 2020 and 2019, the credit item has the following breakdown:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Internal credit		
Overdrafts on demand deposits:		
In local currency	4 966 160	4 650 417
In foreign currency	2 176 259	2 327 413
	7 142 419	**6 977 830**
Other credits		
In local currency	84 224 801	99 880 807
In foreign currency	5 293 286	6 902 308
	89 518 087	**106 783 115**
Loans		
In local currency	195 645 397	118 594 594
In foreign currency	65 530 737	99 398 324
	261 176 134	**217 992 918**
Foreign Credit	96 660 506	113 760 945
Total outstanding credit	**357 836 640**	**331 753 863**
Overdue credit and interest		
Capital and interest	16 476 238	17 420 651
Total credit granted	**374 312 878**	**349 174 514**
Income receivable from loans granted	13 505 871	9 995 761
	387 818 749	**359 170 275**
Impairment for credit	(54 445 480)	(31 233 538)
	333 373 269	**327 936 737**

On December 31st , 2020, the credit granted to Customers earned interest at an average annual rate of 15.66% for credit granted in local currency and 5.71% for the credit granted in foreign currency (18.53% in local currency and 9.33% in foreign currency, as of December 31, 2019).

The balances shown for off-balance sheet items in Note 9 and Note 30.1 include guarantees provided and documentary credits and do not include the value of unused lines of irrevocable commitments in the amount of KZ 35,052,058.

The loan portfolio by segment presents the following structure:

(Amounts expressed in thousands of Kwanzas)

31/12/2020	Exhibition												Impairment			
Segment	Total Exposure	Stage 1 Credit	Of which healed	Of which restructured	Stage 2 Credit	Of which healed	Of which restructured	Of which acquired or originated in Credit impairment	Stage 3 Credit	Of which healed	Of which restructured	Of which acquired or originated in Credit impairment	Total Impairment (Note 17)	Stage 1 Credit	Stage 2 Credit	Stage 3 Credit
Credit Cards	488 909	443 978	-	-	42 772	-	-	-	2 159	-	115	-	1 595	175	26	1 394
General Consumption	58 974 869	53 826 762	4 288	-	1 906 484	4 867	21 929	-	3 241 623	-	-	-	2 939 625	317 943	81 812	2 539 870
Car Credit	49 400	46 825	-	-	-	-	-	-	2 575	-	3 482 653	-	1 414	117	-	1 297
Housing Credit	29 800 166	19 005 809	-	-	1 083 996	-	41 800	-	9 710 361	99 806	-	-	7 300 842	125 714	164 189	7 010 939
Discovered	2 698 704	214 579	65	-	621 902	698	-	-	1 862 223	-	71 065	-	1 627 207	6 752	204 175	1 416 280
Companies Less Significant Exposures	3 007 223	1 975 016	15	-	315 699	153	116 963	-	716 508	-	107 264	-	520 380	21 763	63 379	435 238
Companies Significant Exposures	166 808 499	56 671 579	-	-	90 943 459	185 932	52 975 750	-	19 193 461	-	-	-	35 335 000	624 473	17 890 535	16 819 992
Public Sector	125 990 979	49 407 412	-	-	76 583 567	-	-	-	-	-	3 661 097	-	6 719 418	2 794 233	3 925 185	-
Heritage exhibition	**387 818 749**	**181 591 960**	**4 368**	**-**	**171 497 879**	**191 650**	**53 156 442**	**-**	**34 728 910**	**99 806**	**-**	**-**	**54 445 480**	**3 891 169**	**22 329 301**	**28 225 010**
Documentary credits and guarantees provided (Note 28)	50 464 174	48 338 347	-	-	2 125 827	-	-	-	-	-	3 661 097	-	93 062	53 962	39 100	-
Total Exposure	**438 282 923**	**229 930 307**	**4 368**	**-**	**173 623 706**	**191 650**	**53 156 442**	**-**	**34 728 910**	**99 806**	**5 680 241**	**-**	**54 538 542**	**3 945 131**	**22 368 401**	**28 225 010**

(Amounts expressed in thousands of Kwanzas)

31/12/2019	Exhibition												Impairment			
Segment	Total Exposure	Stage 1 Credit	Of which healed	Of which restructured	Stage 2 Credit	Of which healed	Of which restructured	Of which acquired or originated in Credit impairment	Stage 3 Credit	Of which healed	Of which restructured	Of which acquired or originated in Credit impairment	Total Impairment (Note 17)	Stage 1 Credit	Stage 2 Credit	Stage 3 Credit
Credit Cards	546 839	539 635	7 778	-	6 135	96 142	-	-	1 069	-	-	-	644	124	1	519
General Consumption	58 453 712	55 820 609	31 443	-	273 990	1 831 058	16 316	-	2 359 113	-	-	-	2 265 719	358 157	41 537	1 866 025
Car Credit	103 091	101 576	266	-	-	-	-	-	1 515	-	-	-	1 330	408	-	922
Housing Credit	31 186 375	21 739 873	-	-	925 708	-	255 704	-	8 520 794	-	3 340 007	-	6 575 892	176 755	150 933	6 248 204
Discovered	3 884 157	1 055 511	33	-	2 502 812	30 214	-	-	325 834	-	-	-	481 098	67 036	177 641	236 421
Companies Less Significant Exposures	1 422 348	1 025 752	6 672	2 717	144 686	155 312	22 887	-	251 910	-	-	-	227 365	44 844	37 771	144 750
Companies Significant Exposures	146 561 761	63 652 473	67 613	4 136 482	71 098 628	680 655	2 870 708	-	11 810 660	156 300	67 753	-	19 842 764	1 326 214	8 605 720	9 910 830
Public Sector	117 011 992	117 011 992	-	-	-	-	-	-	-	-	-	-	1 838 726	1 838 726	-	-
Heritage exhibition	**359 170 275**	**260 947 421**	**113 805**	**4 139 199**	**74 951 959**	**2 793 381**	**3 165 615**	**-**	**23 270 895**	**156 300**	**3 407 760**	**-**	**31 233 538**	**3 812 264**	**9 013 603**	**18 407 671**
Documentary credits and guarantees provided (Note 28)	91 697 103	88 912 501	-	-	2 783 155	102 196	-	-	1 447	1 447	-	-	663 952	506 851	150 720	6 381
Total Exposure	**450 867 378**	**349 859 922**	**113 805**	**4 139 199**	**77 735 114**	**2 895 577**	**3 165 615**	**-**	**23 272 342**	**157 747**	**3 407 760**	**-**	**31 897 490**	**4 319 115**	**9 164 323**	**18 414 052**

The loan portfolio by range of days past due presents the following structure:

(Amounts expressed in thousands of Kwanzas)

31/12/2020	Exhibition								
	Exposures with no significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Credit exposures in credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit Cards	443 978	-	-	42 772	-	-	2 159	-	-
General Consumption	53 826 762	-	-	1 505 223	380 302	20 959	120 990	40 412	3 080 221
Car Credit	46 825	-	-	-	-	-	-	-	2 575
Housing Credit	19 005 809	-	-	472 537	264 927	346 532	3 628 023	515 470	5 566 868
Discovered	210 203	-	4 376	122 740	497 169	1 993	2 955	743	1 858 525
Companies Less Significant Exposures	1 975 007	9	-	189 260	38 071	88 368	142 837	955	572 716
Companies Significant Exposures	56 658 616	-	12 963	89 162 197	-	1 781 262	107 264	-	19 086 197
Public Sector	49 407 412	-	-	76 583 567	-	-	-	-	-
Heritage exhibition	**181 574 612**	**9**	**17 339**	**168 078 296**	**1 180 469**	**2 239 114**	**4 004 228**	**557 580**	**30 167 102**
Documentary credits and guarantees provided (Note 27)	48 338 347	-	-	2 125 827	-	-	-	-	-
Total Exposure	**229 912 959**	**9**	**17 339**	**170 204 123**	**1 180 469**	**2 239 114**	**4 004 228**	**557 580**	**30 167 102**

(Amounts expressed in thousands of Kwanzas)

31/12/2020	Impairment								
	Exposures with no significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Credit exposures in credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit Cards	175	-	-	26	-	-	1 394	-	-
General Consumption	317 944	-	-	16 720	58 239	6 852	63 832	19 816	2 456 222
Car Credit	117	-	-	-	-	-	-	-	1 297
Housing Credit	125 713	-	-	21 977	54 066	88 146	2 107 031	340 968	4 562 941
Discovered	6 750	-	3	6 409	196 910	855	2 250	565	1 413 465
Companies Less Significant Exposures	21 762	1	-	16 952	2 631	43 797	122 017	539	312 681
Companies Significant Exposures	617 357	-	7 116	17 290 028	-	600 507	36 173	-	16 783 819
Public Sector	2 794 232	-	-	3 925 186	-	-	-	-	-
Heritage exhibition	**3 884 049**	**1**	**7 119**	**21 277 298**	**311 846**	**740 157**	**2 332 697**	**361 888**	**25 530 425**
Documentary credits and guarantees provided (Note 27)	53 962	-	-	39 100	-	-	-	-	-
Total Exposure	**3 938 011**	**1**	**7 119**	**21 316 398**	**311 846**	**740 157**	**2 332 697**	**361 888**	**25 530 425**

(Amounts expressed in thousands of Kwanzas)

31/12/2019	Exposição								
	Exposures with no significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Credit exposures in credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit Cards	539 257	378	-	6 135	-	-	1 069	-	-
General Consumption	55 773 858	46 751	-	37 218	234 440	2 332	28 758	5 485	2 324 870
Car Credit	101 576	-	-	-	-	-	-	-	1 515
Housing Credit	21 739 874	-	-	309 173	596 583	19 951	3 867 931	398 790	4 254 073
Discovered	1 055 512	-	-	94 446	133 578	2 274 787	4 896	3 075	317 863
Companies Less Significant Exposures	991 429	27 623	6 699	78 222	64 504	1 960	11 741	2 913	237 257
Companies Significant Exposures	63 358 943	190 650	102 879	35 187 337	6 405 835	29 505 458	73 933	156 300	11 580 426
Public Sector	117 011 992	-	-	-	-	-	-	-	-
Heritage exhibition	**260 572 441**	**265 402**	**109 578**	**35 712 531**	**7 434 940**	**31 804 488**	**3 988 328**	**566 563**	**18 716 004**
Documentary credits and guarantees provided (Note 27)	88 912 501	-	-	2 783 155	-	-	1 447	-	-
Total Exposure	**349 484 942**	**265 402**	**109 578**	**38 495 686**	**7 434 940**	**31 804 488**	**3 989 775**	**566 563**	**18 716 004**

(Amounts expressed in thousands of Kwanzas)

31/12/2019	Impairment								
	Exposures with no significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Credit exposures in credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit Cards	126	-	-	1	-	-	517	-	-
General Consumption	357 864	292	-	910	39 560	1 067	20 224	2 509	1 843 293
Car Credit	408	-	-	-	-	-	-	-	922
Housing Credit	176 755	-	-	7 913	133 568	9 452	3 007 365	308 615	2 932 224
Discovered	67 034	-	-	4 706	69 910	103 026	2 962	2 487	230 973
Companies Less Significant Exposures	31 233	9 566	4 044	13 112	24 041	619	3 734	1 685	139 331
Companies Significant Exposures	1 266 468	5 633	54 115	1 289 861	433 338	6 882 519	1 461	78 980	9 830 389
Public Sector	1 838 726	-	-	-	-	-	-	-	-
Heritage exhibition	**3 738 614**	**15 491**	**58 159**	**1 316 503**	**700 417**	**6 996 683**	**3 036 263**	**394 276**	**14 977 132**
Documentary credits and guarantees provided (Note 27)	504 896	-	1 955	147 352	461	2 907	500	133	5 748
Total Exposure	**4 243 510**	**15 491**	**60 114**	**1 463 855**	**700 878**	**6 999 590**	**3 036 763**	**394 409**	**14 982 880**

The following is a breakdown of the credit portfolio by segment and by year in which the operations were granted:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020														
	Credit Cards			General Consumption			Car Credit			Housing Credit			Discovered		
Segment	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted
2015 and earlier	18 076	408 199	1 541	4 324	2 171 282	1 809 051	75	1 613	858	331	7 281 465	3 892 973	6 841	1 007 102	538 524
2016	642	30 735	10	794	159 387	66 627	6	2 862	440	10	269 074	1 100	1 112	163 217	89 256
2017	372	10 270	30	3 152	1 536 280	161 722	6	9 969	21	15	464 855	2 262	1 014	271 750	171 303
2018	70	4 775	2	9 942	9 495 187	322 886	2	4 412	13	13	252 627	19 815	994	258 206	167 544
2019	1 745	34 902	13	12 036	21 285 035	366 085	5	30 545	82	667	19 275 802	2 861 947	897	601 985	411 410
2020	10	29	0	7 903	24 327 699	213 254	-	-	-	60	2 256 343	522 745	534	396 445	249 171
Total	**20 915**	**488 909**	**1 595**	**38 151**	**58 974 869**	**2 939 625**	**94**	**49 400**	**1 414**	**1 096**	**29 800 166**	**7 300 842**	**11 392**	**2 698 704**	**1 627 207**

(Amounts expressed in thousands of Kwanzas)

	31/12/2020											
	Companies Less Significant Exposures			Companies Significant Exposures			Public Sector			Documentary Credits and Guarantees Provided		
Segment	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted
2015 and earlier	924	935 354	240 785	199	31 060 025	14 155 514	4	76 583 567	3 925 186	4	2 156 092	22 217
2016	196	68 095	23 316	23	9 020 630	214 444	-	-	-	3	308 364	1 444
2017	352	189 023	67 014	21	8 963 772	925 235	-	-	-	18	5 118 441	2 642
2018	548	236 489	33 593	21	12 087 215	1 013 279	1	38 836 337	2 196 387	10	409 591	36 193
2019	493	1 039 422	115 554	34	20 761 405	6 857 178	1	10 571 076	597 846	10	5 458 579	8 301
2020	119	538 840	40 118	30	84 915 452	12 169 350	-	-	-	189	37 013 107	22 264
Total	**2 632**	**3 007 223**	**520 380**	**328**	**166 808 499**	**35 335 000**	**6**	**125 990 979**	**6 719 419**	**234**	**50 464 174**	**93 062**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019														
	Credit Cards			General Consumption			Car Credit			Housing Credit			Discovered		
Segment	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted
2014 and earlier	11 957	277 933	500	3 667	1 643 708	1 454 271	78	1 514	857	358	7 675 476	2 931 922	5 919	905 924	120 004
2015	6 403	188 601	126	1 188	257 514	35 971	49	19 761	111	41	787 430	86 256	700	42 688	19 125
2016	663	33 620	8	3 053	1 547 943	100 249	8	12 889	34	10	288 596	41 520	1 208	62 772	22 971
2017	379	8 150	2	7 539	5 750 680	175 278	6	15 546	64	15	487 750	2 948	1 206	101 414	37 239
2018	72	1 718	-	11 592	17 596 005	254 755	3	7 404	33	14	300 099	28 168	1 139	2 393 512	144 065
2019	1 814	36 817	8	13 064	31 657 862	245 195	6	45 977	231	719	21 647 024	3 485 078	969	377 847	137 694
Total	**21 288**	**546 839**	**644**	**40 103**	**58 453 712**	**2 265 719**	**150**	**103 091**	**1 330**	**1 157**	**31 186 375**	**6 575 892**	**11 141**	**3 884 157**	**481 098**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019											
	Companies Less Significant Exposures			Companies Significant Exposures			Public Sector			Documentary Credits and Guarantees Provided		
Segment	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted	Nº. of operations	Amount	Impairment constituted
2014 and earlier	726	277 849	56 705	129	65 259 024	16 283 289	4	75 869 610	1 192 215	19	2 274 517	83 337
2015	106	148 992	37 619	25	10 070 859	720 936	0	-	-	8	3 465 118	74 605
2016	144	111 956	24 055	27	10 972 141	332 543	-	-	-	3	308 364	8 757
2017	257	216 577	55 449	34	11 546 160	922 103	0	-	-	29	4 372 991	25 596
2018	344	328 795	32 272	39	16 516 260	649 380	1	31 529 659	495 457	22	1 082 634	22 096
2019	182	338 179	21 265	93	32 197 317	934 513	1	9 612 723	151 054	657	79 929 025	444 475
Total	**1 759**	**1 422 348**	**227 365**	**347**	**146 561 761**	**19 842 764**	**6**	**117 011 992**	**1 838 726**	**739**	**91 697 103**	**663 952**

The detail of the amount of gross credit exposure and the amount of impairment constituted for the exposures analyzed individually and collectively, by segment corresponds to the following:

(Amounts expressed in thousands of Kwanzas)

By segment: 31/12/2020	Credit Cards		General Consumption		Car Credit		Housing Credit		Discovered	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Imparidade
Collective Impairment	487 101	743	57 027 690	1 148 380	49 028	1 042	21 644 745	844 304	2 698 042	1 627 035
Individual impairment	1 808	853	1 947 179	1 791 245	372	372	8 155 421	6 456 538	662	172
Total	**488 909**	**1 595**	**58 974 869**	**2 939 625**	**49 400**	**1 414**	**29 800 166**	**7 300 842**	**2 698 704**	**1 627 207**

(Amounts expressed in thousands of Kwanzas)

By segment: 31/122020	Companies Less Significant Exposures		Companies Significant Exposures		Public Sector		Documentary Credits and Guarantees Provided	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	1 627 035	348 680	73 198 844	2 189 872	125 990 979	6 719 419	50 464 174	92 667
Individual impairment	172	171 699	93 609 656	33 145 127	-	-	-	394
Total	**1 627 207**	**520 380**	**166 808 499**	**35 335 000**	**125 990 979**	**6 719 419**	**50 464 174**	**93 062**

(Amounts expressed in thousands of Kwanzas)

By segment: 31/12/2019	Credit Cards		General Consumption		Car Credit		Housing Credit		Discovered	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Imparidade
Collective Impairment	546 213	190	56 994 324	806 331	102 719	958	24 918 566	1 070 156	1 603 687	374 347
Individual impairment	626	454	1 459 388	1 459 388	372	372	6 267 809	5 505 736	2 280 470	106 751
Total	**546 839**	**644**	**58 453 712**	**2 265 719**	**103 091**	**1 330**	**31 186 375**	**6 575 892**	**3 884 157**	**481 098**

(Amounts expressed in thousands of Kwanzas)

By segment: 31/122019	Companies Less Significant Exposures		Companies Significant Exposures		Public Sector		Documentary Credits and Guarantees Provided	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	1 336 600	180 324	69 843 901	2 068 878	117 011 992	1 838 726	89 174 809	518 512
Individual impairment	85 748	47 041	76 717 860	17 773 886	-	-	2 522 294	145 440
Total	**1 422 348**	**227 365**	**146 561 761**	**19 842 764**	**117 011 992**	**1 838 726**	**91 697 103**	**663 952**

The detail of the amount of gross credit exposure and the amount of impairment constituted for the exposures analyzed individually and collectively, by activity sector corresponds to the following:

(Amounts expressed in thousands of Kwanzas)

By activity sector: 31/12/2020	Real estate, renting and services provided by companies		Recreational, cultural and sporting activities		Public administration, defense and mandatory social security		Agriculture, Forestry and Fishing		Accommodation and catering	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	276 827	3 544	978 351	371 751	51 224 572	2 796 422	3 594 421	41 472	5 206 820	90 092
Individual impairment	-	-	17 000	6 386	-	-	50 069 259	11 743 218	289 217	61 377
Total	**276 827**	**3 544**	**995 351**	**378 137**	**51 224 572**	**2 796 422**	**53 663 680**	**11 784 690**	**5 496 037**	**151 469**

(Amounts expressed in thousands of Kwanzas)

By activity sector: 31/12/2020	Banking and Insurance		Wholesale and retail		Construction		Education		Extractive industries	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	10 094 551	4 122	7 276 638	167 717	52 336 308	611 351	750 266	475 218	277 276	2 595
Individual impairment	-	-	1 863 823	1 108 330	9 313 687	2 722 168	18 108	1 578	7 340 497	7 340 497
Total	**10 094 551**	**4 122**	**9 140 461**	**1 276 048**	**61 649 995**	**3 333 519**	**768 375**	**476 796**	**7 617 774**	**7 343 092**

(Amounts expressed in thousands of Kwanzas)

By activity sector: 31/12/2020	Manufacturing Industries		Other service companies		Private		Production and distribution of electricity, gas and water		Health and social action		Transportation, Warehousing and Communications	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	11 356 484	20 831	102 168 362	4 466 559	82 136 944	3 627 317	1 912 241	13 125	180 201	29 138	4 491 704	250 887
Individual impairment	5 743 326	1 142 922	17 225 533	7 348 460	10 126 920	8 271 052	185 932	35 033	15 682	263	1 811 973	1 785 116
Total	**17 099 809**	**1 163 752**	**119 393 895**	**11 815 019**	**92 263 864**	**11 898 369**	**2 098 173**	**48 158**	**195 883**	**29 401**	**6 303 676**	**2 036 004**

(Amounts expressed in thousands of Kwanzas)

By activity sector: 31/12/2019	Real estate, renting and services provided by companies		Recreational, cultural and sporting activities		Public administration, defense and mandatory social security		Agriculture, Forestry and Fishing		Accommodation and catering	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	52 536	2 089	919 315	44 269	117 014 857	1 838 934	2 394 214	223 083	6 957 823	386 221
Individual impairment	7 548	7 548	25 610	8 664	-	-	29 494 641	6 848 977	174 857	156 023
Total	**60 084**	**9 637**	**944 925**	**52 933**	**117 014 857**	**1 838 934**	**31 888 855**	**7 072 060**	**7 132 680**	**542 244**

(Amounts expressed in thousands of Kwanzas)

By activity sector: 31/12/2019	Banking and Insurance		Wholesale and retail		Construction		Education		Extractive industries	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	10 159 265	14 253	45 181 493	535 148	29 424 464	721 104	1 718 189	62 701	734 008	19 992
Individual impairment	2 274 496	102 807	1 839 800	1 213 158	15 290 185	1 396 509	156 357	79 009	5 377 113	5 377 113
Total	**12 433 761**	**117 060**	**47 021 293**	**1 748 306**	**44 714 649**	**2 117 613**	**1 874 546**	**141 710**	**6 111 121**	**5 397 105**

(Amounts expressed in thousands of Kwanzas)

By activity sector: 31/12/2019	Manufacturing Industries		Other service companies		Private		Production and distribution of electricity, gas and water		Health and social action		Transportation, Warehousing and Communications	
	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment	Exhibition total	Impairment
Collective Impairment	17 550 956	143 862	18 407 618	308 844	85 748 535	2 284 341	1 642 334	24 612	271 302	8 142	23 355 904	240 827
Individual impairment	5 986 475	270 589	17 913 733	1 088 398	7 754 822	6 990 868	334 436	109 244	-	-	2 704 492	1 390 161
Total	**23 537 431**	**414 451**	**36 321 351**	**1 397 242**	**93 503 357**	**9 275 209**	**1 976 770**	**133 856**	**271 302**	**8 142**	**26 060 396**	**1 630 988**

The detail of the restructured loan portfolio by restructuring measure applied is as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020											
	Stage 1 credit			Stage 2 credit			Stage 3 credit			Total		
Measure applied	Number of Operations	Exhibit	Impairment	Number of Operations	Exhibit	Impairment	Number of Operations	Exhibit	Impairment	Number of Operations	Exhibit	Impairment
Term Extension	0	0	0	5	49 653 650	11 330 232	11	489 156	306 253	16	50 142 806	11 636 485
New Contract	0	0	0	11	3 502 792	407 115	80	3 171 942	1 945 828	91	6 674 734	2 352 943
Total	**0**	**0**	**0**	**16**	**53 156 442**	**11 737 347**	**91**	**3 661 098**	**2 252 082**	**107**	**56 817 540**	**13 989 429**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019											
	Stage 1 credit			Stage 2 credit			Stage 3 credit			Total		
Measure applied	Number of Operations	Exhibit	Impairment	Number of Operations	Exhibit	Impairment	Number of Operations	Exhibit	Impairment	Number of Operations	Exhibit	Impairment
Term Extension	1	4 004 654	135 371	9	2 741 513	54 462	4	75 638	75 638	14	6 821 805	265 471
New Contract	5	134 544	2 819	12	424 102	10 448	76	3 332 121	2 713 214	93	3 890 767	2 726 481
Total	**6**	**4 139 198**	**138 190**	**21**	**3 165 615**	**64 910**	**80**	**3 407 759**	**2 788 853**	**107**	**10 712 572**	**2 991 953**

The movement in and out of the restructured loan portfolio was as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Opening balance of restructured credit portfolio (gross of impairment)	**10 712 572**	**3 220 793**
Credits restructured in the period	55 722 379	10 653 522
Accrued interest on the restructured credit portfolio	1 095 161	59 050
Settlement of restructured credits (partial or total)	(1 736 037)	-591 268
Credits reclassified from "restructured" to "normal	(4 853 478)	(2 943 526)
Other	(4 123 058)	314 001
Final balance of the restructured credit portfolio (gross of impairment)	**56 817 540**	**10 712 572**

The breakdown of the fair value of the guarantees underlying the loan portfolio of the corporate, construction and real estate development, and housing segments is as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020											
	Companies				Construction and real estate development				Housing			
	Real estate		Other real guarantees		Real estate		Other real guarantees		Real estate		Other real guarantees	
	Number of Property	Amount	Number	Amount	Number of Property	Amount	Number	Amount	Number of Property	Amount	Number	Amount
< 50mKZ	12	201 960	41	718 645	1	47 100	3	44 793	50	1 558 949	3	76 268
>=50MAOA and < 100 MAOA	5	334 137	18	1 255 814	1	50 000	1	80 500	128	9 484 040	3	253 804
>= 100 MAOA and < 500 MAOA	36	10 097 937	30	7 526 367	1	120 177	6	1 951 189	205	40 119 720	5	1 425 881
>= 500 MAOA and < 1000 MAOA	11	8 137 561	9	6 546 074	2	1 598 059	5	3 910 188	8	5 166 996	1	649 604
>= 1000 MAOA and < 2000 MAOA	8	10 667 507	3	3 537 579	1	1 900 000	5	6 288 034	3	4 584 174	-	-
>= 2000 MAOA and < 5000 MAOA	4	12 530 329	-	-	-	-	4	10 201 979	1	2 858 258	-	-
>= 5.000 MAOA	12	190 101 507	2	27 859 805	1	270 151 626	2	31 753 590	-	-	-	-
Total	**88**	**232 070 938**	**103**	**47 444 284**	**7**	**273 866 962**	**26**	**54 230 273**	**395**	**63 772 137**	**12**	**2 405 557**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019											
	Companies				Construction and real estate development				Housing			
	Real estate		Other real guarantees		Real estate		Other real guarantees		Real estate		Other real guarantees	
	Number of Property	Amount	Number	Amount	Number of Property	Amount	Number	Amount	Number of Property	Amount	Number	Amount
< 50mKZ	9	171 914	28	709 228	1	47 100	3	59 793	110	3 748 681	1	38 271
>=50MAOA and < 100 MAOA	12	862 731	9	605 100	2	139 212	2	133 039	144	10 506 351	3	208 612
>= 100 MAOA and < 500 MAOA	42	11 268 427	23	5 520 189	1	499 105	4	1 255 172	165	28 768 272	2	530 450
>= 500 MAOA and < 1000 MAOA	8	5 896 669	8	5 156 876	1	925 719	3	2 446 614	3	2 227 889	-	-
>= 1000 MAOA and < 2000 MAOA	12	15 046 982	4	5 646 256	-	-	3	3 837 998	2	2 438 562	-	-
>= 2000 MAOA and < 5000 MAOA	6	23 946 126	2	7 467 656	1	2 170 890	3	6 538 431	1	2 121 799	-	-
>= 5.000 MAOA	6	60 608 250	1	16 969 534	1	200 544 344	-	-	-	-	-	-
Total	**95**	**117 801 099**	**75**	**42 074 839**	**7**	**204 326 370**	**18**	**14 271 047**	**425**	**49 811 554**	**6**	**777 333**

The funding-to-guarantee ratio for the corporate, construction, real estate development and housing segments has the following structure:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020					
	Number of properties	Number of other collateral	Stage 1 Credit	Stage 2 Credit	Stage 3 Credit	Impairment
Companies						
No associated warranty	-	-	70 759 987	78 268 375	2 185 576	8 896 339
< 50%	-	1	1 792 668	0	291 767	293 170
> = 50% and < 75%	-	2	28 371	41 338	-	119
> = 75% and < 100%	-	9	16 457 261	48 270 781	300 043	11 323 869
> = 100%	88	91	26 473 006	23 954 920	15 544 970	18 793 157
Construction and real estate development						
No associated warranty	-	-	13 783 218	2 223 973	451 258	382 538
< 50%	-	1	1 750 759	-	-	19 837
> = 50% and < 75%	-	0	-	-	-	-
> = 75% and < 100%	-	14	13 018 477	12 444 283	-	1 121 274
> = 100%	7	11	12 101 192	4 764 929	1 111 907	1 809 869
Housing						
No associated warranty	-	-	641 239	99 770	436 921	401 580
< 50%	4	-	96 648	-	-	929
> = 50% and < 75%	-	-	-	-	33 343	33 343
> = 75% and < 100%	5	1	124 988	-	233 343	234 181
> = 100%	386	11	18 142 934	984 226	9 006 753	6 630 808
Total	**490**	**141**	**175 170 748**	**171 052 595**	**29 595 881**	**49 941 013**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019					
	Number of properties	Number of other collateral	Stage 1 Credit	Stage 2 Credit	Stage 3 Credit	Impairment
Companies						
No associated warranty	-	-	199 899 310	3 164 098	2 094 202	4 363 767
< 50%	-	1	4 012 273	-	275 783	343 972
> = 50% and < 75%	-	-	672 258	-	-	11 065
> = 75% and < 100%	2	9	8 557 790	18 139 147	195 000	964 347
> = 100%	93	65	28 875 646	38 417 672	8 346 222	14 821 527
Construction and real estate development						
No associated warranty	-	-	7 790 564	3 590 197	9 836	298 235
< 50%	-	1	1 597 068	-	-	46 030
> = 50% and < 75%	-	-	-	-	-	-
> = 75% and < 100%	-	9	10 669 584	3 102 718	9 945	441 289
> = 100%	7	8	6 934 730	9 887 290	1 122 690	1 332 049
Housing						
No associated warranty	-	-	1 907 299	98 108	1 030 461	900 582
< 50%	4	-	94 997	-	-	1 212
> = 50% and < 75%	-	-	-	-	34 260	34 260
> = 75% and < 100%	6	-	252 604	101 065	74 090	58 693
> = 100%	415	6	19 484 973	726 535	7 381 983	5 581 145
Total	**527**	**99**	**290 749 095**	**77 226 829**	**20 574 472**	**29 198 173**

The distribution of the loan portfolio measured by internal risk degrees is presented as follows:

(Amounts expressed in thousands of Kwanzas)

Segment	Exposure to 31/12/2020							
	Risk class A	Risk class B	Risk class C	Risk class D	Risk class E	Risk class F	Risk class G	Total
Credit Cards	378	459 361	24 281	1 952	1 592	116	1 229	488 909
General Consumption	708 706	54 665 310	354 831	91 282	223 362	77 148	2 854 231	58 974 869
Car Credit	-	46 825	-	-	-	-	2 575	49 400
Housing Credit	109 678	19 886 884	408 898	50 051	175 654	211 453	8 957 547	29 800 166
Discovered	360	329 248	128 027	375 087	501 525	21 956	1 342 500	2 698 704
Companies Less Significant Exposures	415 391	1 837 195	83 990	44 266	61 208	34 824	530 350	3 007 223
Companies Significant Exposures	21 904 187	64 611 673	16 948	49 208 772	13 495 828	605 501	16 965 590	166 808 499
Public Sector	125 990 979	-	-	-	-	-	-	125 990 979
Equity Exposure	**149 129 679**	**141 836 496**	**1 016 976**	**49 771 409**	**14 459 170**	**950 997**	**30 654 022**	**387 818 749**
Documentary credits and guarantees provided (Note 28)	5 444 216	45 019 958	-	-	-	-	-	50 464 174
Total Exposure	**154 573 895**	**186 856 453**	**1 016 976**	**49 771 409**	**14 459 170**	**950 997**	**30 654 022**	**438 282 923**

(Amounts expressed in thousands of Kwanzas)

Segmento	Impairment as of 31/12/2020							
	Risk class A	Risk class B	Risk class C	Risk class D	Risk class E	Risk class F	Risk class G	Total
Credit Cards	-	646	784	60	63	20	22	1 595
General Consumption	3 692	393 412	47 355	26 214	97 766	41 479	2 329 707	2 939 625
Car Credit	-	117	-	-	-	-	1 297	1 414
Housing Credit	251	466 486	193 335	14 103	89 295	169 846	6 367 525	7 300 842
Discovered	26	16 664	36 246	161 032	379 528	16 607	1 017 104	1 627 207
Companies Less Significant Exposures	5 440	152 578	14 061	32 129	25 420	16 506	274 245	520 380
Companies Significant Exposures	234 951	3 638 074	76	11 386 910	4 086 072	307 927	15 680 990	35 335 000
Public Sector	6 719 419	-	-	-	-	-	-	6 719 419
Equity Exposure	**6 963 779**	**4 667 977**	**291 857**	**11 620 448**	**4 678 145**	**552 385**	**25 670 891**	**54 445 481**
Documentary credits and guarantees provided (Note 28)	17 234	74 366	212	28	155	30	1 037	93 062
Total Exposure	**6 981 012**	**4 742 343**	**292 069**	**11 620 475**	**4 678 300**	**552 416**	**25 671 927**	**54 538 542**

(Amounts expressed in thousands of Kwanzas)

Segment	Exposure to 31/12/2019							
	Risk class A	Risk class B	Risk class C	Risk class D	Risk class E	Risk class F	Risk class G	Total
Credit Cards	-	544 726	932	244	52	-	885	546 839
General Consumption	-	55 829 933	164 779	76 506	128 063	55 475	2 198 956	58 453 712
Car Credit	-	101 576	-	-	132	-	1 383	103 091
Housing Credit	-	22 550 055	612 068	75 447	224 811	121 828	7 602 166	31 186 375
Discovered	-	1 156 920	76 405	57 749	71 080	62 663	2 459 340	3 884 157
Companies Less Significant Exposures	623	1 056 215	50 836	46 498	45 371	25 044	197 761	1 422 348
Companies Significant Exposures	11 462 500	92 856 640	656 202	29 318 914	1 542 607	1 136 801	9 588 097	146 561 761
Public Sector	117 011 992	-	-	-	-	-	-	117 011 992
Equity Exposure	**128 475 115**	**174 096 065**	**1 561 222**	**29 575 358**	**2 012 116**	**1 401 811**	**22 048 588**	**359 170 275**
Documentary credits and guarantees provided (Note 28)	4 958 191	86 737 465	-	-	-	-	1 447	91 697 103
Total Exposure	**133 433 306**	**260 833 530**	**1 561 222**	**29 575 358**	**2 012 116**	**1 401 811**	**22 050 035**	**450 867 378**

(Amounts expressed in thousands of Kwanzas)

Segment	Impairment as of 31/12/2019							
	Risk class A	Risk class B	Risk class C	Risk class D	Risk class E	Risk class F	Risk class G	Total
Credit Cards	-	577	1	8	36	-	22	644
General Consumption	-	366 104	22 600	15 083	54 314	31 583	1 776 035	2 265 719
Car Credit	-	408	-	-	64	-	858	1 330
Housing Credit	-	563 673	252 143	20 312	104 249	115 077	5 520 438	6 575 892
Discovered	-	74 869	40 696	31 294	53 840	37 339	243 060	481 098
Companies Less Significant Exposures	-	44 319	21 761	20 659	15 115	15 077	110 434	227 365
Companies Significant Exposures	300 769	2 763 117	178 930	6 784 397	1 060 565	370 726	8 384 260	19 842 764
Public Sector	1 838 726	-	-	-	-	-	-	1 838 726
Equity Exposure	**2 139 495**	**3 813 067**	**516 131**	**6 871 753**	**1 288 183**	**569 802**	**16 035 107**	**31 233 538**
Documentary credits and guarantees provided (Note 28)	5 895	646 627	126	294	2 917	1 850	6 243	663 952
Total Exposure	**2 145 390**	**4 459 694**	**516 257**	**6 872 047**	**1 291 100**	**571 652**	**16 041 350**	**31 897 490**

As of December 31st , 2020 and 2019, the risk levels presented in the table above, are in accordance with the classification of Instruction No. 9/2015 of the National Bank of Angola regarding the methodology for constituting provisions (Instruction still applicable for the purposes of prudential ratios).

As of December 31, 2020 and 2019, the detail of the Customer loan portfolio according to credit risk categories (Stage 1, Stage 2 and Stage 3) is as follows:

(Amounts expressed in thousands of Kwanzas)

31/12/2020	Exhibition				Impairment			
Segment	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit Cards	443 978	42 772	2 159	488 909	175	26	1 394	1 595
General Consumption	53 826 762	1 906 484	3 241 623	58 974 869	317 943	81 812	2 539 870	2 939 625
Car Credit	46 825	-	2 575	49 400	117	-	1 297	1 414
Housing Credit	19 005 809	1 083 997	9 710 361	29 800 166	125 714	164 189	7 010 939	7 300 842
Discovered	214 579	621 902	1 862 223	2 698 704	6 752	204 175	1 416 280	1 627 207
Companies Less Significant Exposures	1 975 016	315 700	716 508	3 007 223	21 763	63 379	435 238	520 380
Companies Significant Exposures	56 671 579	90 943 459	19 193 461	166 808 499	624 473	17 890 535	16 819 992	35 335 000
Public Sector	49 407 412	76 583 567	-	125 990 979	2 794 233	3 925 186	-	6 719 419
Equity Exposure	**181 591 960**	**171 497 880**	**34 728 909**	**387 818 749**	**3 891 170**	**22 329 302**	**28 225 009**	**54 445 480**
Documentary Credits and Guarantees Provided	48 338 347	2 125 826	-	50 464 174	53 962	39 100	-	93 062
Total Exposure	**229 930 308**	**173 623 707**	**34 728 909**	**438 282 923**	**3 945 131**	**22 368 402**	**28 225 009**	**54 538 541**

(Amounts expressed in thousands of Kwanzas)

31/12/2019	Exhibition				Impairment			
Segment	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit Cards	539 635	6 135	1 069	546 839	124	1	519	644
General Consumption	55 820 609	273 990	2 359 113	58 453 712	358 157	41 537	1 866 025	2 265 719
Car Credit	101 576	-	1 515	103 091	408	-	922	1 330
Housing Credit	21 739 873	925 708	8 520 794	31 186 375	176 755	150 933	6 248 204	6 575 892
Discovered	1 055 511	2 502 812	325 834	3 884 157	67 036	177 641	236 421	481 098
Companies Less Significant Exposures	1 025 752	144 686	251 910	1 422 348	44 844	37 771	144 750	227 365
Companies Significant Exposures	63 652 473	71 098 628	11 810 660	146 561 761	1 326 214	8 605 720	9 910 830	19 842 764
Public Sector	117 011 992	-	-	117 011 992	1 838 726	-	-	1 838 726
Equity Exposure	**260 947 421**	**74 951 959**	**23 270 895**	**359 170 275**	**3 812 264**	**9 013 603**	**18 407 671**	**31 233 538**
Documentary Credits and Guarantees Provided	88 912 501	2 783 155	1 447	91 697 103	506 851	150 720	6 381	663 952
Total Exposure	**349 859 922**	**77 735 114**	**23 272 342**	**450 867 378**	**4 319 115**	**9 164 323**	**18 414 052**	**31 897 490**

The movement in financial instruments in the year ended December 31, 2020 and 2019 was as follows:

(Amounts expressed in thousands of Kwanzas)

	Stage 1	Stage 2	Stage 3	Total
Gross book value as of January 1st, 2019	**1 229 628 975**	**19 715 577**	**40 121 161**	**1 289 465 713**
Availability in other credit institutions (Note 5)	91 035 833	-	-	91 035 833
Investments in Central Banks and other credit institutions (Note 6)	256 853 327	-	-	256 853 327
Investments at amortized cost (Note 8)	626 037 969	-	-	626 037 969
Loans to Clients (Note 9)	255 701 846	19 715 577	40 121 161	315 538 584
Availability in other credit institutions (Note 5)				
New financial assets acquired or originated	70 303	-	-	70 303
Other changes	(48 583 661)	-	-	(48 583 661)
Investments in Central Banks and other credit institutions (Note 6)				
New financial assets acquired or originated	457 492 832	-	-	457 492 832
Other changes	(256 853 327)	-	-	(256 853 327)
Investments at amortized cost (Note 8)				
New financial assets acquired or originated	148 346 962	-	-	148 346 962
Other changes	67 699 421	-	-	67 699 421
Loans to Clients (Note 9)				
Transfer to stage 1	1 709 075	(1 560 905)	(148 170)	-
Transfer to stage 2	(24 397 714)	47 944 012	(23 546 298)	-
Transfer to stage 3	(1 301 829)	(1 093 860)	2 395 689	-
New financial assets acquired or originated	77 349 366	16 218 840	4 539 361	98 107 567
Financial assets that were derecognized	(48 133 425)	(16 027 704)	(3 130 806)	(67 291 935)
Credits written off from assets	-	-	(910 991)	(910 991)
Other changes	20 102	9 755 999	3 950 949	13 727 050
Gross book value as of December 31st, 2019	**1 603 047 080**	**74 951 959**	**23 270 895**	**1 701 269 934**
Availability in other credit institutions (Note 5)	42 522 475	-	-	42 522 475
Investments in Central Banks and other credit institutions (Note 6)	457 492 832	-	-	457 492 832
Investments at amortized cost (Note 8)	842 084 352	-	-	842 084 352
Loans to Clients (Note 9)	260 947 421	74 951 959	23 270 895	359 170 275
Availability in other credit institutions (Note 5)				
New financial assets acquired or originated	-	-	-	-
Other changes	(16 227 134)	-	-	(16 227 134)
Investments in Central Banks and other credit institutions (Note 6)				
New financial assets acquired or originated	649 862 691	-	-	649 862 691
Other changes	(457 492 832)	-	-	(457 492 832)
Investments at amortized cost (Note 8)				
New financial assets acquired or originated	153 512 293	-	-	153 512 293
Other changes	(243 935 968)	283 494 034	-	39 558 066
Loans to Clients (Note 9)				
Transfer to stage 1	752 514	(745 345)	(7 169)	-
Transfer to stage 2	(82 209 78)	82 621 062	(411 279)	-
Transfer to stage 3	(1 574 539)	(6 275 337)	7 849 876	-
New financial assets acquired or originated	49 396 173	62 332 747	2 465 154	114 194 073
Financial assets that were derecognized	(29 713 015)	(39 171 858)	(1 762 056)	(70 646 929)
Credits written off from assets	-	-	(483 368)	(483 368)
Other changes	(16 006 810)	(2 215 347)	3 806 856	(14 415 301)
Gross book value as of December 31, 2020	**1 609 410 669**	**454 991 915**	**34 728 909**	**2 099 131 493**
Availability in other credit institutions (Note 5)	26 295 341	-	-	26 295 341
Investments in Central Banks and other credit institutions (Note 6)	649 862 691	-	-	649 862 691
Investments at amortized cost (Note 8)	751 660 677	283 494 034	-	1 035 154 711
Loans to Clients (Note 9)	181 591 961	171 497 880	34 728 909	387 818 750

The movement in impairments for expected loss on financial instruments in the year ended December 31, 2020 and 2019 was as follows:

(Amounts expressed in thousands of Kwanzas)

	Stage 1	Stage 2	Stage 3	Financial assets acquired or originated impaired by credit losses	Total
Expected loss as of January 1st, 2019	**7 759 109**	**721 172**	**14 741 092**	-	**23 221 373**
Availability in other credit institutions (Note 5)	249 511	-	-	-	249 511
Investments in Central Banks and other credit institutions (Note 6)	478 994	-	-	-	478 994
Investments at amortized cost (Note 8)	2 796 778	-	-	-	2 796 778
Loans to Clients (Note 9)	4 233 826	721 172	14 741 092	-	19 696 090
Availability in other credit institutions (Note 5)					
New financial assets acquired or originated	2	-	-	-	2
Other changes	(234 835)	-	-	-	(234 835)
Investments in Central Banks and other credit institutions (Note 6)					
New financial assets acquired or originated	745 837	-	-	-	745 837
Other changes	(478 994)	-	-	-	(478 994)
Investments at amortized cost (Note 8)					
New financial assets acquired or originated	2 332 014	-	-	-	2 332 014
Other changes	8 103 722	-	-	-	8 103 722
Loans to Clients (Note 9)					
Transfer to stage 1	118 537	(47 814)	(70 723)	-	-
Transfer to stage 2	(801 578)	3 066 027	(2 264 449)	-	-
Transfer to stage 3	(51 561)	(351 401)	402 962	-	-
New financial assets acquired or originated	903 507	801 369	3 477 575	-	5 182 451
Financial assets that were derecognized	(635 648)	(283 695)	(1 805 955)	-	(2 725 298)
Credits written off from assets	-	-	(910 991)	-	(910 991)
Exchange rate and other movements	45 181	5 107 945	4 838 160	-	9 991 286
Expected loss as of December 31st, 2019	**17 805 293**	**9 013 603**	**18 407 671**	**-**	**45 226 567**
Availability in other credit institutions (Note 5)	14 678	-	-	-	14 678
Investments in Central Banks and other credit institutions (Note 6)	745 837	-	-	-	745 837
Investments at amortized cost (Note 8)	13 232 514	-	-	-	13 232 514
Loans to Clients (Note 9)	3 812 264	9 013 603	18 407 671	-	31 233 538
Availability in other credit institutions (Note 6)					
New financial assets acquired or originated	-	-	-	-	-
Other changes	3 870	-	-	-	3 870
Investments in Central Banks and other credit institutions (Note 7)					
New financial assets acquired or originated	770 956	-	-	-	770 956
Other changes	(745 837)	-	-	-	(745 837)
Investments at amortized cost (Note 8)					
New financial assets acquired or originated	7 561 820	-	-	-	7 561 820
Other changes	13 092 095	23 431 523	-	-	36 523 618
Loans to Clients (Note 9)					
Transfer to stage 1	27 316	(24 027)	(3 288)	-	-
Transfer to stage 2	(1 271 328)	1 420 208	(148 880)	-	-
Transfer to stage 3	(17 296)	(569 950)	587 245	-	-
New financial assets acquired or originated	424 998	12 089 783	1 667 462	-	14 182 243
Financial assets that were derecognized	(416 695)	(6 978 282)	(1 097 906)	-	(8 492 884)
Credits written off from assets	-	-	(483 368)	-	(483 368)
Exchange rate and other movements	1 331 911	7 377 967	9 296 074	-	18 005 951
Expected loss as of December 31st, 2020	**38 567 103**	**45 760 825**	**28 225 009**	**-**	**112 552 937**
Availability in other credit institutions (Note 5)	18 548	-	-	-	18 548
Investments in Central Banks and other credit institutions (Note 6)	770 956	-	-	-	770 956
Investments at amortized cost (Note 8)	33 886 429	23 431 523	-	-	57 317 952
Loans to Clients (Note 9)	3 891 170	22 329 302	28 225 009	-	54 445 480

The risk factors associated with the segment impairment model correspond to the following:

	Impairment December 2020 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit Cards	0,5%	0,6%	37,2%	49,6%
General Consumption	2,5%	17,5%	38,6%	49,4%
Car Credit	0,6%	n.a.	22,6%	50,4%
Housing Credit	2,3%	69,1%	31,5%	37,6%
Discovered	1,1%	7,3%	53,1%	76,1%
Companies Less Significant Exposures	5,5%	39,4%	29,5%	54,4%
Companies Significant Exposures	4,0%	25,4%	39,1%	81,6%

	Impairment December 2019 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit Cards	0,1%	31,5%	38,9%	78,5%
General Consumption	3,2%	59,5%	29,4%	45,5%
Car Credit	1,3%	n.a	46,1%	61.0%
Housing Credit	3,2%	45,3%	32,5%	36,4%
Discovered	15,8%	61,8%	56,3%	61,9%
Companies Less Significant Exposures	14,8%	50,3%	42,6%	59,6%
Companies Significant Exposures	7,0%	28,4%	41.5%	49,9%

The Bank recalibrated its risk parameters at the end of the second half of 2020, based on structural and methodological changes, namely regarding the revision of the historical period considered for estimation, updating the definition of default and its historical reprocessing, changing the segmentation rules and updating the macroeconomic scenarios at the level of projections and weightings.

	2021	2022	2023
GDP growth rate_YoY			
baseline scenario	3,04%	5,31%	2,44%
favorable scenario	4,37%	6,69%	4,20%
adverse scenario	(0,85)%	3,73%	0,64%
Consumer Price Index_YoY			
baseline scenario	14,32%	16,33%	4,10%
favorable scenario	12,71%	13,04%	3,74%
adverse scenario	17,47%	22,80%	5,84%
Oil GDP growth rate_YoY			
baseline scenario	0,23%	(0,62)%	(3,49)%
favorable scenario	0,23%	(0,62)%	(3,49)%
adverse scenario	0,23%	(0,62)%	(3,49)%
Non-oil GDP growth rate_YoY			
baseline scenario	6,41%	5,42%	4,70%
favorable scenario	8,34%	7,44%	6,44%
adverse scenario	2,00%	3,40%	2,97%
Growth Tx. Growth Oil Export Price_YoY			
baseline scenario	46,96%	3,39%	(1,36)%
favorable scenario	64,11%	4,76%	(1,36)%
adverse scenario	24,68%	4,76%	(1,36)%
Tx. Effective Exchange Rate Growth (REER)_YoY			
baseline scenario	5,44%	2,22%	(0,78)%
favorable scenario	12,29%	18,96%	8,45%
adverse scenario	(10,82)%	10,46%	5,30%
Reference interest rate BNA / Ceding Liquidity rate BNA_YoY			
baseline scenario	(6,05)%	(20,26)%	(5,88)%
favorable scenario	(8,06)%	(27,69)%	(8,46)%
adverse scenario	(4,03)%	(13,19)%	(3,66)%

As of December 31st, 2020 and 2019, the top ten debtors together represent 64.66% and 55.31%, respectively, of the total credit portfolio (excluding guarantees provided and documentary credits).

In fiscal 2020 and 2019, there were write-offs ("write-offs") of receivables, amounting to tAKZ 483 368 and tAKZ 910 991, respectively.

In fiscal years 2020 and 2019 there were recoveries of credit and interest previously written off or written down from assets, in the amounts of tAKZ 1 232 424 and tAKZ 760 769, respectively (Note 24).

10. NON-CURRENT ASSETS HELD FOR SALE

As of December 31st, 2020 and 2019, this item is entirely comprised of properties received in lieu of credit.

With reference to 31 December 2020, the Bank has 8 properties in its portfolio, 1 of which is more than 2 years old, whose book value is null, and 7 properties received between June and September 2020, whose net book value amounts to tAKZ 267 759. All properties are valued by an independent appraiser.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The detail of investments in subsidiaries, associates and joint ventures at December 31, 2020 and 2019 is presented as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
	Country	Year of acquisition	Number of shares	% of participation	Cost of acquisition
HAREHOLDINGS IN SUBSIDIARIES					
SOFHA - Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA - Gestão de Activos	Angola	2016	n.a	99,99%	50 000
Total de Investimentos em filiais, associadas e empreendimentos conjuntos					**50 375**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
	Country	Year of acquisition	Number of shares	% of participation	Cost of acquisition
HAREHOLDINGS IN SUBSIDIARIES					
SOFHA - Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA - Gestão de Activos	Angola	2016	n.a	99,99%	50 000
Total Investments in subsidiaries, associates and joint ventures					**50 375**

12. OTHER TANGIBLE AND INTANGIBLE ASSETS

The headings of Other Tangible Assets and Intangible Assets show the following movement during the year ending December 31, 2020 and 2019:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020													
	Balances at 31/12/2019								Amortizations		Balances at 31/12/2020			
	Gross Assets	Accumulated amortization	Impairment	Net Assets	Increases	Impairment	Transfers	Write-offs, disposals and others	of the period	Slaughtering	Gross Assets	Accumulated amortization	Impairment	Net Assets
Other tangible assets														
Real estate in use	24 686 815	(9 057 474)	(444 330)	15 185 011	373 586	11 301	512 145	-	(754 815)	-	25 572 546	(9 812 289)	(433 029)	15 327 228
Furniture, fixtures, installations and equipment	19 477 101	(12 888 273)	-	6 588 828	5 208 016	-	-	(189 034)	(2 984 669)	178 621	24 496 083	(15 694 321)	-	8 801 762
Fixed assets in progress	2 730 445	-	-	2 730 445	566 178	-	(512 145)	(555 117)	-	-	2 229 361	-	-	2 229 361
Usage rights:					-	-	-	-	-	-	-	-	-	-
Agencies	6 943 669	(885 014)	-	6 058 655	490 903	-	-	(3 247 726)	(747 052)	191 848	4 186 846	(1 440 218)	-	2 746 628
Offices and central services	2 412 845	(488 250)	-	1 924 595	-	-	-	-	(520 186)	-	2 412 845	(1 008 436)	-	1 404 409
Other	186 150	(85 594)	-	100 556	64 008	-	-	-	(98 632)	-	250 158	(184 226)	-	65 932
	56 437 025	(23 404 605)	(444 330)	32 588 090	6 702 691	11 301	-	(3 991 877)	(5 105 354)	370 469	59 147 839	(28 139 490)	(433 029)	30 575 320
Intangible Assets														
Automatic data processing systems (Software)	5 154 664	(4 524 439)	-	629 452	-	-	-	(773)	(416 753)	773	5 153 891	(4 940 419)	-	213 472
Organization and expansion expenses	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Trespasses	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible fixed assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
	5 350 187	(4 719 962)	-	629 452	-	-	-	(773)	(416 753)	773	5 349 414	(5 135 942)	-	213 472
	61 787 212	**(28 124 567)**	**(444 330)**	**33 217 542**	**6 702 691**	**11 301**	**-**	**(3 992 650)**	**(5 522 107)**	**371 242**	**64 497 253**	**(33 275 432)**	**(433 029)**	**30 788 792**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019													
	Balances at 31/12/2018								Amortizations		Balances at 31/12/2019			
	Gross Assets	Accumulated amortization	Impairment	Net Assets	Increases	Impairment	Transfers	Write-offs, disposals and others	of the period	Slaughtering	Gross Assets	Accumulated amortization	Impairment	Net Assets
Other tangible assets														
Real estate in use	23 316 708	(8 361 546)	-	14 955 162	616 030	(444 330)	754 077	-	(695 928)	-	24 686 815	(9 057 474)	(444 330)	15 185 011
Furniture, fixtures, installations and equipment	15 874 552	(10 863 557)	-	5 010 995	3 989 635	-	-	(387 086)	(2 390 290)	365 574	19 477 101	(12 888 273)	-	6 588 828
Fixed assets in progress	2 860 701	-	-	2 860 701	1 169 697	-	(754 077)	(545 876)	-	-	2 730 445	-	-	2 730 445
Usage rights:			-			-						-		
Agencies	-	-	-	-	6 943 669	-	-	-	(885 014)	-	6 943 669	(885 014)	-	6 058 655
Offices and central services	-	-	-	-	2 412 845	-	-	-	(488 250)	-	2 412 845	(488 250)	-	1 924 595
Other	-	-	-	-	186 150	-	-	-	(85 594)	-	186 150	(85 594)	-	100 556
	42 051 961	(19 225 103)	-	22 826 858	15 318 026	(444 330)	0	(932 962)	(4 545 076)	365 574	56 437 025	(23 404 605)	(444 330)	32 588 090
Intangible Assets														
Automatic data processing systems (Software)	4 843 639	(3 530 264)	-	1 313 373	351 088	-	-	(40 063)	(1 032 174)	37 999	5 154 664	(4 524 439)	-	630 225
Organization and expansion expenses	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Trespasses	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible fixed assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
	5 039 160	(3 725 787)	-	1 313 373	351 088	-	-	(40 063)	(1 032 174)	37 999	5 350 186	(4 719 961)	-	630 225
	47 091 121	**(22 950 889)**	**-**	**24 140 231**	**15 669 114**	**(444 330)**	**0**	**(973 025)**	**(5 577 250)**	**403 573**	**61 787 211**	**(28 124 566)**	**(444 330)**	**33 218 315**

On December 31, 2020 and 2019, the item of fixed assets in progress essentially corresponds to the acquisition of space and payments to suppliers relating to works that were being carried out for the opening of 1 new branch in 2021 and remodeling of some branches.

13. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As of December 31st, 2020 and 2019, the balances of current tax assets and liabilities have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Current tax assets	4 186	4 186
Current tax liabilities:		
Industrial Tax	-	-
VAT	908 347	503 552
On capital income	6 039 550	3 366 891
About income from dependent employment	530 924	464 619
Taxation relating to remuneration	306 256	293 037
	7 785 077	**4 628 099**

For the year ended December 31st, 2020 and 2019, the cost of income taxes recognized in profit or loss, as well as the tax burden, measured by the ratio of the appropriation for taxes to the profit for the year before that appropriation, can be summarized as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Current tax liabilities		
Industrial Tax	-	-
Capital Gains Tax	11 141 490	9 890 173
Deferred tax assets	6 696 980	(1 487 883)
Estimate adjustment of the previous periods		
Industrial Tax	-	-
Total tax recorded in the income statement	**17 838 470**	**8 402 290**
Earnings before taxes	**107 687 066**	**128 342 482**
Tax burden	16,57%	6,55%

The reconciliation between the nominal tax rate and the actual tax burden for the year ended December 31, 2020 and 2019, can be analyzed as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020		31/12/2019	
	Taxa de imposto	Valor	Taxa de imposto	Valor
Income before tax		107 687 066		128 342 482
Tax assessed based on the nominal tax rate	35,00%	37 690 473	30,00%	38 502 745
Tax benefits on income from public debt securities	(57,02)%	(61 405 241)	(35,11)%	(45 061 088)
Other permanent differences	22,02%	23 714 768	5,11%	6 558 343
Deductible tax losses	0,00%	-	0,00%	-
Capital Investment Tax (IAC)	10,35%	11 141 490	7,71%	9 890 173
Adjustment of prior year's estimate	0,00%	-	0,00%	-
Deferred tax assets	6,22%	6 696 980	(1,16)%	(1 487 883)
Profit tax on results	**16,57%**	**17 838 470**	**6,55%**	**8 402 290**

Industrial Tax

As mentioned in note 2.16, the Bank is subject to Industrial Tax, and the applicable tax rate is 35% in fiscal year 2020 and 30% in fiscal year 2019.

Deferred Taxes

As of December 31st, 2020 and 2019, the Bank has recorded deferred tax assets in the amounts of tAKZ 1 645 788 and tAKZ 7 887 478, respectively, resulting from temporary differences. The Board of Directors considers that the conditions for their registration are met, namely as regards the evolution of the Bank's future taxable income that will allow its deduction. These deferred tax assets were calculated based on the tax rates enacted for the period in which the respective asset is expected to be realized.

The Bank uses the 35% rate for calculating deferred taxes.

The movement in deferred tax assets for the year ended December 31, 2020 and 2019 was as follows:

(Amounts expressed in thousands of Kwanzas)

	Balance on 31/12/2019	Reinforcements	Achievements / cancellations	Exchange rate differences	Balances at 31/12/2020
Provisions temporarily not accepted as a tax cost:					
Provisions for Banking Risks, Retirement Compensation and Social Fund	6 575 364	213 321	(6 029 339)	-	759 346
Impact of IFRS 9 adoption	1 312 114		(880 962)	455 290	886 442
	7 887 478	**213 321**	**(6 910 301)**	**455 290**	**1 645 788**

(Amounts expressed in thousands of Kwanzas)

	Balance on 31/12/2018	Reinforcements	Achievements / cancellations	Exchange rate differences	Balances at 31/12/2019
Provisions temporarily not accepted as a tax cost:					
Provisions for Banking Risks, Retirement Compensation and Social Fund	5 058 275	3 002 312	(1 485 223)	-	6 575 363
Impact of IFRS 9 adoption	863 626	-	(29 207)	477 695	1 312 114
	5 921 900	**3 002 312**	**(80 927)**	**243 399**	**7 887 478**

The tax authorities have the possibility to review the Bank's tax situation during a period of five years, which may result, due to different interpretations of the tax legislation, in possible corrections to the respective taxes assessed.

The Bank's Board of Directors believes that any additional settlements, which may result from these reviews, will not be significant to the financial statements.

14. OTHER ASSETS

At December 31, 2020 and December 31, 2019, this item has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Foreign exchange operations		
Buying and selling foreign currencies	4 034 190	9 945 821
	4 034 190	**9 945 821**
Other Assets of a Fiscal Nature		
Other taxes receivable	1 878 592	1 870 929
	1 878 592	**1 870 929**
Other Amounts of a Civil Nature		
Miscellaneous Debtors:		
Administrative public sector	396 957	4 623 612
Private sector - corporations	488 127	937
Private sector - workers	979 654	463 454
Private sector - individuals	3 116	3 231
Acquisition in progress	2 412 325	990 546
Other debtors	40	-
	4 280 219	**6 081 780**
Other amounts of an administrative and commercial nature		
Anticipation of salaries	-	-
Prepaid expenses:		
Rentals and leases	24 904	99 834
Insurance	79 472	51 945
Other	227 520	619 485
	331 896	**771 264**
Office Supplies	1 080 934	786 336
Other advances:		
Cashier Failures	17 341	16 327
Active operations to be regularized	2 998 570	2 881 904
Other	1 031 389	8 768
	4 047 300	**2 906 999**
	15 653 131	**22 363 129**

As of December 31st, 2020 and 2019, the caption "Other Amounts of a Civil Nature - Sundry Debtors: Public Administrative Sector" relates primarily to income related to commissions receivable from the General Tax Administration ("AGT"), as remuneration for the services of revenue collection provided by the Bank. Since March 2018, the method of payment of tax to AGT has changed, and BFA no longer performs the collection the clients will now pay their taxes directly to this entity.

15. RESOURCES FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

At December 31st, 2020 and 2019, this item has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Operations in the Interbank Money Market:		
Resources of Credit Institutions in the country - Loans (KZ)	1 024 425	20 494
Resources from other entities		
Certified checks	1 109 316	1 598 616
Resources linked to letters of credit	1 873 443	5 992 946
Other	81 115	57 050
	4 088 299	**7 669 106**
	4 088 299	**7 669 106**

As of December 31st, 2020 and 2019, the balance of this item relates primarily to interbank clearing amounts, namely, certified checks and import letters of credit.

The item "Funds linked to letters of credit" refers to the amounts deposited by Customers that are for the settlement of import operations, for the purpose of opening the respective documentary credits.

The scaling of funds from Central Banks and other credit institutions by residual maturity is presented in Note 30.2.

16. CUSTOMER FUNDS AND OTHER LOANS

As of December 31st, 2020 and 2019, the item "Customer Funds and Other Loans" has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Sight deposits of residents		
In local currency	648 307 040	423 138 559
In foreign currency	398 031 198	241 837 112
	1 046 338 238	**664 975 671**
Sight deposits of non-residents In local		
In local currency	35 931 354	30 463 194
In foreign currency	7 323 871	5 533 838
	43 255 225	**35 997 032**
Interest on demand deposits	97 544	45 136
Total demand deposits	**1 089 691 007**	**701 017 839**
Time deposits of residents		
In local currency	261 246 869	246 273 406
In foreign currency	883 845 804	662 667 190
	1 145 092 673	**908 940 596**
Time deposits of non-residents	10 161 240	5 151 010
Interest from time deposits	7 257 787	7 788 199
Total time deposits	**1 162 511 700**	**921 879 805**
Total deposits	**2 252 202 707**	**1 622 897 644**

As of December 31st, 2020 and 2019, Customers' time deposits have the following structure, according to the residual maturity of the transactions:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Up to three months	258 911 036	197 594 940
From 3 to 6 months	718 939 829	600 117 277
6 months to 1 year	176 395 818	124 167 588
Over 1 year	8 265 017	-
	1 162 511 700	**921 879 805**

As of December 31st, 2020, time deposits in domestic and foreign currency bear interest at average annual rates of 10.32 percent and 1.28 percent, respectively (8.01 percent and 1.23 percent, respectively, as of December 31, 2019).

As of December 31st, 2020 and 2019, demand and time deposits had the following structure by type of Customer:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Demand Deposits		
Public administrative sector	59 720 769	8 188 189
Public Business Sector	18 949 209	46 533 374
Companies	624 858 293	405 612 593
Private	386 230 034	240 729 097
	1 089 758 305	**701 063 253**
Time Deposits		
Public administrative sector	23 864 426	6 642 194
Public Business Sector	27 339 731	7 946 321
Companies	439 875 412	416 743 450
Private	671 364 833	490 502 426
	1 162 444 402	**921 834 391**
	2 252 202 707	**1 622 897 644**

17. IMPAIRMENT AND PROVISIONS

The movement in impairments and provisions during fiscal 2020 and 2019 was as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020						
		Increases	Decreases				
	Balances at 31/12/2019	Appropriations	Replacements and cancellations	Uses	Exchange differences and others	Transfers	Balances at 31/12/2020
Impairment of other assets							
Deposits with Banks and Financial Institutions Credit (Note 5)	14 678	310 971	(312 383)	-	5 282	-	18 548
Applications in Credit Institutions (Note 6)	745 837	1 005 194	(1 186 299)	-	206 224	-	770 956
Investments at amortized cost (Note 8)	13 232 514	58 323 479	(15 716 872)	-	1 478 831	-	57 317 952
Non-current assets held for sale (Note 10)	128 291	210 542	-	-	-	-	338 833
Other tangible and intangible assets (Note 12)	444 330	(11 706)	-	-	-	-	432 624
	14 565 650	59 838 480	(17 215 554)	-	1 690 337	-	58 878 913
Impairment for credit (Note9)	31 233 538	28 516 225	(11 595 331)	(483 368)	6 774 416	-	54 445 480
Provisions for:							
General banking risks							
Of a Social or Statutory Nature	20 486 499	-	-	(4 116 582)	6 461 089	-	22 831 006
Of Administrative and Commercialization Nature	3 211 713	16 669 252	(1 439 959)	(333 302)	436 298	-	18 544 002
Of a Fiscal Nature	-	-	-	-	-	-	-
Of Other Nature	-	-	-	-	-	-	-
Provision of guarantees (Note 9)	663 952	770 154	(1 432 496)	-	91 453	-	93 063
	24 362 164	**17 439 406**	**(2 872 455)**	**(4 449 884)**	**6 988 840**	**-**	**41 468 071**
	70 161 352	**105 794 111**	**(31 683 340)**	**(4 933 252)**	**15 453 593**	**-**	**154 792 464**

At December 31, 2020 and 2019, the item "Provisions of a social or statutory nature" refers to the Social Fund, which aims to financially support initiatives in the fields of education, health and social solidarity. This Fund was constituted monthly, through the appropriation of 5% of the net income of the previous fiscal year, calculated in United States Dollars, and it was decided that it would have a five-year period. This provision was made between fiscal 2005 and fiscal 2009, inclusive, and was reinforced in fiscal 2017 and 2018. The variation in fiscal year 2019 and in the first half of 2020 is due to the exchange rate variation since the same provision was made in United States Dollars.

In August 2018, as part of the process of establishing a Foundation ("BFA Foundation"), the purpose of which will be to pursue general altruistic purposes referred to above, the Bank applied for registration as a Patron with the AGT, which was granted in October 2019.

Also in fiscal 2018, the Bank proceeded to create the Social Responsibility Department, which is composed of the nuclei (i) for monitoring the "BFA Solidarity" project and (ii) for subsidies, and will be responsible for the Bank's social performance while the process of creating the BFA Foundation is not concluded.

It is the intention of the Bank's Board of Directors that the provision existing on 31 December 2020 in the amount of 22 831 006 tAKZ be used as a monetary endowment for the initial assets of the BFA Foundation.

As of December 31, 2020 and 2019, the caption "Provisions of an administrative and marketing nature" consists primarily of a provision for fraud, ongoing legal proceedings, potential contingencies and other liabilities, corresponding to the best estimate of the costs that the Bank will bear in the future with these liabilities, in the amount of 17 619 782 mAKZ and 2 365 489 mAKZ, respectively.

In 2013, with reference to the last day of the year, the Bank constituted the "BFA Pension Fund" to cover the liabilities with retirement pensions for old age, disability and survival that the Bank granted to its Angolan workers registered with the Social Security, having used the provisions previously constituted, as of initial contribution to the BFA Pension Fund (defined contribution plan). In accordance with the contract for the constitution of the Fund, BFA will contribute annually 10% of the salary subject to deductions for the Angolan Social Security, applied on fourteen salaries. To the amount of the contributions is added the return on the investments made, net of any taxes. The total amount of the Bank's initial contribution to the BFA Pension Fund totalled tAKZ 3 098 194, including 44,797 tAKZ of advances for future contributions, which was used in the first half of 2014. On 31 December 2020 and 2019, the Bank's contribution to the BFA Pension Fund amounted to tAKZ 3 010 273 and tAKZ 2 434 118, respectively (Note 25).

Fenix - Sociedade Gestora de Fundos de Pensões, S.A. is responsible for the management of the BFA Pension Fund. The Bank acts as the Fund's depositary.

18. OTHER LIABILITIES AND LEASE LIABILITIES

As of December 31st, 2020 and December 31, 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/122020	31/12/2018
Foreign exchange operations		
Foreign exchange forward transactions	4 031 350	9 940 601
	4 031 350	**9 940 601**
Tax charges payable - withheld from third parties		
About income	219 613	597 545
Other	430 350	307 684
	649 963	**905 229**
Obligations of a civil nature	2 464 707	2 019 532
Obligations of administrative and commercial nature		
Personnel - salaries and other remunerations		
Vacation pay and vacation	5 830 181	5 456 220
Subsidy Performance bonus	5 846 436	6 122 402
Other personnel costs	5 151 447	1 180 375
Contributions to the Bank Employees Union	1 161 369	-
	20 454 140	**14 778 529**
Other administrative and marketing costs payable		
Passive operations to be regularized	3 227 782	2 496 377
Measurements	12 877 023	9 552 523
Movements made in ATMs - to be regularized	6 803 234	5 722 400
VAT to be delivered	1 193 897	-
Deposit Guarantee Fund	1 161 557	-
Other	9 416 522	6 382 641
	34 680 015	**24 153 941**
Rent Liabilities	7 318 355	**10 840 950**
	67 133 823	**60 619 250**

As of December 31st, 2020 and 2019, the heading "Other administrative and marketing costs payable - Other", includes 5 860 148 tAKZ and 1 084 684 tAKZ, respectively, relating to amounts that are captive in Customer resource accounts and awaiting clearing by bank transfer request.

On December 31, 2020 and 2019, the item "Movements made in ATM's - to be regularized" corresponds to operations made in ATM's that were regularized in the first days of the following month.

As of December 31, 2020, the balance of the heading "Other administrative and marketing costs payable - Other" is mainly composed of tAKZ 2 377 531 of IAC payable from securities, tAKZ 1 119 514 referring to outstanding balances of transfers requested by Clients settled in the first months of 2021 and 3,482,617 tAKZ of supplier balances and other taxes to be settled.

The detail of lease liabilities by maturity is presented below:

(Amounts expressed in thousands of Kwanzas)

	2020	2019
Responsabilidades por locação		
Até 5 anos	5 254 273	3 147 323
5 anos até 10 anos	786 329	2 103 432
Mais de 10 anos	1 277 753	5 590 195
	7 318 355	**10 840 950**

19. OWN CAPITAL

Capital stock

The Bank was constituted with a capital stock of tAKZ 1,305,561 (equivalent to Euro 30,188,657 at the exchange rate in effect on June 30, 2002), represented by 1,305,561 nominative shares of one thousand kwanzas each, having been subscribed and paid up by incorporation of all assets and liabilities, including real estate assets or rights of any nature, as well as all the rights and obligations of the former Branch Office.

At the end of 2004, 2003 and 2002, the Bank increased its capital by 537,672 tAKZ, 1,224,333 tAKZ and 454,430 tAKZ, respectively, through the incorporation of the special reserve for the maintenance of own funds, in order to maintain the counter value in Kwanzas of the initial capital endowment in foreign currency.

By Unanimous Decision of the General Meeting, of 4 October 2018, it was decided to increase BFA's capital by incorporating reserves recorded under the heading "Other Reserves and Retained Earnings" in the amount of 11 478 003 tAKZ. This capital increase was carried out under the provisions of Notice No. 02/2018 of the National Bank of Angola, which defines that the minimum amount of fully paid-in share capital in national currency is 7 500 000 tAKZ.

Consequently, as at 31 December 2020 and 2019, the Bank's share capital amounts to 15 000 000 tAKZ, represented by 15 000 000 registered shares of one thousand Kwanzas each, with the issuance of the 13,694,439 new shares occurring on November 26, 2018.

As of December 31st, 2020 and 2019, the Bank's Shareholder structure is as follows:

(Amounts expressed in thousands of Kwanzas)

	31/122020		31/12/2019	
	Number of shares	%	Number of shares	%
Unitel, S.A.	7 785 000	51,90%	7 785 000	51,90%
Banco BPI, S.A.	7 213 050	48,09%	7 213 050	48,09%
Other BPI Group entities	1 950	0,01%	1 950	0,01%
	15 000 000	**100%**	**15 000 000**	**100%**

On October 7, 2016, Unitel, S.A. (Unitel) entered into an agreement with Banco BPI, S.A. (Banco BPI) an agreement for the purchase of 2% of BFA's share capital, the materialization of which involved increasing Unitel's percentage interest in BFA from 49.9% to 51.9%. On the same date, the new shareholders' agreement concerning BFA was also signed.

The materialization of this operation was dependent on the verification of the following suspensive conditions:

- Authorization from Banco Nacional de Angola (BNA) for the increase of the qualified shareholding already held by Unitel in BFA and authorization of the capital operations required for the payment to Banco BPI and the transfer to Portugal of the agreed price of 28 million Euros;
- Authorization from BNA to change BFA's statutes;
- Approval of the operation by Banco BPI's General Meeting.

On December 12, 2016, the National Bank of Angola communicated that it did not object to the practice of the following acts:

i) Partial alteration of the BFA statutes;

ii) Increase in Unitel's qualified stake in BFA's share capital through the acquisition from Banco BPI of 26,111 ordinary shares representing 2% of the capital stock;

iii) Indirect acquisition of the qualified holding representing 48.10% of BFA's share capital, following the settlement of the general and mandatory public tender offer launched by Caixabank for all shares representing Banco BPI's share capital.

BNA has established as a condition that the three operations mentioned above are indivisible, that is, it is assumed that they should occur simultaneously or almost simultaneously or, if it is not possible for some reason to ensure their simultaneity, the operation mentioned in (ii) should precede the operations mentioned in (i) and (iii).

On January 5, 2017, in execution of the share purchase and sale agreement entered into in 2016, the sale by Banco BPI to Unitel of the aforementioned stake representing 2% of BFA's share capital was completed.

Revaluation Reserves

The revaluation reserves correspond to pending but probable realization results, net of the corresponding tax charges, arising from transactions and other events and circumstances that do not immediately pass through the result for the year when recognized by the Bank.

As of December 31, 2019, the Bank has transferred the entire corresponding revaluation reserves the revaluation of fixed assets to the "Retained earnings" item. As of 31 December 2018, the value of this reserve totaled tAKZ 1,253,828.

Up to and including 31 December 2007, under the terms of the legislation in force, the Bank revalued its tangible fixed assets by applying coefficients, which reflected the monthly evolution of the Euro's official exchange rate, to the gross balances of tangible fixed assets and respective accumulated amortizations expressed in Kwanzas in the Bank's accounting records at the end of the previous month. As of in 2008, the Bank stopped revaluing its fixed assets (Note 2.9).

Revaluation reserves can only be used to cover accumulated losses or to increase capital.

In fiscal 2019, the Bank reclassified the accumulated impact arising from the monetary revaluation of the Bank's capital, recorded up to January 1, 2017 under "Capital monetary revaluation reserve share capital", to the heading "Retained earnings". As of 31 December 2018, this reserve, amounting to tAKZ 450,717, was presented together with the heading "Share capital".

In 2017 and 2018 the Bank did not reflect the impact of IAS 29 in its financial statements for the years then ended. If it had applied IAS 29, the impact in cumulative terms as at 1 January 2019 would be nil under the heading Revaluation reserves, which incorporates the effect of the monetary revaluation of share capital as at that date in the amount of tAKZ 27 286 845.

Other reserves and retained earnings

These headings have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Reserves and funds		
Legal reserve	17 155 909	5 161 890
Other Reserves	375 972 818	322 103 819
	393 128 727	**327 265 709**

By unanimous resolution of the General Meeting of April 24, 2019 it was decided to distribute dividends to the Shareholders in the amount of tAKZ 35 328 956, corresponding to 20.7% of the net result obtained in the previous year (174,258,743 tAKZ), with the amount distributed remaining by "Reserves" (138 929 787 tAKZ).

By unanimous resolution of the General Meeting of May 12, 2020, it was decided to distribute to the Shareholders dividends corresponding to 40% of the cumulative result attributable to the Shareholders that was generated in the 2019 financial year, in the cumulative total of 135 192 936 tAKZ.

In fact, notwithstanding the fact that the net result for the 2019 financial year was 119,940,192 tAKZ, the Bank proceeded in the 2019 financial year to restate the financial statements with reference to January 1, 2018, which generated a positive impact on retained earnings in the amount of 15 252 744 tAKZ, which was considered an integral part of the result for the 2019 financial year for the purposes of the dividend distribution proposed and approved by the General Assembly, and amounted to tAKZ 54 077 174 (of which 47 976 077 tAKZ via net income for the 2019 financial year and 6 101 097 tAKZ via retained earnings).

The Bank allocated the legal reserve and other reserves 11 994 019 tAKZ and 69 121 742 tAKZ (total value of 81 115 763 tAKZ). However, as mentioned in the previous paragraph, given that in the financial year 2019 a restatement of the financial statements was made, with the value of the results considered in the minutes of the General Assembly was higher by 15 252 744 tAKZ, the movement in the year 2020 under the heading "Other reserves and retained earnings", totals 71 964 115 tAKZ referring to the legal reserve and other reserves in the amounts of tAKZ 11 994 019 and tAKZ 53 868 999, respectively.

In the fiscal year of 2018, the following were also recorded under other reserves and retained earnings tAKZ 2,137,945 related to the transition adjustment resulting from the implementation of IFRS 9.

By Unanimous Decision of the General Meeting, of 4 October 2018, it was decided to increase BFA's capital by incorporating reserves recorded under the heading "Other Reserves and Retained Earnings" in the amount of 11 478 004 tAKZ. This capital increase was carried out within the scope of the provisions of Notice No. 02/2018 of the National Bank of Angola, which defines that the minimum amount of fully paid share capital in national currency is 7 500 000 mAKZ.

Under current legislation, the Bank must establish a legal reserve fund up to the amount of its capital. For this purpose, a minimum of 10% of the net income of the previous year is transferred annually to this reserve. This reserve can only be used to cover accumulated losses when the other reserves constituted have been exhausted.

Earnings and dividend per share

For the year ended December 31, 2020 and 2019, the basic earnings per share and the dividend allocated, relating to the previous year's profit, were as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Average number of ordinary shares issued	15 000 000	15 000 000
Net result for the period	89 848 596	119 940 192
Dividends distributed in the fiscal year referring to the previous year	54 077 174	35 328 956
Basic earnings per share	5,99	8,00
Diluted earnings per share	5,99	8,00
Dividend per share distributed in the period, related to the previous period	3,61	2,36

Em 26 de Novembro de 2018, ocorreu um aumento On November 26, 2018, a capital stock increase occurred which corresponded to the increase of the each Shareholder's holding in proportion to their respective holdings in the Bank's share capital on that date, with 13,694,439 shares with nominal value having been issued of AKZ 1,000. Thus, at the end of the year ended December 31, 2018, the Bank held a total of 15 000 000 ordinary shares outstanding. Given that there have been no changes in the Bank's share capital since 31 December 2018, the number of ordinary shares outstanding for the year ended 31 December 2020 is 15 000 000 shares.

In compliance with IAS 33 - Earnings per share, the Basic earnings per share and the Dividend attributed in the period must be adjusted retrospectively, in all affected periods, if there has been an increase or decrease in the number of common shares.

20. FINANCIAL MARGIN

In the years ending December 31, 2020 and 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	30/06/2019
INTEREST AND SIMILAR INCOME		
From liquidity applications:		
Term deposits with credit institutions abroad Term	2 283 237	6 056 693
Deposits with credit institutions in the country	263 936	78 803
Other	55 597	699 965
Income from the purchase of		
securities with resale agreement	**2 374 387**	**2 945 059**
	4 977 157	**9 780 520**
Securities:		
From securities held for trading		
Treasury Bills	10 259 473	28 034 048
Central Bank Securities	22 434 879	-
From investments at amortized cost		
Treasury Bonds in local currency indexed to foreign		
currency and in foreign currency	138 350 946	112 467 860
	171 045 298	**140 501 908**
Of credits granted		
Companies and Public Administration		
Loans	19 929 180	20 545 526
Current account credit	6 869 185	6 880 794
Other credits	21 505	33 692
Home loans	453 688	1 089 191
Consumer credit	8 756 032	7 877 153
Other purposes	3 332 449	2 303 121
Overdue interest	1 070 150	682 979
Total interest and similar income	**216 454 644**	**189 694 884**
Interest and similar charges		
From deposits:		
From demand deposits	539 292	388 160
From time deposits	27 378 645	34 313 297
	27 917 937	**34 701 457**
From funding to liquidity:		
From operations in the Interfinancial Monetary Market	578 940	138 066
	578 940	138 066
Other interest and similar costs	1 254 413	1 379 644
	1 254 413	1 379 644
Total interest and similar charges	**29 751 290**	**36 219 167**

21. SERVICE AND COMMISSION RESULTS

In the years ending December 31, 2020 and 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Income from services rendered		
Commissions on payment orders issued	1 905 116	1 967 484
Commissions on guarantees and sureties provided	461 845	566 020
Commissions for open import documentary credits	1 138 679	2 427 052
Commissions on ATM's and TPA's	6 654 775	5 572 590
Securities Commissions	5 932 975	2 540 224
Other Commissions	7 560 712	5 720 288
	23 654 102	**18 793 658**
Commission and custody costs		
Commissions	(6 840 486)	(4 730 576)
	16 813 616	**14 063 082**

The amount recorded under the item "Other commissions" corresponds essentially to income from commissions associated with movements made with credit cards and operations carried out in multicaixa.

22. EXCHANGE RESULTS

In the years ending December 31, 2020 and 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Exchange variation in assets and liabilities denominated in foreign currency	(1 540 090)	16 234 746
Foreign currency purchase and sale operations	44 048 606	24 953 398
	42 508 516	**41 188 144**

The item "Exchange variation on assets and liabilities denominated in foreign currency" refers essentially to exchange results related to the Bank's assets and liabilities in foreign currency and securities in Kwanzas indexed to US dollars.

23. RESULTS FROM THE DISPOSAL OF OTHER ASSETS

In the years ending December 31, 2020 and 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Result on disposal of fixed assets		
Gains on disposal of tangible assets	52 214	114 934
Losses on disposal of tangible assets	(1 653)	(4 712)
	50 561	**110 222**

24. OTHER OPERATING INCOME

In the years ending December 31, 2020 and 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Other exploration results:		
Contribution to Deposit Guarantee Fund	176 920	(3 575 733)
Taxes and fees not levied on the result	(8 025 926)	(1 775 690)
Penalties applied by regulatory authorities	(121 378)	(42 478)
Recovery of administrative and commercial costs	4 873 623	4 519 593
Other	4 768 858	3 657 492
	1 672 097	**2 783 184**

In fiscal 2020 and 2019, the item "Taxes and fees not levied on income" includes a balance relating to value added tax of AKZ 4,769,429m and AKZ 439,522m, respectively.

In fiscal years 2020 and 2019, the item "Other operating income - Recovery of administrative and commercial costs" refers essentially to: (i) the reimbursement of communication and dispatch costs incurred originally by the Bank, namely in the performance of payment order operations and (ii) gains from renegotiation of leases.

In the 2020 and 2019 fiscal year, the heading "Other operating income - Other" includes income from credit and interest recoveries previously written off or written down from assets in the amounts of tAKZ 1,232,424 and tAKZ 760,769.

25. PERSONNEL COSTS

In the years ending December 31, 2020 and 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Members of the Management and Supervisory Bodies		
Monthly Remuneration	313 174	348 311
Additional Remunerations	1 229 402	626 013
Mandatory social charges	140 466	45 475
	1 683 042	**1 019 799**
Employees		
Monthly Remuneration	25 118 782	20 636 044
Additional Remunerations	20 221 592	17 390 162
Mandatory social charges	2 861 596	2 209 215
Optional social charges	5 590 828	2 179 864
	53 792 798	**42 415 285**
Expenses with pension plans		
Supplementary Pension Plan	3 010 273	2 434 118
Other	595 150	72 060
	3 605 423	2 506 178
	59 081 263	**45 941 262**

Note: The sub-heading Additional Remuneration for Members of the Management and Supervisory Bodies refers to pre-payments corresponding to the departure of former members of the BD.

26. THIRD-PARTY SUPPLIES AND SERVICES

In the years ending December 31, 2020 and 2019, these items have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Audits, consulting and other specialized technical services	11 804 911	9 727 163
Safety, maintenance and repair	7 581 385	5 270 162
Transport, travel and accommodation	1 079 486	2 228 884
Rentals	488 241	234 063
Communications	1 584 895	2 049 062
Water and Energy	922 573	1 453 859
Publications, advertising and propaganda	1 467 994	2 070 807
Miscellaneous Materials	1 510 472	1 167 467
Insurance	797 855	480 941
Other third-party supplies	(77 069)	874 333
	27 160 743	**25 556 741**

27. OFF-BALANCE SHEET ITEMS

These headings have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Liabilities before third parties:		
Guarantees provided	34 083 715	22 819 554
Commitments before third parties		
Open documentary credits	16 380 459	68 877 549
	50 464 174	**91 697 103**
Liabilities for services rendered:		
Services provided by the institution		
Safekeeping of valuables	1 074 737 736	1 255 407 438
Clearing checks on foreigners	189 302	162 287
Documentary remittances	(90 972 706)	(57 024 710)
	983 954 332	**1 198 545 015**

As of December 31st, 2020 and 2019, the item "Open documentary credits" includes open documentary credits secured by deposit captives with the Bank in the amounts of tAKZ 1 873 443 and tAKZ 5 922 946, respectively (Note 15).

As of December 31st, 2020 and 2019, the Bank has constituted impairment losses to address the credit risk assumed in the granting of guarantees and documentary credits, in the amounts of tAKZ 93,062 and 497 119 mAKZ, respectively (Notes 9 and 17).

The notional of the forwards are recognized in the off-balance sheet items, in the amount of tAKZ 39,785,662 and 40 559 456 tAKZ, as of December 31, 2020 and 2019, respectively.

As of December 31st, 2020 and 2019, the item "Safekeeping of securities" refers primarily to Client securities in the Bank's custody.

28. RELATED PARTIES

In accordance with IAS 24, the following are considered related entities of the Bank:

- the entities that directly or indirectly exercise significant influence over the Bank's management and financial policy - Shareholders;
- those in which the Bank directly or indirectly exercises significant influence over their management and financial policy - Associated and jointly controlled companies and the Pension Fund;
- the members of the Bank's key management personnel, considering for this purpose executive and non-executive members of the Board of Directors and the Companies in which the members of the Board of Directors have control or joint control;
- subsidiaries, joint ventures or associates of the Shareholder with control over the Bank;
- key personnel of the Shareholder with control over the Bank (executive and non-executive board members);
- entities controlled or jointly controlled by key personnel of the Shareholder with control over the Bank;
- Close family members of key personnel of the Shareholder with control over the Bank; and
- Entities controlled or jointly controlled by close family members of key personnel of the Shareholders.

The Bank's related entities with which it maintained balances or transactions in the year ended December 31, 2020 and 2019 are as follows:

BFA Shareholders

- Banco BPI
- Unitel

Members of the Corporate Bodies

- António Miguel Ferreira Geraldes
- Isabel José dos Santos
- João Boa Francisco Quipipa
- Amílcar Frederico Alves de Lima Safeca
- Luiz Henrique Soares Rosa

Companies where the members of the Corporate Bodies have significant influence

- ARLOQUI GESTÃO EMPREENDIMENTOS SA
- JBFQ EMPREENDIMENTOS
- NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA
- ANTOSC, S.A
- ANGLOBAL - COMERCIO, INDUSTRIA E SERVIÇOS, SA
- COTROL-SOC. AGRO-PECUÁRIA COMÉRCIO LDA
- FINSTAR-SOC.DE INVEST.E PARTICIPAÇOES,SA
- INFOSYSTEMS-SOC.SISTEMAS DE INF. S.A.
- ZAP MEDIA,S.A
- URBINVESTE-PROMOÇÕES PROJECT IMOBILI,SA
- LANDSCAPE P. P. IMOBILIÁRIOS,LDA
- URBINVESTE-PROMOÇÕES PROJECT IMOBILI,SA
- ZAP PUBLISHING, S.A
- SODIBA – SOC. DISTR. BEBIDAS ANGOLA, LDA
- YOU CALL LDA
- FAZENDA GIRASSOL, LDA
- HIPERGEST, SOC DE INV, CAP. FIXO, S.A
- EMBALVIDRO - INDUSTRIA (SU), LDA
- GOTS – SOC. INVEST. IMOB. CAP. FIXO, S.A
- EFACEC ANGOLA, LDA

- NOVA CIMANGOLA II, S.A
- NOVA CIMANGOLA, S.A
- NOVA CIMANGOLA - GESTAO DE ACTIVOS, S.A

Subsidiaries of Unitel

- ANGOLA CABLES, S.A.

BFA - Members of Corporate Bodies and Companies where Members have Control

Board of Directors

- Rui Jorge Carneiro Mangueira
- António Domingues
- Divaldo Kenda Feijó Palhares
- Francisco José Mendes da Costa
- Jacinto Manuel Veloso
- Osvaldo Salvador de Lemos Macaia
- Otília do Carmo Faleiro
- António José Simões Matias
- António Manuel Antunes Domingues da Silveira Catana
- Luís Roberto Fernandes Gonçalves
- Maria Manuela Martins Moreira
- Natacha Sofia da Silva Barradas
- António Manuel Costa Alfaia
- Paulo Lelis de Freitas Alves
- Sebastião Machado Francisco Massango
- Vera Cristina dos Anjos Tangue Escórcio

Fiscal Council

- Ari Nelson Correia Brandão
- Rodrigo Aguiar de Carvalho Magalhães Quintas
- Valdir de Jesus Lima Rodrigues

Companies where members have control or joint control

- BLENDGEST CONSULTING LDA
- VLS GLOBAL
- MAKENNY-COM.E PREST.DE SERVIÇOS, LDA
- 4MS MAN SPACE SPA -COM. & SERVIÇOS, LDA
- EMPREENDIMENTOS EDICAL LDA
- SEILMA, LDA
- HONGAMBANDU RESTAURAÇÃO E CARTERING

Companies where members have control or joint control

- ADVISORS PRESTAÇÃO DE SERVIÇOS LDA
- PISON IMOBILIARIA LDA
- ATELIER DO PEIXE LDA

BFA Subsidiaries

- BFA GESTÃO DE ACTIVOS SGOIC. S.A.

Board of Directors*

- Rui Gonçalves de Oliveira
- Pedro Alexandre Ribeiro Machado Amorim

*Outros membros do Conselho de Administração são Administradores do BFA supra identificados.

Pension Fund

- Fundo de pensões BFA

As of December 31st, 2020 and 2019, the main balances and transactions held by the Bank with related entities are as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020							
	BFA Shareholders							
	BPI Group	Unitel Group	Members of the Board of Management from BFA	Societies where the members of the Board of Directors has significant influence	Companies participated	Fund BFA Pensions	Parts related via Unitel	Total
Availability:								
Cash and cash equivalents about credit institutions	11 078 777	-	-	-	-	-	-	11 078 777
Liquidity applications:	-	-	-	-	-	-	-	-
Other credits on credit institutions	387 139 009	-	-	-	-	-	-	387 139 009
Credit granted	**2 025**	-	**355 180**	-	-	-	**11 317 367**	**11 674 572**
Customer Deposits:	-	-	-	-	-	-	-	-
Demand Deposits	-	(121 168 707)	(1 092 450)	(24 278 110)	(12 634)	-	(3 407 809)	(149 959 710)
Time Deposits	-	(119 898 665)	(468 920)	-	(6 496)	(8 151 840)	(1 865 117)	(130 391 038)
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	**(187 569)**	-	-	-	-	-	-	**(187 569)**
Interest and other costs equated	-	-	-	-	-	-	-	-
Commissions and other costs	-	-	-	-	-	-	-	-
Deposited Securities	-	**(179 188 005)**	**(2 320 344)**	**(678 576)**	-	**(28 287 612)**	**(1 100 292)**	**(211 574 829)**
Investment Units	-	**(4 500 000)**	**(31 800)**	**(50 000)**	-	**(3 732 757)**	**(118 000)**	**(8 432 557)**
Documentary Credits	-	**12 948**	-	-	-	-	-	**12 948**
Bank Guarantees	-	-	-	-	-	-	-	-

(Amounts expressed in thousands of Kwanzas)

	31/12/2019							
	BFA Shareholders							
	BPI Group	Unitel Group	Members of the Board of Management from BFA	Societies where the members of the Board of Directors has significant influence	Companies participated	Fund BFA Pensions	Parts related via Unitel	Total
Availability:								
Cash and cash equivalents about credit institutions	21 180 753	-	-	-	-	-	-	21 180 753
Liquidity applications:								
Other credits on credit institutions	190 008 629	-	-	-	-	-	-	190 008 629
Credit granted	-	-	**229 021**	-	-	-	**19 116 966**	**19 345 987**
Customer Deposits:								
Demand Deposits	1 126	(14 517 317)	(726 864)	(42 610)	(49 289)	(5 127)	(7 676 402)	(23 016 484)
Time Deposits	-	(128 587 453)	(226 563)	-	-	(5 633 877)	(1 791 944)	(136 239 837)
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	**2 408 789**	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	**2 408 789**
Interest and other costs equated	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Commissions and other costs	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Deposited Securities	-	**(249 764 131)**	**(2 242 495)**	**(579 459)**	**(413 250)**	**(21 873 234)**	**(1 055 357)**	**(275 927 926)**
Investment Units	-	**(1 500 000)**	**(50 000)**	**(50 000)**	-	-	**(6 000)**	**(1 606 000)**
Documentary Credits	-	**6 362 672**	-	-	-	-	**2 522 294**	**8 884 966**
Bank Guarantees	-	**2 848 296**	-	-	-	-	-	**2 848 296**

The information presented regarding the "Members of BFA's Governing Bodies" includes the main balances and transactions held by the Bank with:

- Members of BFA's Governing Bodies; and
- Close members of the BFA Governing Bodies.

The information presented regarding the "Companies where the members of BFA's Governing Bodies have significant influence" includes the main balances and transactions held by the Bank with:

- Companies where members of BFA's Corporate Bodies have significant influence; and
- Companies where the close members of the members of BFA's Governing Bodies have significant influence.

The information presented regarding "Related parties via Unitel" includes the main balances and transactions held by the Bank with:

- Members of the Board of Directors of Unitel;
- Companies where members of Unitel's Board of Directors have significant influence;
- Close members of Unitel's Board of Directors; and
- Subsidiaries of Unitel.

The information presented with reference to the period ending June 20, 2020 and December 31, 2019 does not include costs and income with Unitel, with Members of BFA's Corporate Bodies, with Companies where they have significant influence or control, with Subsidiary Companies, with the BFA Pension Fund and with Parties related via Unitel.

29. BALANCE SHEET BY CURRENCY

As of December 31st, 2020 and 2019, the balance sheets by currency have the following structure:

(Amounts expressed in thousands of Kwanzas)

	2020			2019		
	Currency national	Currency foreign	Total	Currency national	Currency foreign	Total
Cash and deposits at Central Banks	221 400 387	252 816 448	474 216 835	183 418 884	119 297 311	302 716 195
Availabilities in other institutions of credit	17 000	26 259 793	26 276 793	-	42 507 797	42 507 797
Investments in Central Banks and others credit institutions	16 481 254	632 610 481	649 091 735	23 893 849	432 853 147	456 746 995
Financial assets at fair value through profit or loss results	354 020 911	11 673 377	365 694 288	170 255 828	2 434 373	172 690 202
Investments at amortized cost	587 007 692	390 829 067	977 836 759	521 752 627	307 099 212	828 851 838
Customer Credit	255 187 818	78 185 451	333 373 269	222 912 124	105 024 613	327 936 737
Non-current assets held for sale	267 759	-	267 759	-	84 788	84 788
Investments in subsidiaries, associates and joint ventures	50 375	-	50 375	50 375	-	50 375
Other tangible assets	30 575 320	-	30 575 320	32 588 090	-	32 588 090
Intangible Assets	213 472	-	213 472	630 225	-	630 225
Current tax assets	4 186	-	4 186	4 186	-	4 186
Deferred tax assets	759 347	886 441	1 645 788	6 575 365	1 312 114	7 887 478
Other assets	9 189 567	6 463 564	15 653 131	18 203 055	4 160 074	22 363 129
Total Assets	**1 475 175 088**	**1 399 724 622**	**2 874 899 710**	**1 180 284 607**	**1 014 773 429**	**2 195 058 036**
Deposits from central banks and other credit institutions	2 133 775	1 954 524	4 088 299	1 619 111	6 049 996	7 669 106
Customer funds and other loans	953 755 298	1 298 447 409	2 252 202 707	707 070 365	915 827 279	1 622 897 644
Financial liabilities at fair value through profit or loss	4 244 410	-	4 244 410	12 675 871	-	12 675 871
Provisions	17 444 727	24 023 344	41 468 071	3 094 941	21 267 223	24 362 164
Current tax liabilities	7 794 665	(9 588)	7 785 077	4 628 099	-	4 628 099
Other Liabilities	7 319 429	59 814 394	67 133 823	(21 429 599)	82 048 849	60 619 250
Total Liabilities	**992 692 304**	**1 384 230 083**	**2 376 922 387**	**707 658 788**	**1 025 193 347**	**1 732 852 134**
Net Assets (Liabilities)	**482 482 784**	**15 494 539**	**497 977 323**	**472 625 819**	**(10 419 918)**	**462 205 902**
Own Funds	**497 977 323**	**-**	**497 977 323**	**462 205 902**	**-**	**462 205 902**

The table above includes the securities in Kwanzas indexed to US Dollars in the national currency.

If we include in the balances with foreign currency (i) securities in kwanzas indexed to U.S. dollars ("Financial assets at fair value through profit or loss", and "Investments at amortized cost") and (ii) the notional forwards (recognized in off-balance sheet items) under "Other assets" in "National currency", the balance sheet by currency has the following structure:

(Amounts expressed in thousands of Kwanzas)

	2020			2019		
	National currency	Foreign Currency	Total	National currency	Foreign Currency	Total
Cash and deposits at Central Banks	221 400 387	252 816 448	474 216 835	183 418 884	119 297 311	302 716 195
Availabilities in other institutions of credit	17 000	26 259 793	26 276 793	-	42 507 797	42 507 797
Investments in Central Banks and others credit institutions	16 481 254	632 610 481	649 091 735	23 893 849	432 853 147	456 746 996
Financial assets at fair value through profit or loss results	283 980 793	81 713 495	365 694 288	93 143 357	79 546 844	172 690 201
Investments at amortized cost	587 007 692	390 829 067	977 836 759	521 752 627	307 099 212	828 851 839
Customer Credit	255 187 818	78 185 451	333 373 269	222 912 124	105 024 613	327 936 737
Non-current assets held for sale	267 759	-	267 759	-	84 788	84 788
Investments in subsidiaries, associates and joint ventures	50 375	-	50 375	50 375	-	50 375
Other tangible assets	30 575 320	-	30 575 320	32 588 090	-	32 588 090
Intangible Assets	213 472	-	213 472	630 225	-	630 225
Current tax assets	4 186	-	4 186	4 186	-	4 186
Deferred tax assets	759 347	886 441	1 645 788	6 575 365	1 312 114	7 887 479
Other assets	(30 596 095)	46 249 226	15 653 131	(22 356 401)	44 719 530	22 363 129
Total Assets	**1 365 349 308**	**1 509 550 402**	**2 874 899 710**	**1 062 612 680**	**1 132 445 357**	**2 195 058 037**
Deposits from central banks and other credit institutions	2 133 775	1 954 524	4 088 299	1 619 111	6 049 996	7 669 106
Customer funds and other loans	953 755 298	1 298 447 409	2 252 202 707	707 070 365	915 827 279	1 622 897 644
Financial liabilities at fair value through profit or loss	4 244 410	-	4 244 410	12 675 871	-	12 675 871
Provisions	17 444 727	24 023 344	41 468 071	3 094 941	21 267 223	24 362 164
Current tax liabilities	7 794 665	(9 588)	7 785 077	4 628 099	-	4 628 099
Other Liabilities	(32 466 233)	99 600 056	67 133 823	(61 989 055)	122 608 305	60 619 250
Total Liabilities	**952 906 642**	**1 424 015 745**	**2 376 922 387**	**667 099 332**	**1 065 752 803**	**1 732 852 134**
Net Assets (Liabilities)	**412 442 666**	**85 534 657**	**497 977 323**	**395 513 349**	**66 692 553**	**462 205 903**
Own Funds	**497 977 323**	**-**	**497 977 323**	**462 205 902**	**-**	**462 205 902**

Loans to Customers granted by the Bank and denominated in foreign currency, namely in US Dollars, are presented in the table above in the "Foreign Currency" column. However, in accordance with number 2 of article 4 of Notice no. 3 / 2012, of Banco Nacional de Angola, financial institutions must, when collecting the instalments of loans granted, accept available funds in the accounts of its Customers expressed in any currencies, regardless of the currency contracted. This obligation only applies to credit operations contracted after the date on which the referred to normative rule came into force. It should be noted that the Bank's Customers have, in general, settled the instalments of principal and interest on loans denominated in US Dollars, for the respective equivalent value, in kwanzas, on the settlement date, under the option provided for in BNA's Notice no. 3/2012.

30. RISK MANAGEMENT

BFA's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: foreign exchange risk, credit risk, liquidity risk and cash flow risk associated with interest rates, among others.

BFA's risk management is controlled by the Risk Management Department, in compliance with policies approved by the Board of Directors. Accordingly, the Board of Directors has defined in writing the main principles of global risk management, as well as specific policies for some areas, such as the hedging of interest rate risk, liquidity risk and credit risk.

The Board of Directors defines the principles for risk management as a whole and policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, and the investment of excess liquidity.

30.1 CREDIT RISK

Credit risk corresponds to the risk of default by counterparties with whom the Bank has open positions in financial instruments, as a creditor entity. In accordance with the General Credit Regulations of the BFA, the granting of credit in the Bank is based on the following principles:

Proposal Formulation

Credit operations, or guarantees, subject to BFA's decision:

- They are adequately characterized in a Technical File, containing all the essential elements and accessories necessary for the formalization of the operation;
- They comply with the respective product data sheet;
- They are accompanied by a duly substantiated credit risk analysis;
- They contain the signatures of the proposing agencies.

Credit Risk Analysis

In the credit risk analysis, the Bank's total exposure to the Customer, or to the group the Customer belongs to, is considered, under the terms of the legislation applicable at each moment. The exposures relating to the same Customer or economic group are classified by reference to those representing the greatest risk.

Currently, taking into consideration the regulations of the National Bank of Angola:

- For a single customer, all his or her liabilities to the Bank, current or potential, already contracted or committed, for financing and guarantees are considered (total exposure of the Bank to the customer);
- For a group of Customers, it is considered the sum of the liabilities to the Bank, of each Customer that constitutes the group (total exposure of the Bank to the group); and
- The existence of guarantees with state risk, or of immediate liquidity, has an impact on the calculation of the Global Exposure value.

Risk Classification

The Bank classifies credit operations in increasing order of risk, according to the following classes:

Level A: Minimum risk
Level B: Very low risk
Level C: Low risk
Level D: Moderate risk
Level E: High risk
Level F: Very high risk
Level G: Maximum risk

The individual risk rating considers the characteristics and risks of the operation and of the borrower, and is initially classified based on the following criteria adopted by the Bank:

Level A: operations that meet:

(i) assumed by the Angolan State, encompassing its central and provincial administrations;

(ii) assumed by central administrations, central banks of countries, included in group 1 (defined in Instruction no. 1/2015, of January 14, of the National Bank of Angola), international organizations, multilateral development banks and international organizations;

(iii) fully guaranteed by cash deposits or certificates of deposit made or issued by the lending institution or by institutions in a controlling or group relationship with the lending institution and has its headquarters in Angola, or country included in group 1, Multilateral development

banks and international organizations, provided that the exposure and the deposit or certificate are denominated in the same currency;

(iv) fully collateralized by cash deposits or certificates of deposit made or issued by the lending institution or branches of the lending institution not covered by the previous subparagraph provided that the exposure and the deposit or certificate are denominated in the same currency;

(v) fully guaranteed by securities, or bonds, issued by the Angolan State, or by the National Bank of Angola.

Level B and below: remaining credits.

The classification of exposures is reviewed whenever there are changes in the evidence of impairment in late payments.

Within the scope of the regular review of credit operations, including overdue credit operations, BFA carries out reclassifications of overdue credit operations into those that are due, based on an analysis of the economic prospects of collectability, taking into account of guarantees, the assets of borrowers or guarantors and the existence of operations, whose risk BFA equates to State risk or even when the situation of delay results from the Bank's exclusive responsibility for occasional failures in its processes.

Guarantees Association

When granting credit to individuals, or small companies, with a term longer than 36 months, in the absence of financial investments, as a general rule BFA requires the presentation of a real guarantee of real estate property.

Credit operations are associated with guarantees that are considered adequate to the risk of the borrower, the nature and term of the operation, which are duly substantiated, in terms of sufficiency and liquidity.

The real guarantees are evaluated prior to the credit decision, and these evaluations are periodically reviewed. Exceptions to this rule (with decisions conditioned to a later evaluation) imply that the disbursement will only occur after the Bank obtains the evaluation of the guarantee.

The main types of collateral for Customer loans are:

- Mortgages on residential real estate;
- Charges on company assets, such as facilities, inventory, or accounts receivable;
- Charges on financial instruments, such as debt or equity securities; and
- Charges on Time Deposits at the institution.

Long-term financing and loans to corporate entities usually have guarantees attached. In contrast, revolving credit products do not usually have associated guarantees.

Guarantees obtained as security for financial assets other than loans and advances to Customers always depends on the type of financial instrument. Debt instruments do not normally have associated collateral, except for securitized instruments with portfolios of financial instruments as collateral. On the other hand, derivative instruments do have associated guarantees.

The Bank's policies on guarantees obtained as security did not change significantly during the reporting period, nor were there any significant changes in the quality of the guarantees held by the Bank since the previous period.

The Bank monitors the guarantees obtained as security for impaired Client loans, as it becomes more likely that the Bank will take possession of this guarantee to mitigate possible credit losses. Impaired Client loans (stage 3) and guarantees obtained as security are detailed as follows:

(Amounts expressed in thousands of Kwanzas)

		31/12/2020			
		Gross Credit	Impairment	Net Credit	Fair value of collaterals
Private	**Private**				
CARC	Credit Cards	2 159	1 394	765	0
CC	Current Accounts	21 478	21 478	0	0
CRF	Credit financing	2 929 540	2 299 323	630 217	5 125 652
CRR	Income Credit	10 028 020	7 255 040	2 772 980	16 091 365
DO	Discovered	1 862 190	1 416 280	445 910	0
		14 843 387	**10 993 515**	**3 849 872**	**21 217 017**
Companies	**Companies**				
CC	Current Accounts	932 664	424 632	508 032	1 070 226
CRF	Credit financing	16 467 861	14 453 060	2 014 801	19 763 127
CRR	Income Credit	300 581	218 523	82 058	4 961 085
DO	Discovered	2 184 416	2 135 279	49 137	0
		19 885 522	**17 231 494**	**2 654 028**	**25 794 438**
	Total	**34 728 909**	**28 225 009**	**6 503 900**	**47 011 455**

(Amounts expressed in thousands of Kwanzas)

		31/12/2019			
		Gross Credit	Impairment	Net Credit	Fair value of collaterals
Private	**Private**				
CARC	Credit Cards	1 069	517	552	0
CC	Current Accounts	20 654	20 654	0	96 445
CRF	Credit financing	2 324 241	2 063 069	261 172	4 868 994
CRR	Income Credit	8 576 211	6 066 029	2 510 182	21 006 789
DO	Discovered	296 490	224 258	72 232	0
		11 218 665	**8 374 527**	**2 844 138**	**25 972 228**
Companies	**Companies**				
CC	Current Accounts	617 329	553 994	63 335	1 337 323
CRF	Credit financing	9 625 639	7 729 573	1 896 066	27 425 218
CRR	Income Credit	192 620	158 083	34 537	1 268 048
DO	Discovered	1 616 642	1 591 494	25 148	0
		12 052 230	**10 033 144**	**2 019 086**	**30 030 589**
	Total	**23 270 895**	**18 407 671**	**4 863 224**	**56 002 817**

Incident exclusions

The Bank does not grant credit to Customers that have registered material incidents in the last 24 months that are known to BFA, nor to other companies that are part of a group with Customers in that situation. The following are considered material incidents:

- Delay in making payments of principal or interest due to a financial institution for more than 45 days;
- Irregular use of means of payment under the responsibility of that person or entity;

- Pending legal proceedings against that person or entity that have potential adverse effects on its economic or financial situation.

Exceptions to these rules have specific decision rules under the Bank's general credit regulation, which are more stringent.

Restructuring

As a matter of principle, BFA only formalizes ongoing loans restructuring operations after evaluating the Customer's ability to comply with the new plan if the following criteria are met:

- New guarantees (more liquid and/or more valuable) is presented for the new operation;
- The previous payment of the Remuneratory Interest and Interest in arrears is made (in the case of operation in default); and
- Significant partial liquidation of the outstanding principal occurs (regular and/or irregular).

Exceptionally, and in case none of the described assumptions are met, BFA admits formalizing the formal debt restructuring, if it is verified that, in the last 6 months, deposits of a minimum value equal to the amount of the installment, foreseen for the restructured operation, have occurred.

Credit operations restructured due to the Customer's financial difficulties are typified in the General Credit Regulations and comply with the regulator's specific norms on this matter.

Restructuring operations are marked, for the purposes of risk aggravation, and periodically monitored as to compliance with the established plan, and are only unmarked when certain conditions of regularity in complying with the plan are met.

The operations subject to renegotiation are maintained, at least, at the same risk level in which they were classified, in the month immediately preceding the renegotiation. The reclassification to a lower risk level occurs only if there is a regular and significant amortization of the operation, payment of accrued interest and late payment or depending on the quality and value of new guarantees presented for the renegotiated operation.

Irregular Credit Monitoring

Irregular credit is monitored by the commercial teams, as a rule up to 60 days of delay, with monitoring by a specialized team. After 60 days of default, the management of the relationship moves to this technical team, whose mission is to collaborate in the recovery actions of credit, take over negotiations and restructuring proposals, and be responsible for the follow-up of processes under its management.

Negotiations for restructuring follow the principles mentioned above.

This team is responsible for the management and relationship with the Client, with the objective of recovering the credit, resorting to judicial execution if necessary.

Impairments

BFA has implemented a model for calculating impairment losses for the loan portfolio according to the requirements of IFRS 9.

BFA calculates impairment losses for the credit portfolio monthly based on the implemented model, with the amount of impairment approved at the level of the Executive Committee of the Board of Directors.

The first application and respective results of this model were calculated with reference to January 1, 2018. Since that reference date, monthly calculations have been performed. The Bank's Board approves the half-yearly results of Directors.

Securities

BFA's securities portfolio respects the principle of high credit quality of its issuers, being mostly composed of securities issued by the Angolan State and the National Bank of Angola, as of December 31, 2020 and 2019.

As of December 31st, 2020 and 2019, the maximum exposure to credit risk shows the following detail:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020			31/12/2019		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
Patrimonial						
Cash and deposits at Central Banks	474 216 835	-	474 216 835	302 716 195	-	302 716 195
Deposits in other credit institutions	26 295 341	18 548	26 276 793	42 522 475	14 678	42 507 797
Investments in Central Banks and other credit institutions	649 862 691	770 956	649 091 735	457 492 832	745 837	456 746 995
Financial assets at fair value through profit or loss	365 694 288	-	365 694 288	172 690 202		172 690 202
Investments at amortized cost	1 035 154 711	57 317 952	977 836 759	842 084 352	13 232 514	828 851 838
Customer Credit	387 818 749	54 445 480	333 373 270	359 170 275	31 233 538	327 936 737
	2 939 042 615	112 552 936	2 826 489 680	2 176 676 331	45 226 567	2 131 449 764
Off-Balance Sheet						
Guarantees provided and open documentary credits	50 464 174	93 062	50 371 112	91 697 103	663 952	91 033 151
Total	**2 989 506 789**	**112 645 998**	**2 876 860 792**	**2 268 373 434**	**45 890 519**	**2 222 482 915**

The credit quality of financial assets has the following composition as of December 31st, 2020 and 2019:

(Amounts expressed in thousands of Kwanzas)

			31/12/2020		
	Origin of the rating	Level o rating	Exhibition gross	Impairmen	Exhibition net
Cash and deposits at Central Banks	External rating	CCC+ to CCC	441 982 650	-	441 982 650
	Unrated	N/D	32 234 185	-	32 234 185
			474 216 835	-	474 216 835
Deposits in other credit institutions	External rating	AAA to AA-	1 348 603	-	1 348 603
		A+ to A-	1 809 926	(63)	1 809 863
		BBB+ a BBB-	11 832 883	(1 235)	11 831 648
		BB+ to BB-	7 528 679	(2 492)	7 526 187
		B+ to B-	-	-	-
		CCC+ to CCC	-	-	-
		CCC to CC-	3 689 235	(14 757)	3 674 478
	Unrated	N/D	86 015	(0)	86 015
			26 295 341	(18 548)	26 276 793
Investments in Central Banks and others credit institutions	External rating	AAA to AA-	55 218 836	(13 253)	55 205 583
		A+ to A-	38 978 221	(14 812)	38 963 410
		BBB+ to BBB-	496 956 537	(591 264)	496 365 273
		BB+ to BB-	42 227 843	(151 628)	42 076 215
		B+ to B-	-	-	-
		CCC+ to CCC	16 481 254	-	16 481 254
		CCC to CC-	-	-	-
	Unrated	N/D	-	-	-
			649 862 691	(770 956)	649 091 735
Financial assets at fair value through results	External rating	CCC+ to CCC	360 799 031	-	360 799 031
	Unrated	N/D	4 895 257	-	4 895 257
			365 694 288	-	365 694 288
Investments at amortized cost	External rating	CCC+ to CCC	1 035 154 711	(57 317 952)	977 836 759
		N/D	-	-	-
			1 035 154 711	(57 317 952)	977 836 759
Loans to Clients - Assets	External rating	A-Class	149 129 679	(6 963 779)	142 165 900
		B-Class	141 836 496	(4 667 977)	137 168 519
		C-Class	1 016 976	(291 857)	725 120
		D-Class	49 771 409	(11 620 448)	38 150 962
		E-Class	14 459 170	(4 678 145)	9 781 025
		F-Class	950 997	(552 385)	398 612
		G-Class	30 654 022	(25 670 891)	4 983 131
			387 818 750	(54 445 480)	333 373 270
Loans to Clients - Extrapatrimonial	External rating	A-Class	5 444 216	(17 234)	5 426 983
		B-Class	45 019 958	(74 366)	44 945 591
		C-Class	-	(212)	(212)
		D-Class	-	(28)	(28)
		E-Class	-	(155)	(155)
		F-Class	**-**	**(30)**	**(30)**
		G-Class	**-**	**(1 037)**	**(1 037)**
			50 464 174	**(93 062)**	**50 371 112**
		Total	2 989 506 790	(112 645 997)	2 876 860 793

(Amounts expressed in thousands of Kwanzas)

			31/12/2019		
	Origin of the rating	Level o rating	Exhibition gross	Impairmen	Exhibition net
Cash and deposits at Central Banks	External rating	B+ to B-	272 027 455	-	272 027 455
	Unrated	N/D	30 688 740	-	30 688 740
			302 716 195	-	302 716 195
Deposits in other credit institutions	External rating	AAA to AA-	824 727	(2)	824 725
		A+ to A-	1 762 974	(60)	1 762 914
		BBB+ to BBB-	13 528 486	(1 583)	13 526 903
		BB+ to BB-	24 458 958	5 230	24 464 188
		B+ to B-	-	-	-
		CCC to CC-	1 933 881	(7 736)	1 926 145
	Unrated	N/D	13 449	(10 527)	8 923
			42 522 475	(14 678)	42 507 797
Investments in Central Banks and others credit institutions	External rating	AAA to AA-	48 287 141	(13 038)	48 274 103
		A+ to A-	38 607 922	(14 015)	38 593 907
		BBB+ to BBB-	115 651 027	(121 281)	115 529 746
		BB+ to BB-	231 052 893	(597 503)	230 455 390
		B+ to B-	23 893 849	-	23 893 849
	Unrated	N/D			-
			457 492 832	(745 837)	456 746 994
Financial assets at fair value through results	External rating	B+ to B-	169 700 058	-	169 700 058
	Unrated	N/D	2 990 144	-	2 990 144
			172 690 202	-	172 690 202
Investments at amortized cost	External rating	B+ to B-	842 084 352	(13 232 514)	855 316 866
		N/D	-	-	-
			842 084 352	(13 232 514)	828 851 838
Loans to Clients - Assets	Internal rating	A-Class	128 475 115	(2 139 495)	126 335 620
		B-Class	174 096 065	(3 813 067)	170 282 998
		C-Class	1 561 222	(516 131)	1 045 091
		D-Class	29 575 358	(6 871 753)	22 703 605
		E-Class	2 012 116	(1 288 183)	723 933
		F-Class	1 401 811	(569 802)	832 009
		G-Class	22 048 588	(16 035 107)	6 013 481
			359 170 275	(31 233 538)	327 936 737
Loans to Clients - Extrapatrimonial	Internal rating	A-Class	4 958 191	(5 895)	4 952 296
		B-Class	86 737 465	(646 627)	86 090 838
		C-Class	-	(126)	(126)
		D-Class	-	(294)	(294)
		E-Class	-	(2 917)	(2 917)
		F-Class	-	(1 850)	(1 850)
		G-Class	**1 447**	**(6 243)**	**(4 796)**
			91 697 103	**(663 952)**	**91 033 151**
		Total	**2 268 373 434**	**(45 890 519)**	**2 222 482 915**

As of December 31st, 2020 and 2019, interest income and expenses on financial instruments not measured at fair value through profit or loss, net of impairment, are as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020			31/12/2019		
	Income	Expenses	Liquid	Income	Expenses	Liquid
Assets						
Investments in Central Banks and other credit institutions	4 977 155	(181 105)	5 158 260	9 780 520	(108 451)	9 888 971
Investments at amortized cost	138 350 946	42 606 607	95 744 339	112 467 860	8 712 254	103 755 606
Customer Credit	40 432 190	16 920 894	23 511 296	39 412 456	5 188 018	34 224 438
	183 760 291	59 346 396	124 413 895	161 660 836	13 791 821	147 869 015
Liabilities						
Customer funds and other loans	-	27 917 938	(27 917 938)	-	34 701 457	(34 701 457)
Deposits from central banks and other credit institutions	-	578 939	(578 939)	-	138 067	(138 067)
	-	28 496 877	(28 496 877)	-	34 839 524	(34 839 524)
Off-Balance Sheet						
Guarantees provided	461 845	-	461 845	566 020	-	566 020
Documentary Credits	1 138 679	-	1 138 679	2 427 052	-	2 427 052
	1 600 524	**-**	**1 600 524**	**2 993 072**	**-**	**2 993 072**
	185 360 815	**87 843 273**	**97 517 542**	**164 653 908**	**48 631 345**	**116 022 563**

At December 31st, 2020 and 2019, the net gains and losses on financial instruments presents the following detail:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020					
	For offsetting Results			For offsetting Equity		
	Gains	Losses	Results	Gains	Losses	Results
Assets						
Investments in Central Banks and other credit institutions	4 977 155	(181 105)	5 158 260	-	-	-
Financial assets at fair value through profit or loss	50 362 481	-	50 362 481	-	-	-
Investments at amortized cost	138 350 946	42 606 607	95 744 339	-	-	-
Customer Credit	40 432 190	16 920 894	23 511 296	-	-	-
	234 122 772	59 346 396	174 776 376	-	-	-
Liabilities						
Customer funds and other loans	-	27 917 938	(27 917 938)	-	-	-
Deposits from central banks and other credit institutions	-	578 939	(578 939)	-	-	-
Financial liabilities at fair value through profit or loss	585 191	4 244 410	(3 659 219)			
	585 191	32 741 287	(32 156 096)	-	-	-
Off-Balance Sheet						
Guarantees provided	461 845	-	461 845	-	-	-
Documentary Credits	1 138 679	-	1 138 679	-	-	-
	1 600 524	**-**	**1 600 524**	**-**	**-**	**-**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019					
	For offsetting Results			For offsetting Equity		
	Gains	Losses	Results	Gains	Losses	Results
Assets						
Investments in Central Banks and other credit institutions	9 780 520	(108 451)	9 888 971	-	-	-
Financial assets at fair value through profit or loss	35 892 590	9 609 680	26 282 910	-	-	-
Investments at amortized cost	112 467 860	8 712 254	103 755 606	-	-	-
Customer Credit	39 412 456	5 188 018	34 224 438	-	-	-
	197 553 426	23 401 501	174 151 925	-	-	-
Liabilities						
Customer funds and other loans	-	34 701 457	(34 701 457)	-	-	-
Deposits from central banks and other credit institutions	-	138 067	(138 067)	-	-	-
Financial liabilities at fair value through profit or loss	208 633	12 675 871	(12 467 238)			
	208 633	47 515 395	(47 306 762)	-	-	-
Off-Balance Sheet						
Guarantees provided	566 020	-	566 020	-	-	-
Documentary Credits	2 427 052	-	2 427 052	-	-	-
	2 993 072	**-**	**2 993 072**	**-**	**-**	**-**

As of December 31, 2020 and 2019, the geographic concentration of credit risk exposure shows the following detail:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
	Angola	Other countries in Africa	Europe	Other	Total
Assets					
Cash and deposits at Central Banks	474 216 835	-	-	-	474 216 835
Deposits in other credit institutions	17 000	6 045 808	20 052 323	161 662	26 276 793
Investments in Central Banks and others credit institutions	15 710 298	83 202 750	550 178 687	-	649 091 735
Financial assets at fair value through results	365 694 288	-	-	-	365 694 288
Investments at amortized cost	977 836 759	-	-	-	977 836 759
Loans to Customers	333 373 269	-	-	-	333 373 269
Total	**2 166 848 449**	**89 248 558**	**570 231 010**	**161 662**	**2 826 489 679**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
	Angola	Other countries in Africa	Europe	Other	Total
Assets					
Cash and deposits at Central Banks	302 716 195	-	-	-	302 716 195
Deposits in other credit institutions	-	6 632 941	35 780 481	94 375	42 507 797
Investments in Central Banks and others credit institutions	23 148 011	93 939 913	339 659 071	-	456 746 995
Financial assets at fair value through results	172 690 202	-	-	-	172 690 202
Investments at amortized cost	828 851 838	-	-	-	828 851 838
Loans to Customers	327 936 737	-	-	-	327 936 737
Total	**1 655 342 983**	**100 572 854**	**375 439 552**	**94 375**	**2 131 449 764**

The sectorial concentration of loans to Clients as of December 31, 2020 and 2019 has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020						
	Customer Credit		Credit to Customers- off-balance sheet	Exposure total	Weight relative	Impairment	
	Upcoming	Overdue loan				Value	Impairment/ Total Exposure
Companies							
Real estate, renting and business activities	281 756	173	-	281 929	0%	3 544	1%
Other community, social and personal service activities	826 626	130 070	-	956 696	0%	378 137	40%
Central Administration	52 182 587	192	-	52 182 779	12%	2 796 422	5%
Agriculture, livestock, hunting and forestry	52 506 120	509 801	1 400 984	54 416 905	12%	11 784 690	22%
Accommodation and catering	5 454 360	70 007	42 859	5 567 226	1%	151 469	3%
Financial Activities	16 864	-	10 077 996	10 094 861	2%	4 122	0%
Wholesale and retail trade	5 048 451	855 619	2 974 968	8 879 038	2%	1 276 048	14%
Construction	54 284 898	1 056 845	6 867 727	62 209 469	14%	3 333 519	5%
Education	252 729	367 982	-	620 711	0%	476 796	77%
Mining and quarrying	350 136	5 141 179	5 000	5 496 316	1%	7 343 092	134%
Manufacturing	7 324 960	666	9 908 424	17 234 050	4%	1 163 752	7%
Other service companies	102 840 210	2 445 517	14 984 557	120 270 284	27%	11 815 019	10%
Production and distribution of electricity, gas and water	1 389 311	2 342	731 063	2 122 717	0%	48 158	2%
Health and Social Action	147 740	35 969	-	183 709	0%	29 401	16%
Transport, storage and communications	1 055 227	1 282 025	3 455 184	5 792 436	1%	2 036 004	35%
	283 961 977	11 898 387	50 448 762	346 309 126		42 640 173	
Private							
Consumption	57 420 866	1 844 898	-	59 265 764	14%	2 939 625	5%
Housing	28 836 781	1 055 913	-	29 892 694	7%	7 300 842	24%
Other purposes	1 122 888	1 677 039	15 412	2 815 339	1%	1 657 902	59%
	87 380 535	4 577 851	15 412	91 973 797		11 898 369	
Total	**371 342 511**	**16 476 238**	**50 464 174**	**438 282 923**		**54 538 542**	

(Amounts expressed in thousands of Kwanzas)

	31/12/2019						
	Customer Credit		Credit to Customers- off-balance sheet	Exposure total	Weight relative	Impairment	
	Upcoming	Overdue loan				Value	Impairment/ Total Exposure
Companies							
Real estate, renting and business activities	49 514	9 074	1 495	60 083	0%	9 639	16%
Other community, social and personal service activities	907 158	37 767	-	944 925	0%	52 932	6%
Central Administration	117 014 715	142	-	117 014 857	26%	1 838 934	2%
Agriculture, livestock, hunting and forestry	24 483 981	7 381 419	23 455	31 888 855	7%	7 072 060	22%
Accommodation and catering	6 723 051	203 474	206 155	7 132 680	2%	542 244	8%
Financial Activities	597 653	2 274 498	9 561 610	12 433 761	3%	117 061	1%
Wholesale and retail trade	10 207 642	1 473 617	35 340 034	47 021 293	10%	1 748 306	4%
Construction	35 303 589	1 014 691	8 396 370	44 714 650	10%	2 117 612	5%
Education	742 980	143 703	987 864	1 874 547	0%	141 710	8%
Mining and quarrying	666 020	5 383 230	61 871	6 111 121	1%	5 397 104	88%
Manufacturing	10 795 242	107 466	12 634 722	23 537 430	5%	414 451	2%
Other service companies	30 094 521	314 061	5 912 767	36 321 349	8%	1 397 242	4%
Production and distribution of electricity, gas and water	903 068	98 010	975 692	1 976 770	0%	133 856	7%
Health and Social Action	268 391	2 911	-	271 302	0%	8 142	3%
Transport, storage and communications	7 664 238	1 376 969	17 019 191	26 060 398	6%	1 630 988	6%
	246 421 763	19 821 032	91 121 226	357 364 021		22 622 281	
Private							
Consumption	56 503 675	1 950 037	-	58 453 712	13%	2 265 719	4%
Housing	30 279 535	906 840	-	31 186 375	7%	6 575 892	21%
Other purposes	2 843 401	443 992	575 877	3 863 270	1%	433 598	11%
	89 626 611	3 300 869	575 877	93 503 357		9 275 209	
Total	**336 048 374**	**23 121 901**	**91 697 103**	**450 867 378**		**31 897 490**	

As of December 31st, 2020 and 2019, the composition of overdue loans to Customers presents the following detail, by class of default:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020						
		Default class					
	Overdue credit associated with overdue	Up to 1 month	1 month to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Customer Credit							
Credit without impairment	150 917	96	976	457 880	113 646	1 187	724 702
With impairment assigned based on individual analysis							
Overdue credit and interest	17 164 599	4 280	6 877	3 107 051	13 210 143	2 080 177	35 573 127
Impairment	7 960 444	1 639	4 316	3 081 253	11 822 614	2 080 177	24 950 442
Net Exposure	9 204 155	2 641	2 561	25 798	1 387 530	-	10 622 685
With impairment assigned based on collective analysis							
Overdue credit and interest	6 171 708	27 182	571 663	2 218 897	1 489 689	5 859	10 484 998
Impairment	1 434 156	603	210 893	1 476 167	1 005 753	5 859	4 133 430
Net Exposure	4 737 552	26 579	360 770	742 730	483 937	-	6 351 568
Total	**14 092 623**	**29 316**	**364 307**	**1 226 409**	**1 985 112**	**1 187**	**17 698 955**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019						
		Default class					
	Overdue credit associated with overdue	Up to 1 month	1 month to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Customer Credit							
Credit without impairment	38 263	148	7 246	661	21 246	-	67 564
With impairment assigned based on individual analysis							
Overdue credit and interest	32 599 521	2 926	114 347	2 432 547	16 688 964	1 546 802	53 385 107
Impairment	9 000 822	2 363	10 371	179 281	10 664 049	1 546 802	21 403 688
Net Exposure	23 598 699	563	103 976	2 253 266	6 024 915	-	31 981 419
With impairment assigned based on collective analysis							-
Overdue credit and interest	5 754 972	19 624	231 964	883 428	1 160 678	11 318	8 061 984
Impairment	1 399 266	184	98 999	457 303	501 895	6 573	2 464 220
Net Exposure	4 355 706	19 440	132 965	426 125	658 783	4 745	5 597 764
Total	**27 992 668**	**20 151**	**244 187**	**2 680 052**	**6 704 944**	**4 745**	**37 646 747**

As of December 31st, 2020 and 2019, the composition of overdue loans to Customers shows the following detail, by stage of impairment:

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
		Default class Impairment			
		Stages			
	Overdue credit associated with overdue credit	Stage 1	Stage 2	Stage 3	Total
Customer Credit					
Credit without impairment	150 917	94	233	573 459	724 702
With impairment assigned based on individual analysis					
Overdue credit and interest	17 164 599	-	399 129	18 009 399	35 573 127
Impairment	7 960 444	-	91 219	16 898 779	24 950 442
Net Exposure	9 204 155	-	307 910	1 110 620	10 622 685
With impairment assigned based on collective analysis					
Overdue credit and interest	6 171 708	38 689	744 396	3 530 205	10 484 998
Impairment	1 434 156	4 254	301 404	2 393 617	4 133 430
Net Exposure	4 737 552	34 435	442 993	1 136 588	6 351 568
Total	**14 092 623**	**34 529**	**751 136**	**2 820 667**	**17 698 955**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
		Default class Impairment			
		Stages			
	Overdue credit associated with overdue credit	Stage 1	Stage 2	Stage 3	Total
Customer Credit					
Credit without impairment	38 263	148	1 065	28 088	67 564
With impairment assigned based on individual analysis					
Overdue credit and interest	32 599 521	-	9 649 179	11 136 407	53 385 107
Impairment	9 000 822	-	1 789 201	10 613 665	21 403 688
Net Exposure	23 598 699	-	7 859 978	522 742	31 981 419
With impairment assigned based on collective analysis					
Overdue credit and interest	5 754 972	155 449	405 563	1 746 000	8 061 984
Impairment	1 399 266	67 703	185 826	811 425	2 464 220
Net Exposure	4 355 706	87 746	219 737	934 575	5 597 764
Total	**27 992 668**	**87 894**	**8 080 780**	**1 485 405**	**37 646 747**

The composition of overdue loans with impairment assigned based on individual analysis and collective analysis as of December 31st, 2020 and 2019 shows the following detail, by class of default:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020					
		Default class				
	Credit maturing associated with overdue credit	Credit overdue up to 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Credit more than 180 days overdue	Total
Overdue credit and interest						
With impairment assigned based on analysis individual	17 164 599	4 280	6 877	25 489	18 371 882	35 573 127
With impairment assigned based on analysis collectiv	6 171 708	27 182	571 663	621 788	3 092 658	10 484 998
Total	**23 336 307**	**31 462**	**578 540**	**647 277**	**21 464 540**	**46 058 125**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019					
		Default class				
	Credit maturing associated with overdue credit	Credit overdue up to 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Credit more than 180 days overdue	Total
Overdue credit and interest						
With impairment assigned based on analysis individual	32 599 521	2 926	114 347	4 284	20 664 029	53 385 107
With impairment assigned based on analysis collectiv	5 754 972	19 624	231 964	340 607	1 714 817	8 061 984
Total	**38 354 493**	**22 550**	**346 311**	**344 891**	**22 378 846**	**61 447 091**

The composition of overdue loans with impairment assigned based on individual analysis and collective analysis as of December 31st, 2020 and 2019 shows the following detail by stage of impairment:

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
		Stages of Impairment			
	Outstanding credit	Stage 1	Stage 2	Stage 3	Total
Overdue credit and interest					
With impairment assigned based on individual analysis	17 164 599	-	399 129	18 009 399	35 573 127
With impairment assigned based on collective analysis	6 171 708	38 689	744 396	3 530 205	10 484 998
Total	**23 336 307**	**38 689**	**1 143 525**	**21 539 604**	**46 058 125**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
		Stages of Impairment			
	Outstanding credit	Stage 1	Stage 2	Stage 3	Total
Overdue credit and interest					
With impairment assigned based on individual analysis	32 599 521	-	9 649 179	11 136 407	53 385 107
With impairment assigned based on collective analysis	5 754 972	155 449	405 563	1 746 000	8 061 984
Total	**38 354 493**	**155 449**	**10 054 742**	**12 882 407**	**61 447 091**

The composition of non-impaired overdue loans as of December 31st, 2020 and 2019 shows the following detail, by class of default:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020					
		Default class				
	Credit maturing associated with overdue credit	Credit overdue up to 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Credit more than 180 days overdu	Total
Overdue credit and interest						
No Impairment	150 917	96	976	3 132	569 581	724 702
Total	**150 917**	**96**	**976**	**3 132**	**569 581**	**724 702**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019					
		Default class				
	Credit maturing associated with overdue credit	Credit overdue up to 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Credit more than 180 days overdu	Total
Overdue credit and interest						
No Impairment	38 263	148	7 246	-	21 907	67 564
Total	**38 263**	**148**	**7 246**	**-**	**21 907**	**67 564**

The composition of overdue loans without impairment as of December 31st, 2020 and 2019 shows the following detail, by stage of impairment:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
		Stages of Impairment			
	Overdue credit associated with overdue credit	Stage 1	Stage 2	Stage 3	Total
Overdue credit and interest					
No Impairment	150 917	94	233	573 459	724 702
Total	**150 917**	**94**	**233**	**573 459**	**724 702**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
		Stages of Impairment			
	Overdue credit associated with overdue credit	Stage 1	Stage 2	Stage 3	Total
Overdue credit and interest					
No Impairment	148	1 065	28 088	67 564	1 628 603
Total	**148**	**1 065**	**28 088**	**67 564**	**1 628 603**

The exposure to credit risk by financial asset class, rating level and stage with reference to December 31st, 2020 and 2019 presents the following detail:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Financial assets acquired or originated impaired for credit losses	Total
Cash and deposits in Central Banks:					
CCC+ to CCC	441 982 650	-	-	-	441 982 650
N/A	32 234 185	-	-	-	32 234 185
	474 216 835	-	-	-	474 216 835
Cash and cash equivalents in other credit institutions:					
AAA to AA-	1 348 603	-	-	-	1 348 603
A+ to A-	1 809 926	-	-	-	1 809 926
BBB+ to BBB-	11 832 883	-	-	-	11 832 883
BB+ to BB-	7 528 679	-	-	-	7 528 679
B+ to B-	-	-	-	-	-
CCC+ to CCC	-	-	-	-	-
CCC to CC-	3 689 235	-	-	-	3 689 235
N/A	86 015	-	-	-	86 015
	26 295 341	-	-	-	26 295 341
Investments in Central Banks and other credit institutions:					
AAA to AA-	55 218 836	-	-	-	55 218 836
A+ to A-	38 978 221	-	-	-	38 978 221
BBB+ to BBB-	496 956 537	-	-	-	496 956 537
BB+ to BB-	42 227 843	-	-	-	42 227 843
B+ to B-	-	-	-	-	-
CCC+ to CCC	16 481 254	-	-	-	16 481 254
CCC to CC-	-	-	-	-	-
N/A	-	-	-	-	-
	649 862 691	-	-	-	649 862 691
Investments at amortized cost:					
CCC+ to CCC	751 660 677	283 494 034	-	-	1 035 154 711
N/A	-	-	-	-	
	751 660 677	283 494 034	-	-	1 035 154 711
Accounts Receivable - Patrimonial:					
A-Class	71 958 377	77 170 163	1 139	-	149 129 679
B-Class	109 522 987	30 510 240	1 803 269	-	141 836 496
C-Class	55 701	725 503	235 773	-	1 016 976
D-Class	5 046	49 720 714	45 650	-	49 771 409
E-Class	14 880	12 278 103	2 166 188	-	14 459 170
F-Class	191	694	950 112	-	950 997
G-Class	34 779	1 092 464	29 526 779	-	30 654 022
	181 591 960	171 497 880	34 728 909	-	387 818 749
Credit to Clients - Extrapatrimonial:					
A-Class	5 444 216	-	-	-	5 444 216
B-Class	42 894 131	2 125 826	-	-	45 019 958
C-Class	-	-	-	-	-
D-Class	-	-	-	-	-
E-Class	-	-	-	-	-
F-Class	-	-	-	-	-
G-Class	-	-	-	-	-
	48 338 347	2 125 826	-	-	50 464 174
Total gross book value	**2 131 965 851**	**457 117 741**	**34 728 909**	**-**	**2 623 812 501**
Provision for losses	38 621 064	45 799 925	28 225 009	-	112 645 998
Net book value	**2 093 344 787**	**411 317 816**	**6 503 901**	**-**	**2 511 166 504**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
	Stage 1 (12 months)	Stage 2 (instrument duration)	Stage 3 (instrument duration)	Financial assets acquired or originated impaired for credit losses	Total
Cash and deposits in Central Banks:					
B+ to B-	272 027 455	-	-	-	272 027 455
N/A	30 688 740	-	-	-	30 688 740
	302 716 195	-	-	-	302 716 195
Cash and cash equivalents in other credit institutions:					
AAA to AA-	824 727	-	-	-	824 727
A+ to A-	1 762 974	-	-	-	1 762 974
BBB+ to BBB-	13 528 486	-	-	-	13 528 486
BB+ to BB-	24 458 958	-	-	-	24 458 958
B+ to B-	-	-	-	-	-
CCC to CC-	1 933 881	-	-	-	1 933 881
N/A	13 449	-	-	-	13 449
	42 522 475	-	-	-	42 522 475
Investments in Central Banks and other credit institutions:					
AAA to AA-	48 287 141	-	-	-	48 287 141
A+ to A-	38 607 922	-	-	-	38 607 922
BBB+ to BBB-	115 651 027	-	-	-	115 651 027
BB+ to BB-	231 052 893	-	-	-	231 052 893
B+ to B-	23 893 849	-	-	-	23 893 849
N/A	-	-	-	-	-
	457 492 832	-	-	-	457 492 832
Investments at amortized cost:					
B+ to B-	842 084 352	-	-	-	842 084 352
N/A	-	-	-	-	-
	842 084 352	-	-	-	842 084 352
Accounts Receivable - Patrimonial:					
A-Class	128 475 115	-	-	-	128 475 115
B-Class	131 761 546	41 052 020	1 282 499	-	174 096 065
C-Class	85 850	1 175 955	299 417	-	1 561 222
D-Class	2 085	29 566 188	7 085	-	29 575 358
E-Class	2 252	290 411	1 719 453	-	2 012 116
F-Class	535 798	2 641	863 372	-	1 401 811
G-Class	84 775	2 864 744	19 099 069	-	22 048 588
	260 947 421	74 951 959	23 270 895	-	359 170 275
Credit to Clients - Extrapatrimonial:					
A-Class	4 958 191	-	-	-	4 958 191
B-Class	83 954 310	2 783 155	-	-	86 737 465
C-Class	-	-	-	-	-
D-Class	-	-	-	-	-
E-Class	-	-	-	-	-
F-Class	-	-	-	-	-
G-Class	-	-	1 447	-	1 447
	88 912 501	2 783 155	1 447	-	91 697 103
Total gross book value	**1 994 675 776**	**77 735 114**	**23 272 342**	**-**	**2 095 683 232**
Provision for losses	18 312 144	9 164 323	18 414 052	-	45 890 519
Net book value	**1 976 363 632**	**68 570 791**	**4 858 290**	**-**	**2 049 792 713**

Below is the detail of the modified financial assets with reference to December 31, 2020 and 2019:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Financial assets modified during the period (with allowance for losses based on expected credit losses throughout the respective duration)		
Gross book value before change	38 536 179	5 350 307
Allowance for Losses Before Modification	8 647 007	1 485 882
Net amortized cost before modification	29 889 172	3 864 425
Net Gains/Losses from modification	10 323 269	-1 668 860
Net amortized cost after modification	**40 212 441**	**2 195 565**

As of December 31st, 2020 and 2019, the restructured credit has the following structure:

(Amounts expressed in thousands of Kwanzas)

	30/06/2020			
	Credit			
	Vincendo	Overdue	Total	Impairment
Companies:	53 256 834	14 209	53 271 043	11 821 128
Households:				
Consumption	21 863	181	22 045	732
Housing	3 501 509	22 944	3 524 452	2 167 568
	3 523 372	23 126	3 546 497	2 168 301
Total	**56 780 206**	**37 334**	**56 817 540**	**13 989 429**

(Amounts expressed in thousands of Kwanzas)

	30/06/2019			
	Crédito			
	Vincendo	Overdue	Total	Impairment
Companies:	7 100 546	-	7 100 546	196 638
Households:				
Consumption	16 316	-	16 316	742
Housing	3 590 565	5 145	3 595 710	2 794 573
	3 606 881	5 145	3 612 026	2 795 315
Total	**10 707 427**	**5 145**	**10 712 572**	**2 991 953**

30.2 LIQUIDITY RISK

Liquidity risk is the risk that the Bank will encounter difficulties obtaining the financial resources it needs to meet its financial commitments when they become due. Liquidity risk can take the form of, for example, the inability to sell a financial instrument quickly for an amount representative of its fair value, due to its large size, concerning the volume normally traded, or because of some discontinuity in the market.

Under the Bank's internal policies regarding exposure to liquidity risk, the respective follow-up and monitoring of the established principles and limits is ensured by the Risk Management Department.

As of December 31st, 2020 and 2019, the total contractual cash flows show the following detail:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020									
	Contractual residual deadlines									
	At a glance	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year to 3 years	Between 3 years to 5 years	More from 5 years	Undetermined	Total
Active										
Cash and deposits at Central Banks	474 216 835	-	-	-	-	-	-	-	-	474 216 835
Deposits in other credit institutions	26 276 793	-	-	-	-	-	-	-	-	26 276 793
Investments in Central Banks and other credit institutions	-	576 283 764	72 807 971	-	-	-	-	-	-	649 091 735
Financial assets at fair value through profit or loss	-	-	-	-	151 201 746	185 714 859	24 279 946	4 497 736	-	365 694 288
Investments at amortized cost Loans	-	-	-	-	90 679 761	589 205 004	251 023 066	46 928 927	-	977 836 759
Credit to Customers	18 797 103	-	3 774 146	12 021 899	50 249 272	106 884 001	38 620 656	103 026 192	-	333 373 269
Total assets	**519 290 731**	**576 283 764**	**76 582 117**	**12 021 899**	**292 130 780**	**881 803 865**	**313 923 669**	**154 452 855**	**-**	**2 826 489 679**
Liabilities										
Deposits from central banks and other credit institutions	1 133 494	2 954 805	-	-	-	-	-	-	-	4 088 299
Customer funds and other loans	1 108 930 116	239 792 553	381 470 505	337 426 158	176 385 958	8 197 417	-	-	-	2 252 202 707
Financial liabilities at fair value through results	4 244 410	-	-	-	-	-	-	-	-	4 244 410
Total Liabilities	**1 114 308 020**	**242 747 358**	**381 470 505**	**337 426 158**	**176 385 958**	**8 197 417**	**-**	**-**	**-**	**2 260 535 416**
Liquidity Gap	**(595 017 289)**	**333 536 406**	**(304 888 388)**	**(325 404 259)**	**115 744 822**	**873 606 448**	**313 923 669**	**154 452 855**	**-**	**565 954 263**
Accumulated liquidity gap	**(595 017 289)**	**(261 480 883)**	**(566 369 271)**	**(891 773 530)**	**(776 028 708)**	**97 577 739**	**411 501 408**	**565 954 263**	**565 954 263**	**1 131 908 526**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019									
	Contractual residual deadlines									
	At a glance	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year to 3 years	Between 3 years to 5 years	More from 5 years	Undetermined	Total
Active										
Cash and deposits at Central Banks	302 716 195	-	-	-	-	-	-	-	-	302 716 195
Deposits in other credit institutions	42 507 797	-	-	-	-	-	-	-	-	42 507 797
Investments in Central Banks and other credit institutions	48 400 048	295 237 172	93 824 657	19 285 118	-	-	-	-	-	456 746 995
Financial assets at fair value through profit or loss	-	-	20 840 121	42 470 084	15 033 371	79 832 900	13 702 096	811 630	-	172 690 202
Investments at amortized cost Loans	-	-	18 579 636	39 854 946	35 896 333	534 298 619	200 222 304	-	-	828 851 838
Credit to Customers	64 960 136	6 549 619	21 884 297	16 364 650	7 968 100	82 336 460	61 851 172	66 022 303	-	327 936 737
Total assets	**458 584 176**	**301 786 791**	**155 128 711**	**117 974 799**	**58 897 804**	**696 467 978**	**275 775 572**	**66 833 933**	**-**	**2 131 449 764**
Liabilities										
Deposits from central banks and other credit institutions	1 619 110	6 049 996	-	-	-	-	-	-	-	7 669 106
Customer funds and other loans	720 817 279	177 796 724	360 599 763	239 516 765	124 167 114	-	-	-	-	1 622 897 645
Financial liabilities at fair value through results	12 675 871	-	-	-	-	-	-	-	-	12 675 871
Total Liabilities	**735 112 260**	**183 846 720**	**360 599 763**	**239 516 765**	**124 167 114**	**-**	**-**	**-**	**-**	**1 643 242 622**
Liquidity Gap	**(276 528 084)**	**117 940 071**	**(205 471 052)**	**(121 541 966)**	**(65 269 310)**	**696 467 978**	**275 775 572**	**66 833 933**	**-**	**488 207 142**
Accumulated liquidity gap	**(276 528 084)**	**(158 588 013)**	**(364 059 065)**	**(485 601 031)**	**(550 870 341)**	**145 597 637**	**421 373 209**	**488 207 142**	**488 207 142**	**976 414 284**

The contractual cash flows relating to capital, as of December 31, 2020 and 2019, have the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020									
	Datas de maturidade									
	At a glance	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year to 3 years	Between 3 years to 5 years	More from 5 years	Undetermined	Total
Active										
Cash and Deposits at Banks central	474 216 835	-	-	-	-	-	-	-	-	474 216 835
Cash and cash equivalents in others credit institutions	26 276 793	-	-	-	-	-	-	-	-	26 276 793
Applications in Central Banks and in other credit institutions	-	575 993 108	72 771 249	-	-	-	-	-	-	648 764 357
Financial assets at fair value through results	-	-	-	-	145 837 576	179 769 348	23 734 693	4 493 333	-	353 834 950
Investments at amortized cost	-	-	-	-	88 075 779	580 771 307	243 210 456	45 856 234	-	957 913 776
Loans to Customers	18 270 137	-	3 685 120	11 751 924	50 179 618	105 319 934	38 437 103	97 317 696	-	324 961 532
Total Assets	**518 763 765**	**575 993 108**	**76 456 369**	**11 751 924**	**284 092 973**	**865 860 589**	**305 382 253**	**147 667 263**	**-**	**2 785 968 243**
Liabilitie										
Resources from Central Banks and other credit institutions	1 133 494	2 954 524	-	-	-	-	-	-	-	4 088 018
Customer resources and others loans	1 108 756 128	238 641 132	378 915 687	335 353 346	175 400 055	8 001 224	-	-	-	2 245 067 572
Financial liabilities at fair value through results	4 244 410	-	-	-	-	-	-	-	-	4 244 410
Total liabilities	**1 114 134 032**	**241 595 656**	**378 915 687**	**335 353 346**	**175 400 055**	**8 001 224**	**-**	**-**	**-**	**2 253 400 000**
Liquidity Gap	**(595 370 267)**	**334 397 452**	**(302 459 318)**	**(323 601 422)**	**108 692 918**	**857 859 365**	**305 382 253**	**147 667 263**	**-**	**532 568 243**
Accumulated liquidity gap	**(595 370 267)**	**(260 972 815)**	**(563 432 133)**	**(887 033 555)**	**(778 340 637)**	**79 518 728**	**384 900 980**	**532 568 243**	**532 568 243**	**1 065 136 486**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019									
	Datas de maturidade									
	At a glance	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year to 3 years	Between 3 years to 5 years	More from 5 years	Undetermined	Total
Active										
Cash and Deposits at Banks central	302 716 195	-	-	-	-	-	-	-	-	302 716 195
Cash and cash equivalents in others credit institutions	42 507 797	-	-	-	-	-	-	-	-	42 507 797
Applications in Central Banks and in other credit institutions	48 343 467	294 892 033	93 714 974	19 262 573	-	-	-	-	-	456 213 047
Financial assets at fair value through results	-	-	18 197 055	38 958 531	14 822 959	77 595 577	13 451 369	800 401	-	163 825 891
Investments at amortized cost	-	-	17 898 402	39 174 711	34 427 941	524 047 531	194 106 509	-	-	809 655 093
Loans to Customers	63 908 330	6 477 508	20 905 355	16 106 645	7 908 104	81 045 985	62 271 037	65 019 260	-	323 642 224
Total Assets	**457 475 789**	**301 369 541**	**150 715 785**	**113 502 460**	**57 159 004**	**682 689 093**	**269 828 915**	**65 819 661**	**-**	**2 098 560 247**
Liabilitie										
Resources from Central Banks and other credit institutions	1 619 110	6 049 996	-	-	-	-	-	-	-	7 669 106
Customer resources and others loans	720 590 518	176 106 435	357 449 662	237 428 627	123 535 237	-	-	-	-	1 615 110 479
Financial liabilities at fair value through results	(76 568)	-	-	-	-	-	-	-	-	(76 568)
Total liabilities	**722 133 060**	**182 156 431**	**357 449 662**	**237 428 627**	**123 535 237**	**-**	**-**	**-**	**-**	**1 622 703 017**
Liquidity Gap	**(264 657 271)**	**119 213 110**	**(206 733 877)**	**(123 926 167)**	**(66 376 233)**	**682 689 093**	**269 828 915**	**65 819 661**	**-**	**475 857 230**
Accumulated liquidity gap	**(264 657 271)**	**(145 444 161)**	**(352 178 038)**	**(476 104 205)**	**(542 480 438)**	**140 208 654**	**410 037 569**	**475 857 230**	**475 857 230**	**951 714 460**

30.3 MARKET RISK

Market risk corresponds to the possible fluctuation of the fair value or future cash flows associated with a financial instrument due to changes in market prices. Market risk includes interest rate risk and foreign exchange risk.

Interest Rate Risk

Interest rate risk corresponds to the risk arising from adverse movements in interest rates resulting in the mismatch in the amount, maturities, or refixing periods of interest rates observed in financial instruments with interest receivable and payable.

At December 31, 2020 and 2019, the detail of financial instruments by exposure to interest rate risk shows the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
	Exposure to		Not subject to risk of interest rate	Derivatives	Total
	Flat Rate	Variable Rate			
Assets	**2 393 255 377**	**37 075 038**	**396 159 264**	**-**	**2 826 489 679**
Cash and deposits at Central Banks	443 751 859	-	30 464 976	-	474 216 835
Deposits in other credit institutions	26 276 793	-	-	-	26 276 793
Investments in Central Banks and other credit institutions	649 091 735	-	-	-	649 091 735
Financial assets at fair value through profit or loss	-	-	365 694 288	-	365 694 288
Investments at amortized cost	977 836 759	-	-	-	977 836 759
Customer Credit	296 298 231	37 075 038	-	-	333 373 269
Liabilities	**2 253 227 132**	**-**	**7 308 284**	**-**	**2 260 535 416**
Deposits from central banks and other credit institutions	1 024 425	-	3 063 874	-	4 088 299
Customer funds and other loans	2 252 202 707	-	-	-	2 252 202 707
Financial liabilities at fair value through profit or loss	-	-	4 244 410	-	4 244 410
Total	**4 646 482 509**	**37 075 038**	**403 467 548**	**-**	**5 087 025 095**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
	Exposure to		Not subject to risk of interest rate	Derivatives	Total
	Flat Rate	Variable Rate			
Assets	**1 584 999 767**	**343 071 373**	**203 378 624**	**-**	**2 131 449 764**
Cash and deposits at Central Banks	-	272 027 773	30 688 422	-	302 716 195
Deposits in other credit institutions	-	42 507 797	-	-	42 507 797
Investments in Central Banks and other credit institutions	456 746 995	-	-	-	456 746 995
Financial assets at fair value through profit or loss	-	-	172 690 202	-	172 690 202
Investments at amortized cost	828 851 838	-	-	-	828 851 838
Customer Credit	299 400 934	28 535 803	-	-	327 936 737
Liabilities	**1 622 918 139**	**-**	**20 324 483**	**-**	**1 643 242 622**
Deposits from central banks and other credit institutions	20 494	-	7 648 612	-	7 669 106
Customer funds and other loans	1 622 897 645	-	-	-	1 622 897 645
Financial liabilities at fair value through profit or loss	-	-	12 675 871	-	12 675 871
Total	**3 207 917 906**	**343 071 373**	**223 703 107**	**-**	**3 774 692 386**

The detail of financial instruments with exposure to interest rate risk according to maturity or prefixation date, at December 31st, 2020 and 2019, has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020								
	Datas de refixação/ Datas de maturidade								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year to 3 years	Between 3 years to 5 years	More than 5 years	Undetermined	Total
Assets	**1 065 109 519**	**76 582 117**	**12 021 899**	**140 929 033**	**696 089 005**	**289 643 722**	**149 955 119**	**-**	**2 430 330 415**
Cash and deposits at Central Banks	443 751 859	-	-	-	-	-	-	-	443 751 859
Deposits in other financial institutions credit	26 276 793	-	-	-	-	-	-	-	26 276 793
Investments in Central Banks and credit institutions	576 283 764	72 807 971	-	-	-	-	-	-	649 091 735
Investments at amortized cost	-	-	-	90 679 761	589 205 004	251 023 066	46 928 927	-	977 836 759
Loans to Customers	18 797 103	3 774 146	12 021 899	50 249 272	106 884 001	38 620 656	103 026 192	-	333 373 269
Liabilities	**1 349 747 092**	**381 470 505**	**337 426 158**	**176 385 958**	**8 197 419**	**-**	**-**	**-**	**2 253 227 132**
Resources from Central Banks and others credit institutions	1 024 425	-	-	-	-	-	-	-	1 024 425
Customer resources and other loans	1 348 722 667	381 470 505	337 426 158	176 385 958	8 197 419	-	-	-	2 252 202 707

(Amounts expressed in thousands of Kwanzas)

	31/12/2019								
	Datas de refixação/ Datas de maturidade								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months to 1 year	Between 1 year to 3 years	Between 3 years to 5 years	More than 5 years	Undetermined	Total
Assets	**729 682 545**	**134 994 072**	**34 944 286**	**47 823 046**	**118 232 793**	**596 149 791**	**266 244 607**	**-**	**1 928 071 140**
Cash and deposits at Central Banks	272 027 773	-	-	-	-	-	-	-	272 027 773
Deposits in other financial institutions credit	42 507 797	-	-	-	-	-	-	-	42 507 797
Investments in Central Banks and credit institutions	343 637 220	113 109 775	-	-	-	-	-	-	456 746 995
Investments at amortized cost	-	-	18 579 636	39 854 946	35 896 333	534 298 619	200 222 304	-	828 851 838
Loans to Customers	71 509 755	21 884 297	16 364 650	7 968 100	82 336 460	61 851 172	66 022 303	-	327 936 737
Liabilities	**898 634 497**	**360 599 763**	**239 516 765**	**124 167 114**	**-**	**-**	**-**	**-**	**1 622 918 139**
Resources from Central Banks and others credit institutions	20 494	-	-	-	-	-	-	-	20 494
Customer resources and other loans	898 614 003	360 599 763	239 516 765	124 167 114	-	-	-	-	1 622 897 645

As of December 31st, 2020 and 2019, the sensitivity analysis of the results generated by financial instruments to changes in interest rates shows the following detail:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020					
	Variation of interest rates					
	(200) bp	(100) bp	(50) bp	50 bp	100 bp	200 bp
Interest and similar income	(1 983 173 881)	(991 586 941)	(495 793 470)	495 793 470	991 586 941	1 983 173 881
Interest and similar charges	1 813 322 694	906 661 347	453 330 674	(453 330 674)	(906 661 347)	(1 813 322 694)
Total	**(169 851 187)**	**(84 925 594)**	**(42 462 796)**	**42 462 796**	**84 925 594**	**169 851 187**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019					
	Variation of interest rates					
	(200) bp	(100) bp	(50) bp	50 bp	100 bp	200 bp
Interest and similar income	(1 307 482 976)	(653 741 488)	(326 870 744)	326 870 744	653 741 488	1 307 482 976
Interest and similar charges	1 305 794 341	652 897 170	326 448 585	(326 448 585)	(652 897 170)	(1 305 794 341)
Total	**(1 688 635)**	**(844 318)**	**(422 159)**	**422 159**	**844 318**	**1 688 635**

Foreign Exchange Risk

Currency risk is the fluctuation of the fair value or future cash flows of a financial instrument due to changes in exchange rates.

The Bank's securities portfolio is divided between securities denominated in local and foreign currency, considering the overall structure of its balance sheet, thus avoiding incurring in foreign exchange risk.

At December 31st, 2020 and 2019, the detail of financial instruments by currency has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
	Kwanzas	United States of America Dollars	Euros	Other currencies	Total
Assets					
Cash and deposits at Central Banks	221 400 387	36 278 323	215 589 755	948 370	474 216 835
Deposits in other credit institutions	17 000	10 686 321	11 357 264	4 216 208	26 276 793
Investments in Central Banks and other credit institutions	16 481 254	569 666 124	55 851 540	7 092 817	649 091 735
Financial assets at fair value through profit or loss	354 020 911	3 518 432	40 971	8 113 974	365 694 288
Investments at amortized cost	587 007 692	390 829 066	-	1	977 836 759
Customer Credit	255 187 818	77 929 638	255 795	18	333 373 269
	1 434 115 062	**1 088 907 904**	**283 095 325**	**20 371 388**	**2 826 489 679**
Liabilities					
Deposits from central banks and other credit institutions Deposits					
from customers and other loans	(2 133 775)	(356 587)	(1 510 894)	(87 043)	(4 088 299)
Financial liabilities at fair value through profit or loss	(953 755 298)	(1 034 587 838)	(257 666 534)	(6 193 038)	(2 252 202 707)
Other Liabilities	(4 244 410)	-	-	-	(4 244 410)
	(960 133 483)	**(1 034 944 425)**	**(259 177 428)**	**(6 280 081)**	**(2 260 535 416)**
	2 394 248 545	**2 123 852 329**	**542 272 753**	**26 651 469**	**5 087 025 095**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
	Kwanzas	United States of America Dollars	Euros	Other currencies	Total
Assets					
Cash and deposits at Central Banks	183 418 884	53 144 804	65 674 461	478 046	302 716 195
Deposits in other credit institutions	-	13 692 824	25 522 119	3 292 854	42 507 797
Investments in Central Banks and other credit institutions	23 893 849	375 407 831	49 917 702	7 527 613	456 746 995
Financial assets at fair value through profit or loss	170 255 829	2 406 621	27 752	-	172 690 202
Investments at amortized cost	521 752 626	307 099 212	-	-	828 851 838
Customer Credit	222 912 110	104 203 641	820 933	53	327 936 737
	1 122 233 298	**855 954 933**	**141 962 967**	**11 298 566**	**2 131 449 764**
Liabilities					
Deposits from central banks and other credit institutions Deposits	(1 619 111)	(796 328)	(5 250 536)	(3 131)	(7 669 106)
from customers and other loans	(707 070 365)	(795 076 521)	(116 948 444)	(3 802 315)	(1 622 897 644)
Financial liabilities at fair value through profit or loss	(12 675 871)	-	-	-	(12 675 871)
Other Liabilities	-	40 559 456	-	-	40 559 456
	(721 365 347)	**(795 872 849)**	**(122 198 980)**	**(3 805 446)**	**(1 643 242 621)**
	1 843 598 645	**1 651 827 782**	**264 161 947**	**15 104 012**	**3 774 692 385**

The table above includes the securities in Kwanzas indexed to the US Dollar in the national currency.

If we include in the balances with foreign currency (i) the securities in kwanzas indexed to North American dollars (ii) the notional of the forwards, the detail of the financial instruments by currency has the following structure:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
	Kwanzas	United States of America Dollars	Euros	Other currencies	Total
Assets					
Cash and deposits at Central Banks	221 400 387	36 278 323	215 589 755	948 370	474 216 835
Deposits in other credit institutions	17 000	10 686 321	11 357 264	4 216 208	26 276 793
Investments in Central Banks and other credit institutions	16 481 254	569 666 124	55 851 540	7 092 817	649 091 735
Financial assets at fair value through profit or loss	283 980 793	73 558 550	40 971	8 113 974	365 694 288
Investments at amortized cost	587 007 692	390 829 066	-	1	977 836 759
Customer Credit	255 187 818	77 929 638	255 795	18	333 373 269
Other assets	39 785 662	-	-	-	39 785 662
	1 403 860 606	**1 158 948 022**	**283 095 325**	**20 371 388**	**2 866 275 341**
Liabilities					
Deposits from central banks and other credit institutions	(2 133 775)	(356 587)	(1 510 894)	(87 043)	(4 088 299)
Customer funds and other loans	(953 755 298)	(1 034 587 838)	(257 666 534)	(6 193 038)	(2 252 202 707)
Financial liabilities at fair value through profit or loss	(4 244 410)	-	-	-	(4 244 410)
Other Liabilities	-	(39 785 662)	-	-	(39 785 662)
	(960 133 483)	**(1 074 730 087)**	**(259 177 428)**	**(6 280 081)**	**(2 300 321 078)**
	2 363 994 089	**2 233 678 109**	**542 272 753**	**26 651 469**	**5 166 596 419**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
	Kwanzas	United States of America Dollars	Euros	Other currencies	Total
Assets					
Cash and deposits at Central Banks	183 418 884	53 144 804	65 674 461	478 046	302 716 195
Deposits in other credit institutions	-	13 692 824	25 522 119	3 292 854	42 507 797
Investments in Central Banks and other credit institutions	23 893 849	375 407 831	49 917 702	7 527 613	456 746 995
Financial assets at fair value through profit or loss	93 143 358	79 519 092	27 752	-	172 690 202
Investments at amortized cost	521 752 626	307 099 212	-	-	828 851 838
Customer Credit	222 912 110	104 203 641	820 933	53	327 936 737
Other assets	40 559 456	-	-	-	40 559 456
	1 085 680 283	**933 067 404**	**141 962 967**	**11 298 566**	**2 172 009 220**
Liabilities					
Deposits from central banks and other credit institutions	(1 619 111)	(796 328)	(5 250 536)	(3 131)	(7 669 106)
Customer funds and other loans	(707 070 365)	(795 076 521)	(116 948 444)	(3 802 315)	(1 622 897 644)
Financial liabilities at fair value through profit or loss	(12 675 871)	-	-	-	(12 675 871)
Other Liabilities	-	(40 559 456)	-	-	40 559 456
	(721 365 347)	**(836 432 305)**	**(122 198 980)**	**(3 805 446)**	**(1 602 683 165)**
	364 314 936	**96 635 099**	**19 763 987**	**7 493 120**	**569 326 055**

The sensitivity analysis (considering indexed securities and currency forwards) of the asset value of financial instruments to changes in exchange rates, December 31, 2020 and 2019, has the following detail:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020					
	(20)%	(10)%	(5)%	5%	10%	20%
United States of America Dollars	(19 332 850)	(9 666 425)	(4 833 212)	4 833 212	9 666 425	19 332 850
Euros	(4 580 733)	(2 290 367)	(1 145 183)	1 145 183	2 290 367	4 580 733
Other currencies	(1 426 160)	(713 080)	(356 540)	356 540	713 080	1 426 160
Total	**(25 339 743)**	**(12 669 872)**	**(6 334 935)**	**6 334 935**	**12 669 872**	**25 339 743**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019					
	(20)%	(10)%	(5)%	5%	10%	20%
United States of America Dollars	(15 529 613)	(7 764 806)	(3 882 403)	3 882 403	7 764 806	15 529 613
Euros	(3 809 106)	(1 904 553)	(952 277)	952 277	1 904 553	3 809 106
Other currencies	(1 503 584)	(751 792)	(375 896)	375 896	751 792	1 503 584
Total	**(20 842 303)**	**(10 421 151)**	**(5 210 576)**	**5 210 576**	**10 421 151**	**20 842 303**

30.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Bank classified the financial instruments recorded in the balance sheet at fair value following the hierarchy established in IFRS 13.

Instruments quoted on an active market (level 1)

This category includes financial instruments with quotations available in official markets and those where there are entities that routinely disclose transaction prices for these instruments traded on liquid markets.

Priority in the prices used is given to those observed in official markets, in cases where there is more than one official market, the option falls on the main market where these financial instruments are traded.

This category includes, among others, the following financial instruments: (i) derivatives traded on an organized market and (ii) listed shares.

Valuation methods with observable market parameters/prices (level 2)

In this category are considered the financial instruments valued using internal models, namely discounted cash flow models, which require judgments that vary according to the complexity of the products being valued and use assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument. The Bank uses as inputs in its models' variables made available by the market, such as interest rate curves and credit spreads. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities but whose markets have lower liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) OTC derivatives.

Valuation methods with parameters not observable in the market (level 3)

This level includes valuations determined using internal valuation models or quotations provided by third parties but where the parameters used are not observable in the market. The bases and assumptions for the calculation of fair value are in accordance with the principles of IFRS 13.

This category includes, among others, the following financial instruments: (i) debt securities valued using unobservable market inputs; (ii) equity
(iii) derivatives (OTC) over the counter market with quotes provided by third parties.

As of December 31st, 2020 and 2019, the carrying value of Financial Instruments has the following composition:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020			
	Measured at fair value	Valued at amortized cost	Impairment	Net Value
Assets				
Cash and deposits at Central Banks	-	474 216 835	-	474 216 835
Deposits in other credit institutions	-	26 295 341	18 548	26 276 793
Investments in Central Banks and other credit institutions	-	649 862 691	770 956	649 091 735
Financial assets at fair value through profit or loss	365 694 288	-	-	365 694 288
Investments at amortized cost	-	1 035 154 711	57 317 952	977 836 759
Customer Credit	-	387 818 749	54 445 480	333 373 269
	365 694 288	**2 573 348 327**	**112 552 936**	**2 826 489 679**
Liabilities				
Deposits from central banks and other credit institutions	-	4 088 299	-	4 088 299
Customer funds and other loans	-	2 252 202 707	-	2 252 202 707
Financial liabilities at fair value through profit or loss	4 244 410	-	-	4 244 410
	4 244 410	**2 256 291 006**	**-**	**2 260 535 416**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019			
	Measured at fair value	Valued at amortized cost	Impairment	Net Value
Assets				
Cash and deposits at Central Banks	-	302 716 195	-	302 716 195
Deposits in other credit institutions	-	42 522 475	14 678	42 507 797
Investments in Central Banks and other credit institutions	-	457 492 832	745 837	456 746 995
Financial assets at fair value through profit or loss	172 690 202	-	-	172 690 202
Investments at amortized cost	-	842 084 352	13 232 514	828 851 838
Customer Credit	-	359 170 275	31 233 538	327 936 737
	172 690 202	**2 003 986 129**	**45 226 567**	**2 131 449 764**
Liabilities				
Deposits from central banks and other credit institutions	-	7 669 106	-	7 669 106
Customer funds and other loans	-	1 622 897 644	-	1 622 897 644
Financial liabilities at fair value through profit or loss	12 675 871	-	-	12 675 871
	12 675 871	**1 630 566 750**	**-**	**1 643 242 621**

As of December 31st, 2020 and 2019, the fair value of the Bank's financial instruments is presented as follows:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020				
	Fair value of financial instruments				
	Book Value (net)	Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost	Total	Difference
Assets					
Cash and deposits at Central Banks	474 216 835	-	474 216 835	474 216 835	-
Deposits in other credit institutions	26 276 793	-	26 276 793	26 276 793	-
Investments in Central Banks and other credit institutions	649 091 735	-	649 091 735	649 091 735	-
Financial assets at fair value through profit or loss	365 694 288	365 694 288	-	365 694 288	-
Investments at amortized cost	977 836 759	-	1 046 437 000	1 046 437 000	68 600 241
Customer Credit	333 373 269	-	341 975 273	341 975 273	8 602 004
	2 826 489 679	**365 694 288**	**2 537 997 636**	**2 903 691 924**	**77 202 245**
Liabilities					
Deposits from central banks and other credit institutions	4 088 299	-	4 088 299	4 088 299	-
Customer funds and other loans	2 252 202 707	-	2 252 202 707	2 252 202 707	-
Financial liabilities at fair value through profit or loss	4 244 410	4 244 410	-	4 244 410	-
	2 260 535 416	**4 244 410**	**2 256 291 006**	**2 260 535 416**	**-**

(Amounts expressed in thousands of Kwanzas)

	31/12/2019				
	Justo valor de instrumentos financeiros				
	Book Value (net)	Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost	Total	Difference
Assets					
Cash and deposits at Central Banks	302 716 195	-	302 716 195	302 716 195	-
Deposits in other credit institutions	42 507 797	-	42 507 797	42 507 797	-
Investments in Central Banks and other credit institutions	456 746 995	-	456 746 995	456 746 995	-
Financial assets at fair value through profit or loss	172 690 202	172 690 202	-	172 690 202	-
Investments at amortized cost	828 851 838	-	828 851 838	828 851 838	-
Customer Credit	327 936 737	-	320 188 783	320 188 783	(7 747 954)
	2 131 449 764	**172 690 202**	**1 951 011 608**	**2 123 701 810**	**(7 747 954)**
Liabilities					
Deposits from central banks and other credit institutions	7 669 106	-	7 669 106	7 669 106	-
Customer funds and other loans	1 622 897 644	-	1 622 897 644	1 622 897 644	-
Financial liabilities at fair value through profit or loss	12 675 871	12 675 871	-	12 675 871	-
	1 643 242 621	**12 675 871**	**1 630 566 750**	**1 643 242 621**	**-**

The fair value of financial instruments should be estimated, whenever possible, using quoted prices in an active market. A market is considered active and therefore liquid when it is accessed by counterparties who are equally knowledgeable and where transactions are generated on a regular basis. Almost all of the Bank's financial instruments are not quoted in active markets.

Given the absence of quoted prices in active markets, the valuation of financial instruments is performed as follows:

a) Financial instruments recorded in the balance sheet at fair value:

Treasury Bills and Treasury Bonds issued by the Angolan State and held by the Bank for trading in the secondary market with other Banks, or with its Customers, recorded under the item financial assets at fair value through profit or loss, are recognized by the fair value model defined by the Bank, which is based on curves constructed by the transactions in the secondary market.

Treasury Bills and Treasury Bonds issued by the Angolan State and held by the Bank for trading in the secondary market with other Banks and derivatives - exchange forwards, the respective valuation is calculated based on generally accepted methods, namely, the present value of future flows (cash flows), based on the interest rate curve prevailing at the time of calculation. The interest rates on Treasury Bills and Bonds are defined based on transactions in the secondary market, which the Bank considers to be an active market.

Interpolation methods determine the interest rates for the specific terms of the cash flows..

b) Financial instruments recorded in the balance sheet at amortized cost:

For financial instruments carried in the balance sheet at amortized cost, the Bank determines their fair value by using valuation techniques.

The valuation techniques used are based on the conditions applicable to similar operations on the reference date of the financial statements, namely the value of the respective cash flows discounted based on the interest rates considered most appropriate, i.e:

- For Treasury Bills and Treasury Bonds issued by the Angolan State and recorded under investments at amortized cost, valuation is calculated based on generally accepted methods, namely, on the present value of future flows (cash flows), based on the interest rate curve in force at the time of the calculation. The interest rates on Treasury Bills and Bonds are defined based on transactions in the secondary market, which the Bank considers to be an active market;

- For loans to Customers, the average interest rates practiced by the Bank in the year ended December 31, 2020 and 2019, respectively, for operations with similar characteristics were used and the amount of accumulated impairment losses was deducted; and

- Concerning Customers' deposits, since they are essentially short-term operations, it was considered that the balance sheet value was considered to be a reasonable approximation of their fair value.

It should be noted that the fair value presented does not correspond to the realizable value of these financial instruments in a sale or liquidation scenario and was not determined for this purpose.

As of December 31st, 2020 and 2019, the fair value of financial instruments recorded in the balance sheet at fair value shows the following detail by valuation methodology:

(Amounts expressed in thousands of Kwanzas)

	31/12/2020			
	Level 1 Quotes in active market	Level 2 Observable market data	Level 3 Other techniques of valorization	Total
Assets				
Financial assets at fair value through profit or loss	1 972 648	365 694 288	-	365 694 288
Liabilities				
Financial liabilities at fair value through profit or loss	-	4 244 410	-	4 244 410

(Amounts expressed in thousands of Kwanzas)

	31/12/2019			
	Level 1 Quotes in active market	Level 2 Observable market data	Level 3 Other techniques of valorization	Total
Assets				
Financial assets at fair value through profit or loss	1 259 123	1 731 020	169 700 058	172 690 202
Liabilities				
Financial liabilities at fair value through profit or loss	-	12 675 871	-	12 675 871

As of December 31, 2019, the financial instruments presented in Level 1 of the hierarchy provided for in IFRS 13, correspond to listed shares; the financial instruments shown in Level 2 correspond to derivative financial instruments, the valuation of which is performed based on internal models that use mostly observable market data (such as interest rate curves, or exchange rates), which includes Treasury Bills, Treasury Bonds issued by the Angolan State and participation in EMIS..

On December 31, 2020, the Bank reviewed its valuation model for Treasury Bills and Treasury Bonds issued by the Angolan State, and they are now valued by internal models that use mainly observable market rates. Consequently, as of December 31, 2020 these instruments are now presented in Level 2.

30.5 CAPITAL MANAGEMENT

The Bank's own funds are determined per the applicable regulatory standards, namely Notice No. 2/2016. The requirements for the solvency ratio can be found in Notice nº 3/2016, Notice nº 4/2016 and Notice no 5/2016. The applicable guidelines are as follows: Instructive No. 12/2016, Instructive No. 13/2016, Instructive No. 14/2016, Instructive No. 15/2016, Instructive No. 16/2016, Instructive No. 17/2016 and Instructive No. 18/2016.

Angolan financial institutions must maintain a level of own funds compatible with the nature and scale of operations duly weighted by the risks inherent to the operations, with a minimum Regulatory Solvency Ratio of 10%.

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

(Amounts expressed in thousands of Kwanzas)

	31/12/2020	31/12/2019
Regulatory Own Funds	461 774 226	408 327 705
Own Funds Requirements (credit risk)	33 270 104	33 091 939
Own Funds Requirements (market risk)	10 644 574	6 897 999
Own Funds Requirements (operational risk)	37 956 625	31 068 259
Regulatory Solvency Ratio	**56,40%**	**57,46%**

31. ACCOUNTING STANDARDS AND INTERPRETATIONS RECENTLY ISSUED

1. IMPACT OF THE ADOPTION OF NEW STANDARDS, AMENDMENTS TO THE STANDARDS THAT BECAME EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON JANUARY 1, 2020:

a) **IFRS 3** (amendment), 'Definition of business'. This his amendment is a revision to the definition of a business to account for business combinations. The new definition requires that acquisition includes an input and a substantial process that jointly generate outputs. Outputs are now defined as goods and services that are provided to customers, that generate financial and other investment income, excluding returns in the form of cost savings and other economic benefits to shareholders. Concentration tests' are now permitted to determine whether a transaction is an acquisition of an asset or a business.

b) **IFRS 9, IAS 39 and IFRS 7** (amendment), 'Benchmark interest rate reform - phase 1'. These amendments are part of the first phase of the IASB's 'IBOR reform' project and allow for exemptions related to the reform of the benchmark for benchmark interest rates. The exemptions relate to hedge accounting, in terms of: i) risk components; ii) 'highly probable' requirement; iii) prospective valuation; iv) retrospective effectiveness test (for IAS 39 adopters); and v) recycling of the hedge reserve from cash flow, and aim that the reform of the reference interest rates does not determine the cessation of hedge accounting. However, any hedge ineffectiveness found must continue to be recognized in the income statement.

c) **IAS 1 and IAS 8** (amendment), 'Definition of material'. This amendment introduces a change to the concept of "material" and clarifies that the mention of unclear information refers to situations whose effect is similar to the omission or distortion of such information, and the entity must assess materiality considering the financial statements as a whole. Clarifications are also made to the meaning of "key users of financial statements", these being defined as 'current and future investors, lenders and creditors' who rely on financial statements for a significant portion of the information they need.

d) d) **Conceptual framework,** ''Changes in other IFRSs'. As a result of the publication of the new Framework, the IASB has made changes to the text of various standards and interpretations, such as 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, SIC 32, in order to clarify the application of the new definitions of asset / liability and expense / income, in addition to some of the characteristics of financial information. These amendments are of retrospective application unless impracticable.

The above changes had no material impact on the Bank's financial statements for the year ended December 31, 2020.

2. STANDARDS (NEW AND AMENDMENTS) PUBLISHED, WHOSE APPLICATION IS MANDATORY FOR ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2021:

a) **IFRS 16** (amendment), "Leases - COVID-19 related rent subsidies" (effective for fiscal years beginning on or after June 1, 2020). This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether subsidies granted by lessors under COVID-19 qualify as "modifications" when three criteria are met cumulatively: i) the change in rental payments results in a revised consideration for the lease that is substantially equal to, or less than, the consideration immediately prior to the change; ii) any reduction in lease payments only affects payments due on or before June 30, 2021; and iii) there are no significant changes to other terms and conditions of the lease. Lessees who elect to apply for this exemption account for the change in rental payments as variable rental payments in the period(s). The event or condition leading to the reduction in payment occurs. This change is applied retrospectively, with the impacts reflected as an adjustment to the retained earnings (or other equity components, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the change.

b) **IFRS 4** (amendment), 'Insurance Contracts - Deferral of application of IFRS 9' (effective for annual periods beginning on or after 1 January 2021). This amendment refers to the temporary accounting consequences that result from the difference between the effective date of IFRS 9 - Financial Instruments and the future IFRS 17 - Insurance Contracts. In particular, the amendment made to IFRS 4 postpones until 2023 the expiry date of the temporary exemption from the application of IFRS

9 to align the latter's effective date with that of the new IFRS 17.

The Bank does not anticipate any significant impact on the application of this change to its financial statements.

c) **IAS 1** (amendment), 'Presentation of Financial Statements - Classification of Liabilities' (effective for annual periods beginning on or after January 1, 2023). This amendment aims to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists but should not consider whether the entity will or will not exercise that right), or by events occurring after the reporting date, such as the breach of a covenant. This amendment also includes a new definition of "settlement" of a liability. This amendment is of retrospective application.

d) **IAS 16** (amendment) 'Revenue earned before start-up' (effective for annual periods beginning on or after January 1, 2022). Change in the accounting treatment given to the consideration obtained with the sale of products that result from the production in the test phase of tangible fixed assets, prohibiting its deduction from the acquisition cost of the assets. This change is of retrospective application, without restatement of comparatives.

e) **IAS 37** (amendment) 'Onerous contracts - costs of fulfilling a contract' (effective for annual periods beginning on or after January 1, 2022). This amendment specifies that in assessing whether or not a contract is onerous, only expenses directly related to the fulfillment of the contract, such as incremental costs related to labor, may be considered and materials and the allocation of other directly related expenses such as the allocation of the depreciation costs of the tangible assets used to perform the contract. This amendment should be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without the need for restatement of the comparative.

f) **Improvements to the 2018 - 2020 standards** (to be applied in fiscal years beginning on or after January 1 2022). This improvement cycle amends the following standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

g) **IFRS 3** (amendment) 'References to the Framework' (effective for annual periods beginning on or after 1 June 2022). This amendment updates the references to the Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be adopted for liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus included in a business combination. This amendment is of future application.

h) **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** (amendments) 'Reform of benchmark interest rates - phase 2 (to be applied in fiscal years beginning on or after January 1, 2021). These amendments address issues that arise during the reform of a benchmark interest rate, including the replacement of a benchmark interest rate with an alternative, allowing the adoption of exemptions such as: i) changes in hedge designation and documentation; ii) cumulative amounts in the cash flow hedge reserve; iii) retrospective assessment of the effectiveness of a hedging relationship under IAS 39; iv) changes in hedging relationships for groups of items; v) presumption that an alternative reference rate, designated as a risk component not contractually specified, is identifiable separately and qualifies as a hedged risk; and vi) update the effective interest rate, without recognizing gain or loss, for financial instruments measured at amortized cost with changes in contractual cash flows as a result of IBOR reform, including leases that are indexed to an IBOR.

i) **IFRS 17** (new), 'Insurance contracts' (effective for annual periods beginning on or after January 1, 2023). This new standard replaces IFRS 4 and applies to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 is based on the current measurement of technical liabilities, which are reassessed at each reporting date. The current measurement can be performed by applying the

full model ("building block approach") or simplified ("premium allocation approach"). The full model is based on probability-weighted, probability-adjusted discounted cash flow scenarios. risk, and a contractual service margin, which represents the estimated future profit on the contract. Subsequent changes in estimated cash flows are adjusted against the contractual service margin unless it becomes negative. IFRS 17 is retrospective in application with some exemptions at the date of transition.

j) **IFRS 17** (amendment), 'Insurance Contracts' (effective for annual periods beginning on or after January 1, 2023). This amendment comprises specific changes in eight areas of IFRS 17, such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income Statement; and viii) disclosures. This amendment also includes clarifications, which aim to simplify some of the requirements of this standard and streamline its implementation.

The Bank does not anticipate any significant impact on the application of this change to its financial statements.

32 SUBSEQUENT EVENTS

We are not aware of any additional facts or events subsequent to December 31, 2020 that warrant adjustment or additional disclosure in the Notes to the financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Banco de Fomento Angola, S.A.

Introduction

1. We have audited the accompanying financial statements of Banco de Fomento Angola, S.A., which comprise the balance sheet as of December 31, 2020 that shows a total of 2 874 899 710 thousand Kwanzas and equity of 497 977 323 thousand Kwanzas, including a net income for the year of 89 848 596 thousand Kwanzas, the statement of income and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the corresponding Annex.

Responsibility of the Board of Directors for the Financial Statements

2. The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) in force and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with the Technical Standards of the Order of Accountants and Expert Accountants of Angola. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (Angola), Limitada
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Opinion

6. In our opinion, the financial statements referred to in paragraph 1 above present fairly, in all material respects, the financial position of Banco de Fomento Angola, S.A. as of December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in force.

7 April 2021

PricewaterhouseCoopers (Angola), Limitada
Registered at the Ordem dos Contabilistas e Peritos Contabilistas of Angola under no. E20170010

Represented by:

Ricardo Santos

Ricardo Santos,
Expert Accountant Nº 20120086

2 to 2

SUPERVISORY BOARD'S OPINION

1. In compliance with the legal and regulatory provisions, namely Article 441(g) of the Companies Law (Law 1/04 of 13 February), Article 17(5) of the Basic Law on Financial Institutions (Law 12/2015 of 17 June), Article 2 (1) of the Regulations of the Supervisory Board of Banco de Fomento Angola, S.A. approved on 21 June 2014, it is the responsibility of the Supervisory Board to issue an opinion on the Annual Report of BANCO DE FOMENTO ANGOLA, S.A, relative to the financial year of 2020, presented by the Board of Directors.

2. It is the responsibility of the Board of Directors of BANCO DE FOMENTO ANGOLA, S.A. to present the financial statements for 2020, namely the Management Report and the Financial Statements for 2020 (Annual Report 2020).

3. It is the responsibility of the Supervisory Board to verify the information contained in the financial statements, in order to issue a professional and impartial opinion based on its supervisory activity.

4. The Supervisory Board appraised the financial statements, which comprise the balance sheet as of 31 December 2020 showing a total of 2,874,899,710 thousand Kwanzas and total equity of 497,977,323 thousand Kwanzas, including a positive net profit for the year of 89,848,596 thousand Kwanzas, the income statement and other comprehensive income, the statement of changes in equity and the cash flow statement for the year ended on that date and the notes attached to the financial statements.

5. The Supervisory Board has taken note of the External Auditors' opinion on the financial statements for the year that ended 31 December 2020, which was issued without any reservation, stating that the financial statements present fairly, in all material respects, the financial position of Banco de Fomento Angola, S.A. as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) in force.

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6. In accordance with the above and taking into consideration the work carried out, this Fiscal Council proposes:

   a) The approval of the financial statements for the 2020 fiscal year.

   b) The approval of the Management Report for the 2020 fiscal year and the proposed application of results contained therein.

7. We would like to thank the Board of Directors, the Executive Committee, the departments and other employees of BANCO DE FOMENTO ANGOLA, S.A. for their cooperation.

Luanda, this 9th day of April 2021

Supervisory Board

Ari Nelson Correia Brandão
Chartered accountant no. 20120120
(President)

Valdir de Jesus Lima Rodrigues
(Member)

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APPENDIX

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Glossary

- **Assets** - The set of goods and rights that an organization owns that have economic value and can be converted into liquidity.
- **Real Estate Assets** - A set of real rights over real estate for commercial, residential or industrial leasing purposes.
- **Depreciation** - Write-off that decreases the book value of balance sheet of a company's fixed assets, according to their use and wear, or their economic life.
- **ATM (Automated Teller Machine)** - Equipment that allows authorized users (usually holders of cards valid for financial transactions in a given system) to access financial and other services, including cash withdrawals.
- **Investments in bonds** - Investments in fixed income assets issued by the National Treasury to finance the national public debt.
- **Capital Account** - Corresponds to the balance between the capital invested in the country by foreigners and, inversely, the investments made, and the credits held by the country abroad.
- **Commercial Balance** - Corresponds to the difference between the value of goods and services exported by a country and those that are imported.
- **Current Account** - Result of the trade balance and financial flows, namely interest paid to foreign debt holders issued by the country and dividends paid to foreign investors.
- **Balance of Payments** - Reflects the total of a country's payments made abroad and all income earned abroad. It is divided into the Current Account and the Capital Account.
- **Balance Sheet** - An accounting document that consists of a summary table of assets (fixed assets, receivables, cash) and liabilities (capital, debts).
- **Treasury Bills (BT's)** - A short-term public debt security issued by the Treasury, with a maturity of less than a year. It is a security issued at discount and reimbursed at face value at the time of maturity.
- **Equity** - Funds that belong to the company itself, as opposed to those funds that have been borrowed.
- **Cash Flow for the Year** - Corresponds to the annual net profit plus depreciation and provisions. It represents the company's ability to generate funds for investment without resorting to borrowed capital.
- **Operating Cash Flow** - Corresponds to the banking product, excluding the value of administrative charges.
- **Tripartite Contracts** - Contracts between the Bank and a service provider in the oil sector and an oil operator, with the intention of the operator selling USD directly to the service provider without the intervention of the BNA.
- **Commodities** - Tradable goods, such as agricultural products and natural resources. In international trade relations, the term denotes a particular type of raw commodity or primary product of commercial importance.
- **Cost-to-income** - A financial measure indicating the percentage of a company's costs concerning its revenues.
- **Deposit** - A bank transaction to raise funds.
- **Time Deposit** - Investing money in a bank account for a set duration (one month, three months, six months, one year), earning a set interest rate.
- **EMIS** - Angolan company that provides a set of services to banks related to the use of bank cards. It manages the shared networks of ATM and Automatic Payment Terminals.

- **eMudar@BFA** - System implemented by BFA, consisting of a front-end implemented in the Branches, Corporate Centers and Investment Centers that introduced mechanisms based on standardized workflow methodologies for the processing of the various banking activities of the branches, allowing their dematerialization, making them more efficient and mitigating the level of operational risk.

- **EMV** - Chip technology for cards, which transmits a unique transaction code for each transaction, making card fraud difficult.

- **Euribor** - A combination of the words Euro Interbank Offered Rate. The Euribor rate is calculated daily by averaging the rates of 57 major banks in the euro economy and reflects the price of money at which these banks exchange money among themselves.

- **MT940 statements** - SWIFT's standard format used internationally for the electronic transmission of daily bank account movements and balances.

- **PSX files** - Mass transfer processing file, with the ability to make payments over the outside (mostly used for payroll processing and frequent vendor payments).

- **Filtering** - Automatic filtering of the new or existing customer database against lists of International Sanctions.

- **MT101 Format** - SWIFT standard file format, which allows funds transfers to be made between two accounts held at banks that may, at the limit, be in different countries.

- **FX transactions** - Foreign exchange market transactions.

- **H2H (host to host)** - Channel that enables Customers of banking institutions, through Internet Banking and mobile Banking made available by their banking institutions, to access Payment of Services functionalities made available in the MULTICAIXA Network.

- **Inflation** - A term generally expressed as a percentage that reflects the average rise price.

- **Financial Institution** - A commercial company whose purpose is to enter into financial contracts and, therefore, subject to prudential regulation and supervision.

- **Financial Instruments** - Investment instruments that include securities, derivative financial instruments and money market instruments.

- **Active Financial Instruments** - Contractual right to receive cash or other financial asset from another company (securities, accounts receivable).

- **Financial Instruments Liabilities** - Contractual obligation to deliver cash or another financial asset from another company.

- **Complementary Margin** - Sum of Net Commissions, Income from financial operations and Other operating income.

- **Net Interest Margin** - The difference between the interest charged on loans (calculated using the active interest rate) and the interest paid to savers for the amounts they entrust to banks (calculated using the passive interest rate).

- **Operating Margin** - This is determined by dividing operating income by turnover and multiplying by one hundred. It is an indicator that measures the operating profitability of a company in a given period.

- **Interbank Money Market** - A market where banks borrow or lend money to each other, as needed.

- **Treasury Bonds (OT's)** - A public debt security issued by the Treasury with periodic coupon interest payments and redemption at par value.

- **Liabilities** - The total of an organization's debts and obligations. It consists of the opposite of assets, which represent the total assets of the company.

- **Interest-bearing Liabilities** - Liabilities that require the payment of interest, such as bank loans and corporate bonds.

- **Monetary Policy** - A set of measures adopted to control the supply of money and credit and, consequently, the interest rate of a given economy. The Central Bank is responsible for executing the country's monetary policy.

- **Banking product** - All of the revenues received by a financial institution: commissions, interest, trading, interbank operations.

- **Gross Domestic Product (GDP)** - The sum of all goods and services produced in a country and in a given period of time, usually a year.

- **Profiling** - Any form of automated processing of personal data consists of using such personal data to evaluate certain personal aspects of a natural person, particularly to analyze or predict aspects relating to their financial situation, reliability, or behavior.

- **Financial Income** - Interest charged on loans, calculated using the active interest rate.

- **Overdue Loans Ratio** - Ratio between the balance of loans to Customers with overdue instalments of principal or interest and the total Loans to Customers.

- **Solvency Ratio** - Measures the relative proportion of a company's assets financed by equity versus liabilities. The Solvency Ratio indicates the degree of financial stability of a company.

- **Regulatory Solvency Ratio** - The Regulatory Solvency Ratio (RSR) corresponds to the ratio between Regulatory Own Funds (RSF) and the value of the assets exposed to the risks inherent to the operations carried out by the credit unions.

- **Transformation Ratio** - Ratio between total Loans to Customers less accumulated Impairment for Loans to Customers (Balance Sheet value) and Customer Deposits.

- **Bank Rediscount** - An instrument of monetary control in which the Central Bank grants loans to commercial banks at rates above those practiced in the market.

- **Return on Assets (ROA)** - An indicator, in percent, that compares net income to the company's net assets, that is, less accumulated depreciation. It measures the profit generated by each monetary unit of assets.

- **Return on Equity (ROE)** - Measures the company's efficiency in generating profits from net assets (net worth), which indicates what percentage of profit is generated from shareholders' capital.

- **Spread** - The difference between the price offered by buyers and the price desired by sellers within the scope of supply and demand in financial markets.

- **SPTR** - Angolan Real Time Payment System, operated, managed and owned by the BNA.

- **STC** - Credit Transfer Subsystem.

- **Stress test** - A procedure in which various scenarios are tested in order to analyze the behavior of the values of an investment portfolio. It is about assessing the value of the portfolio in atypical situations.

- **Swift** - Society for Worldwide Interbank Financial Telecommunication, which provides the interbank communication service. Its services are used in the foreign exchange, money, and securities markets for confirmation and payment messages.

- **Banking Rate** - Rate of use of financial services by the population of a country.

- **Ceding rate** - Rate at which a country's national bank buys or sells its currency to bring it back to its previous value.

- **Key rates** - Interest rates determined by central banks, which serve as the basis for interest rates in an economy.

- **Interest Rate** - Price of money that the borrower must pay to the owner of the borrowed capital over a given period of time, expressed as a percentage.

- **Main refinancing rate** - Minimum rate applied to liquidity-providing operations, carried out through weekly tenders for a two-week period.

- **TCX (Money Trade Coin X)** - Program for financial transactions in virtual currency.

- **TLTRO'S (Targeted long-term refinancing operations)** - Refinancing operations to credit institutions with extended maturities.

- **APT (Automatic Payment Terminal)** - A network terminal of the banking system that allows the Customer to perform several types of operations in a self-service regime without resorting to the bank branches.

- **NPV (Net Present Value)** - Present value of the expected future cash flows from operations.

- **Way4** - EMIS' platform for card management.

- **Write-offs** - Write-off of overdue loans, recorded as assets, which are fully provisioned and for which there are no prospects of recovery. The write-off is made against provisions and therefore has no impact on the profit and loss account.

- **Yields** - This is the main indicator of the real estate investment market. It should be seen as a risk measure of future profitability: the higher the yield, the higher the price, the greater the associated risk and the greater the opportunities for future profitability.

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