ANNUAL REPORT 2021

BFA

A reference of Excellency…

“BFA’s success is not restricted to its financial performance. In 2021, the attention given to our Employees, regarding the protection of both them and their families, as well as their valorization, was of maximum relevancy. The quality and the excellence of our Human Capital is one of the most important assets of our Bank in which we are willing to further invest.”

Rui Jorge Carneiro Mangueira
Chairman of the Board of Directors

“BFA’s entire team commitment in line with the mission and the new business vision was fundamental to achieve the excellent results registered in 2021, both in the operational and financial plans, which contributed to, once again, underline BFA’s position as a leading organization in the national financial sector.”

Luís Roberto Gonçalves
Chairman of the Executive Committee

2021 IN REVIEW

A net profit of AOA
156 471,7
million
+74,2%
compared to 2020
36,4%
Return-on-Equity ratio

Credit Expansion
to the Economy
A total loan portfolio of AOA
529 280
million
+10,7%
compared to 2020

The Bank mantains
its leadership position in terms
of Public Debt Securities
55,3%
of Market Share
(vs 51,1% in 2020)

Market leader in the provision
of payment services
35,4%
SPI Visa Cards
21,6%
Debit Cards
25,9%
ATM Market Share

The Bank invests in its Human Capital
60 899
Training hours in 2021
+22%
of training hours than in 2020
58
Training Courses offered
+26,1%
compared to 2020

Increase in the number
of Customers
2 369 693
+7,9%
compared to 2020

BFA services'
reach
385
Active ATM's
Down-Time
rate of 25,3%
(average
market
rate 32,2%)
20 725
Active APTs
+24,7%
than in 2020
198
Branches

Robust and resilent
capital position
46,2 %
comfortably surpassing the
10%
limit

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Rui Jorge Carneiro Mangueira

Chairman of the
Board of Directors

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

On behalf of the BFA's Board of Directors, I hereby present with great satisfaction BFA's 2021 Management Report. 2021 has been an equally challenging year, in which the resilience and the sustainability of the Organization as well as all of us was repeatedly tested, both personally and professionally. Nevertheless, and considering the circumstances, BFA showed a strong performance that has led the Bank to significant achievements. BFA's objectives were achieved with creation of value for all the stakeholders, especially regarding Employees´ protection as well as a higher multichannel proximity to its Customers.

As a result of the COVID-19 pandemic, 2021 was further impacted by the spread of different variants of the virus and a global commitment to vaccinate the population, as a measure of prevention and mitigation of the risk of infection. Thereby, 2021 was a year of progressive openness and global economic recovery, with the global economy growing around 5,9%, against the registered decline of 3,1% in 2020.

The Angolan economy also followed this economic rebound and, despite the various restrictions it has faced during the last 5 years, it registered an inversion of the fall of its Gross Domestic Product (GDP) during the 3rd quarter of 2021, with a growth of 0,8% after nine consecutive quarters of deceleration in the economic activity. There were two main factors that indisputably contributed to that record: on one hand, the oil prices recovery in the international markets throughout the year, on the other hand, and above all, the growth of the non-oil sector, with an approximate GDP of 3,9% compared to 2020. Trading, fisheries and agriculture were the activity sectors responsible for the growth leverage in the non-oil sector.

The inflation rate remained at high levels, registering an upward tendency throughout the year. As a result, the Angolan National Bank adopted several monetary policy measures to restrain its fluctuations. In regards to the Foreign Exchange Rates, 2021 was a year marked by a period of stabilization of the Kwanza until September and by a significant appreciation against the Dollar and the Euro in the last 4 months of the year. In cumulative terms, the observed appreciation was around 17,1% against the Dollar and 26,7% against the Euro.

The current environment that the Banking sector and, concurrently, the BFA is facing, has demanded a greater response capability as well as a clearer vision of the strategy to promote the Bank's sustainability of its business model, and reinforce its leadership position as the number one Bank chosen by all Angolans. In that way, the Bank promoted a reflection process to review its strategic plan and therefore plan the BFA of the Future: more modern, more efficient, more resilient, and closer to its Customers and Communities.

In 2021, as a result of a joint effort of all its teams, the Bank accomplished excellent operational and financial results. T he net profit increased approximately 74,2% when compared with 2020, registering AOA 156 471,7 million, due to the net financial income growth.

"In 2021, as a result of a joint effort of all its teams, the Bank accomplished excellent operational and financial results. The net profit increased approximately 74,2% when compared with 2020, registering AOA 156 471,7 million, due to the net financial income growth."

BFA also continued to reveal its strong commitment with the national economy, expanding its loan portfolio by 10,7%, amounting to AOA 529 279,9 million, with a turnover ratio of 20,3%.

Despite the macroeconomic context, the financial strength and resilience that characterizes and distinguishes BFA has continued throughout 2021. It is important to highlight the fact that the Total Capital Ratio registered a value of 46,2%, surpassing the minimum value imposed by the regulator.

Moreover, it was given special attention to the reinforcement of the Bank's Internal Control System, guaranteeing the definition and the implementation of a strategy for Compliance functions and Risk Management. This will allow a progressive alignment with the international best practices and the strengthening of the Bank's control environment.

BFA's success is notrestricted to its financial performance. In 2021, the attention given to our Employees, regarding the protection of them and their families, as well as their valorization, was of maximum relevance. The quality and the excellence of our Human Capital is one of the most important BFA's assets and in which we are willing to further invest.

We assume and underline our commitment to be the No. 1 Bank of All Angolans, the best institution to work with and the best institution for the Angolan Communities. With this purpose, it comes as our responsibility to create a positive impact for a more promising and sustainable future for all our stakeholders as well as for Angola generally speaking. Thus, in 2021, the Bank implemented a set of initiatives, aligned with the sustainable development goals (SDG) of the United Nations, which aims to contribute for the eradication of poverty, health promotion, education and better life quality. Indeed, thanks to this set of initiatives, we are very proud of the opportunities created for the Angolan children and their families.

We believe that 2022 will be a year for consolidation of the reopening process and the return to normalcy at a global level, but also strengthening the growth and reinstate the country's position. Unquestionably, we want and we will be the agents promoting the path of growth. We will face 2022 as a stronger, more resilient and more focused Bank, and we will be ready to contribute for the country's sustainable development.

I would like to thank all BFA's Employees that, even with the personal and professional constraints, the challenges and limitations imposed by the pandemic conditions, have continuously contributed, and gave their best to the Bank. To their families, I hereby extend my gratitude towards their support that was crucial for BFA's success..

I would also like to thank the Members of the Corporate bodies, and in particular the Executive Team, for their competence, loyalty, and diligent performance executing their mandate, and for their contribution to the 2021 excellent results.

Finally, I want to express my deep appreciation and gratitude to our Customers, who keep inspiring and motivating us to be the reference Bank in Angola by honoring us with their preference and trust, as well as our Partners and Regulators.

Rui Jorge Carneiro Mangueira
Chairman of the Board of Directors

"We will face 2022 as a stronger, more resilient and more focused Bank, and we will be ready to contribute for the country's sustainable development."

Luis Roberto Gonçalves

Chairman of the
Executive Committee

MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

Dear Shareholders, Customers, Employees and other Stakeholders,

2021 was a year of uncertainty and unpredictability, but also a renewed hope for the future. Uncertainty inherent to the Covid-19 pandemic, for the intensive combat at global scale to promote the eradication of the virus and the gradual return to normalcy; hope, for the opportunity on becoming the protagonists of our own destiny. We move forward with a solid purpose of doing more and better for our Customers and ultimately for our Country.

I recall that in the 2020 Management Report I finished my message underlying that we would start the year of 2021 with a review of our strategic plan, convinced that the challenges of the current macroeconomics and social context, as well as the tendencies and demands of the financial system in the world, would require a new vision and reposition in the market. This is precisely what we did, we turned challenges and threats into opportunities and positive results for the Bank.

Focused on the projection and design BFA of the Future, we have established the new BFA with a set of guidelines that put our Customers, the quality of our services, the sustainability and the Bank's future relevance at the heart of everything we do, seeking to, namely:

- Realign the Bank's business model;
- Promote the Bank's digital transformation and technology modernization;
- Promote operational efficiency;
- Promote agility and the adoption of new methodologies and working tools;
- Promote a leadership mindset, a culture of meritocracy and the continuos Human Capital reinforcement and development.

Our ambition remains current and unwavering: we intend to be the No. 1 Bank of all Angolans, today and in the future. With a renewed attitude towards innovation and leadership, BFA will be future-ready, more prepared and agile to effectively address our Customers needs and create value to all our stakeholders.

Aligned with the mission and the new business vision, BFA's entire team commitment , was fundamental to achieve the excellent 2021 results, both in the operational and financial plan, which contribuited to, once again, underline BFA's position as a leading organization in the national financial sector.

In 2021, we reached 2 369 693 Customers. When compared to 2020, more 173 613 Customers reaffirmed their trust in BFA's brand. The volume of deposits decreased 11%, reaching a total of AOA 2 005 319,5 million. Nonetheless, and despite the adverse context, BFA demonstrated its strong support to the Angolan economy, through the increase of its loan portfolio, which at the end of the year translated to AOA 352 959,5 million (net of impairments); this represents a growth of 5,9% when compared with 2020, which ilustrates BFA's huge commitment to serve as a catalyst for the dynamism of the national economy. Given the analysis and the tight credit risk management that defines our Bank, it was also registered a strenghthening in the Provision Coverage Ratio of Past-due Loans to 353,1%.

As a result of the management strategy combined with the vision adopted, based on strict management criteria for the various risks, and in a great commercial dynamism, we have achieved a net profit of AOA 156 471,7 million, which represents a growth of 74,2% compared to 2020. The net financial income increased 6,8%, amounting AOA 199 412,1 million.

We reached a ROE of 36,4%, which shows a particularly relevant profitability degree of BFA's operations, and represents considerable increase in comparison to the previous year (which was highly conditioned by the pandemic effects and by the downgrading of the sovereign debt).

The robustness and resilence of our Balance is visible by the Total Capital Ratio that was set at 46,2%, surpassing the limit established by the regulator.

This performance, which drives us to do more and best, is a result of excellence and effort of our most valuable asset, our Employees, who throughout the years, at times, with great personal sacrifice, met the different challenges proposed, allowing BFA to fullfill its mission with its Customers.

The investment in Human Capital valorization and growth was a differentiating factor.The clear reinforcement in the training offer, as well as in the number of training hours and trainees, a process in which BFA Academy has an outstanding role.

BFA is leader in the supply of payment methods, with a market share of 21,6% in debit cards, with a total of 1 441 548 cards. As for the number of APTs, it increased significantly compared to 2020, amounting to 30 483 installed APTs, which represents a market share of 20,1%. The improvements observed in the foreign exchange market enabled us to strengthen the international credit card pool, achieving at the end of the year 29 274 cards.

"BFA is leader in the supply of payment methods, with a market share of 21,6% in debit cards, with a total of 1 441 548 cards. As for the number of APTs, it increased significantly compared to 2020, amounting to 30 483 installed APTs, which represents a market share of 20,1%."

BFA maintained its commitment to the universality of its business, by offering products and services that are able to meet Customers' needs and expectations. For this reason, we are recognized as the leading Bank in Angola when it comes to saving and investment products. In this matter, in 2021, through BFA Asset Management, the Bank made available to the market more than 7 security investment funds, reaching at year-end a total value of AOA 196 billion in assets under management.

BFA was leader in the provision of access to BODIVA. BFA reached a share of more than 55.3% of the total trades in 2021. When analysing the amount of transactions, BFA's share corresponds to 29,4%. By the end of year, BFA had a total of 13 926 active accounts opened in the BODIVA's Central Bond Office (CEVAMA), which represents an increase of 48,5% and a weight of 55,7% in the total of CEVAMA accounts.

The investment banking business has gain momentum in 2021 with the selection of BFA as the advisor for Sonangalp's privatization process by IGAPE. It is indeed an area where we have a huge margin for progression.

To sumarize, our results in 2021 were in line with our objectives: more Customers, a bigger business, a more robust risk management, more support to the economy, high profitability, a renewed vison of the business, an ongoing modernization and digital transformation process, and an unequivical contribution to the sustainable growth of our Country.

To BFA's team, who have worked especially hard during 2021 to accomplish all these results, sometimes under difficult conditions, I hereby leave my gratitude, while keenly convinced that above all these results are yours.

To our Shareholders, ourgrattitude for trusting BFA´s management team. I also extended my gratitude to our Partners, Regulator and other Stakeholders that work together with us on a daily basis.

"To our Shareholders, ourgrattitude for trusting BFA´s management team."

Lastbut not least, I would like to express our deepest gratitude to all our Customers who, throughout these years, have believed in BFA and made us the Bank of All Angolans.

We will stay together in 2022. Stronger. More resilient. More focused. Closer.

Luís Roberto Gonçalves
Presidente da Comissão Executiva

Vision

TO BE THE
Nº1
BANK OF ALL ANGOLANS

and to contribute to the sustainable development of the country, projecting BFA as a Bank of the Future.

Commitment

Customers

Ensure the quality of our services and our Customers´ satisfaction

Angola

Contribute to the development of the national economy

Employees

Invest in our Employees personal and professional development

Shareholders

Create value for our shareholders

Mission

To develop solutions, products and financial services that will promote a long-lasting relationship with our Customers and create value for our shareholders, repositioning the business model in this path.

Values

- Inovation
- Close relations
- Transparency

STRATEGY

The challenges and strategic priorities of the Bank remained focused on: Employees' trainning, continuous risk management and the constant striving to meet Customers' needs.

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

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 r elationship model with Customers.
2. Develop skills analytical skills for a better understanding of Customers.
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 Customer.

2018-2022 Strategic Plan

At the end of the first quarter of 2021, BFA completed the review process of the ongoing 2018-22 strategic plan. This plan, named as **+BFA Project**, was designed and implemented in 2018 with the purpose to reposition the Bank's business model to ensure the sustainability of its long-term results.

i. Optimize the Bank's commercial functions in order to ensure the growth, retention and profitability of both private and corporate Customers;

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

iii. BFA's digital transformation, both over the internal processes and the relationship with Customers;

iv. Transformation of the Bank's organization and culture, making it more Customer-centric and result-oriented;

v. Promotion of inorganic growth at national (in the view of probable consolidation) and international levels.

During the last 3 years of implementation (from 2018 to 2020), the program's structure has evolved, individualized, and deepened the matters included in the 5 initial pillars, originating a sixth pillar entitled "promote the rationalization of the Bank's cost structure". This is an especially critical thematic during the period under analysis, given the context of accelerated depreciation of the local currency, as the cost structure is highly dependent on the foreign currency exchange rate.

At the end of 2020, considering the evolution of the macroeconomic and competitive environment, as well as the accumulated experience with the plan implementation between 2018 and 2020, both the strategic objectives and the set initiatives in course to achieve those objectives were reviewed. Moreover, the structure was also reformulated and the implementation plan was revised taking into account Bank's implementation capacity and its priorities for 2021/22.

Thus, in April 2021, **Project Mirai 22** was created, inspired by the Japanese expression that means "Future".

Mirai 22

Project Mirai 22 aims to streghthen **+ BFA** strategic objectives, namely:

- Become the main universal Bank;
- Increase the Bank's market share in deposits;
- Be the 1st Affluent Customer Bank;
- Be the 1st Bank choice for leading companies;
- Be a leader in the digital landscape;
- Diversify the Bank's revenues.

In order to materialize these objectives, several strategic initiatives were defined, which focused essentially on improving Customer service through the reposition of the services provided by the Bank and changes in its business model. These changes were followed by a digital transformation process throughout the Bank, which, consequently, has contributed to align the Bank's sustainability practices, namely in both social and environmental dimensions, as well as to be positioned as the Bank of the Future.

One of these initiatives consists in the implementation of a new governance model, focused on the future sustainability of the Bank's business. Thus, this governance model envisions the organization of the projects and other initiatives, either already set by the Bank or as a result from its normal activity, in programs. This way, it enables the optimization of internal resources, and provides an integrated view of the most relevant projects of the organization.

The defined governance structure is composed by 10 programs, each of them has a "Sponsor", which is an element from the Executive Committee of the Board of Directors, and is led by a first line Director (the "Lead"). Additionally, each project or initiative has an implementation team that is coordinated by its "Owner", who usually is a second line Director.

The overall coordination of the plan is performed by the Strategic Projects and Initiatives Department, which was specially created with this intent and assumes the role of the PMO of the entire plan.

After 6 months of implementation, the programs' execution is globally aligned with the chronogram set for the project, as the new governance business model is already completely implemented and assimilated by the different departments of the Bank.

During this period, it is worth highlighting some of the main achievements of each of these programs, namely:

Marketing Program

- Identification and correction of commission leakage sources, commission process review to mitigate the operational risk, and proposed reorganization of the accounting roadmap in order to significantly simplify the periodic monitoring and follow-up process of the different committees, allowing, for example, for a more effective monitoring of the impact of special pricing;

- Review and adjustment of Customer segmentation criteria, and its respective value proposition.

Commercial Network Program

- Definition and approval of the retail branch network rationalization model, of which the pilot phase is already ongoing;

- Definition of the optimization model for commercial teams, which is in the final elaboration phase of the proposal, for the pilot to be conducted in the 1st Quarter of 2022.

Cost Optimization Program

- Conclusion of the potential savings analysis in the External Services and Supply item, including an individual analysis over the items with greatest potential for cost reduction, leading to a set of qualified proposals to capture the potential savings identified.

Culture and HR Program

- Revision and implementation of rules regarding the definition and management of a commercial objectives and incentives system (SIV);

- Definition of rules for implementation and management of an objective and incentive system for back office areas, with a pilot including 3 business units.

Regulatory Program

- Implementation of an action plan over our database, and revision of the Customers' information collecting process, to improve the Ultimate Beneficial Owners correct identification and reporting efficiency, and regulatory adequacy to the FATCA reports in terms of KYC.

Process Optimization Program

- Definition and implementation of a SLA (Service Level Agreement) monitoring model for critical business processes. In this initial phase, 7 projects were integrated, and their automation process is in progress.

- Definition of development priorities and creation of the team responsible for the foreign operations management platform, enabling the team to be actively working at the beginning of 2022.

New Business Program

- Approval and partial implementation of a set of measures that aim to improve the efficiency of the current insurance products' distribution process, in line with the Bank's agreement with Fidelidade Insurance Company;

- Draft of the strategic model proposal to be implemented in 2022.

Credit Program

- Deployment of a new platform to manage Personall Customers' credit processes, resulting in efficiency gains and significant improvement of the service levels;

- Definition of a training program for the Business and Corporate commercial teams, focused on covering all the corporate credit process.

Multidisciplinary teams working with Agile methodologies

At the end of 2021 1st quarter, 3 multidisciplinary teams were created with the purpose of giving more efficient answers to certain Bank's business challenges, through the adoption of Agile working methodologies.

These teams, who report to the Strategic Projects and Initiatives Department, attended a training and support program for the implementation of these methodologies in the Bank, with a duration of 6 months, and for each one a specific scope of intervention was defined, such as (i) Personal Credit Process, (ii) KYC / KYT / KYCC process, and (iii) Suppliers contracting and payment process. These topics were identified as critical by several representatives of different departments in the Bank.

It is expected that these teams develop their activity in 6-month cycles, at the end of which an evaluation will be conducted and a decision will be madewhether to maintain, reallocate to another scope or to demobilize the team, considering the Bank's priorities at that time.

HOW WE ADD VALUE

BFA's added value proposition relies on its original values and commitments.

The primary mission of BFA's business strategy is to achieve recognition as the best Bank in four crucial areas. For each one of them the Bank has set key objectives:

How we add value

BEST BANK FOR OUR CUSTOMERS

- Simple, accessible range of products and services that meet each customer's requirements;
- Clear and succinct language used for products and services and when answering questions and resolving problems;
- Innovative payment methods and electronic channels that provide customers with security and convenience;
- Fulfillment of commitments and responsibilities to Customers;
- Profitable and secure family savings;
- Mystery Customer program to identify areas for improvement in branch services.

BEST BANK FOR SHAREHOLDERS

- Reliable management and risk control to ensure the sustainability of the business;
- The security provided by a sound balance sheet;
- Continuous growth of the Bank's economic value.

BEST BANK FOR THE COMMUNITY

- Partnerships with universities through the distinction and awards for the best students;
- Promotion of regional events through sponsorships;
- Involvement in solidarity campaigns;
- Creation and management of a social fund;
- Reduction of the Bank's environmental impact through a higher digitalization process and greater energy efficiency in the branches.

BEST BANK TO WORK FOR

- Gender diversity and equal career opportunities;
- Talent management through training, specialization, and induction;
- e-Learning platform and other internal training courses;
- Careful induction of trainees through two training sessions; one on the history of BFA, its products, services, and main features, and the other on the rules and procedures for acceptiong and using the products offered;
- Induction program for young new graduates, including a technical component on entering the job market with behavioral components, supported by a mentoring program;
- Investment in training in key areas e.g compliance and FML/FT.

KEY INDICATORS

BFA I ANNUAL REPORT 2021

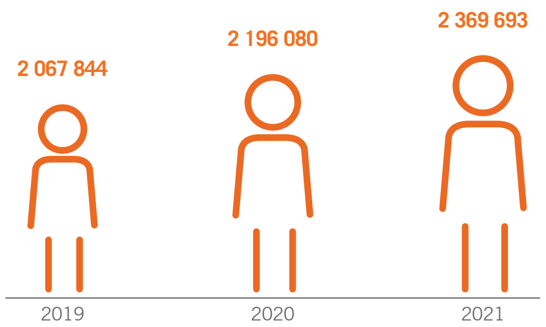
AOA million	DeC 2020	DeC 2021	Δ% 20-21
Total Assets	2 874 899,70	2 632 275,30	-8,4%
Loans and advances to Customers [1]	333 373,30	352 959,5	5,9%
Customer Deposits	2 252 202,70	2 005 319,50	-11%
Shareholders' Equity and Equivalents	497 977,30	422 070,20	-15,2%
Operating income	274 224,30	241 380,30	-12%
Net financial income	186 703,40	199 412,10	6,8%
Other income	87 520,90	41 968,20	-52%
Overheads [2]	91 764,10	101 215,10	10,3%
Net profit	89 848,60	156 471,70	74,2%
Return on Total Assets [ROA]	3,6%	5,7%	2,1 p.p.
Return on Equity [ROE]	18,1%	36,4%	18,3 p.p.
Cost-to-income	33,5%	41,9%	8,5 p.p.
Total Assets / Employees	1 036	946,9	-89,1
Loan-to-deposit ratio	17,2%	20,3%	3,1 p.p.
Total Capital Ratio	56,4%	46,2%	-10,3 p.p.
90 days past due ratio	5,7%	3,6%	-2,1 p.p.
Impairment of non-performing loans	234,1%	353,1%	119 p.p.
Loan Impairment	12,4%	11%	-1,7 p.p.
Number of service desks [3]	197	198	1
Number of Employees	2 775	2 770	-5
BFA Net Penetration rate	9%	9,2%	0,2 p.p.
Debit Cards Penetration rate	57,3%	53,3%	-4 p.p.

1) Loans net of impairment
2) Includes staff costs, external supplies and services, other operating costs, depreciations and amortizations
3) Retail Branches + Corporate Centres+ Investment Centres+ Private Banking Branches
4) 90 days past due ratio = Non-performing loans/Total loans and advances to customers

BUSINESS: 2019 – 2021

Customers

BFA maintained the growth trend in the number of Customers, increasing 7,9% compared to 2020, reaching 2 369 693 Customers.

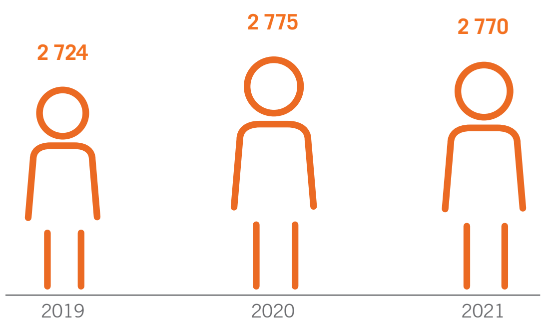


Branches

BFA added a new branch to its network, which totals 198 branches in 2021. This network is composed by Retail Branches, Corporate Centres, Investment Centres and Private Banking Branches.

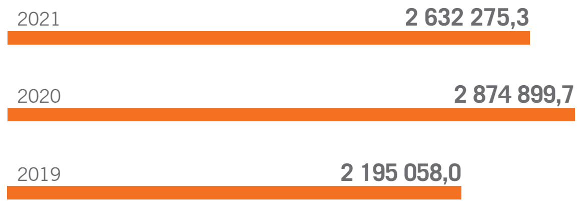
Employees

In 2021, BFA slightly decreased its number of Employees, reaching a number of 2 770, a drop of 5 employees compared to 2020.



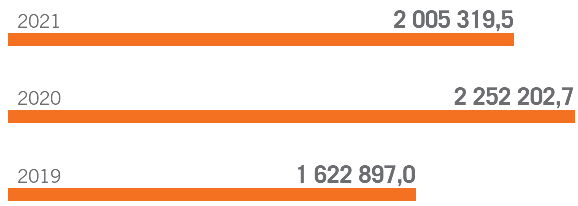
Total Assets (AOA million)

In 2021, BFA registered a decrease in Total Assets of 8,4%, achieving a value of AOA 2 632 275,3 million.



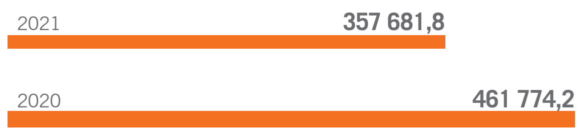
Total Deposits (AOA million)

When compared to 2020, the Bank presented a decrease in the deposits volume of around 11%, registering a total of AOA 2 005 319,5 million.



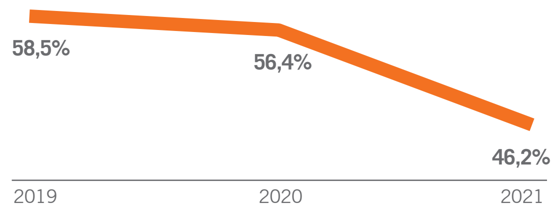
Total Capital (AOA million)

In 2021, BFA Total Capital totaled AOA 357 681,8 million and showed a downward trend, with a decrease of 22,9%. The reduction of Total Capital is justified by the extraordinary distribution of dividends that took place in the second half of 2021.



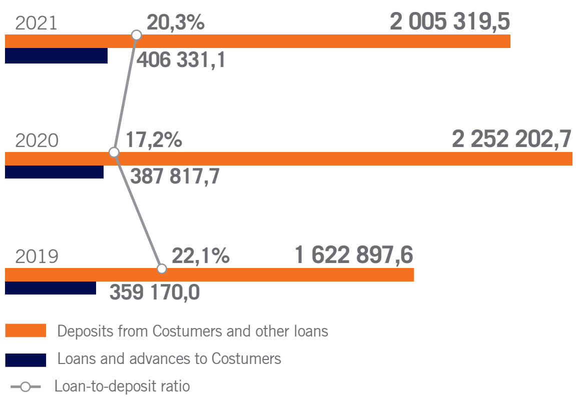
Total Capital Ratio

BFA presented a robust capital aligned with the business model, proven by a Total Capital Ratio of 46,2%, well above the minimum required (10%).



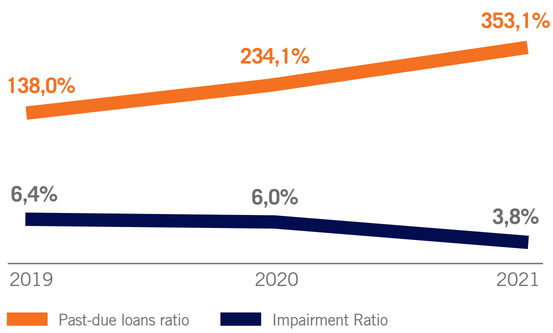
Business with Customers (AOA million)

When compared to 2020, the Loan-to-deposit ratio showed an increase to 20,3%.. This growth is explained by the decline in number of Deposits from Customers and other loans and a simultaneous increase in Loans and advances to Customers.



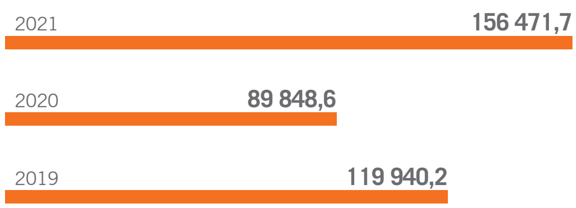
Loan Quality

In 2021, thePast-due loans ratio decreased 2,2 bp. , On the contrary ,the Impairment Coverage ratio increased to 353,1%.



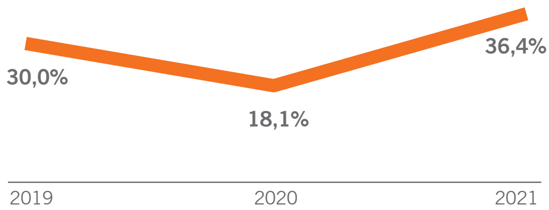
Net Profit (AOA million)

In 2021, BFA's net profit significantly increased (74,2%) compared to 2020, registering a final amount of AOA 156 471,7 million.



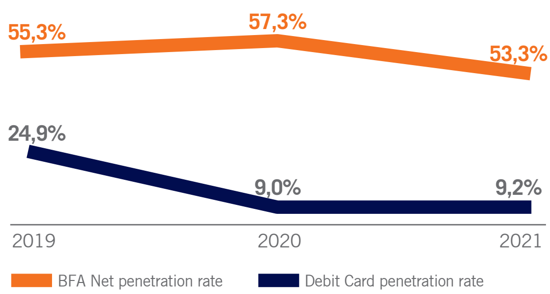
Return-on-equity

In 2021, there was a significant improvement in the Bank's return on equity. This growth translates to a return-on-equity ratio of 36,4%, + 18.3bp. When compared to 2020 and was essentially due to the 74,2% increase in net profit.



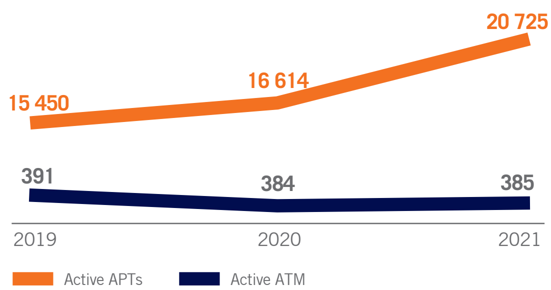
Services

In 2021, the penetration rate of BFA Debit Cards slightly decreased, and the penetration rate of BFA Net increased, settling at 53,3% and 9,2%, respectively. The 0,2 bp increase in the BFA Net penetration rate, compared to 2020, illustrates a reversal of the downward trend registered in recent years.



ATMs and APTs

In 2021, the number of active APTs increased by about 24,7%, recording a total number of 20 725. On the other side, the number of active ATMs remained relatively stable with a total number of 385.



OUTLOOK FOR 2022

Throughout 2021, the effects of the current pandemic crisis continued to be reflected in the Bank's social and economic environment. However, it was also observed a rising awareness in the society regarding a new reality focused on sustainability, namely at an environment, social and economic levels, as well as with the technological modernization. As a result, the Bank's strategy for 2022 focuses essentially in leveraging these two pillars in order to create conditions for long-term business sustainability, through the reinforcement of the **Bank's Technological Infrastructure** and with a strong investment in its **Human Capital**, guaranteeing BFA's leadership position as the Retail Bank of all angolans.

Innovation, Technology and Digitalization

Considering the emerging need for digitalization, the ongoing Information Systems Strategy Plan will be continued in 2022, in order to provide more agility to the Bank's teams. This plan consist in the development and implementation of several medium to long-term projects that will not only contribute to enhance the Bank's technological improvement, but also to the reformulation of its corporate governance model.

Human Capital

Human Capital will be a core pillar of BFA's Future strategy, not only in 2022 but also in the upcoming years.

The focus will be the implementation and consolidation of Human Capital Management models, namely career management, compensation and succession, with the purpose of ensuring an adequate management of BFA's most important asset – its Human Capital.

Regarding BFA Academy, 2022 will be marked by the implementation of the new Training Plan, to efficiently support the Bank's activity and its employees throughout their careers. This will be the first official training plan of the Bank - *Bright for All* (2022-2023) – and it is expected to last two years.

Moreover, in 2022, new Evaluation Methodologies will be introduced with the intention to allow continuous monitoring of the training programs, and evaluate its efficacy and alignment with the Bank's strategic plan.

MIRAI Strategic Plan

In 2022, will be given continuity to the implementation of the ongoing strategic plan, as a mean to realign the Bank's business model and its offer, to promote the Bank's operational efficiency, to adapt behaviors, and to effectively prepare the Bank for future challenges, including:

- Create alternatives for mass market segments, adjusting the offer for each segment;
- Diversify the current BFA offer, breaking into new segments, creating new revenue sources through non-financial products and entering new geographies, and increasing the transversality of credit in terms of risk and segments;
- Improve the efficiency of the Bank's operation, namely, both at the level of its processes and its staff productivity;
- Improve the governance model process to ensure the Bank's management model sustainability, by enhancing the projects organization or initiatives that promote the resource allocation optimization and a comprehensive understanding of the Bank's priorities.

COVID-19 CONTINGENCY PLAN

In 2021, against the best expectations, the COVID-19 pandemic effects remained, leading several countries to experience the most difficult times since the beginning of this crisis. In this context, BFA has kept its contingency plan active, ensuring the scrupulous compliance with the legislation, as well as the protection of its Employees and Customers' interests. This plan is composed of five large dimensions, namely Governance, Logistics, Communication, Systems and Procedures.

Regarding the first dimension, the governance model implemented in 2020 was kept active, to face the challenges imposed by the pandemic, namely through the creation of the Crisis Committee, which continued to assume the coordination role for this plan. Additionally, the Epidemic Prevention Committee, where First Responders role wereappointed as contact points between the committee and the Bank's Employees. Furthermore, in order to ensure the well-being of its personnel, the Human Capital Direction continued with the identification of individuals at risk and ensured the management of employees in quarantine.

In the Logistics area, the plan included the stock management of protective and biosafety equipment, such as alcohol gel, masks, gloves and support kits for suspected infected people, to be distributed to the Central Buildings and Branches. The Bank also reinforced its cleaning and disinfection effort, and restricted access to central buildings and branches. In addition, to guarantee remote working conditions for its Employees, the Bank continued to acquire, install and distribute portable computers, ensuring that 50% of its Employees had access to a portable device by the end of the year.

At the Communications level, the Bank reinforced and renovated its internal communication through the Intranet channels and mailings, where it repeatedly provided its Employees with information and recommendations about the pandemic. Furthermore, posters were also used to disseminate social distancing rules, hygiene and access restrictions in place. At the same time, there was a reinforcement of external communications, informing Customers about the Bank's new functioning and recommending the use of remote channels, via social media and posters at branches.
In terms of the institutional communications, the Bank, in permanent articulation with ABANC, communicated to BNA the implemented measures, as well as the branches that were decided to be closed.

At the Processes level, Central Services work schedules progressively returned to normality, without any risk of service disruption and after a period of non-overlapping shift work. These results were obtained through the identification of the critical processes and players, and prioritizing remote working for key elements of critical processes. Retail Branches, Corporate Centres, Investment Centres and Private Banking Branches operated exclusively by appointment. At Branches, although appointments were prioritized, they were complemented by non-appointment services, being the latter performed behind closed doors and with strict control of the number of people inside the branch.

Lastly, the Bank joined the effort to promote vaccination among the population, specially of its Employees. For this matter, several information campaigns related to this topic were carried out, facilitating the Employees' access to vaccination, as well as monitoring the Employees adherence to this movement. During the last trimester, and as a result of the approved legislation, BFA established both mandatory vaccination and a proof of a negative test as a requirement to work on-site. Consequently, by the end of 2021, approximately 70% of BFA's employees where fully vaccinated, and 10% had their vaccination in progress.

2

ECONOMIC ENVIRONMENT

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GLOBAL ECONOMY

The International Monetary Fund (IMF) estimates a global economic recover for 2021, increasing about 5,9%, after the fall of 3,1% in the previous year. This growth was essentially due to a progressive return of the economic activity after several lockdown periods around the globe. Despite of the covid-19 restrictions that remained in place, another challenge has arisen from the pandemic supply chain management.

Advanced economies grew around 5,2% in 2021, after a decrease of 4,5% in the previous year. The economic rebound was mostly accelerated in the United States, growing around 6% (with a fall of 3,4% in 2020), while the Euro Zone grew 5% after decreasing 6,3% in 2020; in Spain, for example, the 2020 contraction registered was 10,8% and the increase in 2021 was about 5,7%.

The United Kingdom presented an economic growth of 6,8% after the downward variation of 9,8% in 2020.
In emerging economies, the growth in 2021 was greater than the decrease of 2020 – an increase of 6,4% in 2021, after falling 2,1% in 2020. Notably, China maintained its growth trend in both years, 8% in 2021 and 2,3% in 2020, while India's GDP grew 9,5%, after a 7,3% drop last year. As for the Sub-Saharan Africa economies, it was estimated a slow increase of 3,7% in 2021, after a short fall of 1,7% in 2020. Nonethless, in South Africa the 5% increase in 2021, was not enough to recover from the 6,4% decrease in the previous year.

The tables below highlight the main growth rates registered in the world economy, as well as the forecasts for 2022.

ADVANCED ECONOMIES

	Germany	Euro Zone	Japan	USA	Italy	France	Spain	Canada	United Kingdom
2021	3,10%	5%	2,40%	6%	5,80%	6,30%	5,70%	5,70%	6,80%
2022	4,60%	4,30%	3,20%	5,20%	4,20%	3,90%	6,40%	4,90%	5%

EMERGING ECONOMIES

	Sub-Saharan Africa	South Africa	Nigeria	Saudi Arabian	India	China	Mexico
2021	3,70%	5%	2,60%	2,80%	9,50%	8%	6,20%
2022	3,80%	2,20%	2,70%	4,80%	8,50%	4,80%	4%

Globally, in 2022 the recovery is expected to continue, as the pandemic restrictions are expected to be permanently lifted. According to the IMF, the global economy is expected to grow around 4,9%, with a higher expansion in the emerging economies (+5,1%) than in the advanced economies (+4,5%). In the United States and Euro Zone growth, rates should slowdown to 5,2% and 4,3%, respectively. The Asian countries shoud register an increase in the GDP of 6,3%, especially, India is expected to present the highest growth rate of all emerging countries (8,5%). The emerging countries in Europe and Latin America, will have a slower growth compared to advanced economies (3,6% and 3%, respectively). As for the Sub-Saharan Africa, the IMF estimates an increase of 3,8%, with Nigeria and South Africa growing 2,7% and 2,2%, respectively.

2021

Advanced Economies
- Economic growth of 5,2%
- Gradual upturn in the economic activity
- Vaccination campaigns

Emerging Economies
- Growth of 6,4%
- Sub-Saharan Africa expected to increase 3,7%
- China's expansion of 8%

GLOBAL ECONOMY: +5,9%

2022P

Advanced Economies
- Economic growth of 4,5%
- Return to a certain level of normalcy
- Risk of new variants

Emerging Economies
- Growth of 5,1%;
- Sub-Saharan Africa expected to grow 3,8%
- Increase of 6,3% in Asian Economies

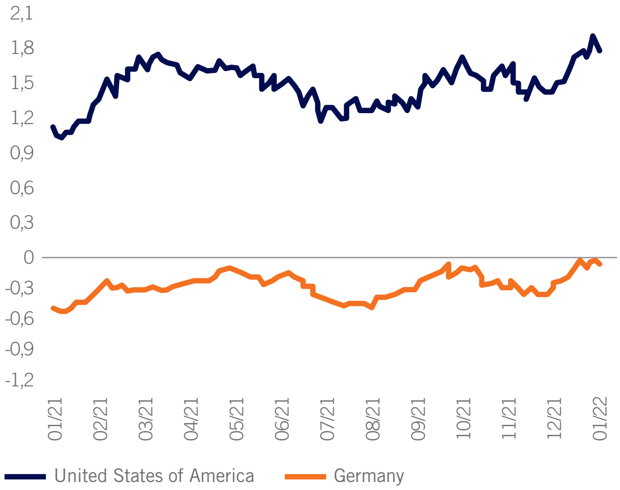
GLOBAL ECONOMY: +4,9%

MONEY AND BOND MARKETS

After 2020 being a year completely affected by the pandemic, 2021 was marked by recovery periods, interspersed with fears about new covid-19 variants and inequality in the distribution of vaccines. However, the general tone is that, even with some challenges to economic recovery, the path outlined so far translates into optimism in the markets. At the same time, problems in the global supply chain seem to be giving rise to a phenomenon of persistant inflation, contrary to initial indications that it was a temporary situation.

10-year sovereign debt

(Percentage)



Source: Bloomberg

Despite the expansionist monetary policy in the majority of markets, the Federal Reserve signaled its intention, at the end of the year, to increase the reference interest rate during the year of 2022. At the same time, its asset purchase program (quantitative easing) started to decrease in November 2021, and further declined in December. Additionally, the low-interest loan facility for financial institutions in the US primary money market has ended at the end of March.

In summary, the restrictive measures implemented at the beginning of the pandemic are gradually being loosen, causing an increase on expectations of a higher interest rate during 2022. In the case of the Bank of England, it registered for the first time in 3 years a rise in its interest rate, in December 2021, from 0,1% to 0,25%. In what concerns ECB, it was also verified changes on the pace and type of assets purchased by the Euro Zone Central Banks, signaling the market that the interest rates are expected to remain at current rates for the near future. In particular, the ECB announced in December that the net asset purchases under the PEPP would be discontinued at the end of March 2022 – this means that assets will continue to be held and reinvested to maturity, at least until the end of 2024. Market interest rates increased, in particular the USD rates, reflecting the upward movement in inflation as well as the impact of the Federal Reserve monetary policy: the 3-month Libor closed the year at 0,21%, mildly below the 0,23% registered at the end of 2020, but beginning to recover from the minimums near 0,10% reached in the middle of the year. In parallel, the 3-month Euribor has maintained its stability: it closed the year at -0,57%, slightly lower than the -0,54% at the end of 2020.

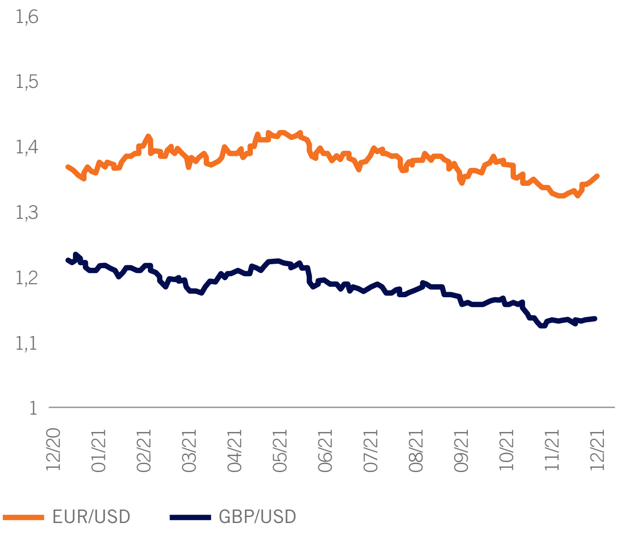
At the end of 2021, the concerns regarding inflation mentioned above led to a slight increase of the sovereign debt yield of the main economies. Thus, 10- year German public debt ended the year with a yield of -0,18% versus -0,57% at the end of 2020. For the same period, the 10-year American debt was traded at an interest rate of 1,51%, representing an increase against the minimum of 1,01% registered in December 2020. In case of emerging economies, yields are following an upward trajectory, common in scenarios of higher inflation and overall rate increases.

FOREIGN EXCHANGE MARKET

At a time of continuing uncertainty and concern regarding the impact of the new covid-19 variants on the market, the Foreign Exchange Market suffered with the tightening of restrictions in some countries, which resulted in higher market volatility.

Eur/USD and GBP/USD Exchange rates

(USD)



Source: Bloomberg

The South-African Rand has recovered its value against the dollar, ending the year with ZAR/USD 15,87, compared to the maximum of 19,26 recorded at 2020. Regarding the EUR/USD, the year of 2021 has ended with a 6,92% depreciation of the Euro, versus a rate of EUR/USD 1,22 at the end 2020. The pound has lost some of its strength against USD, after a slight rebound in the 1st Semester; listing at the end of 2021 a GBP/USD of 1,14 compared to the 1,36 registered in 2020 year-end.

ANGOLAN ECONOMY

ECONOMIC ACTIVITY

During the 3rd Quarter of 2021, the Angolan GDP registered an expansion of 0,8% against the previous period – an increase after 9 consecutive quarters of year-on-year decline. This is the first economic upturn since the 1st Quarter in 2019.

ECONOMIC INDICATORS AND PROJECTIONS

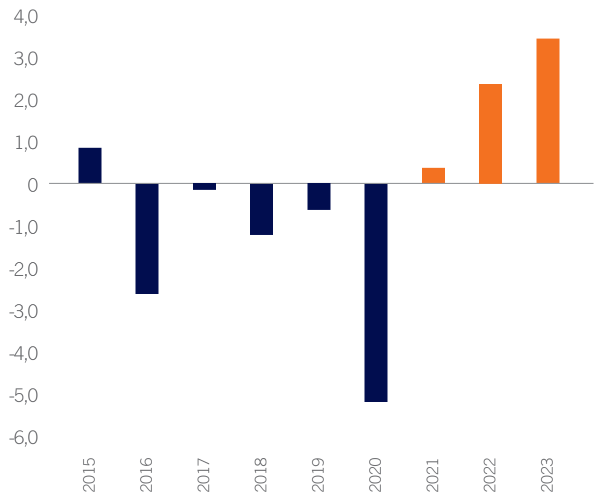
	2014	2015	2016	2017	2018	2019	2020	2021	2022P
Real Growth in GDP (tvh, %)	4,8	0,9	-2,6	-0,2	-1,2	-0,6	-5,2	0,1	2,9
Oil Sector	-2,5	11,1	-2,7	-5,3	-9,5	-6,5	-8	-10,6	1,6
Non-oil Sector	8,9	-3	-2,5	3	1	1,8	-4	3,9	3,4
Oil production (million of barrels/day)	1,7	1,8	1,8	1,6	1,6	1,5	1,4	1,3	1,3
Angolan oil price (average, USD/barrel)	97,4	48,9	40,9	54	70,6	65	41,3	68,3	76
CPI (YoY Change, end of period)	7,3	9,2	30,7	29,8	18,6	17,1	25,1	26,8	18
Budget total (% do GDP)	-5,7	-2,9	-4,5	-6,3	2	0,7	-1,9	2,8	2,4
Primary non-oil budget (% of non-oil GDP)	-33,9	-18,1	-12,2	-15,7	-9,6	-5,7	-7,5	-6,3	-7,3
International crude oil reserves (USD billions, end of period)	27,8	24,4	24,3	18,1	16,2	17,2	14,9	14,1	14,8
Average Exchange rate (AOA/USD)	98,3	120,1	163,5	165,9	253	364,9	576,2	624,2	

Sources: IMF, OPEP, BNA, INE

The oil sector has contracted 11,1%, when compared to the homologous period, a smaller slowdown than both the 12,1% decrease in Q2, and the decline of 18,7% in Q1 2021. This variation is in line with the reduction in the production volume of oil; the exported barrels dropped 14,5% yoy between January and September, along with a decrease of 14,1% yoy in the Oil GDP in the same period. The OPEC's independently collected data indicate a national average of 1,1 million barrels produced per day (a drop of 14,2% when compared to the 2020 levels). Furthermore, there was also a significant increase of 55,7% yoy in the average oil price in the international markets during 2021, ending the period over 80 USD per barrel.

Economic Growth

YoY (%):

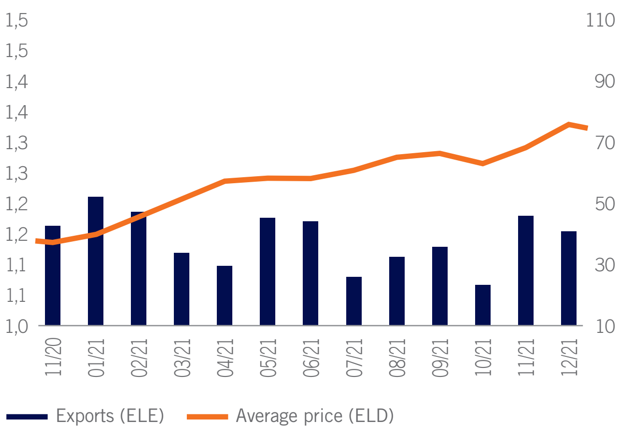


Source: FMI

As for the non-oil sector, its activity was 0,5% higher than the value registered in the previous period. These figures indicate the first steps towards a recovery of the losses incurred during the pandemic, with the Fishing sector presenting the most significant year-to-year increase since the beginning of the sample period, doubling its regulated activity in the same period in 2020 (+104% yoy), registering the 3rd consecutive quarter of activity growth, and contributing to 1,8bp to the quarter growth rate. The activity in this sector is now 23,1% higher than in the same period in 2019. According to BNA, fish exports grew 20,5% yoy during the first 9 months of 2021, but only increased 4,1% when compared to 2019. The other two sectors, who are significantly above the recorded activity in 2019 are Commercial (+18,1%), and Agriculture (+10,4%).

Oil exports and monthly oil prices

Million of daily barrels: USD



Source: Ministry of Finance

The Commercial sector (the most significant component of the Angolan GDP after the oil sector) has presented a year-to-year double digit growth for the 3rd time in 4 quarters, increasing 18,4% . In parallel, the Construction sector (generally the 3rd sector with the heaviest weight in the GDP) expanded 7,5%, representing the first year-to-year growth since the 1st quarter of 2020, and after a cumulative decline of almost 50%.

The Agriculture sector recorded an increase for the 10th consecutive quarter, rising 8,5% yoy (the highest positive variation since Q2 2015). Throughout this period, this sector contributed +0,4bp for the GDP growth rate, representing approximately 5,6% of the Angolan GDP (the heaviest weight since the begining of the sample period).

Contrarily, there are several sectors that, despite the general economic recovery, are still significantly below the level of activity registered in 2019. Namely, the Transportation sector that is still falling 40% behind the numbers registered in 2019, being the most affected sector by the pandemic, as a result of the mobility restrictions. Furthermore, the Construction Sector is still 31,1 % down, followed by the oil sector (18,4%), the Financial and Insurance Intermediation (17,5%) and the Mining sector (11,2%).

The World Bank Global Economic Perspective report estimates that Angola will register a GDP increase of 3,1% in 2022, and a slight slowdown (2,8%) in 2023. For the year of 2022, IMF expects a recovery in Angola's economy, forecasting a positive variation of 2,9%. Regarding the oil sector, is estimated a growth of 1,6%, while in the non-oil an expansion of 3,4% for the same period is expected

FOREIGN TRADE

BALANCE OF PAYMENTS

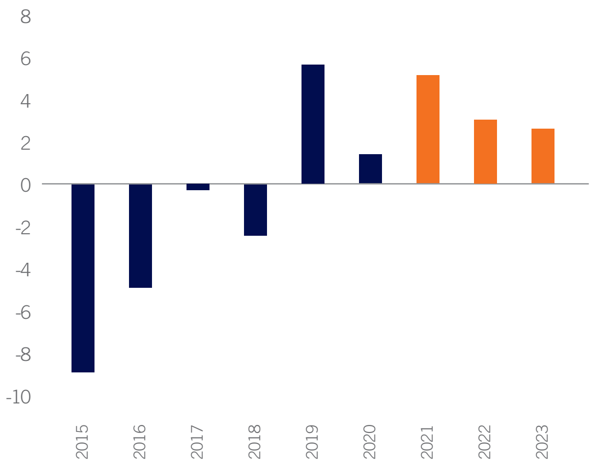
	2014	2015	2016	2017	2018	2019	2020	2021	2022P
Current balance (% of GDP)	-2,6	-8,8	-4,8	-0,3	7	5,7	1,5	10,8	9,5
Trade balance (% of GDP)	21	10,7	13,9	16,7	23,6	23	19,5	27,5	25
Export of Goods (% change yoy)	-13,3	-43,9	-16,9	25,5	17,8	-14,8	-39,7	53	
Of which: oil (% change yoy)	-13,8	-44,7	-17,2	26,3	18,3	-15,3	-41,3	53,8	
Import of Goods (% change yoy)	8,5	-27,6	-34,6	10,9	9,2	-10,6	-32,4	23	

Source: IMF

For 2021, the IMF expects Angola's current account to register a surplus (10,8% of the GDP), much higher than the values observed in the previous year (1,5% of GDP in 2020). This considerable increase in the Balance of Payments has resulted from two predominant factors. On one hand, not only the imports of goods dropped to 2,4 billion USD in the first 9 months of the year (according to BNA´s data) versus 2019 (pre-pandemic period), but also the imports of services registered a fall compared to 2019 (around 1,1 billion USD).

Current account balance

% of GDP



Source: FMI

On the other hand, between the months of January and November of 2021 exports revenue also reduced when compared to 2020, ending the year slightly below the amount registered in the same period of 2019 (23,5 billion USD vs. 26,1 billion USD). Thus, the Angolan Current Account recorded a superavit of 5,7 billion USD (highest value since 2018) throughout this period.

Angola´s external debt slightly worsened in 2021: according to the data released in the 3rd quarter, the external debt stock totaled 67 billion USD, 3,6% higher than the numbers disclosed at the end of 2020 (64,6 billion USD). However, when measured as a percentage of GDP, external debt has improved, weighing about 88,6% of the GDP (vs. 108,9% of GDP at the end of 2020). This rebound was a consequence of the currency appreciation in 2021 (+17,1%), which led to a rise in the Angolan GDP when measured in Dollars.

Regarding the external debt payment, Angola negotiated the extension of the G20's and Paris Club's Suspension of the Debt Service Initiative to include the 2nd semester of 2021. Furthermore, the government also negotiated with the country's main creditors more favorable terms for the remaining debt service, and was able to postpone the payment of part of the debt service until 2023. According to the IMF, the Angolan public debt is estimated at 95,9% of the GDP at the end of 2021, 39,2 bp bellow the values expected for 2020. For the year 2022, the fund forecasts a positive result in the current account balance (9,5% of GDP).

International reserves and exchange rates

Billions USD: USD/AOA

Source: BNA

In 2021, the net international liquid reserves registered an increase of 1,2 billion USD compared to December of 2020, amounting to a total of 9,9 billion USD (+13,4% yoy), representing the highest year-on-year evolution since the beginning of the sample period in 2012.

Regarding the foreign exchange sector, 2021 was marked with a period of stabilization of the currency until September, which was reversed in the last four months of the year with a significant appreciation against the USD and the Euro. During 2021, the Kwanza appreciated about 17,1% against the Dollar and 26,7% versus the Euro. The Exchange rate closed the year at 555 USD/AOA and 629 EUR/AOA. This strong currency valuation essentially resulted from the increase in oil revenues, which contributed to the rise in Government´s supply of foreign currency, through the Ministry of Finance (via oil taxes) and oil companies.

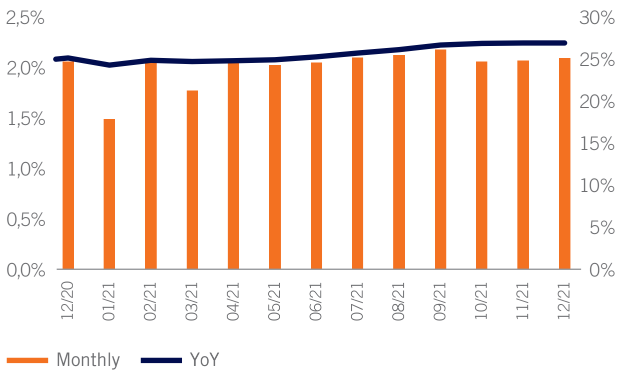
PUBLIC FINANCE, INFLATION AND INTEREST RATES

According to the Ministry of Finance's preliminary data, the budget implementation for 2021 will have a stronger performance than initially estimated. The 2021 General State Budget was elaborated assuming a highly conservative oil price (39 USD). However, the commodity recorded in 2021 an average price close to 67 USD. The revenue is expected to amount to approximately AOA 10,4 trillion, higher than the Government's expectation (AOA +2,6 trillion), while the expenses registered values relatively higher than initially predicted (AOA +131 billion), settling at AOA 9 trillion. Thus, the public accounts presented a positive budget balance around AOA 1,5 trillion, much superior than the deficit of AOA 1 trillion predicted by the General Government Budget for the year of 2021.

During the first 11 months of 2021, total credit to the economy registered an increase of 15% compared to the end of 2020. Nonetheless, when accounting only for the private sector credit, there was a positive variation of 22,8%. As for non-performing loans, the ratio relative to the total credit was set at 20% in the month of November of 2021, a rise of 1,5bp against 2020 year-end. Regarding deposits, from January to November of 2021, there was an increase of 9,8% (-9,8bp than in 2020).

Domestic Inflation

(Percentage)

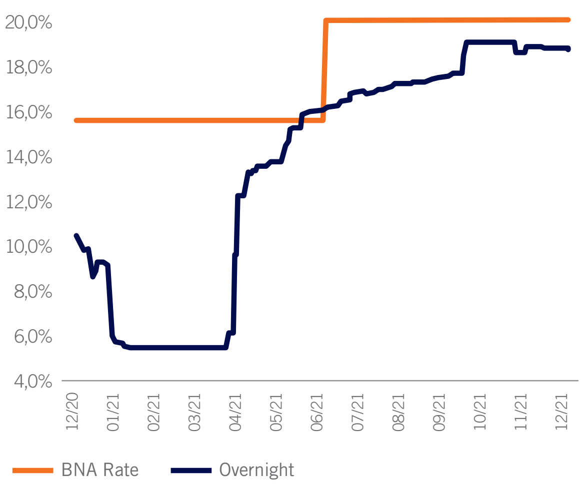


Source: INE

In terms of inflation it was documented an annual average of 25,7% in 2021, which is 3,5% above the average registered in 2020 (22,2%) and 8,6bp higher than the value registered in 2019 (17,1%). In a year-on-year basis, inflation fell slightly between February and March and has since followed an upward trend for the rest of the year. On a monthly basis, the price variation in 2021 was 2% on average, with emphasis on the month of September, in which was registered the highest value of the year (2,2%). The positive variation on the year-on-year inflation throughout 2021 was a result of the significant price increase on food and non-alcoholic beverages, which contributed with more than 60% to the national consumer price index; in 2021, this item recorded an average monthly rise of 2,5%, in particular the month of March in which the variation was 2,8%.

BNA reference interest rate

(Percentage)



Source: BNA

In order to offset the price increase, BNA's Monetary Policy Committee (MPC) held 6 meetings throughout the year, which resulted in several adjustments to the monetary policy instruments. During the meeting in March, the MPC increased its 7-day liquidity absorption interest rate, from 7% to 12%. Furthermore, in May the MPC decided not only to increase the minimum reserve requirement ratio in foreign currency from 17% to 22%, but also increase the government balances minimum reserve coefficient to 100% instead of the previous 22%. During the meeting held in July, BNA established a raise in the BNA rate from 15,5% to 20%, increasing the interest rate on the liquidity supply to 25% against the previous 19,88%, as well as an increase in the interest rate of the 7-day liquidity absorption from 12% to 15%.

In the meetings held on September and November, the regulator decided to mantain the monetary policy instruments, expecting a turnaround scenario in the inflation trajectory starting in 2022. Thus, if these measures do not result in a decrease of inflation in early 2022, BNA is expected to implement an even tighter monetary policy.

REGULATORY CHANGES

This list shows the decrees and statutes published in 2021, which matters both concern banking and finance or affect the Bank operations.

No.	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
01	NOTICE NO. 01/21, 12 OF FEBRUARY	BNA	Establishes the rules about the operation of the Risk Information Center (CIRC).
02	NOTICE NO. 2/21, 24 OF MARCH	BNA	Establishes the terms and conditions for the settlement of goods and services supplied by foreign exchange resident entities to non-resident maritime operators.
02	NOTICE NO. 3/21, 12 OF APRIL	BNA	Establishes rules and procedures to guide when carrying out specific exchange transactions applied to entities that perform prospection, research, evaluation, development, production and sale of non-associated natural gas and its derivatives.
03	NOTICE NO. 4/21, 14 OF APRIL	BNA	Establishes rules and procedures to guide when carrying out foreign exchange transactions regarding the settlement of exports and imports of goods in the Angolan Republic.
04	NOTICE NO. 5/21, 14 OF APRIL	BNA	Establishes rules and procedures to be observed in the execution of foreign exchange operations of purchase of foreign currency and transfer of own resources in foreign currency abroad, by individuals, residents and non-residents.
05	NOTICE NO. 6/21, 14 OF APRIL	BNA	Determines the extension of the term of Notice nº 10/20, of April 3, until December 31, 2021, maintaining the requirements, including the reference date of December 31, 2019, for the calculation of the minimum value to be granted.
06	NOTICE NO. 7/21, 4 OF JUNE	BNA	Establishes prudential treatment of credits on which banking financial institutions have granted payments delays, as a consequence of the Covid-19 pandemic, in order to support Customers facing a temporary reduction of liquidity.
07	NOTICE NO. 8/21, 5 OF JULY	BNA	Establishes the characteristics for the capital integrating elements and uniform rules on general prudential requirements with which institutions must comply.
08	NOTICE NO. 9/21, 5 OF JULY	BNA	Regulates the external audit activity in the financial institutions authorized by BNA, whose main objective is the analysis of the financial statements at closing date.
09	NOTICE NO. 10/20, 14 OF JULY	BNA	Regulates corporate governance and internal control as well as sets the minimum standards to be achieved by financial institutions.
10	NOTICE NO. 11/20, 23 OF DECEMBER	BNA	Defines the procedures for foreign exchange transactions by non-residents related to foreign investments in entities without shares admitted to trading on regulated markets, investments in securities and derivative instruments, any divestment of the mentioned assets, and income derived from these assets.
11	NOTICE NO. 12/21, 23 OF DECEMBER	BNA	Establishes the limit of the global exchange position, as well as the respective computation basis for banking financial institutions.
12	LAW NO. 3/21, 25 OF JANUARY	NATIONAL ASSEMBLY	Law on the Legal Regime of Civil Identification and Issuance of the National Citizen Identity Card.
13	LAW NO. 7/21, 14 OF APRIL	NATIONAL ASSEMBLY	Law that amends the Commercial Code.
14	LAW NO. 11/21, 22 OF APRIL	NATIONAL ASSEMBLY	Law on the Legal Regime of Securities Guarantees.
15	LAW NO. 13/21, 10 OF MAY	NATIONAL ASSEMBLY	Legal Regime of Company Recovery and Insolvency.

No.	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
16	LAW NO. 14/21, 19 OF MAY	NATIONAL ASSEMBLY	Law on the General Regime of Financial Institutions.
17	LAW NO. 16/21, 19 OF JUY	NATIONAL ASSEMBLY	Special Consumption Tax Regime.
18	LAW NO. 24/21, 18 OF OCTOBER	NATIONAL ASSEMBLY	Law of the National Bank of Angola.
19	EXECUTIVE DECREE NO. 56/21, 3 OF MARCH	MINISTRY OF THE INTERIOR	It considers valid until April 20, 2021, the documents of foreigners who are outside of the country (residence permit, refugee card, visa).
20	PRESIDENTIAL DECREE NO. 114/21, 29 OF APRIL	PRESIDENT OF THE REPUBLIC	Implementation of a Central Registry for Securities Guarantees.
21	EXECUTIVE DECREE NO.122/21, 12 OF MAY	MINISTRY OF THE INTERIOR	Determines that the documents relative to the permanence of foreign citizens who are out of national territory, such as, residence permits, refugee cards, investor visas, work visas and temporary permanence visas that expire after February 28, 2020, are considered valid until July 31, 2021.
22	PRESIDENTIAL DECREE NO. 191/21, 10 OF AUGUST	PRESIDENT OF THE REPUBLIC	Approves the rules regarding the registration, evaluation and reevaluation of real estate for the purposes of the provisions of the Property Tax Regulation.
23	PRESIDENTIAL DECREE NO. 245/21, 24 OF OCTOBER	PRESIDENT OF THE REPUBLIC	Establishes the Legal Regime for the attribution, composition and use of the Fiscal Identity Number for natural and legal persons or equivalent entities, as well as its control and management mechanisms.
24	EXECUTIVE DECREE NO. 259/21, 5 OF AUGUST	MINISTRY OF THE INTERIOR	Documents relating to the stay of foreign citizens who are absent from national territory are consider valid until September 30, 2021.
25	PRESIDENTIAL DECREE NO.308/21, 21 OF DECEMBER	PRESIDENT OF THE REPUBLIC	Video Surveillance Law Regulation.
26	INSTRUCTION NO. 01/2021, 02 OF FEBRUARY	BNA	Defines the Custody Fee applicable to Reserves deposited at BNA.
27	INSTRUCTION NO. 02/2021, 10 OF FEBRUARY	BNA	Reserve requirements.
28	INSTRUCTION NO. 03/2021, 12 OF FEBRUARY	BNA	Angolan Automated Clearing House / Collateral for settlement of balances.
29	INSTRUTIVO N.º 04/2021, 24 OF FEBRUARY	BNA	Partial Amendment of Instruction 20/20, of December 9, on the Report on Prevention of Money Laundering, Terrorist Financing and Proliferation.
30	INSTRUCTION NO. 05/2021, 26 OF FEBRUARY	BNA	Operation of the CIRC - Credit Risk Information Center.
31	INSTRUCTION NO. 6/2021, 15 OF APRIL	BNA	Annual Premium Contributions of the Financial Institutions Participating in the Deposit Guarantee Fund in Angola.
32	INSTRUCTION NO. 7/2021, 10 OF MAY	BNA	Auctions for buying and selling foreign currency organized by the National Bank of Angola.
33	INSTRUCTION NO. 8/2021, 14 OF MAY	BNA	Central Government Balances Registered in the Balance Sheets of Financial Banking Institutions.

No.	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
34	INSTRUCTION NO. 9/2021, 07 OF JULY	BNA	Payment Card Protection Service.
35	INSTRUCTION NO. 10/2021, 07 OF JULY	BNA	Internal Capital Adequacy Assessment Process (ICAAP).
36	INSTRUCTION NO. 11/2021, 07 OF JULY	BNA	Internal Liquidity Adequacy Assessment Process (ILAAP).
37	INSTRUCTION NO. 12/2021,14 OF SEPTEMBER	BNA	Cash Withdrawal from Automatic Payment Terminals.
38	INSTRUCTION NO. 13/2021, 27 OF SEPTEMBER	BNA	Calculation and Requirements of Total Capital for Operational Risk and respective Periodic Reporting Information.
39	INSTRUCTION NO. 14/2021, 27 OF SEPTEMBER	BNA	Liquidity Risk.
40	INSTRUCTION NO. 15/2021, 27 OF OCTOBER	BNA	Calculation and Requirement of Total Capital for Credit Risk and Counterparty Credit Risk as well as the provision of Periodic Reporting Information.
41	INSTRUCTION NO. 16/2021, 27 OF OCTOBER	BNA	Calculation and Requirement of Total Capita for Market Risk and Provision of Periodic Information.
42	INSTRUCTION NO. 17/2021, 27 OF OCTOBER	BNA	Calculation and Total Capital for Settlement Risk and free deliveries.
43	INSTRUCTION NO. 18/2021, 27 OF OCTOBER	BNA	Calculation and Total Capital for Credit Valuation Adjustment Risk.
44	INSTRUCTION NO. 19/2021, 27 OF OCTOBER	BNA	Provision of Information on Own Capital Composition and Own Funds Ratios.
45	INSTRUCTION NO. 20/2021, 27 OF OCTOBER	BNA	Leverage Ratio.
46	INSTRUCTION NO. 21/2021, 27 OF OCTOBER	BNA	Instruction no. 03/17, of January 30, on the Provision of Information on Large Risks Prudential Limits.
47	INSTRUCTION NO. 22/2021, 27 OF OCTOBER	BNA	Interest Rate Risk in the Banking Portfolio.
48	INSTRUCTION NO. 23/2021, 29 OF OCTOBER	BNA	Purchase and Sale of Foreign Currency on the Bloomberg FXGO Platform by Companies in the Aviation and Insurance Sectors.
49	INSTRUCTION NO. 24/2021, 07 OF DECEMBER	BNA	Limit values on Transactions carried out in the Payment Systems.
50	DIRECTIVE NO. 01/DRO/2021, 06 OF JANUARY	BNA	Constitution of Imparities for State Exposure, Denominated in foreign Currency.
51	DIRECTIVE NO. 01/DMA/DSP/2021, 02 OF FEBRUARY	BNA	Procedures for the Commercial Banks Reserve Accounts Operation in National Currency.

No.	Type of Legal Diploma	Issuing Body	Subject Matter of Regulation
52	DIRECTIVE NO. 02/ DMA/2021, 05 OF MAY	BNA	Suspension of the Map of Needs (MdN) - Registration of Transactions on the Bloomberg FXGO Platform.
53	DIRECTIVE NO. 03/ DMA/2021, 06 OF MAY	BNA	Reporting of Statistical Information on Simplified Bank Accounts.
54	DIRECTIVE NO. 04/ DMA/2021, 06 OF MAY	BNA	Deadlines for Information Reporting via the Financial Institutions Portal (PIF).
55	DIRECTIVE NO. 05/ DMA/2021, 06 OF MAY	BNA	Reporting of Information on Credits Granted to Holders of Qualified Stakes.
56	DIRECTIVE NO. 05/ DMA/2021, 05 OF MAY	BNA	Requirements for the Calculation and Fulfillment of the reserve requirements.
57	DIRECTIVE NO. 06/ DMA/2021, 06 OF MAY	BNA	Procedures for Central Government Balances Transactions in National Currency.
58	DIRECTIVE NO. 07/DMA/2021, 06 OF JULY	BNA	Requirements for the Calculation and Fulfillment of reserve requirements in Foreign Currency.
59	DIRECTIVE NO. 08/ DMA/2021, 06 OF JULY	BNA	Basic Interest Rate (BNA Rate) - Standing facilities for lending (FCO) and liquidity absorption.
60	DIRECTIVE NO. 09/DSP/ DCF/2021, 14 OF SEPTEMBER	BNA	Customer Service.
61	DIRECTIVE NO. 10/DIF/ DRO/2021, 14 OF SEPTEMBER	BNA	Alteration of the Remuneration of the Savings Interest rate fot the Bankita a Crescer Product.
62	DIRECTIVE NO.13/2021, 22 OF NOVEMBER	BNA	Eligible External Rating Agencies.
63	DIRECTIVE NO. 14/DSB/ DRO/2021,22 OF NOVEMBER	BNA	Largely Diversified Relevant Stock Indexes.
64	DIRECTIVE NO. 14/DSB/ DRO/2021, 22 OF NOVEMBER	BNA	Largely Relevant Stock Indexes.
65	CIRCULAR LETTER NO. 01/DRO/2021	BNA	Opening of Bank Accounts Held by Supervised Entities.
66	CIRCULAR LETTER NO. 02/DSP/2021	BNA	Payment of the Social Security Contributions in SPTR.
67	CIRCULAR NO. 04/DCF/2021	BNA	Development of savings products and adjusting interest rates.
68	CIRCULAR LETTER NO. 05/DCF/2021	BNA	Declaration of Suitability in the Process of Change of Domicile.
69	CIRCULAR LETTER NO. 07/DCF/2021	BNA	Customer Service.

3

BFA

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1990

The former Banco de Fomento Exterior (BFE) opens a representation office in Luanda.

1993

presence boosted with the opening of a branch in Luanda that begins to offer universal commercial banking with a capital equivalent to USD 4 million.

1996

Acquisition of BFE by the BPI Group, leading to strong expansion of the Group in Angola.

2002

BFA becomes an autonomous entity under Angolan law.

2003

Inauguration of the new headquarters in Luanda, a high point for the BFA brand on the Angolan market and a landmark in the Bank's plan to expand its commercial network by putting all its core services in the same building.

2004

Segmentation of the commercial network begins with the opening of the first three Corporate centres, offering specialist business services.

2005

The social fund is created with three main focuses: education, health and social welfare;

BFA launches the BFA Gold credit card, the first credit card developed for the Angolan market.

2006

Major expansion of the commercial network and increased segmentation with the inauguration of the first investment centre.

2007

The commercial network expands to include 96 service desks, 83 retail branches, 7 corporate centres, 4 investment centres and 2 service points;

In partnership with VISA and EMIS, BFA is the first Bank to offer credit and debit card cash withdrawal at all BFA's ATMs.

2008

Change in shareholder structure as 49.9% of BFA is sold to Unitel;

Investment centre network is extended to Benguela Province with the opening of the first investment centre in Lobito;

Launch of BFA Super Poupança (Super Saver) as the main source of new (especially USD) Customer funds.

2009

The commercial network expands to 129 service desks;

Launch of Plano de Poupança BFA (BFA Savings Plan) and a Western Union service.

2010

Creation of a central archive within the current dynamic IT system i to improve the quality of Customer service (queries and requests for documentation).

2011

BFA launches SMS service for personal Customers;

Start of the eMudar@BFA project, providing the Bank with an application platform for process management;

Bankita Programme Agreement signed with BNA.

2012

Oil & Gas (Operators) Business Centre created to meet the particular needs of oil operators;

Service desk network expands to 167 service desks, 139 branches, 15 corporate centres, 8 investment centres and 5 service points in December 2012;

Service desks in Luanda Province account for 20% of the total market (market total 498).

2013

Oil & Gas (Vendors) Business Center created, to meet the particular requirements of the oil sector service providers.

2014

Inauguration of BFA's Assistance Line;

Lauching of the Kandandu Prepaid VISA Card.

2015

BFA becomes the first member of BODIVA, with more than 70% of the market share in terms of transaction numbers and volumes;

BFA launches its first mobile app.

2016

BFA Gestão de Activos is incorporated, to manage investment funds.

2017

UNITEL buys +2% of BFA's shares, becoming the majority shareholder.

2018

Creation of the Agribusiness Department, to support the sustainable development of this segment in Angola;

Effective operationalization of the Risk Management Function in the Bank;

Creation of BFA's Training Academy.

2019

Reaching the historical number of 2 067 844 Customers;

Conclusion of the Implementation and Operationalization of the Risk Function;

Opening of the first BFA Private Banking;

Creation of two specialized centers for the Public and Institutional Business Sector.

2020

BFA becomes the first Bank accepting American Express Cards;

Migration to Banka 3G version.

CORPORATE GOVERNANCE

GUIDING PRINCIPLES OF CORPORATE GOVERNANCE

The Guiding Principles of the Corporate Governance Policy at BFA are based on strict compliance with Angolan and international legal requirements embodied in internationally recognized best practices, and as mirrored in the best ethical principles. They include:

- **Management Transparency:**
  i. Permanent and complete **internal information**, allowing the non-executive members of the Board of Directors and the members of the Supervisory Board to effectively fulfill their supervisory and control rules;
  ii. Comprehensive and accurate **external information**, enabling shareholders, authorities, auditors, and other stakeholders to assess the quality and consistency of the information provided and the results achieved;
- **Independence** of executive management function, regarding shareholders or specific interests;
- **Fairness and Harmony** in the relationship with shareholders, Customers and Employees, especially in the alignment between their respective interests;
- **Loyalty**, embodied in the implementation of preventive mechanisms regarding situations of conflict of interest;
- **Efficiency** and interaction between all the Bank's administrative and supervisory bodies;
- **Accuracy** in the management of the various underlying risks regarding the Bank's activity;
- **Participation in the decision making process**, through the adoption of models in decision-making processes and in the promotion of teamwork;
- **Performance and merit**, which represent the fundamental criteria to support the Employees' and Board Members' remuneration;
- **Value creation**, corollary of all the principles above and the first objective of both BFA's Board and staff.

CORPORATE STRUCTURE AND GOVERNANCE MODEL

Corporate Structure

BFA was incorporated by notarized deed on 26 August 2002, after the Angolan branch of Banco BPI, S.A., has been transformed into a Bank under Angolan law.

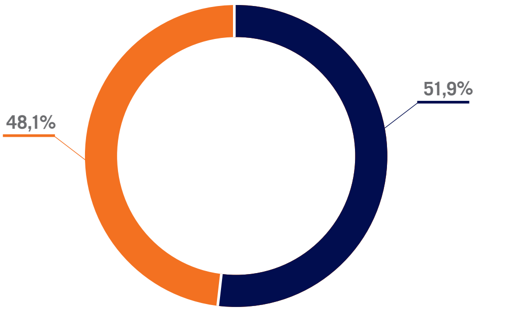
Until the beginning of 2017, BFA was majority owned by the BPI Group, with 50.1% of the respective share capital, and with the remaining 49.9% held by UNITEL, S.A.

On January 5th of 2017, in line with the purchase and sale agreement celebrated on October 7, 2016, BPI, sold its 2% participation in BFA to Unitel. The latter became BFA's major shareholder, holding 51,9% of its share capital.

By notariazed deed published in the Diário da República III Series - No. 11, of January 17, 2017, following the written resolution passed unanimously by the relevant Shareholders of October 14, 2016, and the corresponding authorization from BNA, BFA's articles of association were completely redrafted after the change in its shareholder structure.

At 31 December de 2021, BFA's shareholders was as follow:

Corporate Structure



BFA's Equity Interest

BFA, participates in the share capital of the following companies:

PARTICIPATIONS	17,26%	50,00%	2,00%	99,99%
	EMIS - SOCIEDADE INTERBANCÁRIA DE SERVIÇOS	SOCIEDADE DE FOMENTO HABITACIONAL	INSTITUTO DE MERCADO DE CAPITAIS	BFA GESTÃO DE ACTIVOS
Activity performed	Infrastructure management and supporting technology for national and international payments; Card Management and Control (debit and credit); Provision and management of electronic services regarding information and data transmission and management; Management of the automatic payment terminals and automatic teller machines network.	No activity – Management of guarantees regarding the housing credit to be conceded by BFA in the scope of the Zango's housing project, to be developed by BFA and José Eduardo dos Santos Foundation.	No activity – Provision of training services for players in the Capital Markets.	Asset Management Company.

EMIS

BFA is the founding shareholder of EMIS – *Empresa Interbancária de Serviços, S.A. ("EMIS"),* being both its major private shareholder, holding 17,26% of the capital, and it's main Customer.

EMIS' corporate purpose is the provision of banking services, namely the management of payment systems like the Multicaixa network and the national payment systems, in particular for credit transfers and cheque clearings.

Under the Emis by-laws, approved in the General Assembly of December 17th, 2010, the company is managed by a Board of Directors, which may delegate the day-to-day management of the company to an Executive Committee.

Throughout its existence, EMIS has received permanent support and encouragement from BFA, which is recurrently on the front line implement new solutions and services available.

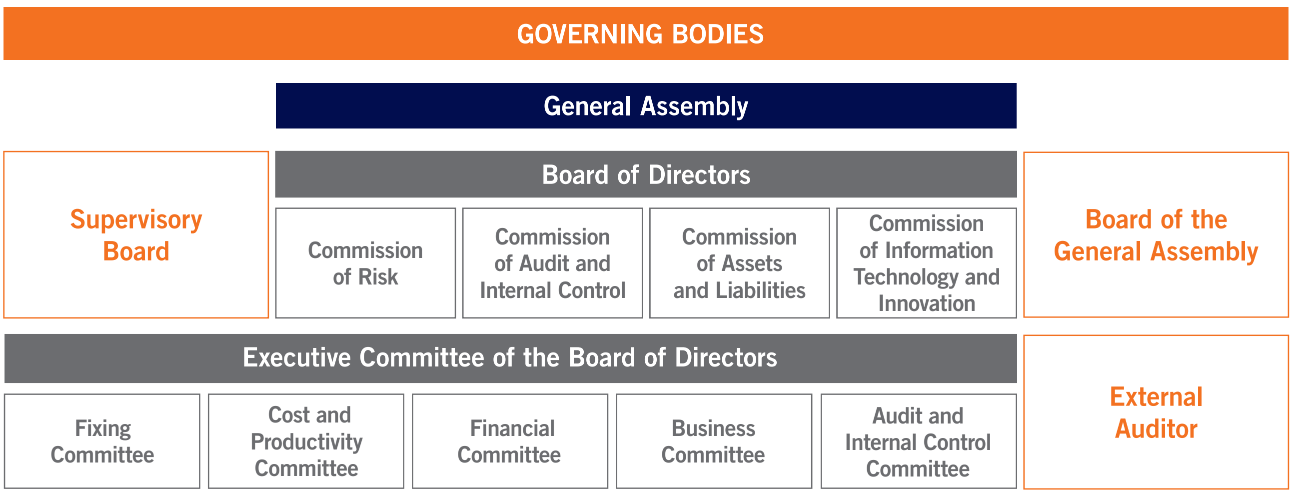
BFA Gestão de Activos

BFA Gestão de Ativos is an Angolan private firm, administratively and financially autonomous with its own equity, and is registered in the Capital Markets Committee since December of 2016.

BFA Gestão de Activo is currently the market leader in the professional management of investments, as well as in trading services and investment consulting services.The company has a team specialized in Financial Markets, and its investment strategy covers a wide spectrum of Asset Classes, identified through market trend studies.

Governance Model

BFA's governance model meets the requirements of the Financial Instutions Act (Law no. 14/2021, of 19 May), and the following model is established in its bylaws:



The Bank is composed of the following corporate bodies:

i. General Assembly;

ii. Board of Directors (BD), which generates the following Committees to support the Statutory Bodies:
   a) Risk Committee;
   b) Audit and Internal Control Committee;
   c) IT and Innovation Committee;
   d) Governance, Nomination, Evaluation and Remuneration Committee;

iii. Executive Committee of the Board of Directors (ECBD), generates the following Committees to support the Statutory Bodies:
   a) Financial Committee;
   b) Business Committee;
   c) Products and Services Committee;
   d) Information Security Committee;
   e) Cost and Productivity Committee;
   f) Fixing Committee.

iv. Supervisory Board

v. External Auditor.

The members of the corporate bodies for three years corresponding to the 2020-2022 period were elected by unanimous resolution of the shareholders, dated January 29, 2020. On the same date, the Board of Directors designated, under the bylaws, the Executive Committee of the Board of Directors, and its respective Chairman. By December 31st, 2021, the Board of Directors was composed by 13 voting members, 2 non-executive and independent, 4 non-executive, and 7 executive.

All members of BFA's governance bodies are endowed with the technical competence, professional experience and moral suitability required for the exercise of their functions, bound by strict confidentiality duties and subject to a set of rules designed to prevent conflicts of interest or inside trading situations, respecting the best practices of sound management.

Meeting of Shareholders

A The General Assembly is the corporate body composed by all the shareholders of the Bank, whose operations are regulated under the terms of its own statutes.

The main competencies of the General Assembly are the following:

i. Amend the Company's articles of association, including share capital increases/decreases;

ii. Company merger, demerger, transformation, or dissolution of the company;

iii. Issuance of securities that may give rise to subscription or conversion into shares;

iv. Restriction/cancellation of shareholders' pre-emptive rights at capital increases;

v. Purchase and sale of own shares and bonds;

vi. Distribution of annual profits, in accordance with the by-laws;

vii. Other distributions of assets to Shareholders and advances on profits.

Composition of the Meeting of Shareholders:

MEETING OF SHAREHOLDERS	
Chairman	João Boa Francisco Quipipa
Secretary	Tidiane de Sousa Mendes dos Santos

Board of Directors

In accordance with the by-laws and regulations of the Board of Directors, it is composed by an odd number of members (minimum of 7 and maximum of 15, as decided by the Meeting of Shareholders), which is responsible for the election of its Chairman and, if they wish to do so, of one or more Vice-Chairs.

The Board of Directors shall hold ordinary meetings once a month, and whenever it is convened by the respective Chairman. It is responsibility of the Chairman of the Board to coordinate his activity, leading the meetings and monitoring the execution of its deliberations. Lastly is competence of the Chairman to represent the Institution before the public powers and other authorities.

Also according with the by-laws and its own regulations, the Board of Directors is provided with broad powers to manage and represent the company, namely:

i. Approve business and strategic budget plans and amendments thereof, under the conditions defined in the Articles of Association;

ii. Decisions that have a material impact on assets;

iii. Material change in the geography in which the Company operates, unless is foreseen in the strategic or business plan;

iv. Listing of shares representing the share capital of the Company or subsidiaries;

v. Approval of the proposed application of profit/losses;

vi. Operations with related parties that exceed the established amount;

vii. Issue of subordinated debt, unless included in the budget;

viii. Amendment of the BoD and ECBD Regulations, as well as the credit and risk regulations;

ix. Formation of subsidiary or acquisition of participation that results in the formation of a subsidiary;

The Broad of Directors is also responsible for all the other acts which are necessary or appropriate for the pursuance of the business activities falling within its social object, as well as all the other acts that do not fit within the competency of the other company bodies, highlighting among its main competencies:

x. Purchase, sale or encumbrance of any assets;

xi. Provision of collateral and personal or real guarantees by the Company;

xii. Management of representations;

xiii. Changes in the company's organization;

xiv. Appointment of agents to perform particular duties or types of duties, specifying the limites of such mandates.

The Board of Directors is also responsible for the approval and monitoring of the business and risk strategy, as well as the policies and actions required to achieve the defined objectives, which are implemented by each of the Bank's departments involved in their executions.

The resolutions of the Board of Directors are recorded in the minutes, which are signed by all those present.

The Board of Directors currently has the following composition:

BOARD OF DIRECTORS	
Chairman (Non-executive)	Rui Jorge Carneiro Mangueira
Vice-Chairman (Non- executive)	Osvaldo Salvador de Lemos Macaia
Non-executive and Independent Members	Filomeno da Costa Alegre Alves de Ceita
	João Fernando Quiúma
Non-executive Members	Divaldo Quienda Feijó Palhares
	Jacinto Manuel Veloso
Executive Members	Luís Roberto Fernandes Gonçalves
	António Simões Matias
	Vera Cristina dos Anjos Tangue Escórcio
	Sebastião Machado Francisco Massango
	Natacha Sofia da Silva Barradas
	Paulo Lélis de Freitas Alves
	António Manuel Costa Alfaia

Executive Committee of the Board of Directors

The Bank's executive management is responsibility of the Executive Committee of the Board of Directors, which, according to its by-laws and specific regulations is composed by three, five or seven members nominated by the Board of Directors that, among them, will designate their Chairman. Currently BFA's ECBD consists of 7 members, and holds meetings when convened by its Chairman (usually once a week, and at least once a month). Its exercise is permanently monitoried by the other corporate bodies, namely by the Board of Directors, the Supervisory Board and the External Auditor.

Under its regulation, the Executive Committee of the Board of Directors has extensive management powers, required to decision making and represent BFA in the following matters:

i. Granting credit or financing operations;

ii. Remunerated provision of personal guarantees;

iii. Provision of real guarantees, which have as object securities and are, necessary or convenient for the pursuit of activities included in the company's object.

iv. Execution of foreign exchange transactions;

v. Execution of passive operations;

vi. Issuance of cash bonds and financial instruments of the similar nature;

vii. Acquisition, sale or encumbrance of any securities that do not represent a capital share in any company;

viii. Purchase, sale or encumbrance of any assets, up to a previously defined threshold;

ix. Acquisition of services up to a previously defined threshold;

x. Admissions, definition of the Employees' levels and categories, under the terms established the Company's budget and in the decisions approved by the Board of Directors;

xi. Exercise of disciplinary power through the application of any sanctions;

xii. Opening or closing of branches or establishments;

xiii. Appointment of the person responsible to represent the Bank at the General Assembly of its subsidiaries, establishing how votes shall be cast;

xiv. Appointment of agents to exercise corporate positions to which the Bank may be elected, as well the people that the Bank should nominate to run for corporate positions in purely participated companies;

xv. Issue of binding instructions to companies in relation to total control;

xvi. Representing the Bank actively and passively;

xvii. Appointment of agents, with or without power of attorney, to perform particular duties or types of duties, specifying the limits of such mandates.

The Executive Committee of the Board of Directors currently has the following composition:following composition:

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS AND THEIR ROLES		
ECBD Chairman	Luís Roberto Gonçalves	• BFA Academy • Investment Banking Department • Human Capital Department • Marketing Department • International Relations Department • Company Secretary • ECP Office
Members	António Simões Matias	• Facilities and Assets Department • Means of Payment Department • Foreign Operations Department • Treasury Operations Department • Operations Processing and Control Department
	Vera Escórcio	• Procurement Department • Accounting and Planning Department • Finance and International Department • Social Responsability Department
	Natacha Barradas	• Audit and Inspection Department (Administrative and Operational Dependency) • Compliance Department • Foreign Exchange Control Department • Risk Management Department • Legal Department
	Sebastião Massango	• Agribusiness Department • Investment Centres Department • Private and Business (North) Department • Private and Business (South) Department • Private Banking Department
	Paulo Alves	• Large Companies Department • Medium Companies Department • Institutional and Oil & Gas Department • Protocols Management Department • Strategic Projects and Iniciatives Department • Organization and Quality Department • Information Systems Department
	António Alfaia	• Credit Monitoring, Recovery and Litigation Department • Private Credit Risk Department • Credit Management Department • Corporate and Business Credit Risk Department • Corporate, Institutional and Projects Credit Risk Department
BD Chairman	Rui Mangueira	• Audit and Inspection Department (Functional Reporting and Hierarchy)

Supervisory Board

The Supervisory Board composition and functioning comply with established by-laws and regulation. It is composed of a Chairman and two permanent members, one of which must be an accountant. Its members must be persons with full legal capacity and technical competencies (namely in matters of law, accounting, auditing, and financial management), professional experience (including operational expertise in banking), which allows them to effective fulfill the assigned responsibilities.

The Supervisory Board must hold at least a meeting, per quarter.

Also according with the by-laws and its own regulations, the Board of Directors is provided with broad powers to manage and represent the company, namely:

In the performance of the legally and statutorily-attributed funcions, is the Supervisory Board responsability:

i. Supervise the Bank´s administration;

ii. Ensure Compliance with the law and article association;

iii. Verify the adequacy of accounting registers and suporting documents;

iv. Verify the accuracy of the financial statements;

v. Verify if the metrical criteria adopted by the company lead to a correct evaluation of its assets and results;

vi. Draw up an annual report on the supervision of the company and issue a statement of opinion on the annual report, accounts and proposals presented by the board;

vii. Convene the General Assembly, when the Chairman of the General Assemby does not do it;

viii. Comply with all the other duties established in law, in the memorandum of association and in BNA's guidelines.

O Conselho Fiscal tem actualmente a seguinte composição:

SUPERVISORY BOARD	
Chairman	Ari Nelson Correia Brandão
Member	João Filipe Melão Dias
Member	Valdir de Jesus Lima Rodrigues

External Auditor

BFA's external auditing is assured by KPMG Angola, under the terms of rules for the provision of services definice in BFA's Notice no. 09/21.

BFA believes that its auditors are independent when complying with applicable regulatory and professional requirements, and that their objectivity is not compromised.

Thus, BFA has embeded in its Governance Practices and Policies several mechanisms that safeguard the auditors Independence.

BOARD OF DIRECTORS SUPPORT COMMITTEE

Audit and Internal Control Committee

The Audit and Internal Control Committee (AICC) currently has the following composition:

AUDIT AND INTERNAL CONTROL COMMITTEE	
Chairman	Rui Mangueira
Members (Non-Executive)	Divaldo Palhares
	Jacinto Veloso

In accordance with the regulation in place, the AICC establishes the following as its key competences:

i. Ensure that an effective and duly documented reporting system is in place and operational, including preparation and issue of the financial statements;

ii. Supervise the determination and implementation of the Bank's accounting policies and practices;

iii. Review all financial information for internal publication/ disclosure, especially the annual accounts prepared by management;

iv. Supervise the independence and effectiveness of Internal Audit, approve and review the actions and frequency of its work and supervise the implementation of recommended corrective action;

v. Supervise Compliance;

vi. Supervise the work and independence of the external auditors, setting up a channel for the communication of audit findings and reports.

Risk Committee

The Risk Committee currently has the following composition:

RISK COMMITTEE	
Chairman	Jacinto Veloso - Non-executive Administrator
Members	Divaldo Palhares - Non-executive Administrator
	Natacha Barradas - Chief Risk Officer

In accordance with the respective regulation, the Risk Committee has the following competences:

i. Advise the Board of Directors in matters related to the Bank's risk strategy;

ii. Monitor all Bank risk management policy.

IT and Innovation Committee

The IT and Innovation Committee currently has the following composition:

IT AND INNOVATION COMMITTEE	
Chairman	Osvaldo Macaia - Non-executive Administrator
Vice-Chairman	Jacinto Veloso - Non-executive Administrator
Members	Luís Gonçalves - ECP
	Paulo Alves - Executive Administrator
	Sérgio Lopes - Information System Chief
	Sílvia Peixinho - Organization and Quality Chief
	Nelson Correia - Marketing Chief
	Filipe Silvério - Project Management and Strategic Initiatives Chief

In 2018, the Bank established this Committee to allow the Board of Directors to monitor the five-year Strategic plan, in which it was defined as one of the objectives for the Bank – being digital leader.

In accordance with the IT and Innovation Committee regulations, the following are the primary functions:

i. Support the Board of Directors with regard to strategies for managing and developing the Bank's IT systems;

ii. Monitor the implementation of the Bank's IT system projects;

iii. Support the Board of Directors in the identification, assessment and implementation of new working processes, products and methods.

Governance, Nomination, Evaluation and Remuneration Committee

The Governance, Nomination, Evaluation and Remuneration Committee currently has the following composition:

GOVERNANCE, NOMINATION, EVALUATION AND REMUNERATION COMMITTEE	
Chairman	Rui Mangueira - Board of Directors Chairman
Vice-Chairman	Osvaldo Macaia - Non-executive Administrator
Member	Luís Gonçalves - ECBD Chairman
	José Octávio Serra Van-Dunem - Member

Notwithstanding the competences attributed to the other corporate bodies of the Bank, it is the Governance, Nomination, Evaluation and Remuneration Committee's responsabilities:

i. Support and advise the corporate bodies in maters related to the governance of the Bank, namely:

a. In the adoption, by the Board of Directors, of policies in regard to corporate governance, in accordance with the by-laws, the aplicable legal provisions and in line with the national and international reccommendation guidelines and practices;

b. In the implementation of the Prevention and Management of Conflict of Interest, transactions with related parties and code of conduct policy.

ii. Support the corporate bodies in matters related with filling vacancies in the different bodies, evaluation and compensation of the corporate bodies and employees associated with critical functions, namely:

i. Selection of candidates and board members, preparation of the proposals to be presented to the General Assembly, related to their appointment;

ii. Selection of acting Board Members and preparation of the proposals to present to the Board of Directors, which has in view its integration in the Executive Committee;

iii. Elaboration of succession plans;

iv. Nomination, dismissal and mobilty of directors allocated in relevant departments;

v. Elaboration of a compensation proposal for the corporate bodies to decide by the company's General Assembly;

vi. Define Key Performance Indicators that underlies the attribution of variable compensation;

vii. Decide on the application of the "malus" and "claw-back" clauses and on the assessment of events that may justify their application;

viii. Define guidelines regarding the evaluation and compensation of the employees performing critical and management functions within the Bank's internal control system and other áreas of special importance;

ix. Evaluate the alignment of BFA's compensation and risk policies, including the national and international regulatory development ocurred;

x. Approve the director variable compensation proposal.

iii. Monitoring the preparation of the Governance and Internal Control System Annual Report and partakes priori to the Board of Directors approval, namely on following aspects:

i. Ensure BFA's compliance with the legal, regulatory, and supervisory applicable to matters within the competence of the Governance, Appointment, Assesment, and Remuneration Committee;

ii. Assesment of the efficiency and effectiveness of BFA's governance structure;

iii. Prepare improvements to BFA's governance structure.

iv. Propose to the Board of Directors measures designed to:

i. Improve the current organization and governance model, which includes the structure, organization, competencies distribution and corporate bodies functioning;

ii. Promote the quality of the information provided by BFA to the competent supervisory authorities, as well as to the market.

The Governance, Nomination, Evaluation, and Remuneration Committee annually prepares an Annual Report on its activity and discloses it to both the Board of Directors and the Supervisory Board by the end of February of the following year to which it refers.

EXPERTISE COMMITTEES SUPPORTING THE EXECUTIVE COMMITTEE

Fixing Committee

- Monitors the execution of BNA's foreign exange auctions, analyzing deviations and proposing corrective measures;
- Approves and monitors the distribution of foreign currency to Customers in accordance with the criteria defined for its purchase and sale, as well as the established internal rules for this purpose;
- Monitors the management policy of all issues related to the sale of foreign currency, namely requiring the preparation of proposals to be submitted to the ECBD aimed at solving the constraints relevant to the activity;
- Monitors and stimulates the Bank's foreign exchange requisition processes by identifying opportunities for process improvements, new methods, and ensuring their subsequent consideration by the ECBD.

Financial Committee

- Recommend effective methodologies for the control of BFA's financial activity;
- Maintain oversight on the effects of current legislation and prudential rules;
- Pricing policy;
- New product strategy;
- Manage balance-sheet risks, exchange rate, interest rate and liquidity risks.

Business Committee

- Monitor the business and commercial performance of the various networks;
- Monitor competition and prospects for growing the business;
- Produce commercial policy by identifying commercial priorities, opportunities and constraints;
- Invite proposals for the resolution of constraints on business that will then be put before the ECBD;
- Monitor action taken on specified priorities, examining deviations and their impacts;
- Develop and energise the implementation of new products to be launched on the market and monitor their commercial performance;
- Monitor and energise commercial business by identifying opportunities for introducing processes and new methods and ensuring they are subsequently assessed by ECBD.

Product and Service Committee

- Monitors the business and the commercial performance of the various networks;
- Complies with the regular framework that affects the Bank's offer of products and services, in its various aspects, namely product characteristics, pricing and sales processes;
- Monitors the competitive environment and the future outlook for the supply of products and services in the internal market;
- Proposes product and service development decision priorities, considering the evolution of the regulatory and competitive environment as well as the potential impact on the Bank's business;
- Monitors the implementation of the defined priorities for the development of products and services, analyzing deviations and evaluating their respective impacts;
- Monitors the implementation of pricing policies, namely at the commission level, in which it is necessary to prepare proposals to be submitted to the ECSC aimed at adjusting the regulations in force or the competitive environment.

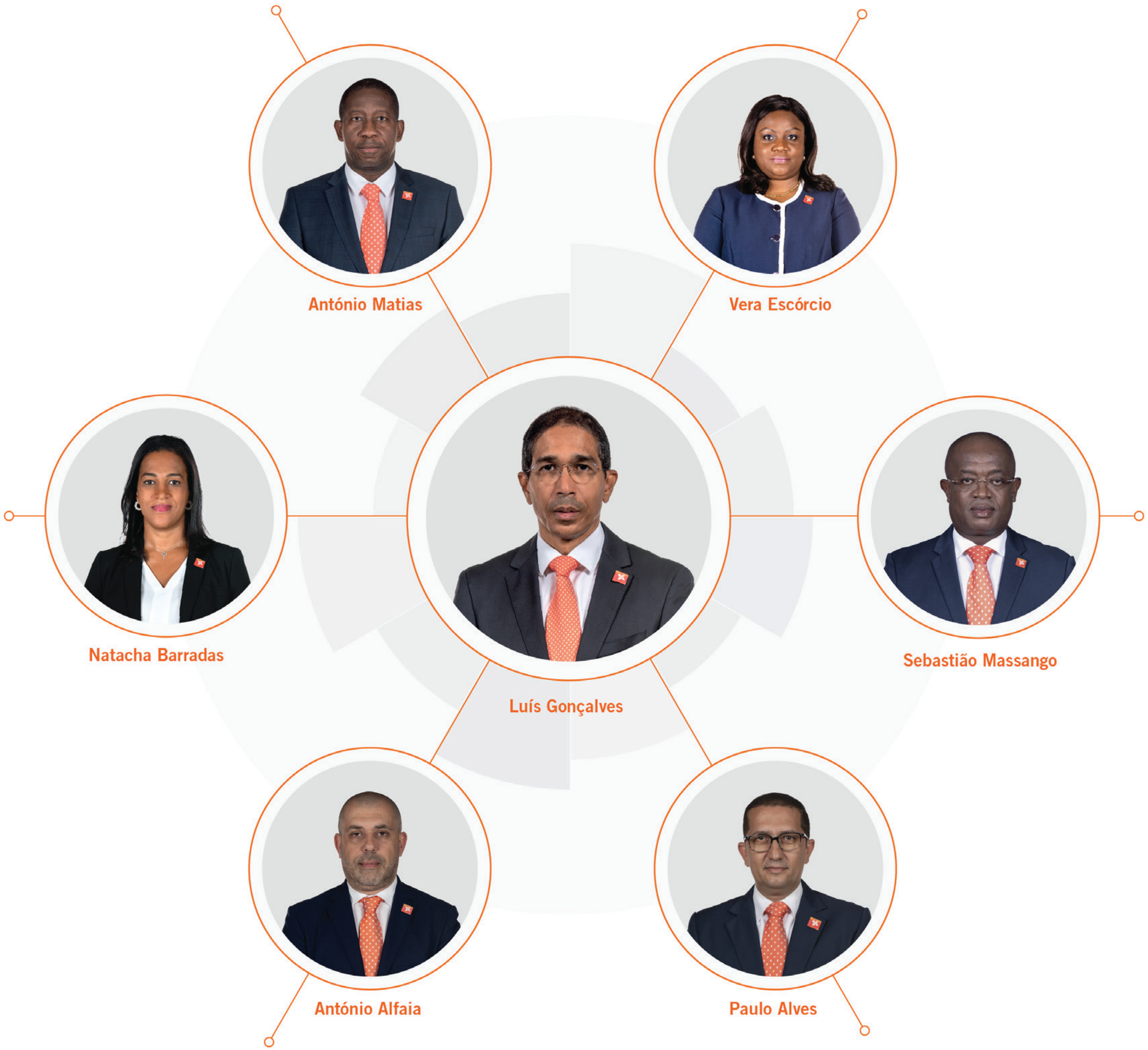
Cost and Productivity Committee

- Monitors the cost budget twice a month;
- Monitors the budget execution controls and the achievement of the defined objectives;
- Analyzes the respective deviations in conjunction with the heads of each area, proposing the adoption of mitigating/corrective measures to the ECBD;
- Carries out guidelines for the preparation of the annual cost budget (staff costs, external services supply) and amortization.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

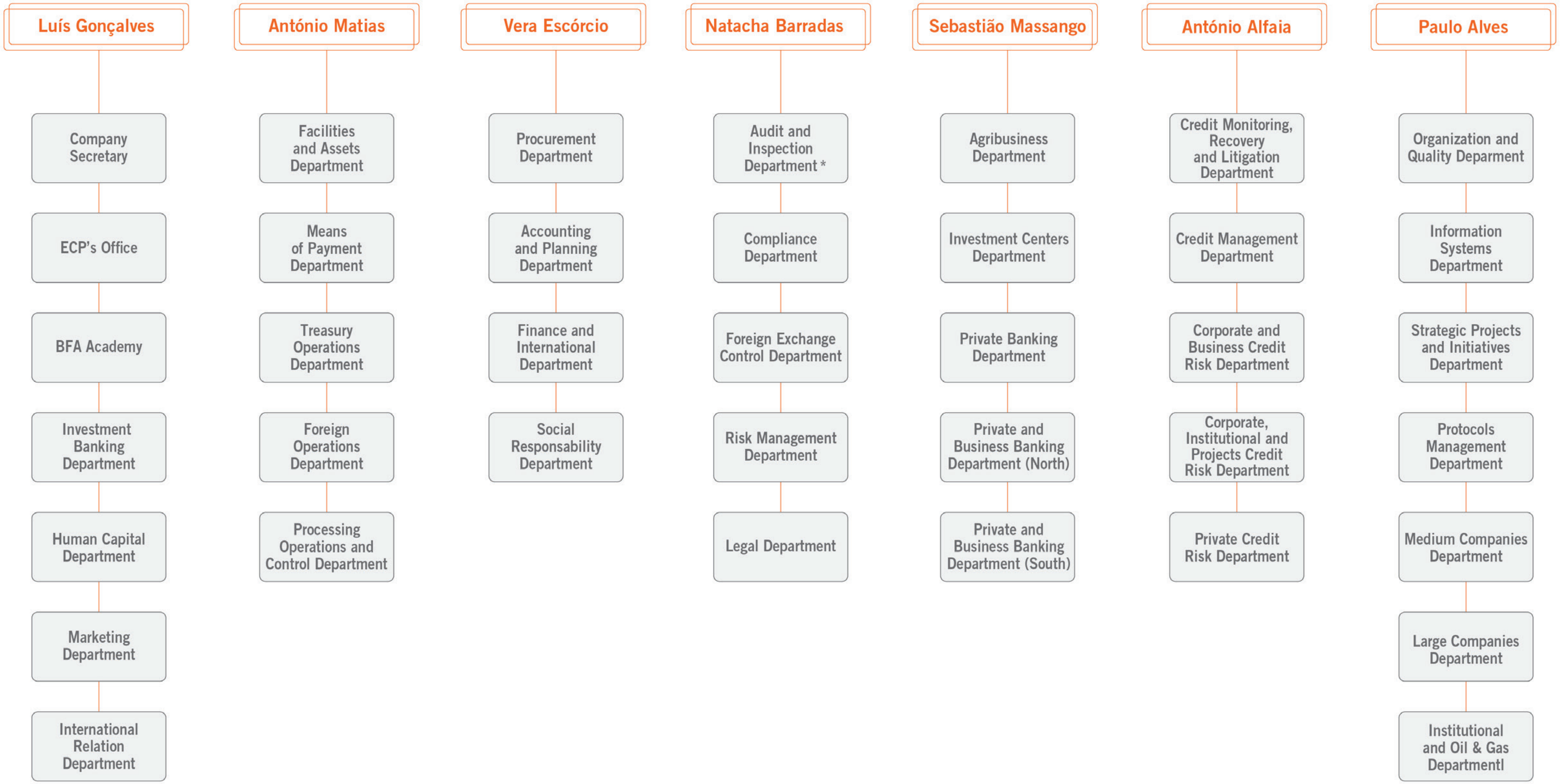
ORGANISATIONAL CHART

The Bank is organised into functions that divide departments into several areas and, each of which is headed by an Executive Director.



EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

ORGANISATIONAL CHART



* Reports directly to the Chairman of the Board

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

António Alfaia
Administrator

António Matias
Administrator

Paulo Alves
Administrator

Natacha Barradas
Administrator

Luís Gonçalves
Chairman

Sebastião Massango
Administrator

Vera Escórcio
Administrator

CORPORATE GOVERNANCE AND INTERNAL CONTROL SYSTEM

The Board of Directors of Banco de Fomento Angola, S.A. (BFA) submitted, on the 30th of December 2021, the Corporate Governance and Internal Control System Annual Report in compliance with BNA's Instruction no. 1/2013 of March 22 article no.1, and article no. 48 of the Notice no. 10/21. The latter regulates how the information from financial institutions is shared with National Bank of Angola under the legal terms established in BNA's notice no 1 and 2/2013, and in the Instruction no 1/2013, both from March 22.

In accordance to the new regulation published during 2021, the Board of Directors started the preparation process for the revision of the Corporate Governance structure, and the accompanying assessment of the internal control system, in line with the Notice no. 10/21, which defines the guidelines for the Corporate Governance and Internal Control, including the timings for the implementation of the required actions to ensure the full compliance of BFA's regulamentation with the international best practices.

Regarding its Internal Control System, in terms of Risk Management and with the objective of promoting a systematization of the basic principles to guide the implementation of a risk management system in Angolan financial institutions, BNA published last year a large package of Notices and Instructions that establish a broad set of requirements in risk governance, to which BFA is committed to full compliance, and to continue in 2021 the operationalization of the risk management function.

Currently, BFA considers that its procedures, systems and human resources reached a satisfactory level and its development is related to the risk management strategy, in line with Law no. 14/21, of May 19 guidelines, which assures the development of risk management system aligned with the legal requirements and best international practices, promotes the correction and the permant improvement of risk management, as well as monitors and guides the management and ficalization bodies regarding the Bank's global risk.

In order to ensure the alignment between its control mechanisms and the international standard measures, the Bank adopts the best practices in terms of Compliance. Having successfully implemented the Anti-Money Laundering and Counter-Terrorism Financing ("AML/CTF") which is a profiling and filtering tool, BFA increased and trained its Compliance team at the AML and Regulatory level. To guarantee the continuous effort to comply and implement the best practices, BFA, similarly to previous years, further stregthened its internal control environment, with internationally acceptable practices of Compliance, and AML/CTF improved the Bank´s approach in relation to the correspondent banking as well as the involment and intervention of the Compliance Department in the process and procedures on regulatory compliance issues, in particular, at the level of control and monitoring of matters covered in the Conflict of interest Policy and in the Related-Party Transaction Policy.

According to the BFA's governance guiding principles, the distribution of competencies and risk management, as well as the policies, namely remuneration and communication with the market, to which must be added shareholder control, it is of Board of Director's understanding that the functioning of the management and supervisory bodies, together with the governance structure and practices, ensure both the protection of the interests of shareholders and other stakeholders.

Accordingly, BFA´s communication practices with the markets assure the provision of adequate information for the formation of an informed judgment about its strategy, activity, risk management and conflicts of interest, in addition to its financial situation and results.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

LUÍS GONÇALVES

Chairman
Nationality: Angolan
Birth date:
6th June 1972

Qualifications:

Degree in Higher Management Accounting from Lusíada University of Angola, and a Post-Graduate Degree in Monetary and Financial Economics from University of Évora, Portugal. In his background, highlights include training in Anti-Money Laundering and Counter-Terrorism Financing 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, ministered by the Financial Services Volunteer Corps (FSVC).

Professional Experience:

Luís Roberto Gonçalves began his banking career in 1996 at BFA, and for several years held important positions at the Bank. In 2016, he had the mission to create BFA Asset Management where he was the Chairman of the Executive Committee. Furthermore, he held important positions at Banco KEVE and until the beginning of 2020 he was the Executive Director at South Credit Bank.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

VERA ESCÓRCIO

Administrator
Nationality: Angolan
Birth date:
17th September 1974

Qualifications:

Degree in Economics with a specialization in Business Economics from Nova School of Business & Economics and a post-graduate degree in Bank Management at the University Institute of Graduate Studies (Madrid). She also has in her background an Advanced Management Program for Banking from the Católica Lisbon School of Business & Economics.

Professional Experience:

Vera Escórcio has been a Director of BFA since 2009, she has 21 years of experience in Banking, having started in 2001 at BFA, in the Financial Department where she was responsible. She also worked at Banco BIC, where she was Director of the Financial Department, and was a member of the Supervisory Board of Nova Cimangola and Supervisory Board of ABANC - Angolan Banks Association.

ANTÓNIO MATIAS

Administrator
Nationality: Angolan
Birth date:
19th July 1968

Qualifications:

Degree in Business Management by the Faculty of Economics of Agostinho Neto University and a post-graduate degree in Banking, Insurance and Financial Markets from Higher Institute of Languages and Administration of Lisbon (ISLA).

Professional Experience:

António Matias has been a Director of BFA since 2005, as well as the Chairman of the Board of IFBA. Along with a career in economics, he joined BFA in January 1998 and thus has 24 years of experience in banking. During his career at BFA, he performed several functions in the Credit area of Corporate Banking, in the Corporate Department and in the Individuals and Businesses Department.

NATACHA BARRADAS

Administrator
Nationality: Angolan
Birth date:
25th September 1978

Qualifications:

Degree in Law from the Católica University of Angola and also two post-graduate degrees: Commercial Company Law and International Trade Law from the University of Lisbon and Agostinho Neto University. She also holds a Master in Business and Law from the Portuguese Católica University.

Professional Experience:

Natacha Sofia da Silva Barradas was a Director of the Legal Department, Company Secretary and Chairman of the Shareholders' Meeting of Standard Bank Angola. For two years, she was also a member of the supervisory board of Fundo Soberano de Angola. Furthermore, she was a partner at LEAD Advogados and has worked in several law firms, such as: MLGTS – Morais Leitão, Galvão Teles, Soares da Silva e FBL - Faria De Bastos e Lopes Advogados Associados. In 2013, she joined the Angolan Ministry of Finance as a Director of the Legal Office and later as a Director of the Office and Advisor to the Minister of Finance. She was also a lawyer at BPI Bank in 2008 and at New Insurance Company of Angola (Nossa Seguros) in 2005. In the same year, she was a lecturer at the Law School of the Católica University of Angola.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

ANTÓNIO ALFAIA

Administrator
Nationality: Portuguese
Birth date:
11th January 1973

Qualifications:

Degree in Business Management from ISLA - Lisbon Higher Institute of Languages and Administration (currently European University). He has a post-graduate degree in Management Control and Performance at Overgest/ISCTE and also an Executive Program in Management of Financial Institutions at Católica Portuguese University.

Professional Experience:

António Alfaia, has been connected to Retail, Factoring and In Store Banking, having held the position of Commercial Director at Banco BPI, in the Private and Business segment. He began his career at BFA in 2008, where he assumed responsibilities in the areas of Personal and Business Credit Risk, Workplace Banking, Credit Risk Management and implementation of the IFRS9 standard. In 2020, he took the General Manager of Credit position at BFA, in which he was responsible for monitoring all areas of concession, tracking, recovery, and operational management.

SEBASTIÃO MASSANGO

Administrator
Nationality: Angolan
Birth date:
10th September 1976

Qualifications:

Degree in Business Management from the Faculty of Economics of Agostinho Neto University and a post-graduate degree in Business Management from the Católica Lisbon University

Experiência Profissional:

Sebastião Machado Francisco Massango, has a background of 20 years of experience at BFA, where he held relevant positions in Corporate Banking and in the Credit Risk Management also in Corporate Banking. Furthermore, in 2019 he was named Director in the Agribusiness Directorate.

PAULO ALVES

Administrator
Nationality: Angolan
Birth date:
24th November 1978

Qualificações:

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

Experiência Profissional:

Paulo Freitas Alves has been a Director of BFA since 2020. He has an extensive experience in the Commercial Area, both in Retail and Corporate Banking, as well as expertise in Project Management and Organizational Transformation. He began his career in banking in 2001 at BAI Bank, and joined BFA in 2005. During his career at BFA, he held several leadership positions in the Private and Business Department and Corporate Department, as well as in the Transformation Department, where he was the leader of the "Offer Innovation" initiative of the Bank's Strategic Plan.

MAIN BUSINESS AREAS

LEADERSHIP IN PROMOTING FINANCIAL INCLUSION AND STREGTHENING OF THE FINANCING OF THE ECONOMY

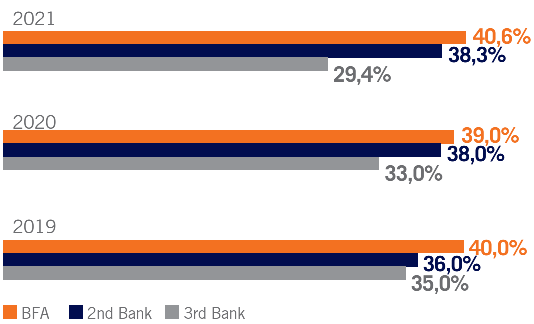
Development of Banking in Angola

A survey conducted in 2021 to the population living in the Luanda province, aged 15 years old or more, registered a Bank usage index of 66,5%, a decrease of 1,5 bp compared to 2020, reflecting a slight inflection in the positive trajectory that has been witnessed in the country's banking activity.

Growth in Banking

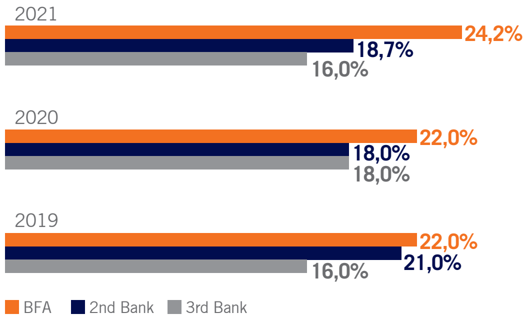
In 2021, it was verified a small increase in BFA's penetration rate, thus maintaining its leadership position with a market share of 40,6%, illustrating once more BFA's ability to create and maintain a good relationship with the market and its Customers, as well as its nonstop contribution to the growth and dynamism of the Angolan banking sector.

Penetration Rate



In 2021, BFA maintained its leadership position, as the main Bank in Angola, with a market share of 24,2%, representing a change of 2.2 bp compared to the previous year. BFA remains as the first choice regarding the provision of financial services.

Market Share as a Leading Bank



Source: AAMPS 2020, Marktest.

Maintenance and Consolidation of BFA's Market Position

The improvement in the Customer service, namely through attendance quality, has been one of the Bank´s transversal action principles, which has resulted, like in previous years, in a sustained growth of the number of Customers. In 2021, there was a 7,9% increase in the number of Customers compared to 2020, reaching a total of 2 369 693.

Customers (no.)

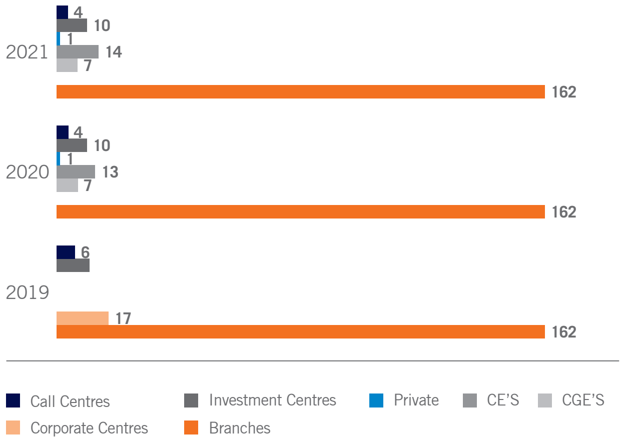
LONG-TERM INVESTMENT IN OUR PHYSICAL NETWORK OF SERVICE DESKS

Commercial Network Present throughout the Angola Territory

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

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

BFA Commercial Network



Currently BFA has 162 Branches, 21 Corporate Centres, one of which was inaugurated this year, 1 Private Banking, 10 Investment Centres, and 4 Call Centres.

PERSONAL AND BUSINESS BANKING

Improving efficiency in Customer Care

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 the reorganization of the Personal 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 heart of its activity.

The reality we have been experiencing, since 2020, continues to have a strong impact in banking activity, with teams having to adopt to the new normal imposed by the Covid-19 pandemic, resulting in the adoption of digital format to hold meetings among themselves and with the Customers.

Service Quality

Mystery Customer Study

The Mystery Customer approach is based on a participative observation, which uses the Customers perspective to evaluate in a discrete, scientific and professional manner the quality of the services. In this approach, each branch is visited twice, by two auditors from a market research firm certified by the Mystery Shopping Providers Association (MSPA). The Bank´s action in this scope aims to ensure and reinforce the quality of the Customer service, as well as the focus of the Commercial teams towards Customers.

AAMPS 2021 Study: Bank's Image

In 2021, 68,4% of the individuals aged 18 or over that still did not have an account with the Bank but intended to open one, which further highlights the challenges and the path that needs to be achieved to guarantee the long-run sustainable growth of the populations' usage of banking services.

Leaders in Attracting Customers

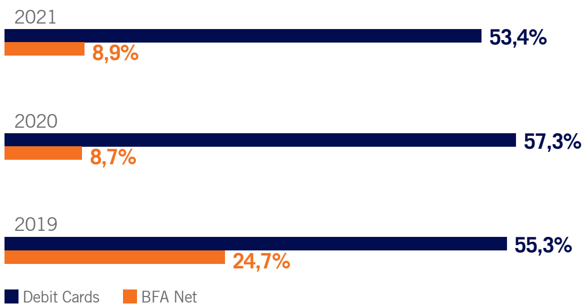
In 2021, BFA reached 2 357 703 Customers in the Personal, Corporate and Business segments, which represented an increase of 7,9%, against 2020. BFA Net also grew 9,8%, and the number of Credit Cards registered a positive variation of 11,5%. The number of Debit Cards amounted to 1 258 638 in 2021, resulting in a rise of 0,4%, while the Payroll Accounts showed a total of 236 262, an upward movement of 11,9%, compared to 2020.

EVOLUTION OF THE CUSTOMER BASE AND SERVICES – PERSONAL AND BUSINESS AOA million

	2019	2020	2021	Δ 19-20	Δ 20-21
Customers (no.)	2 057 366	2 185 040	2 357 703	6,20%	7,90%
BFA Net (no.)	507 724	190 012	208 686	-62,60%	9,80%
Debit Cards (no.)	1 138 420	1 253 046	1 258 638	10,10%	0,40%
Credit Cards (no.)	10 641	7 193	8 017	-32,40%	11,50%
Payroll Account (no.)	215 652	211 079	236 262	-2,10%	11,90%

In 2021, the Debit Cards' penetration rate decreased by 3,9 bp whereas BFA Net's increased 0,2 bp.

BFA Net Penetration Rate and Debit Cards Evolution



Evolution of Deposits

In 2021 the deposit portfolio decreased to AOA 359 600,8 million, split between Demand Deposits which amounted to AOA 280 144,3 million and AOA 79 456,6 million in Term Deposits.

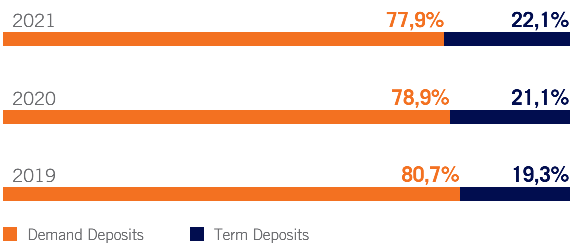
DEPOSITS FROM CUSTOMERS AND OTHER LOANS – PERSONAL AND BUSINESS AOA million

	2019	2020	2021	Δ 19-20	Δ 20-21
Funds	288 834,50	376 617,60	359 600,80	30,40%	-4,50%
Deposits	288 834,50	376 617,60	359 600,80	30,40%	-4,50%
Demand Deposits	232 968,70	297 054,60	280 144,30	27,50%	-5,70%
Term Deposits	55 865,80	79 563	79 456,50	42,40%	-0,10%
Other Funds	0	0	0	-	-

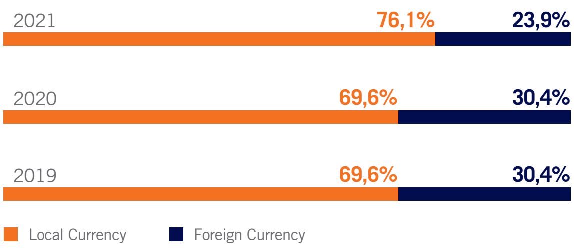
The Demand Deposits registered a 5,7% decrease in 2021 relative to 2020, as well as the Term Deposits, which also reported a drop of 0,1%.

Despite the reduction in the amounts of Demand Deposits and Term Deposits, the distribution of deposits has not changed significantly compared to the previous year, with Demand Deposits representing 77,9% of the Total Funds against the 78,9% from last years' total. Regarding the Deposits Structure by Currency, Deposits in Local Currency increased to represent 76,1% of Total Funds, comparing to 69,6% in 2020.

Deposits Structure by Type - Personal and Business



Deposits Structure by Currency - Personal and Business



Loans to Customers – Personal and Business Banking

In terms of Loans and advances to Customers there was an increase in the portfolio of AOA 77 889,9 million, translating into an increase of 4,6% compared to 2020.

Loans and advances to Customers (AOA million)

Note: accrued interest was excluded

INVESTMENT CENTRES

Leaders in new investment and savings solutions

The Investment Centres 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 for Customers' needs with a high net worth or high potential for net worth accumulation.

Development of the Customer base and Services

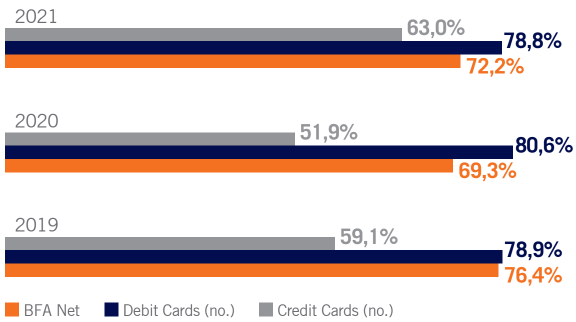
In 2021, the number of Customers increased approximately 1,3%, amounting to 5 537. The number of Customers with access to homebanking followed this positive evolution, with the number of adherents growing to 3 995. As for Debit Cards there was a slight decrease of 0,9% and an increase of 22,8% regarding the Credit Cards. Thus, by the end of 2021 they reached a total of 4 362 e 3 486, respectively.

EVOLUTION OF THE CUSTOMER BASE AND SERVICES - INVESTMENT CENTRES AOA million

	2019	2020	2021	Δ% 19-20	Δ% 20-21
Customers (no.)	5 533	5 465	5 537	-1,20%	1,30%
BFA Net (no.)	4 229	3 789	3 995	-10,40%	5,40%
Debit Cards (no.)	4 368	4 403	4 362	0,80%	-0,90%
Credit Cards (no.)	3 269	2 838	3 486	-13,20%	22,80%

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. Thus, in 2021, BFA Net was able to achieve a penetration of 72,2% and Credit Cards a rate of 63%, which represents an increase compared to 2020 of 2,9bp. and 11,1 bp, respectively. On the other hand Debit Cards disclosed a penetration rate of 78,8%, dropping 1,8 bp compared to the previous year.

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



Due to the migration of Customers from the Investment Centres to the new Private Banking Department in 2019, the Deposits from Customers and other loans portfolio registered an increase in 2020. However in 2021 it registered a decrease of 19,5%, amounting to AOA 142 333,7 million. The portfolio is mainly composed by Term Deposits (AOA 101 745,6 million in 2021), which registered a 11,4% drop against 2020.

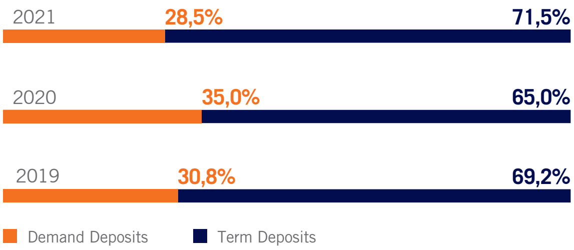
CUSTOMER RESOURCES - INVESTMENT CENTRES

AOA million

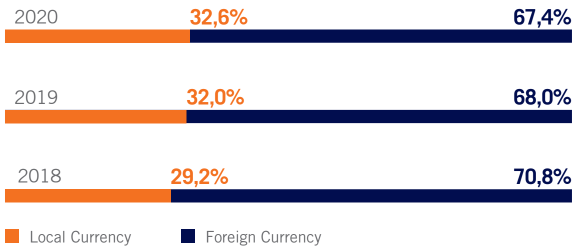
	2019	2020	2021	Δ 19-20	Δ 20-21
Funds	135 824,1	176 751,3	142 333,7	30,10%	-19,50%
Deposits	135 824,1	176 751,3	142 333,7	30,10%	-19,50%
Demand Deposits	41 771,6	61 915,3	40 588,1	48,20%	-34,40%
Term Deposits	94 052,4	114 836	101 745,6	22,10%	-11,40%
Other Funds	0	0	0	-	-

The difference in weight between Demand Deposits and Term Deposits is still quite significant. In fact, the deposit portfolio of the Investments Centres Customer Segment has been predominantly characterized by Term Deposits (71,5%), registering a positive evolution when comparing to 2020, in virtue of a significant decrease in Demand Deposits. Additionally, in 2021, Foreign Currency Deposits accounted for about 67,4% of the Total Funds, which reflects a slight decrease in its weight relative to 2020.

Deposits Structure by Type - Investment Centres



Deposits Structure by Currency - Investment Centres



Loans and advances to Customers

Loans and advances to Customers registered a slight decrease of 2,2% compared to 2020, reaching a total of AOA 10 487,3 million at the end of 2021.

Loans and advances to Customers (AOA million)

Objectives for 2021

PRIVATE BANKING

Private Banking consists on a value proposition for the Private Customer market segment, which presents a differentiated attendance, dedicated managers, special services, differentiated products, excellent service, and extreme privacy.

In 2021, the Private Banking Department has had as it keys milestones:

- **Maturity of Private I Fund**

The Private I Fund was designed and launched in 2020 exclusively for this Customer segment, and amounted to AOA 4.5 billion, which were completely absorbed. In 2021 its maturity occurred with the reimbursement of the corresponding participation units.

- **Trade of Private II Fund**

Following the great performance of the Private I Fund, in 2021 the Private II Fund was designed and released, with a total value of AOA 10 billion. This fund was very well received due to its characteristics, the experience of the Fund Management Company and the experience of the Customers in the Private I Fund.

- **Team Training**

The Private Banking Department ended the second half of 2021 with the Executive Private Banking Advisor Course, which had started in November 2020. This course is aligned with the Bank's training strategy focused on the Customer.

- **Launching of Non-Financial Products**

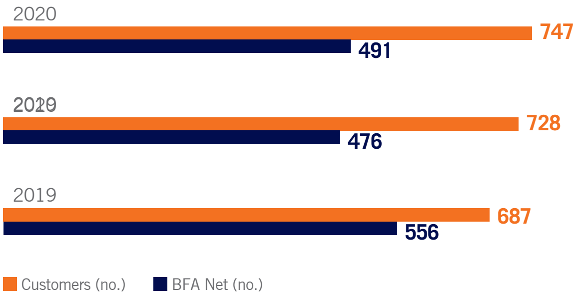
The year of 2021 was marked by new business partnerships, in order to increase the existing offer and by adding a wide range of Non-Financial product. These Prestige Products include leisure, jewelry, health and technology services.

- **Concierge Service**

Aligned with the strategy of a differentiated offer for Customers from the higher segments, in October 2021, the Concierge Service was released for sale. This is a personal assistance and lifestyle service, which aims to support Customers in planning activities (leisure, travel, parties, etc.), solving various tasks or providing informations and suggestions. It also offers unique access to restricted, ''Money can't Buy'' events and experiences within an international scope.

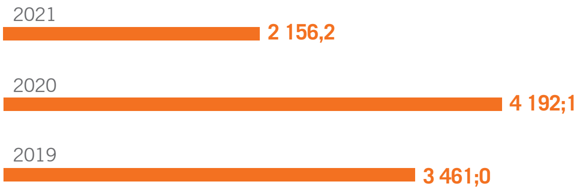
In 2021 the number of Total Customers registered an increase of 2,6% (747) in the Private Banking segment, and a rise of 3,2% in the number of BFA Net subscribing Customers.

Total Customers - Private Banking



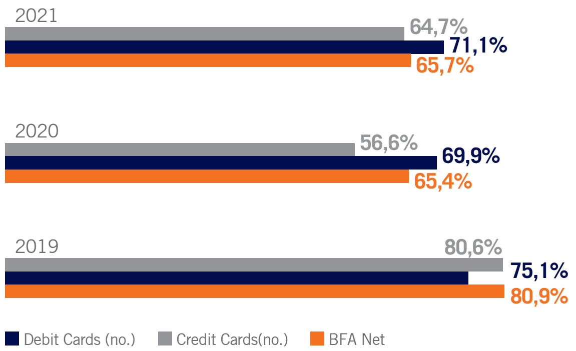
In 2021, there was decrease in Total Loans in this segment, reaching AOA 2 156,2 million at the end of the year.

Total Loans - Private Banking (AOA million)



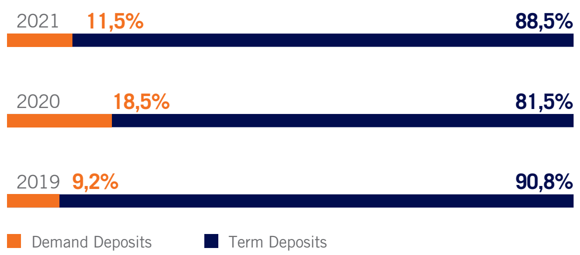
Regarding services' penetration, there was an overall increase in the number of credit cards, debit cards, and BFA Net penetration rates relative to 2020.

BFA Net Penetration Rate, Debit Cards and Credit Cards – Private Banking

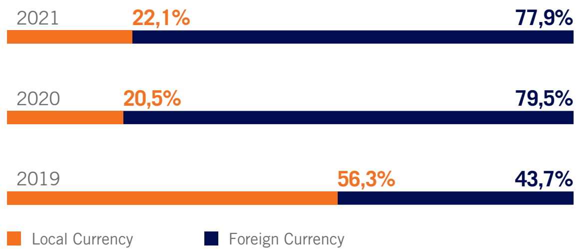


As for Deposits from Customers and other loans, at the end of 2021 there was an increase in the weight of term deposits in detriment of demand deposits, standing at 88,5%. By 2021 foreign currency deposits accounted for 77,9% of the total, which represents a reduction of 1,6 bp. against the previous year.

Deposits Structure by Type - Private Banking



Deposits Structure by Currency - Private Banking



BUSINESS

Business Segment Specialization

In November 2020, intending to support the Customers of the corporate segment reliably, BFA created the Large Companies Department and the Medium 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 10 Medium Corporate Centres distributed by Luanda, Lubango, Benguela, Lobito and Cabinda, and 7 Large Corporate Centres in Luanda, focused on supporting the activities of Customers from these very important segments of our economy.

During 2021, both the Large and Medium Companies Department registered a significant growth in their resources, credit and services, portfolios, as well as in the number of Customers, which strengthened their role in supporting investment and the growth of the economic activity in Angola's business sector.

BFA will streghthen its role on supporting companies and their economic activity, and plans to open 1 more Medium-Sized Corporate Centre during the 1st half of 2022.

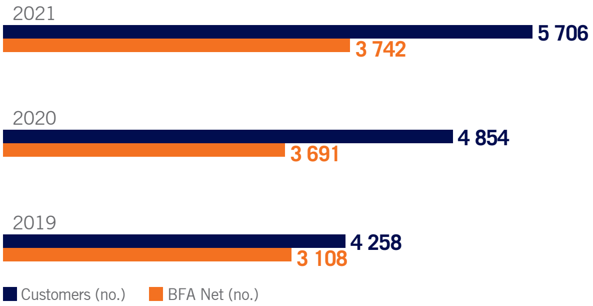
Continuous Support to the Angolan Business Sector

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 2021, 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 2021 there was an expansion of the credit portfolio directed to this segment, clearly a fundamental pillar of the business activity in Angola.

Customer Base and Service Penetration Rate

In 2021, the number of Customers in the Corporate Banking Segment increased 17,6% compared to 2020, reaching a total of 5 706 Customers. At the same time, the number of Customers with access to homebanking increased to 3 742, which represents a growth of 1,4% in 2021.

Customer base and Services - Corporate



On the other hand, BFA Net penetration rate decreased in 2021, as a result of a more significant increase in the Customers portfolio. However, it resulted in the growth of BFA Net Customer base.

BFA Net Penetration rate - Corporate

Deposits from Customers and other loans Growth

During 2021, a 5,3% reduction was registered in the Deposits, which represent the entire funds from Customers, reaching a total of AOA 1 026 889,7 million. This decrease is justified by the break of 24,5% of the Demand Deposits, which was not compensated by the 19,8% increase in the Term deposits, amounting to AOA 464 747,8 and AOA 562 141,9 million, respectively.

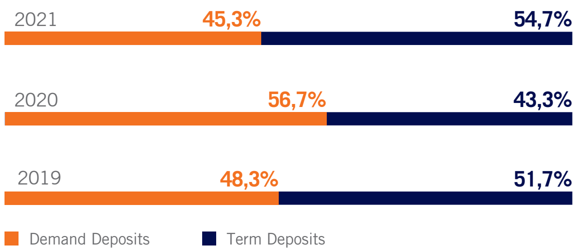
CUSTOMER RESOURCES - CORPORATE

AOA million

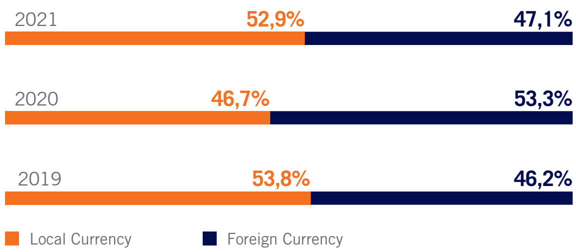
	2019	2020	2021	Δ 19-20	Δ 20-21
Funds	808 525,6	1 084 553,7	1 026 889,7	34,10%	-5,30%
Deposits	808 125,6	1 084 538,8	1 026 889,7	34,20%	-5,30%
Demand Deposits	390 184	615 365,5	464 747,8	57,70%	-24,50%
Term Deposits	417 941,6	469 173,3	562 141,9	12,30%	19,80%
Other Funds	400	14,9	0	-96,30%	-100%

In 2021 there was an increase in the relative importance of Term Deposits in detriment of Demand Deposits, with the former reaching a weight of 54,7%. Additionally, in 2021, there was a positive change in the proportion of deposits in local currency, which resulted in a weight increase of 52,9%, reflecting a growth of 6,7 bp against 2020.

Deposits Structure by Type - Corporate



Deposits Structure by Currency - Corporate



Credit Evolution

The loan portfolio of the corporate network grew 21,2% in 2021, to a total of AOA 384 878,2 million, namely within the Documentary Credit Imports, which registered a positive variation of 58,1% against the previous year, the Guarantees Provided that had evolution of 54,8% and the Loans to Customers, which verified a 15% increase, amounting to AOA 308 675,2 million.

LOANS AND ADVANCES TO CUSTOMERS- CORPORATE

AOA million

	2019	2020	2021	Δ 19-20	Δ 20-21
Total Loans	326 097,80	317 428,10	384 878,20	-2,70%	21,20%
Corporate	326 097,80	317 428,10	384 878,20	-2,70%	21,20%
Loans to Customers	239 535,30	268 522	308 675,20	12,10%	15%
Credit by Subscription	86 562,50	48 906,10	76 203	-43,50%	55,80%
Cr. Import Doc	63 857	14 945,10	23 632,50	-76,60%	58,10%
Guarantee Provided	22 705,50	33 961	52 570,50	49,60%	54,80%
Others	0,00	0,00	0,0	-	-

Note: total loans excluding accrued interest

OIL & GAS AND INSTITUTIONAL

BFA's commitment in supporting the sustainable development of the economy has driven the implementation of a value proposition based on proximity to the customer, innovative solutions, and service excellence.

Taking into account the experience of the service provided to Oil & Gas Customers, the ECDB decided on the extension of the differentiated customer service for the mining sector. Among the criteria that influenced the decision, the most relevant are the fact that both sectors are the largest contributors to the GDP, both belong to the same Ministry and, furthermore, both operate identically in regards to foreign exchange transactions.

The succesful intervention in the Oil & Gas action is based on three fundamental pillars:

1. EXPERT MONITORING

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

- **Oil & Gas Company Centres – Operators and Vendors** (Customers 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 Customers' companies and the Bank;
- Automated sending of statements through SWIFT from operations processed by MT940 and MT101, as well as batch payment in PSX files
- Encouraging the use o electronic payment methods such as Homebanking;
- Ability of the Homebanking 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 guarantee a total capacity to transparently support the needs presented by Customers 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 Customers have up-to-date KYC information by **adopting current compliance requirements** that safeguard the relationship with its counterparties.

The area in 2021

Throughout the year, the foreign exchange market has presentend stability and liquidity, allowing the order execution of Customer operations without any restriction.

Considering the oil sector significant inflluence, BFA was invited to participate in events related to this sector, presenting an analysis based on:

- Need for investments to reverse the trend of declining production through the bidding process for oil concessions;
- Energy Transition;
- Local Content Law - Presidential Decree no. 271/20, of October 20th;
- Company's privatization program in the oil sector with state participation.

Outlook for 2022

BFA reiterates its commitmet to develop product and services solutions for the sector dynamization, energy and mineral resources transition with trained teams focused on the Customer.

AGRIBUSINESS MANAGEMENT

Direct support to the diversification of the Angolan economy

The Agribusiness Department (DAN) assumes a major role in the Bank's strategy for financing the Agribusiness sector, namely agriculture, livestock, fisheries, forestry, and other associated industries. It also supports the commercial network in its relationship, within this sector, identifying and attracting new agribusiness Customers, supporting the development of specific credit products for Customers in this sector, and, in the case of the Risk Areas, DAN supporting the analysis of financing requests for investment projects.

Main DAN results in 2021

Regarding commercial dynamization and promotion, the Agribusiness Customers Database, comprised, at the end of 2021, 152 Customers which represents an increase of about 19% compared to the 2020 portfolio. The Customers are distributed among the commercial departments and activity sectors stated in the table below:

Sectors	DEs	DPNs	Total
Agriculture	22	37	59
Livestock	4	9	13
Fisheries	12	11	23
With inputs	8	8	16
Forest Exp.	5	7	12
Agri Industries	8	13	21
Salt	0	8	8
Total	**59**	**93**	**152**

As far as **potencial Customers** are concerned, there have been identified, with the support of the commercial network **30 coffee companies**, operating in the provinces of Uíge, Cuanza Norte, Cuanza Sul and Huambo. These companies will serve as basis for a study on the coffee sector to be carried out during 2022. There were also identified **4 Customers in the salt sector**, operating in the provinces of Benguela and Namibe, which will be the subject of Customer attraction actions in 2022.

In 2021 there was an **increase in credit demand** for investments in agribusiness, reflected in the reception of 131 financing requests, which corresponds to an increase of 167% compared to 2020. Of these, one hundred and twenty-seven (127) projects were carried out, in the sectors and under the programs mentioned in the table below, for an overall amount of AOA 237.6 billion.

Activity sector	Notice no. 10	Notice no. 10/PDAC	PAI	Total	(AOA million)
Agriculture	39	42	0	81	32 867 842
Industry	8	2	0	10	148 922 712
Livestock	21	2	2	25	31 539 523
Fisheries	10	0	0	10	24 135 533
Trade	1	0	0	1	100 000
Total	**79**	**46**	**2**	**127**	**237 565 610**

Compared to 2020, the proposals analyzed represented, in number, an increase of 119% and, in amount, about 48,7%.

To **complement the analysis of the funding requests**, 55 verification visits were made to the same number of projects. For the remaining projects analyzed, meetings were held with the promoters through teleconference and virtual platforms, always in coordination with the commercial network.

In terms of monitoring projects underway, 10 visits were made to 7 projects that are in the disbursement and reimbursement phases, which correspond to 57% fulfillment of the goals set for 2021.

Expectations for 2022

1. Continue **to support the commercial network** in stimulating, identifying and attracting new Customers in sectors with an impact on the country's economic activity, such as fishing, forestry and coffee;

2. **Monitor, on the commercial side, the projects financed by BFA** in order to guarantee the safeguard the accessory obligations established in the contracts;

3. Promote ***Cross Selling*** among BFA Customers;

4. Develop a **specific value proposition** for Customers who have domain and knowledge of specific agricultural activities, strategic for the Angolan economy;

5. Continue to improve **the quality of the information database**, contributing to the reliability of the management information data;

6. Contact public and private organizations, communities, as well as national and foreign business associations from various countries, in order **to identify potential projects and business opportunities**;

7. **Sign a Memorandum of Understanding with AIPEX** for the development of actions of mutual interest, namely in agribusiness;

8. Continue to **organize training for the commercial networks**, regarding credit processes on products and services;

9. **Participate in events and fairs** in collaboration with the commercial network, in order to attract new Customers;

10. **Submit for ECSC's decision the proposal for the new Family Farming Financing Business Model**;

11. Develop a **coffee market study** to identify business opportunities and specific products to support its specific value chain;

12. **Update and monitor the portfolio of Customers with credit operations in progress**, crossing actual with projected production indicators, and identifying risk factors in advance and corresponding necessary adjustment measures, in order to avoid situations of default;

13. **Increase the Teams' knowledge and skills**, through training actions, in order to raise the level of technical and operational analysis of investment projects, as well as their commercial dynamics.

CAPITAL MARKET

PUBLIC DEBT TRADING

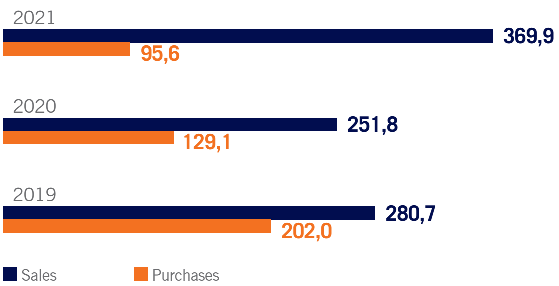
Leadership in Stimulating the Angolan Capital Market

BFA began its Public Debt Securities Intermediation activity at the beginning of 2014, in an effort to meet its Customers' liquidity and investment needs. In 2020, the Bank became the first Preferred Treasury Securities Trader (OPTT), a role suitable to the business strategy.

As an OPTT, the Bank acts as a *Market Maker*, ensuring liquidity in the market and creating fair prices, thus providing investors with the assurance 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, both individuals and companies, who need liquidity for their activities, and then sell these same Bonds to other Customers who want to diversify and monetize their savings.

Public Debt Operations with Customers in USD million



BODIVA

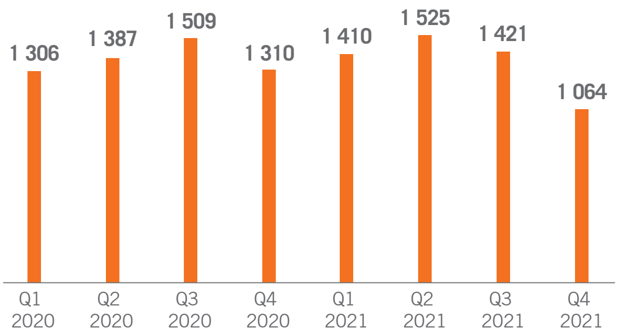
The consolidation of the Bank's position as a Financial Intermediation agent is intrinsically related to the Angola Debt and Securities Exchange (BODIVA) opening in 2015. This consolidation culminated with BFA becoming BODIVA's first trading member, with the possibility of acting in regulated markets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

BODIVA is a regulated market management entity responsible for implementing the business environment, enabling treasury bonds, corporate bonds, shares, investment fund units and other securities trading on the secondary market.

Registration at BODIVA provides access to the same information to all market participants, which allows 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.

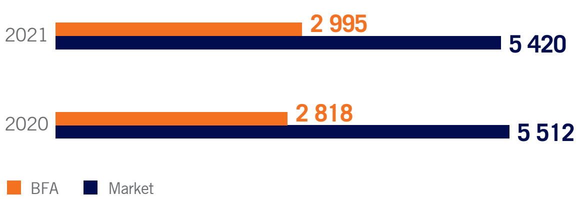
In 2021, BODIVA recorded a total of 5 420 trades, a decrease of 1,7% compared to 2020, which amounted to a total of AOA 9 76 755,3 billion traded.

Trades per Quarter

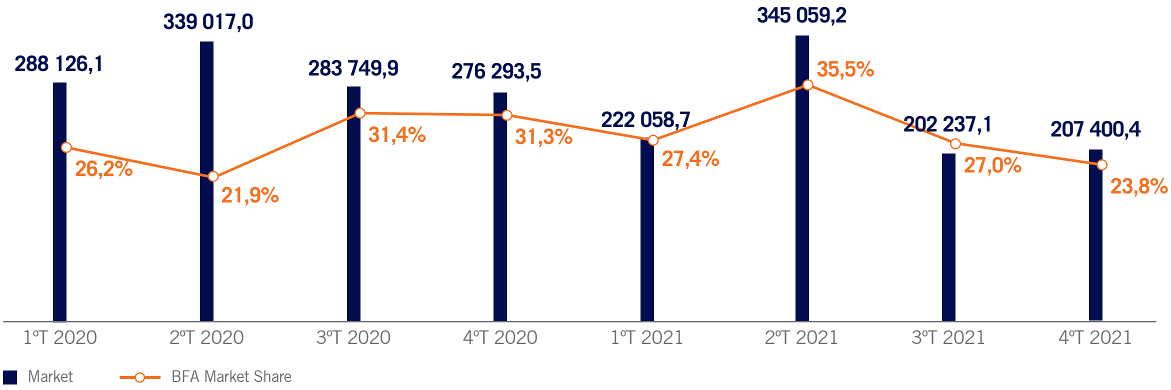


Of the total number of trades carried out in 2021, BFA had a 55,3% market share, reflecting the Bank's ability to offer its Customers access to capital markets, and the importance attributed to the dynamization of the Angolan capital market. Although the total number of trades in the market slightly decreased, there was an increase in the number of trades carried out by BFA compared to 2020 (6,3%). Analyzing the total amount traded in 2021 in BODIVA's markets, BFA obtained an annual market share of 29,4%, maintaining its leading position concerning both the number of trades and the amount traded.

Total number of trades

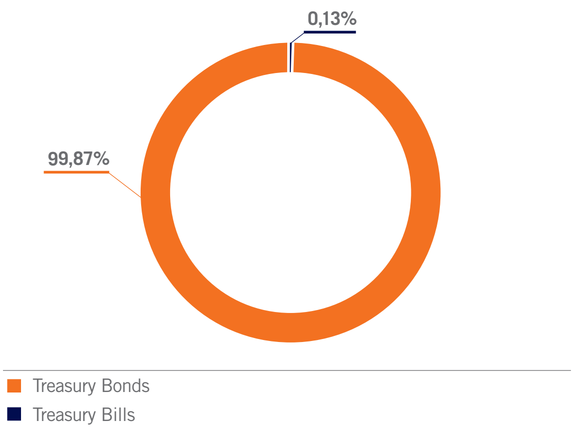


Accumulated volume of trades

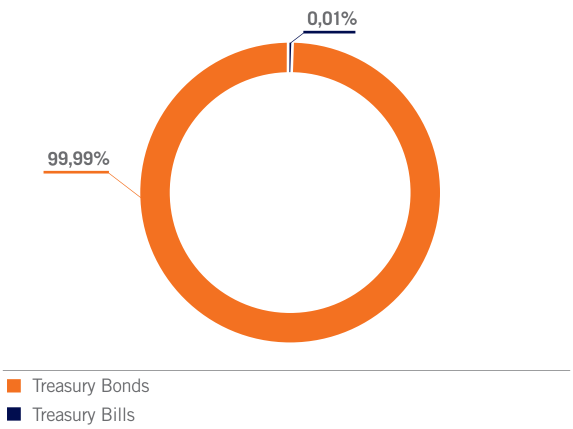


Types of Trades

Distribution of Trades by number



Distribution of Trades by amount



Analyzing the type of assets traded throughout 2021, there is a clear predominance of Treasury Bonds trading in detriment of Treasury Bills, both in number and amount of trades, with weights of 99,87% and 99,99%, respectively.

CEVAMA Accounts

Throughout 2021, the number of accounts opened with CEVAMA (BODIVA's Central Securities Exchange) registered a significant increase, rising from 6 886 accounts in 2018 to 25 024 in the year under review, which shows the growing dynamism of the Angolan capital market. At the end of 2021, BFA had 13 926 active accounts representing a growth of 48,5% and a weight of 55,7% in CEVAMA's total accounts.

BFA - GESTÃO DE ACTIVOS

COLLECTIVE INVESTMENT UNDERTAKING MANAGEMENT

BFA Gestão de Activos (BFA GA), has been registered with the Capital Markets 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.

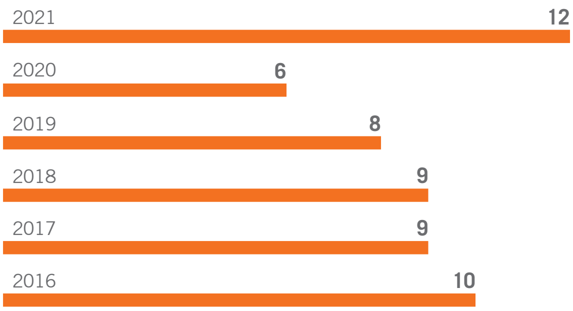
Its investment strategy covers asset classes, determined by carefully monitoring the various market trends and the opportunities that present themselves along the way.

By December 2021, BFA GA was responsible for the cumulative placement of a total of 13 Investment Funds in the Angolan Capital Market, 6 of which are liquidated and 7 are active. Thus, BFA GA has a track record of about AOA 167 billion of assets under management if the sum of the share capital of each Fund is considered, and a total of AOA 196 billion of assets under management considering the net asset value of each Fund.

This success has been the result of the high professionalism and dynamism of the entire BFA team, as well as a high sense of commitment, transparency, resilience, and capacity for innovation since its inception, aiming to offer differentiated products and services to the market.

Dashboard

Number of Direct Employees



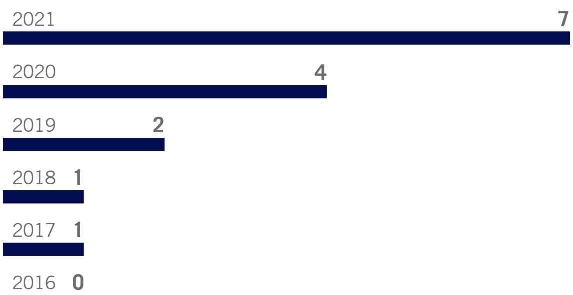
High Know-how in Financial Markets

100% Bachelor's or Master's Degree

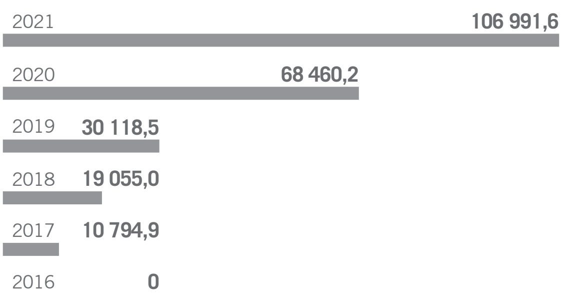
37 Average age of Collaborators

100% National Board

Number of Funds under management



Assets under management (AOA million)



Dec.21P **29,2%** Market share on the Securities Market

Dec.21P **20,6%** Market share on Investment Funds

Dec.21P **81,8%** Market share on the Securities

Dec.21P **24,8%** Market share on Investment Funds

HISTORICAL PERFORMANCE

BFA Opportunities

Incorporation Date	17/08/17
Maturity Date	17/08/18
Capital	AOA 10 Billion
Assets	BT I DP
Maturity	1 year
Performance	18%

BFA Opportunities II

Incorporation Date	17/08/18
Maturity Date	17/08/19
Capital	AOA 18 Billion
Assets	BT I DP
Maturity	1 year
Performance	14,6%

BFA Protection

Incorporation Date	03/09/19
Maturity Date	18/12/20
Capital	AOA 8,5 Billion
Assets	OTIKZ I DP
Maturity	1 year & = 3 months
Performance (Annualized)	62,9%
Performance (Accumulated)	81,4%

BFA Opportunities III

Incorporation Date	11/09/19
Maturity Date	26/01/21
Capital	AOA 17,7 Billion
Assets	OTNR I DP
Maturity	1 year & = 4 months
Performance (Annualized)	15,2%
Performance (Accumulated)	21%

BFA Private

Incorporation Date	25/05/20
Maturity Date	02/08/21
Capital	AOA 4,5 Billion
Assets	OTNR I DP
Maturity	1 year & = 3 months
Performance (Annualized)	17,1%
Performance (Accumulated)	20,4%

BFA Opportunities IV

Incorporation Date	22/07/20
Maturity Date	25/04/22
Capital	AOA 10 Billion
Assets	OTNR I DP
Maturity	1 year & = 9 months

BFA Opportunity V

Incorporation Date	27/08/20
Maturity Date	07/11/21
Capital	AOA 10 Billion
Assets	OTNR I DP
Maturity	1 year & = 3 months
Performance (Annualized)	16,8%
Performance (Accumulated)	20,1%

BFA Opportunities VI

Incorporation Date	21/12/20
Maturity Date	09/01/22
Capital	AOA 20 Billion
Assets	OTNR I DP
Maturity	1 year & = 1 months

BFA Opportunity VII

Incorporation Date	07/04/21
Maturity Date	17/08/22
Capital	AOA 15 Billion
Assets	OTNR I DP
Maturity	1 year & = 4 months

BFA Opportunity VIII

Incorporation Date	07/06/21
Maturity Date	01/04/22
Capital	AOA 15 Billion
Assets	OTNR I DP
Maturity	= 9 months

BFA Opportunity IX

Incorporation Date	16/09/21
Maturity Date	05/02/23
Capital	AOA 14 Billion
Assets	OTNR I DP
Maturity	1 year & = 5 months

BFA Opportunity X

Incorporation Date	30/11/21
Maturity Date	31/05/22
Capital	AOA 12 Billion
Assets	OTNR I DP
Maturity	6 months

BFA Private II

Incorporation Date	25/08/21
Maturity Date	05/04/23
Capital	AOA 10 Billion
Assets	OTNR I DP
Maturity	1 year & = 7 months

HUMAN CAPITAL

Human Capital Strategy

BFA's Employees are the main foundation of the Bank's operation and are therefore considered BFA's most important assets. Bearing that in mind, the Bank has been implementing strategies that promote Employees' valorization and upskill as well as a Customer-centric culture, focused on delivering excellence to all the Bank's Customers.

Throughout 2021, BFA continued to implement the transformation processes defined in its Strategic Plan. The Bank's goal is to strengthen the company's culture based around its core values:

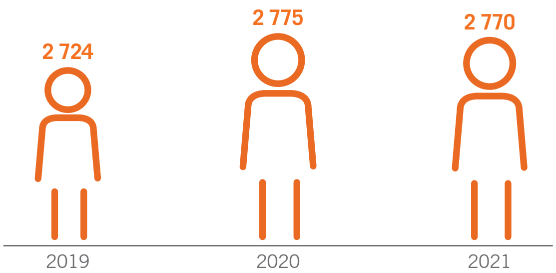
- Transparency;
- Innovation;
- Proximity.

BFA's transformation program, transversal to the entire organization, has a significant impact on human capital strategies by promoting the development of the Employee's Skills and Functions Process. In 2021, BFA has concluded the implementation of several modules within its Human Capital Management Software (SAP): Career Management, Compensation, Work Zone and E-learning. Moreover, BFA has introduced several improvements in its Performance Management Model as well as in the platform in place for all Employees. BFA's goal is to promote Employee's satisfaction and reinforce the sustainable growth of its business and, with that purpose, the implementation and optimization of human capital management processes, including Recruitment and Selection, is underway.

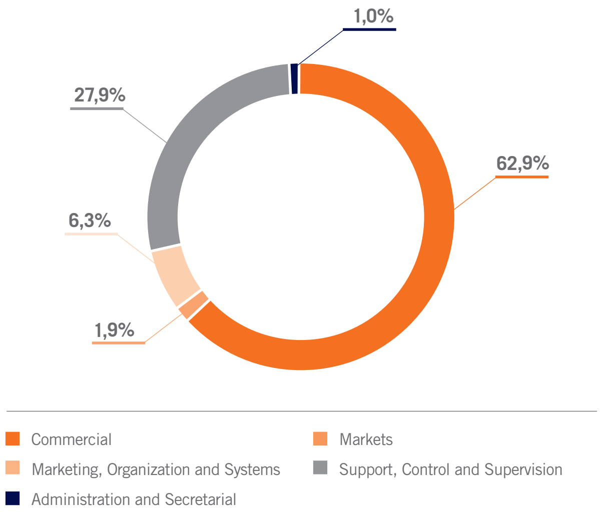
Human Capital in 2021

At year-end 2021, BFA had 2 777 Employees, which represents a decrease of 5 Employees when compared with 2020.

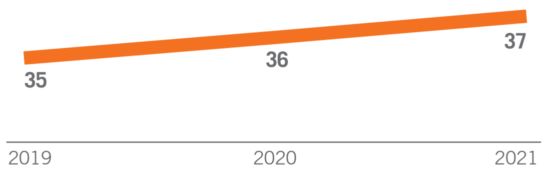
Evolution of the Headcount



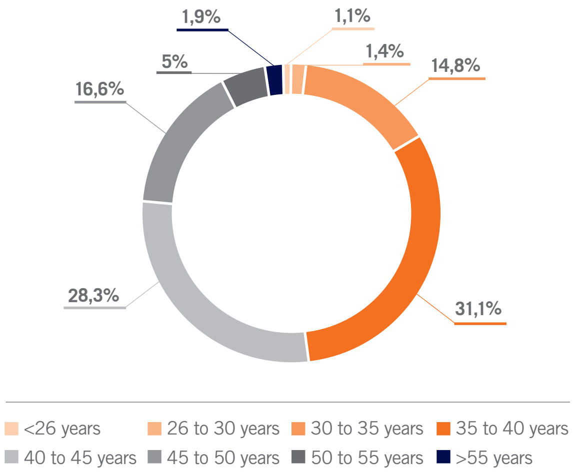
Distribution of Employees by Area of Activity



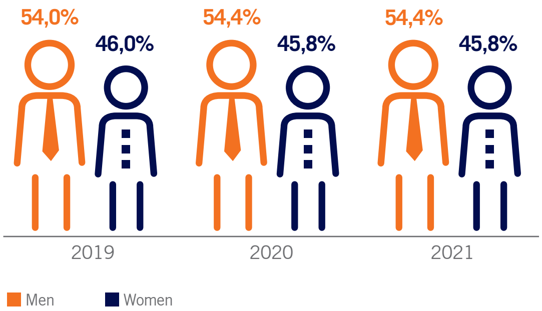
Average Age of Employees



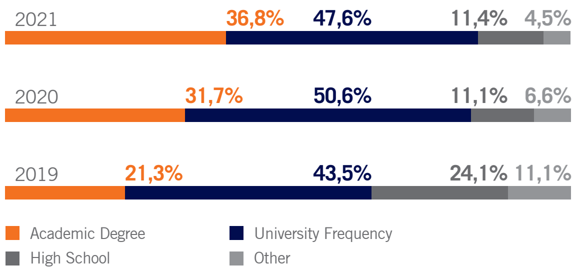
Distribution per Age Group



Distribution of Employees by Gender



Distribution of the Workforce by Qualification Level



Human Capital Department Activities

Throughout 2021, several initiatives were implemented to further promote Employee's well-being and professional and personal development, such as sessions on BFA's culture, realignment of the People Development Program, the Organizational Climate Study and Assessment, Internal Career Opportunities, Internal Mobility as well as Promotions.

The Bank's goal with the session on BFA's culture was to reinforce to all Employees how they should experience the culture and the Bank's values in their workday life.

On the other hand, the Organizational Climate Study and Assessment was used as a barometer to measure Employees' satisfaction.

Additionally, in order to empower and value Employees, BFA has been supplying its needs for new functions through career development opportunities, thus promoting internal rotation, internal mobility as well as promotions. In this sense, external recruitment is occasional and strategic.

Therefore, throughout 2021, BFA has promoted the development of its Employees and aimed at managing their careers based on the following slogan:

"The right people, in the right places."

The program aims at retaining Employees, by promoting not only their development but also their professional growth, in the different areas of the Bank where their contribution as well as skills are relevant.

Internal mobility of Employees across different areas of the Bank increases training and enhances intellectual growth as well as career development. Therefore, through its Program, the Human Capital Department was able to assess a higher degree of commitment and motivation from BFA's Employees. In 2021, a total of 120 internal mobilities were concluded successfully.

Employees' Promotions and Appointments

In April 2021, a salary review process was carried out, covering all BFA's structure. Employees with good performance throughout the year were considered for this process, which lead to several promotions among different departments within the Bank. The salary review process led to 1 092 promotions and/or appointments of Employees to new functions, with a greater focus on the Coordinator category.

BFA Academy

Activity in 2021

BFA Academy is responsible for continuously and actively contributing to the development of the Employee's talent. The goal of the BFA Academy is to create value for the Bank's business and, therefore, increasing BFA's competitiveness in the markets where it operates.

One of the main goals of the BFA Academy is to provide training to all Employees at a national level, either by identifying individual development needs or by optimizing, based on the organization's needs, the proficiency level of key skills, in strict alignment with the Bank's strategy.

The investment in training increased in 2021, since BFA understands the importance of investing continuously in its Human Capital. Throughout the year, training sessions focused more topics such as Innovation, Digital Transformation, Sustainability and Resources Optimization. The module SuccessFators from SAP training management was implemented which will allow Employees to access training materials more easily in the future. Additionally, BFA resources were also allocated to the technological support to online sessions (distance learning), which has facilitated the access to the training sessions and courses, thus contributing to their success.

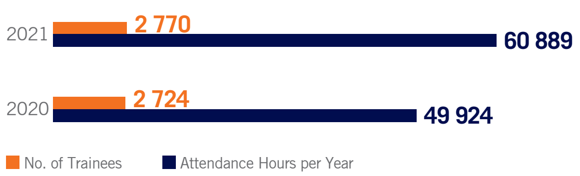
Training

In 2021, despite the pandemic context, conditions were created that made it possible to continue distance learning courses. This resulted in a generalized growth in the number of registrations (2,3%), number of training courses (26,1%) and number of hours of attendance (22%), compared to the previous year.

	2020	2021	Percentage variation
No. of Enrollments	20 029	20 494	2,3%
No. of training sessions	46	58	26,1%
Training Hours	49 923	60 889	22%

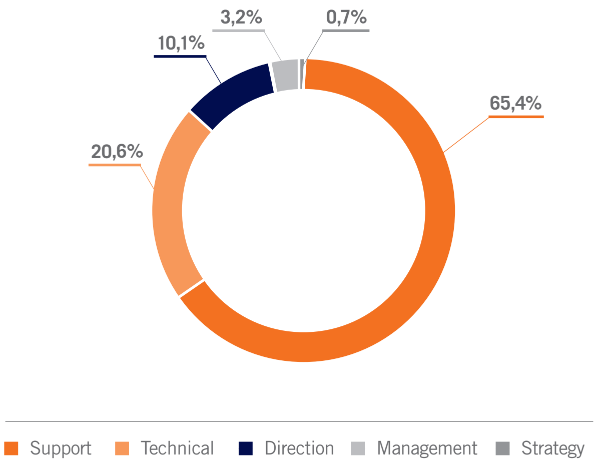
It is also important to highlight the growth in the number of training hours when compared with 2020.

Total Trainees and Training Hours



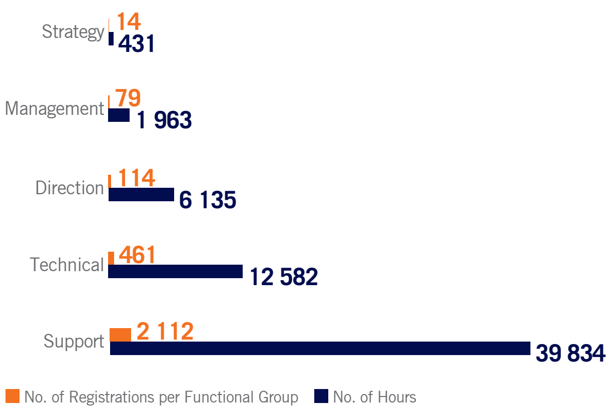
In 2021, the number of Employees which have completed training has increased by 46, when compared with 2020. Additionally, the number of hours invested in training has also increased by 10 965 hours. The figures reflect the BFA's commitment to provide new digital solutions, which ensure access to training to all Employees, empowering human capital through the continuous improvement of skills, which will also be reflected in the service quality given to BFA's Customers.

No. of Hours by Functional Group



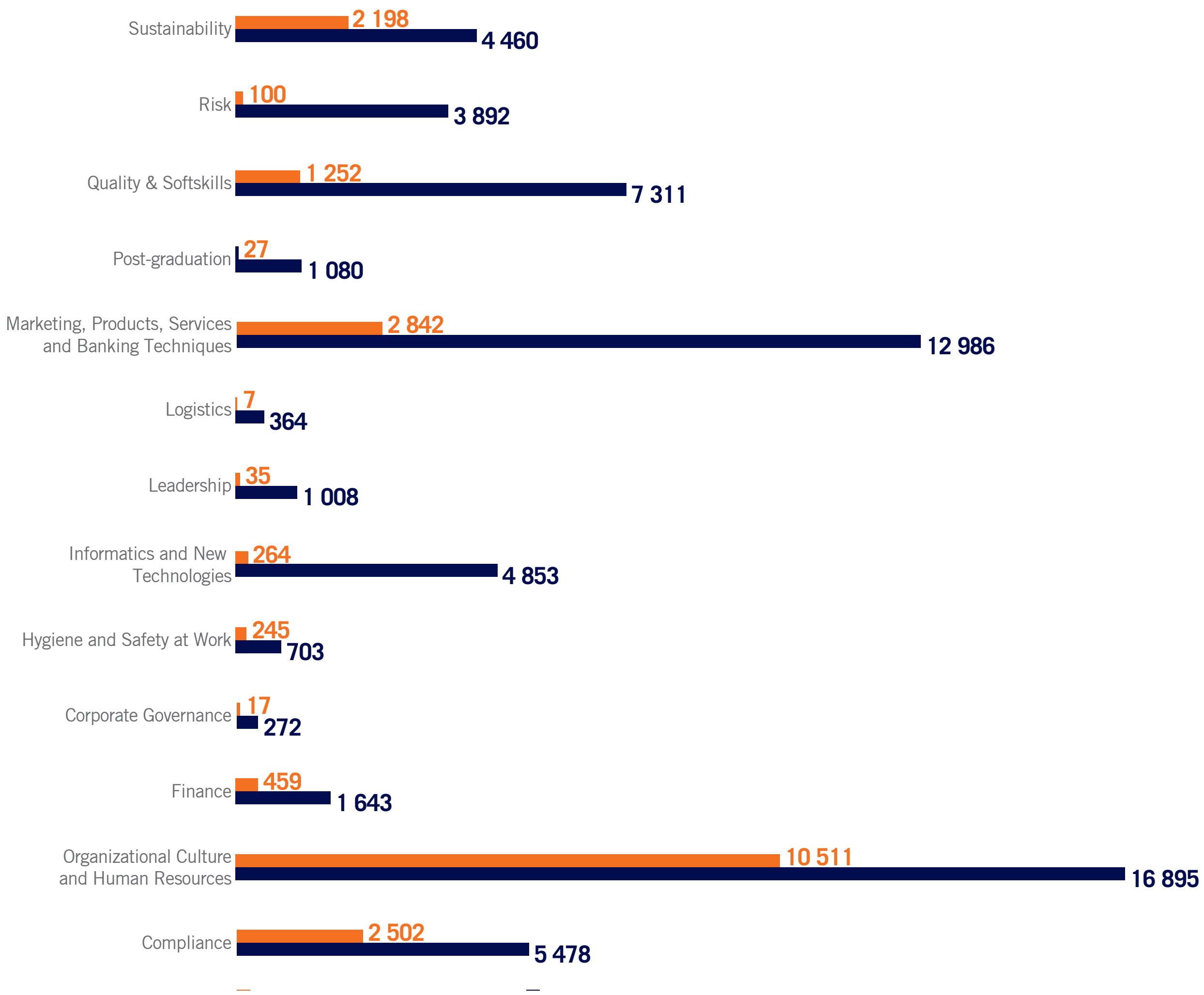
In 2021, the functional groups with higher representation in the training program were Support and Technical, which represent 65,4% and 20,6% of the total number of training hours, respectively. To be highlighted that Support and Technical are the functional groups which registered the higher number of trained Employees.

Number of Enrollments



In 2021, BFA invested in different training areas, including the continuous development of transversal skills. The trainings on Organizational Culture and Human Resources as well as Quality, Softs kills and Leadership are highlighted, with 16 895 and 7 311 training hours, respectively.

Regarding the development of technical skills, the training on Banking Products and Services (12 986 training hours) and Risk and Finance are highlighted. BFA is also investing in the continuous development of training in areas such as IT, New Technologies and Sustainability. Finally, it should also be highlighted the BFA's close alignment with the Regulator's guidelines and all other legislation that relates to training in Compliance and Corporate Governance.



In 2021, BFA provided training courses to promote the development of both behavioral and technical skills using innovative solutions such as Gamification, through which Employees experience dynamic and interactive ways of learning.

Additionally, BFA has held digital conferences to promote webinars on topics such as Core Banking, Agribusiness, Communication, among others. Moreover, BFA promoted workshops to its Employees on Project Management Vs. Agile methodology, Sustainability and SAP SF LMS, the training platform.

Throughout 2021, 21 webinars and 25 workshops were held, with a total of 92 training hours, with 5 200 Employees present. Additionally, 2 webinars were also developed to external Customers related to the awareness on Compliance issues, namely the Financial Obligations under the BC/FT/PADM.

Methodology

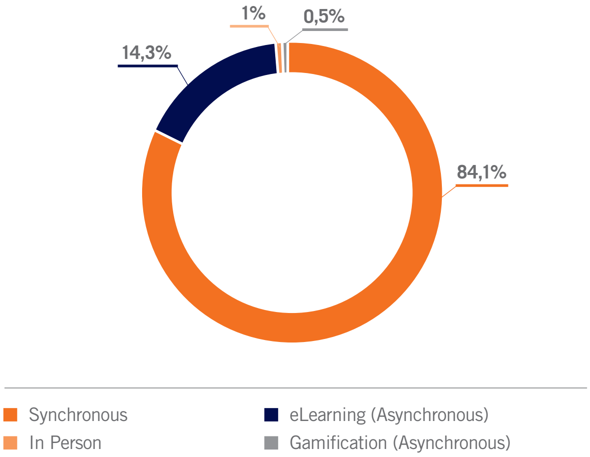
During 2021, similarly to 2020, BFA has invested more on Distance Learning (DE), through online training with synchronous and asynchronous sessions. Nevertheless, in-person training was also carried out, specifically for the development of behavioral skills.

Regarding the number of training hours, synchronous sessions stand out (84,1%), with a real-time trainer monitoring, using tools such as Skype for Business, Zoom and Microsoft Teams.

Regarding e-learning training (asynchronous sessions), the frequency was 14,3% and 0,5% for the gamification format (also asynchronous).

On the other hand, in-person sessions were also held, and they represent 1% of total.

Teaching Methodologies Used



INNOVATION AND TECHNOLOGY

One of the cornerstones of BFA's strategy is Innovation and Technology and, in this context, 2021 marked the beginning of the implementation of the Strategic Information Systems Plan (PESI 21-23).

The goal of PESI 21-23 is to answer to a wide net of industry's challenges namely, the technological development, the economic crisis, the pandemic context, the Employees exposure to new skills and ways of working, the need for greater business agility and the increasing engagement with Customers through technological tools.

Therefore, PESI 21-23 is based on four building blocks:

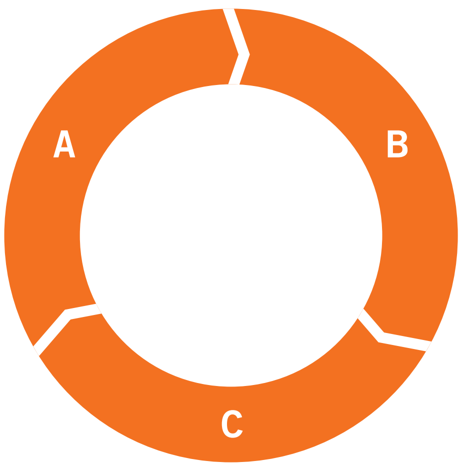
1. **Technology** - Offering "state of the art" technology and products;
2. **People** - Develop and retain the right talent and skills;
3. **Customer Orientation** - Make every Customer, an admirer;
4. **Cost Rationalization** - Accelerated and sustainable growth.

Indeed, the modernization and digitalization process underway at BFA encompasses not only the technological component but also the organizational and human components, all supporting the Bank's operation, thus contributing to a more agile, Customer-centric and future-proof organization.

Concerning the first building block, **Technology**, PESI 21-23 had already a positive impact in the Bank's activities through the development of several projects throughout 2021, among which the strategic projects to progressively increase the levels of redundancy, resilience, efficiency and availability of the information systems stand out.

On the other hand, the need to support business growth and day-to-day operations challenged the Bank to increase its capacity for workforce mobility and flexibility, by increasingly adopting digital practices.

The **Technology** vector follows the following strategic guidelines:



A Architecture
Systems and Solutions

- Upgrade and resizing;
- Cloud implementation;
- Increase storage capacity;
- SDK's definition and implementation;
- Platforms and technologies selection;
- Development and rules definition.

B Data
Data Governance Model

- Data architecture;
- Multiple data sources;
- Information security;
- Data warehouse and BI;
- Data quality.

C Mobility
Digital

- Collaborative tools adoption;
- Implementation of solutions with greater scalability, integration and automatization;
- Development of processes supported by 100% digital models.

1. Architecture

In 2021, several initiatives were developed, supported by BFA's strategic objectives, to accelerate the Bank's technological restructuring. The following initiatives are highlighted:

- **Upgrade and resizing**: Technological upgrade of EMIS' CPD, including the replacement of the infrastructure that supports the business, telecommunications and security. The following activities are included in this initiative:
  - The installation of the new CPD at ITA has started and the acquisition of a new infrastructure with up-to-date technological standards is possible in the future;
  - The telecommunications infrastructure was restructured in order to increase redundancy and resilience;
  - New firewalls were acquired and installed in order to increase the organization security standards;
  - IMPERVA appliances were configured (Web Application Firewall and DB Monitoring);
  - New laptops (245) were acquired and delivered to BFA's Employees, thus increasing the work mobility of around 600 users.
- **Cloud Implementation**: BFA has adopted the technological solution provided by suite MICROSOFT 365, including the users synchronizations to Azure.
- **Increase storage capacity**: A new storage infrastructure was installed with higher capacity to store information as well as with redundancy and resilience levels aligned with international standards.
- **SDK definition and implementation**:
  - The tools and technologies to support the Bank's solution development cycle were defined;
  - The new technological infrastructure that supports the internal software development cycle was implemented, thus ensuring that all new solutions developed in the future use the new infrastructure, regardless of the teams' locations;
  - All environments to support integrations and service exposure middleware were made available.
- **Platforms and technologies selection**:
  - The Outsystems framework and development environment was installed;
  - The Azure DevOps platform was installed and fully implemented;
  - New ERP SAP modules were implemented, including the modules related to human capital management and e-learning trainings;
  - New modules were installed and fully adopted that now support BFA's core business;
  - The confirmation messaging platform has evolved to SWIFT;
  - Internal solutions for Foreign Exchange Management were developed;
  - The development of new internal solutions for credit management has started;
  - Projects within the regulatory scope such as CIRC and Center of Bank Accounts were implemented.
- **Development rules definition**: BFA has designed and publish several internal regulations and guidelines for best practices in software development.

2 Data

The kick-off of the data warehouse development project occurred in 2021, nevertheless, the first steps, including the assessment of different providers and available technologies in the market, was initiated still in 2020.

The project's underlying strategic goal is to increase the efficiency of BFA's data infrastructure, including the level of data availability. The following initiatives are highlighted:

- **Data Architecture**:
    - The DataMart that supports all management information was migrated to the EMIS' CPD, thus reducing operational risk and optimizing performance;
    - A DataMart for the Marketing Department was developed.
- **Multiple data sources**: The various SGBD's installed in the Bank suffered a technological modernization.
- **Information security**:
    - The SGCI governance Committee was implemented and several guidelines were defined, approved and published;
    - The Phase I of the intrusion testing project was developed with the main focus of detecting vulnerabilities in application security.
- **Data warehouse and BI**: The data warehouse development project has started as well as the development of a pilot, using Power BI, to support SIV reporting.
- **Data Quality**: A new data architecture more robust, resilient and simple was defined.

3. Mobility

In 2021, digital has become one the technological cornerstones that support BFA's business as a whole and, within this cornerstone, mobility is one of the main strategic focuses. The following initiatives are highlighted:

- **Collaborative tools adoption**: The application Skype for Business has suffered a technological upgrade that allowed for more than 24 000 video conferences to take place, with a total of 109 000 users. Additionally, a pilot has started to replace Skype for Business by Microsoft Teams to all BFA's Employees.
- **Implementation of solutions with greater scalability, integration and automatization**: The first version of the integration and services' exposure middleware was implemented.
- **Development of processes supported by 100% digital models**: New digital solutions were developed such as the BFA App 2.0 and the new functionalities made available on the Bank's digital channels.

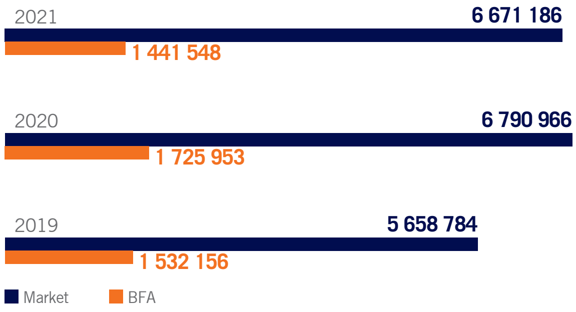
In 2021, PESI 21-23, through its investment in technological infrastructures, impacted all four action vectors. The Bank has invested in the **People** part of BFA's technological teams either through training or by reinforcing strategically the teams. Additionally, all transformation processes are **Customer-centric** with the overall goal of increasing the proximity of the Bank and its products and services to different Customer's segments. Finally, PESI 21-23 took into account **cost rationalization**, through the realignment of the Bank's business model and cornerstones for building a sustainable business in the long run.

PAYMENT SYSTEMS

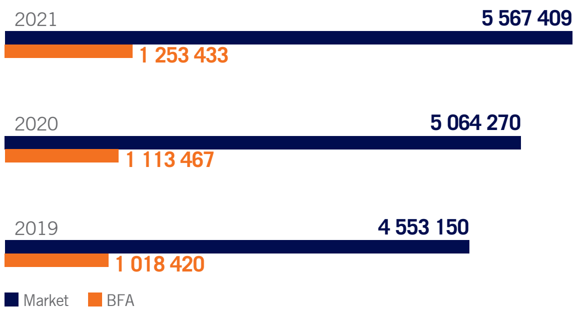
DEBIT CARDS

n 2021, the total number of valid Debit Cards (active and inactive) was 1 441 548, representing a decrease of 16,5% compared to 2020. However, BFA maintained its leadership in terms of market share (21,6%), despite a decrease from the 25,4% market share recorded in 2020.

Debit Cards

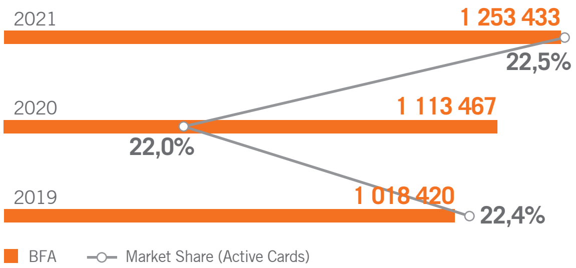


Active Debit Cards



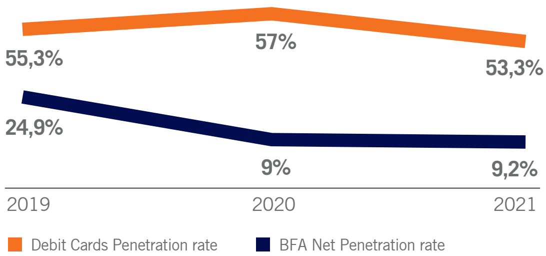
The total number of active BFA Debit Cards was 1 253 433, which represents a growth of 12,6% in relation to 2020, slightly above the market's growth (9,9%). Thus, BFA reinforced its leadership in terms of market share, with 22,5% compared to 22% in 2020.

Evolution of the Number of Active Debit Cards



In 2021 the penetration rate of debit cards was 53,3% compared to 57% in 2020.

Services



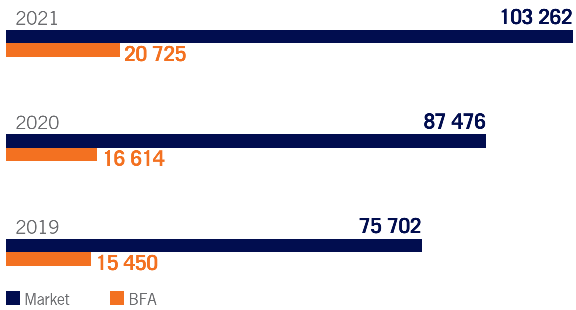
It should be noted that at the end of 2021, BFA had about 61,1% of its cards with EMV technology, representing the 2nd place in the market with 880 405 EMV cards.

APTs and ATMs Park

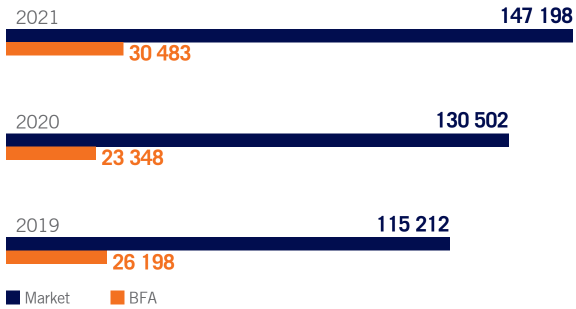
The number of APTs in Angola increased 12,8% compared to 2020. At the end of 2021, there were 147 198 APTs installed, of which only 70,2% were active.

As a result of a campaign conducted during 2021, the number of BFA APTs grew by 30,6% and the number of active APTs grew by 24,7% compared to 2020, which translates into a 20,1% market share of active APTs.

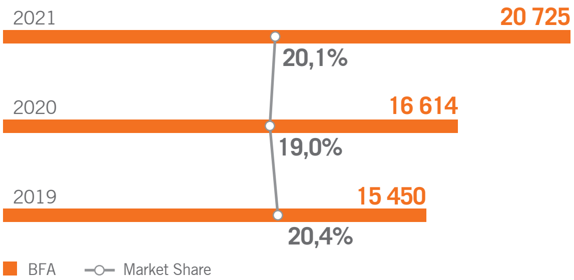
Active APTs



Registered APTs

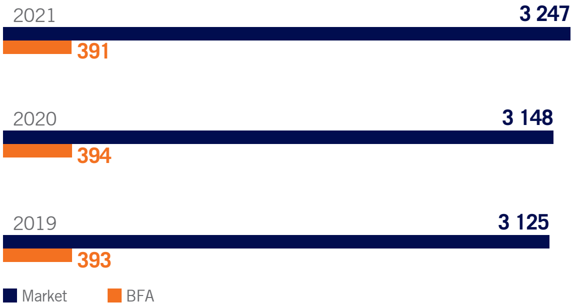


BFA's APTs



In 2021 the number of ATMs in Angola increased 3,1% compared to 2020, which represents a total of 3 247 ATMs installed at the end of 2021. The number of BFA ATMs decreased by 0,8% compared to 2020, being composed by 391 ATMs at the end of 2021.

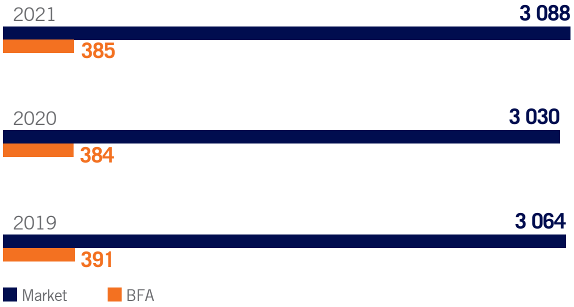
Registered ATMs



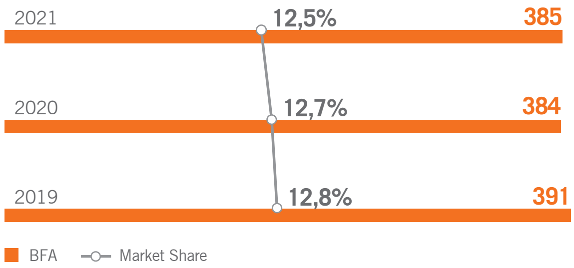
In 2021, the number of Active ATMs in the market grew by 1,9%, a higher growth than the one recorded by BFA (0,3%). Thus, the Bank reached a market share of 12,5% in 2021.

Regarding the amounts withdrawn at ATMs, the market reached AOA 2 594 671 million, while BFA reached AOA 446 421 million registering a 17,2% share.

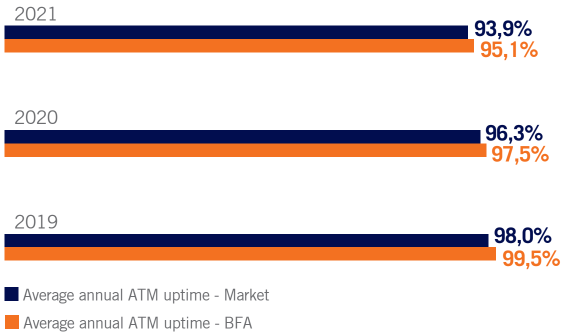
Active ATMs



BFA's ATMs



Average annual ATM uptime



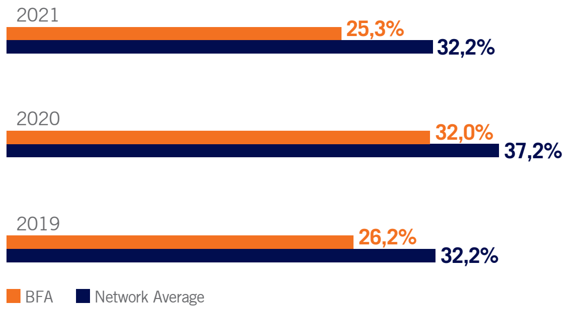
The average annual ATM uptime of BFA's ATMs in 2021 was 95,1%, which represents a decrease of 2,4 bp compared to 2020.

Note: Uptime measures ATM operation and is calculated as follows Uptime=1- ((No.days' downtime)/(Days in month)), where an ATM is considered down if it registers no transactions in a month.

Empty machine downtime

In 2021, the percentage of down-time due to lack of notes in the ATMs registered by BFA was 25,3%, a figure substantially lower than the market average, which is 32,2%.

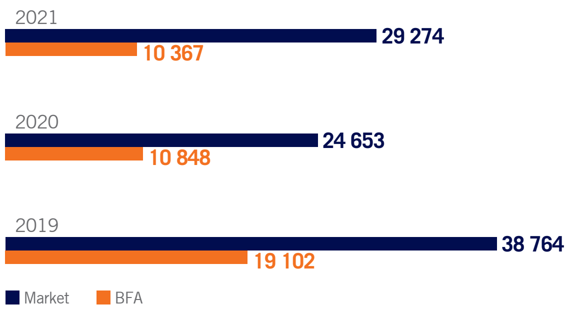
Down-Time for lack of Notes



International Payments System Cards (SPI)

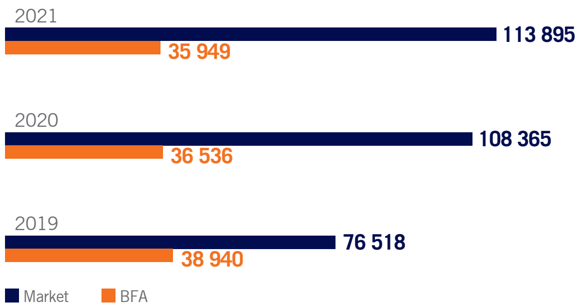
In 2021, the number of the Bank's Active SPI Cards (VISA Credit and Prepaid Cards) was 10 367, representing a market share of 35,4% of all the Active SPI Cards managed by EMIS. The total number of valid SPI cards managed by EMIS increased by 5,1% and reached 29 274 active cards by the end of 2021.

Active SPI Cards



Regarding the number of valid SPI Cards, the Bank registered a decrease of 1,6% compared to 2020, with a total of 35 949 valid cards registered at the end of 2021. On the other hand, the market reached 113 895 valid cards in that same period, which represented an increase of 5,1% compared to 2020.

Valid SPI 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 that 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, with 242 298 adhesions, which represent a market share of 25,9% at the end of 2021.

DIGITAL BFA

The year 2021 was marked by a trend of increased usage of mobile devices across all traffic sources. However, there was an overall decrease in the number of visits, visitors, and page views, compared to the previous year. On the other hand, engagement metrics, which reflect the quality of traffic, improved, and remained above the market values.

BFA'S PUBLIC WEBSITE

Currently, the Bank's main purpose for its website is to promote the access to the BFA Net area and to the Personal Credit and Motor vehicle loans simulators. This goal was reflected in the increase of simulations that occurred in 2021, of 43,5% in personal credits and 97% in motor vehicle loans compared to 2020. On the other hand, there was a reduction in BFA Net logins and in downloads of PDF documents, of 1,3% and 14,2%, respectively, when compared to the same period last year.

	Total Visits	Unique Visitors	Pageviews
2021	846 309	320 795	1 663 082
2020	940 712	461 525	1 830 129

With a total of 981 218, the organic search channel remains the biggest source of visits to the site, representing about 59% of all visits. Additionally, there was an increase in traffic from all sources except direct traffic and display campaigns.

The Private area, continues to be the most visited, although it recorded a decrease of 10,3% in the number of visits compared to 2020. The same trend was observed in the Business area, which saw a 2,1% reduction compared to last year.

BFA NET

At the end of 2021 BFA Net had a total of 216 914 net users, which represented an increase of 9,6% compared to 2020.

Additionally, 26,3% of the visits to the site were made to access BFA Net, which represents a decrease in absolute number, but an increase in its weight, compared to 2020.

BFA APP – BFA'S MOBILE APPLICATION

During 2021, the Bank focused on developing a new mobile homebanking solution, with the ambition of providing its customers with an innovative technology, based on the best market practices. The Bank's objective is for its Customers to have access to BFA's essential services in the best possible way, at any time, and at any place.

Facebook

Facebook is the social network with the most users worldwide, having 3 million active users in Angola. Given its diversified audience, BFA communicates with all its target groups through this social network.

BFA considers Facebook as the main social network to build a relationship with the community, and this is the reason that differentiates it from other social networks. Thus, engagement should be considered as the real added value of this network.

During the year, BFA reinforced one of its key objectives: to be closer to their Customers and followers. Consequently, the year 2021 closed with a positive balance in this network, with about 1,5 million users reached and 143 901 visits to the page. Regarding the number of fans, it reached 247 thousand in 2021, which translates into an increase of approximately 27 thousand fans compared to 2020.

LinkedIn

LinkedIn is the world's largest recruitment platform and is, therefore, the primary platform used by BFA in its recruitment processes. Additionally, it is ideal for communicating BFA's corporate and employer image since it brings together specialized and interested users.

In 2021, BFA reached 62 000 followers on LinkedIn and recorded a 31% increase over the previous year in the total number of page views.

Instagram

With about 555 thousand active users, mostly under 35 years old, Instagram is the chosen channel by the Bank to create closer relations with the younger segment, and the one with the most potential to create lasting relationships.

By the end of 2021, BFA had about 17 000 followers and 156 545 visits, which represents a growth of 13,3% and 11,1% compared to 2020, respectively. This positive evolution comes from a strategy of creating emotional relationships with the Bank's followers.

COMMUNICATION

CAMPAIGNS

BFA Multicaixa Cards - More color for your life.

BFA renewed the image of its Multicaixa debit cards, and now offers three cards with distinct images, suited to the different needs of its Customers: a card for day-to-day use, a more exclusive one, and another one specially designed for the business. Besides the differentiated image, the new BFA debit cards have electronic chips, which offer greater security and protection against transactions fraud.

BFA Solidário 3rd edition - Caring for the generations that in the future will care for us.

The 3rd Edition of the BFA Solidário Campaign is a social responsibility program that aims to support and recognize the work of non-profit organizations. The program recognized organizations with strategic projects in the sectors of education, health and social inclusion of children and youth.

Online Payment Services – More Customers, more sales.

With this campaign, the Bank aimed to strengthen its relationship with its customers through its Online Payment Gateway service. This service allows companies to receive payments for products and services made without card reading on their sites or virtual stores.

New Term Deposits Growing 15% and 20% - Always growing

Always thinking of its Customers, BFA offers alternatives so that they can monetize their funds through two term deposits in kwanzas, with a maturity of 90 days and a growing rate of 15% and 20%, with a minimum subscription amount of AOA 500 000 million. These term deposits are an alternative for short term profitability of customer funds as they offer an attractive rate, and thus allow the Bank to raise funds.

BFA Agricultural Investment Credit - Agriculture makes Angola grow

BFA has joined and supported the Angolan Government with the implementation of initiatives that aim to foster the "Real Sector" of the Economy, such as making available a more complete and competitive credit offer that is adequate to the needs of the Agribusiness Segment.
The Bank has reiterated this positioning by promoting short and medium/long term credits, designed to meet the investment needs of all companies. Its priorities are the agricultural cooperatives and small and medium enterprises (SMEs) linked to the agriculture and the agribusiness technological sector.

Card Protector - Use BFA debit cards with more security

Given the growing number of scams, BFA has adopted the measures developed by EMIS in all its channels (BFA Net, BFA Net Companies, and App). Therefore, the Bank launched this campaign with the objective of promoting the strengthening of the existing mechanisms at the level of fraud prevention and combat with Multicaixa cards and, in this way, improve the security of this means of payment.

Temporary increase in credit card usage limits - BFA wishes you a great Christmas.
More possibilities to use the credit cards abroad, and you can still make up to two monthly reinforcements - BFA wishes you a fabulous Christmas.

The Christmas campaigns, launched in October, aimed to promote the use of Mwangolé Classic and Gold credit cards. This program provided Customers with a temporary increase in the credit card limits abroad, and also offered the possibility of making up to two monthly reinforcements on their cards.

Concierge Service - A service for those who want more from life.

This campaign arises from the partnership established between the Bank and Quintessentially, in order to support Private Banking Customers in planning various activities through a personal assistance and lifestyle service.

INTERNAL COMMUNICATION 2021

CLEAN THE COMPUTER DAY I FEBRUARY 8TH

Clean your Computer Day, celebrated on February 8th, was the first internal communication action carried out in 2021. On that day, the Bank communicated on the Intranet some actions that contribute to extending the useful life of the devices.

The purpose of this action was to stimulate the good use of the computer equipment that the Bank makes available to its Employees, considered indispensable to perform their daily tasks.

VALENTINE'S DAY I FEBRUARY 14TH

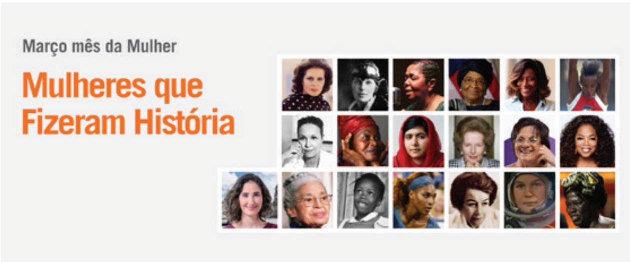
Challenge your romanticism and creativity

On Valentine's Day, the Bank proposed an initiative for Employees to prepare a romantic surprise box for their better half using at least three recyclable items. As a prize, it was offered a gift basket that included a sparkling wine, two glasses and chocolates.

The activity was carried out with the purpose of celebrating the most romantic day of the year with its Employees, while encouraging them to maintain a healthy and close relationship with their partners.

INTERNATIONAL WOMEN'S DAY I MARCH 8TH

Tribute to the BFA Pearls



To celebrate the Women's Day, BFA held several activities in honor of its Pearls, throughout the month of March. The publication of the news about the ephemeris, marked the beginning of the March Woman journey which was subsequently followed by:

- Campaign to collect goods to donate to a girls' home based at Sagrada Família;
- Promotion of the "Poem to a Woman" Contest;
- Rubric "My trajectory in the Bank" talk;
- Rubric "Women Who Made History" talk;
- Publication of a commemorative video with Dr. Luís Gonçalves;
- "Made by Women" talk;
- Thank you message to the Collaborators;

These actions held on Women's Day aimed to recognize the great role played by women in the Bank, and to thank them for their daily dedication.

FATHER'S DAY I MARCH 19TH

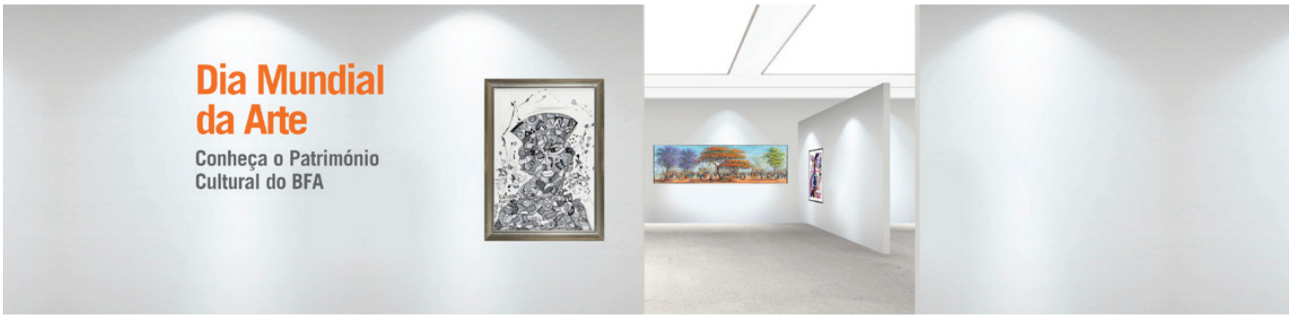
To celebrate Father's Day, an internal communication action took place on March 19th, consisting of a contest in which the participating Employees were invited to share the greatest learning they have ever had as a father. The prize awarded to the winners was a bag personalized with their name.

This action was carried out with the intention of not only honoring all the Employees who embarked on the great adventure of being a father, but also recognizing the role that a father figure represents in the life of a child.

WORLD COFFEE DAY I APRIL 14TH

BFA celebrated for the first time World Coffee Day, a date pays tribute to one of the world's most beloved beverages. As part of its celebration, relevant information about coffee was shared on the Intranet.
The purpose of the action was to share relevant information about coffee with the Bank's Employees, such as its benefits and the care one should take with its consumption.

WORLD ART DAY I APRIL 15TH



In allusion to the day dedicated to art, BFA held an even that consisted of a virtual exhibition of its Cultural Collection. The works presented in the exhibition are signed by renowned artists, such as: Guilherme Mampuya, Januário Jano, António Gonga, José João Oliveira, Jorge Gumbe, António Ole, Hildebrando de Melo or Vítor Manuel Teixeira (Viteix).

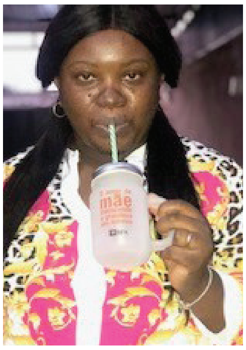
The purpose of this action was to give Employees the opportunity to get to know the cultural collection that the Bank has collected over the years, and that is part of its history.

INTERNATIONAL WORKERS DAY I MAY 1ST

The celebration of the Workers' Day was marked by a thank you message to all BFA’s Talents who, with zeal and responsibility, share their knowledge daily and contribute to the Bank's growth.

This action had the objective of honoring all the Employees for their effort and dedication, recognizing them as an integral part of the big family that is BFA.

MOTHER'S DAY I MAY 2ND



To celebrate this day, which has kindness as its essence, the Bank held an event on which the participating Employees were invited to share the values they pass on to their children and how these values will help them in their adult life. As a prize, the winners received a personalized mug.

The main purpose of this action was to recognize and elevate the importance of the Bank's female Employees as mothers and providers.

WORLD HYPERTENSION DAY I MAY 17TH

The health and well-being of its Employees have always been important issues for BFA. For this reason, and within the scope of World Hypertension Day, an article was published on the Intranet, with informations about the disease.

The action aimed to encourage Employees to learn about the causes, symptoms, diagnosis, and precautions to be taken with hypertension.

INTERNATIONAL CHILDREN'S DAY | JUNE 1ST

Alluding to the International Children's Day, a challenge was launched to BFA Employees, which consisted in recreating their before and after from an old photograph. For that purpose, the competitors used as many elements and details as possible in order to imitate the original photograph.

Although the day is dedicated to children, this year’s action, aimed to provide a relaxed atmosphere among Employees, and for a brief moment took them to time-travel and relive their past.

WORLD HEPATITIS DAY | JULY 28TH

On the day dedicated to Hepatitis, a new feature was shared on the Intranet encouraging Employees to pay more attention to their health, as well as with relevant information on this subject. The motto adopted by the Bank was "Live Healthy”.

The purpose of this communication was to highlight the importance of knowledge about the 5 types of hepatitis, and mainly the various ways to prevent the disease.

BANK EMPLOYEE DAY

Since we are a Banking Institution, the celebration of August 14th could not go unnoticed. Internally, the Bank Employee Day was marked by the realization of an activity which consisted in a game of questions and answers. The Quiz had 17 questions and covered general knowledge that every banker should have, about the sector in general and about BFA in particular, as well as some curiosities. As a prize, the winners were offered a built-in lunchbox.

The promotion of the Quiz had the main purpose of increasing the level of knowledge of BFA Employees about Banking.

WORLD SAVING DAY | OCTOBER 31ST

On World Saving Day, a contest was held which challenged Employees to answer four questions about BFA Savings.

This day's action had the objective of encouraging Employees to review their concepts of saving and to evaluate their own savings.

NOVEMBER BLUE

The "November Blue" is one of the various awareness campaigns adopted by BFA, and its celebration was marked by the publication of a news release about the importance of early diagnosis of the disease.

As in previous years, the objective of this action was to encourage and incentivate the male public of BFA to have periodic consultations to evaluate their state of health.

BFA CHRISTMAS

Christmas 2021 was marked by the Executive Board's Christmas Greetings Message, which in a different format, dedicated to all Employees and their families words of closeness and unity.

For the second year, the Employees were not able to celebrate Christmas as in previous years. Even so, the sharing of the Christmas Greetings Message aimed to reinforce the bonds of unity and friendship that should exist between people, regardless of the current situation.

EVENTS AND SPONSORSHIPS

ORDER OF MERIT MANGAIS / BFA GOLF CHAMPIONSHIP

The Order of Merit Mangais/BFA championship is a sports initiative of the Mangais Golf Club, consisting of 12 qualifying stages that determined the players that will compete in the grand final. This event has become a golf reference in Angola.

8TH GOLF CUP CHAMPIONSHIP UNITEL/BFA

Considered the best Golf competition in Angola, the Golf Cup Unitel/BFA championship had its 8th edition held in 4 stages by 72 players. This edition's final took place in the Republic of Namíbia-Windhoek.

The championship has been increasingly focused on golf inclusion, with the aim of giving young Angolans the opportunity to become golfers.

REQUEST FOR RENEWAL OF ANNUAL SPONSORSHIP - 1º D`AGOSTO

BFA has renewed, for the eleventh consecutive year, its sponsorship of the 1º de Agosto Sports Club. The support was given to the senior men's and women's teams for their participation in the national championships, the Angolan Cup, and continental competitions. In 2021, the sponsorship was extended to two other sports: basketball and handball.

PORTUGUESE CULTURAL CENTER

BFA, as an institutional partner of the Portuguese Cultural Center, supported several initiatives throughout 2021 which main objective was to promote the Angolan culture.

III E&M CONFERENCE ABOUT AGRICULTURE 2021

The third edition of the E&M Conference on Agriculture was sponsored by BFA. The event had as theme "Domestic Production versus Imports. Which Ways?". The conference took place in a hybrid format (in person and online) and had an audience of 80 people among policy makers and experts from several areas, and a wider online audience, which had access to the event through digital platforms such as the E&M website, Zoom and Facebook. There was also a round table, which had the presence of Dr. José Massano, Governor of BNA.

I INDUSTRY FORUM “JORNAL EXPANSÃO”

The first Industry Forum of the “Jornal Expansão” was sponsored by BFA. The event brought together the most prestigious elements of the business class, who adiscussed that industrial development can be the key factor for the growth of the productive sector, particularly the agricultural sector. The main issues of the Angolan economy were also discussed.

SPONSORSHIP I FAN

The Angolan Swimming Federation (FAN) has now BFA as its official sponsor of the national swimming team, in both continental and world competitions, as well as in the national championships: Angolan Cup and Open Waters.

BANKING FORUM 2021

The XI Banking Forum 2021 promoted a wide debate about the changes that the sector will experience in the short and medium term: restructuring processes, changing the business portfolio, adapting to the new legislative framework, digitalization of the branches and frame of the shareholders and the activity for GAFI approval.

SPONSORSHIP I LUANDA FASHION

Luanda Fashion is the most important event in Angola's fashion sector, and aims to recognize and value the work of the various classes of artists whose creations have enhanced and promoted the Angolan culture throughout the year. As in previous years, BFA supported the event, which was held in a hybrid format. This edition had the theme "Press Play" and was broadcast to a national audience. Although it followed the concept of the 2020 virtual edition, in 2021 the event also had a face-to-face audience of about 200 people at TV Zimbo's facilities.

CRYPTOCURRENCIES CONFERENCE

In the current context, issues related to cryptocurrencies have been debated worldwide; as Cryptocurrencies have already begun to be used in some african countries, such as Nigeria and South Africa.

The first Cryptocurrency Conference in Angola was attended by renowned companies linked to the digital market, and had as principal speaker the Governor of the National Bank of Angola. In addition to the face-to-face event, the conference was live streamed on the digital platform of the event organizer's.

LUANDA SONG FESTIVAL

Luanda Song Festival is one of the biggest music contests held annually by the radio LAC - Luanda Antena Comercial, and its main purpose is to promote Angolan music. The XXIII edition was sponsored by BFA in order to give prestige to the compositions, composers, lyricists, and singers who participated.

ANNA JOYCE SHOW

BFA was the sponsor of the great beach show by the singer Anna Joyce, in an event that brought together more than three thousand people in Luanda Island. The show was not only marked by the exciting moments provided to the singer's fans, but also by BFA's donation to the Angolan Institute for Cancer Control.

DIPANDA GOLF

BFA sponsored the two-day Dipanda Cup championship, alluding to the national independence day (November 11th).

The tournament took place in its usual format (Angola against the rest of the world), the first day was dedicated to match play greensomes, and the second day to individual match play.

RH FORUM

The 1st Edition of the Angola HR Forum 2021, with the slogan "A new era of human resources", brought together, in a hybrid format, professionals, young people and large companies in Angola, with the aim of sharing the best experiences in Human Resources Management.

INTRA-AFRICAN FAIR

The Intra-African Trade Fair was organized by Afreximbank, in collaboration with the African Union Commission, and had BFA as one of the sponsors.

The IATF (Intra-African Trade Fair 2021) represents a platform for the entry into the single market of more than a billion people, united under the African Continental Free Trade Area, enabling continuity to the Economic Diplomacy that the country has been developing, and enhancing Angola as a promising entity in doing business in the region.

IV DIGITAL TRANSFORMATION CONFERENCE

The IV Digital Transformation Conference had the presence of members from Unitel, NCR and BNA companies that, in a round-table at the Epic Sana Hotel, debated the digital transformation process in Angola.

MOST LOVED ONES

For the second year in a row, the Bank sponsored the BFA Most Loved Ones 2021, a contest held by the national radio that elected the most loved song of the year. In 2021, this initiative was presented in a new format, with 18 competitors representing the 18 Angolan provinces. The award gala took place at the CCB (Belas Convention Center), in Futungo de Belas.

LUANDA OIL & GAS AND RENEWABLE ENERGY - LOG2021 CONFERENCE & EXHIBITION

The Luanda Oil & Gas And Renewable Energy 2021 International Conference & Exhibition was held under the motto “Shaping the Angolan Energy Sector” at the Talatona Convention Center.

The Conference, which had BFA as an official sponsor, had around 500 national and international delegates, as well as 80 exhibitors from the most diverse companies connected to the oil and energy sector.

FILDA 2021

In the 36th Edition of FILDA, BFA was present in the country's largest business exchange.

LUBANGO CITY CELEBRATIONS

Every year in August, except in 2020 due to the Covid-19 pandemic, the commemorations of Nossa Senhora do Monte are held in the city of Lubango, in commemoration of the city's anniversary and in honor of the patron saint of Lubango.

In these celebrations, emblematic events of social, religious, cultural and sports nature are held. Moreover, as in previous years, BFA was the official sponsor of the festivity.

SOCIAL RESPONSIBILITY

BFA is actively working towards the sustainable development, not only of its business, but also of all those with whom it interacts and impacts in its day-to-day operations. The sustained development of Angola and Angolans is, therefore, one of its focuses and priorities. As in previous years, the Bank is implementing several initiatives that are aligned with the United Nations Sustainable Development Goals, namely:

- No poverty
- Good health and well-being
- Quality Education
- Clean Water and Sanitation

NO POVERTY

In 2021, in areas that were affected by drought in the municipality of Ombadja, BFA supported the authorities in the birth registration process of 5 903 children in an initiative involving 18 primary schools. It also extended the initiative to school-age children, who due to lack of documentation were not yet included in the education system. From February 2020 (the beginning of this initiative) until the end of 2021 a total of 17 560 children were registered through this initiative.

Additionally, within the context of the BFA Solidário project, 95 wheelchairs were purchased for children with special mobility needs, which contributed to promoting the social integration of children in several provinces of the country.

GOOD HEALTH AND WELL-BEING

Within the scope of BFA +Nutrir project, in the municipality of Cunhinga, Bié province, BFA developed an initiative to combat malnutrition. This initiative consists on identifying cases of malnutrition in communities and monitoring and treating more severe cases, having the capacity to support up to 15 000 children under the age of five. In this context, around 10 000 families have been supported.

In Ombandja, nutritional supplements (fortified cookies) were made available and malnutrition tests were conducted, ensuring that 7 463 children under the age of 5 were tested for malnutrition. There were also about 1 000 boxes of the nutritional supplement BP-5 (fortified cookie) were also distributed, which helped a total of 5 000 children in the 18 schools supported by the +Água +Vida project.

In the province of Benguela, BFA Solidário project contributed to improve the service conditions at a medical post through the acquisition of medical equipment that allowed more than 4 000 children to benefit from improved attendance.

During the year 2021, BFA's volunteer Employees promoted 18 blood donation actions throughout the country, which guaranteed 1 788 bags of blood. It is estimated that this action helped save more than 7 000 lives.

As part of a BFA Solidário project, a vehicle was purchased to transport children and support the diagnose of cases of congenital malformation, cleft lip and palate, 3rd degree burns and maxillolabial issues, in rural and peripheral areas of the various Angolan provinces. This vehicle was used to help transport children to Luanda, where they could receive proper treatment (in case of serious orthopedic issues, efforts are made to allow the children to be treated in Germany). This initiative benefited 250 children.

QUALITY EDUCATION

During the year 2021, BFA contributed to improve the education conditions through the construction of two schools in the province of Benguela, in Liró (Benguela) and in the municipality of Benguela, and three schools in the municipality of Ombadja (Cunene). This initiative guarantees access to education for 2 010 children.

Additionally, efforts under the +Água +Vida Project in the Ombadja municipality (Cunene) helped ensure a safe learning environment and contributed to the return of 8 853 children (4 589 girls) to 18 schools in the municipality.

Also in Ombadja, Cunene province, training actions were held for teachers, parents and members of the educational communities of 18 schools that support children in early childhood. These focused on data management and analysis, community planning and participation, pedagogical differentiation, early childhood development, school leadership, and community involvement. The actions were attended by 18 principals, 61 teachers, and 24 facilitators from TUPPI (Everyone United for Early Childhood).

In the context of integration of children with special needs, BFA supports a pilot project that intends to guarantee that 30 children with autism, from the province of Luanda, are included in the formal education system. This project monitors the children and their families, trains teachers for these situations, and provides transportation to school. This project is included in the BFA Solidário initiatives, and aims to contribute to a more inclusive education in the involved schools.

CLEAN WATER AND SANITATION

The +Água + Vida Project, through several initiatives, has managed to directly impact 80 012 Angolans. Additionally, since the beginning of the project, 11 628 students have benefited from the construction of 72 sanitation facilities in 13 schools, as well as from the construction of sidewalk cisterns for rainwater harvesting.

In the Ombadja municipality, 48 villages received training actions regarding the Community-Led Total Sanitation (STLC) approach, and 7 of them were officially certified as a Village Without Open Air Defecation (SDAL). There are currently 11 973 people living in the certified villages.

The BFA Solidário program also guaranteed the installation of hand hygiene stations as part of the COVID-19 prevention plan in 10 elementary schools in the province of Luanda, which are attended by about 20 000 children.

In the village of Cuerama (province of Kuanza Sul), through the BFA Solidário program, a water hole was built, with reservoirs and distribution points. This facility will guarantee access to drinking water and improved sanitation conditions for 5 000 people, in particular 3 000 children.

4

RISK MANAGEMENT

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RISK MANAGEMENT

EXECUTIVE SUMMARY

GENERAL PRINCIPLES OF THE RISK MANAGEMENT SYSTEM

Principle 1: The full board of directors have the exclusive responsibility for BFA's risk management.

Principle 2: Clear organisational structure and well--functioning independent internal risk management, which has sufficient autonomy to perform their function

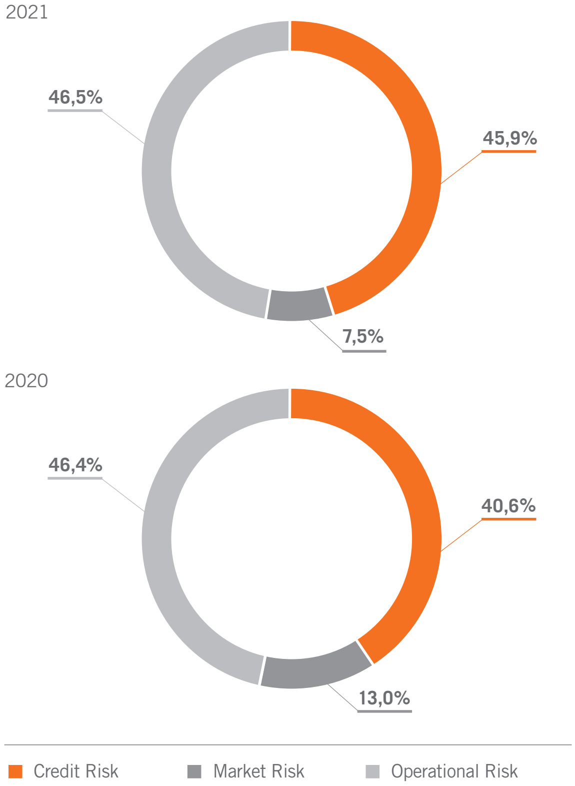
Principle 3: Adapting to the constant changes in market trends.

Principle 4: Risk appetite framework is a core element of risk management.

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

Principle 6: Establishment of a general risk understanding and creation of a uniform risk culture.

RWA by Risk Type



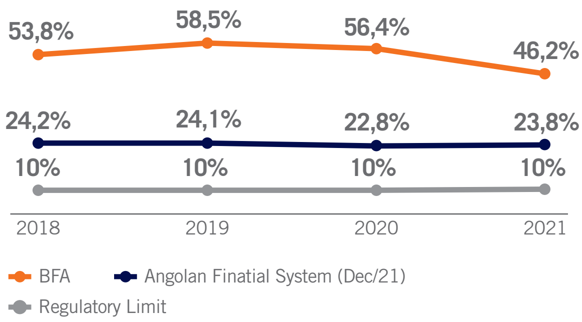
RISK PROFILE IN CHALLENGING ENVIRONMENT

High levels of capital demonstrate the robustness of BFA's balance sheet. BFA's Total Capital Ratio (TCR) is considerably higher than the regulatory limit (10%), and above the average of the Angolan Financial System, which confirms the robustness of the capital and its adequacy to the business model.

In 2021, there was a reduction in regulatory capital (Total Capital), derived from the decision to make a special distribution of results in mid-2021. However, the capital levels remain high, which demonstrates the Bank's soundness.

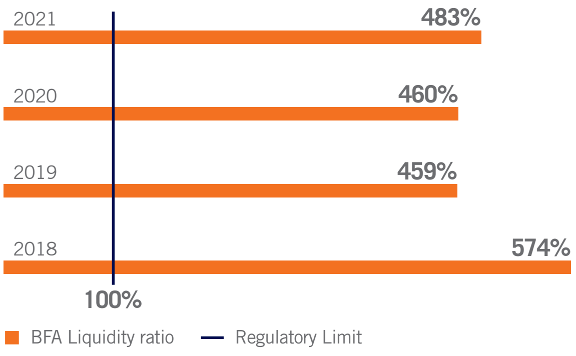
In terms of the distribution of capital requirements by type of risk, there was an increase in capital requirements for credit risk due to the rise in loans and advances to Customers, and a reduction in requirements for market risk justified mainly by narrowing of the exchange rate gap compared to the previous year. In addition, operational risk still assumes a high weight, justified by the use of the basic indicator method in the calculation of risk requirements.

Total Capital Ratio



LIQUIDITY RISK - MAINTAINING VERY COMFORTABLE LIQUIDITY LEVELS

Regulatory Liquidity Ratio

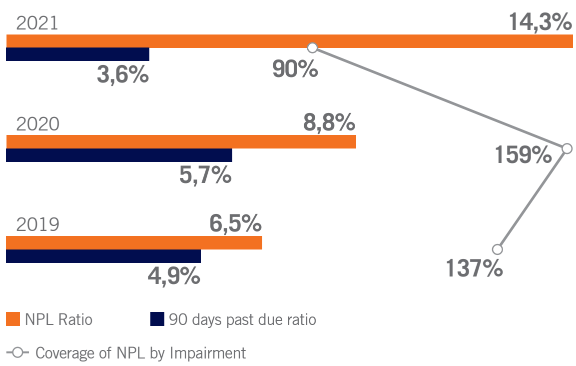


High level of net assets and proper management of cash inflows and outflows allow the regulatory liquidity ratio to be 4,8x higher than the regulatory limit (100%). However, during 2021 it was necessary to strengthen liquidity management given the adverse environment and a restrictive monetary policy.

CREDIT RISK – QUALITY RATES OF THE CREDIT PORTFOLIO

During 2021, there was an improvement of the credit portfolio's quality with the recovery of 90 days past due credit, as can be seen by the reduction of the 90 days past due ratio . Nonetheless, apart from such recovery at the end of 2021, the Bank took the decision to move an entity with high exposure to stage 3, which led to a deterioration of non-performing loans (NPL). Thus, the coverage of NPL by impairment reduced to 90%.

Quality of Loans and advances to Customers



Despite the increase in NPL and reduction in impairment coverage, loans and advances to Customers remained well above the average for the financial system and within the range defined in the Risk Appetite Statement (RAS).

NON-FINANCIAL RISKS – CONTINUOUS IMPROVEMENT OF MANAGEMENT PROCESSES AND FIRST STEPS IN ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK (ESG RISK)

The Bank is focused on the continuous improvement of its management processes and first steps in what concerns the Environmental, Social and Governance Risk (ESG Risk) were taken, through:

- Evolution and improvement of operational risk management tools;
- Continued development of the information security management system, which includes information security risk management, among others;
- Reinforced control and management of costumer complaints, with increased pressure from the supervisor;
- Challenges derived from FT/BC regulations;
- Conducting workshops on Sustainability and analysing international regulation on ESG Risk.

RISK MANAGEMENT MODEL

The foundation of the Risk Management Department at BFA began in 2017, whose operationalization came into effect in 2019. Prior to this date, risk management was developed by each of the risk-taking areas, in a robust control environment of the risks assumed and always under the supervision of the board of directors.

Effective risk management over the years and the creation of a committee 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 and ensures it is aligned with the interests of Customers, Shareholders and other stakeholders.

The Bank seeks to bring its internal procedures closer to the best international practices in terms of global risk management, having in consideration the guidelines of both the Basel Committee on Banking Supervision (BCBS) and the *Committee of Sponsoring Organizations of the Treadway Commission* (COSO), ensuring compliance with overall prudential requirements established by regulators and supervisors. As a result, the following principles have been established:

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

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

Principle 2: The Bank's Risk Management Function is an element of the organizational structure, and it 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 risk management system does not define the Bank's strategy, but influences its development and review.

Principle 4: The risk appetite framework is a core element of the Bank's risk management

The Bank manages and controls its risks in accordance with its risk appetite framework, which 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 are the primary objectives of BFA's risk management

The Bank governs its risk management system based on a risk appetite framework, to ensure 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, across 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 reputation.

CATALOG OF RISKS

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

Credit Risk – Risk of loss due to failure by a borrower or a counterparty to meet their obligations under credit agreements.

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

Liquidity Risk – Risk that the Bank will suffer adverse impacts as a result of inability to obtain sufficient liquid funds to meet its financial obligations.

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

Interest Rate Risk – Risk that adverse movements in interest rates will lead to mismatches in the amount, maturity or interest rate reset dates of financial instruments with interest receivable and payable.

Foreign Exchange Risk – Risk arising from the fluctuations of the fair value of, or the future cash flows associated with, a financial instrument due to changes in market prices.

Operational Risk – Possibility of adverse impacts on earnings or capital arising from inadequate or failed (i) internal processes; (ii) people or (iii) systems, or from internal and external fraud or other events. It includes risk related to information systems, operational, conduct and compliance.

Sovereign Risk – Risk arising from changes or disturbances of a political, economic, financial or military nature which prevent or hinder the fulfillment of responsibilities assumed by the Government to the Bank.

Solvency Risk – Risk derived from an internal capital structure that is unable to stem losses arising from the materialization of risks of all kinds, and that is inadequate considering the size, business and complexity of the Bank.

Property Risk – Risk arising from adverse fluctuations in the price of real estate assets held by the Bank.

Reputational Risk – Risk derived from unfavourable image perception of Customers, counterparts, shareholders, investors, supervisors and public opinion, of financial institutions in general, and of the Bank in specific.

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

Compliance Risk – Risk that infringements or breaches of laws, regulations, codes of conduct, established practices or ethical principles regulating the Bank’s activity will lead to the imposition of legal or regulatory penalties and have an adverse impact on the institution’s reputation, results or capital.

Information Systems Risk – Risk arising from the inadequacy of information technology in terms of processing, integrity, control, availability and continuity, from inappropriate strategies or application.

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 DEFENCE AS AN ORGANISATIONAL MODEL

BFA's risk management system is organized in accordance with the principle of the segregation of functions, which ensures a complete separation between the responsibilities for originating (or taking) risks and those for managing and controlling them.

1st Line of Defence – Business and Support Units

The units that make up the business and support areas are responsible for identifying and managing any risks that arise from their activities or that are inherent in the Bank's business strategy, regulatory risk reporting, and therefore also for implementing adequate internal controls to manage and mitigate identified risks.

2st Line of Defence – Risk Management Function and Compliance Function

The Risk Management Function and Compliance Function form the second line of defence. They play a proactive role, contributing to the overall functioning and performance of the risk management system, the Bank's management and informed decision making and supporting the activities of the first-line units. They also play a reactive role, ensuring independently that the Bank's activities are monitored and controlled, and detecting any deviations from the agreed strategy, policies and limits.

3st Line of Defence – Internal Audit Function

The third line of defence is the Internal Audit Function, which evaluates the efficiency and effectiveness of the Bank's internal control and risk management systems. The External Auditor and the Supervisory Authorities are also parts of BFA's risk management model. The External Auditor contributes to the effectiveness of the Bank's risk management system through an independent and objective analysis of the system's functioning, and the Supervisory Authorities contribute by overseeing internal practices.

BFA'S RISK GOVERNANCE BODIES

Within the established governance model, the Board of Directors has overall responsibility for setting the Bank's overall risk strategy. It defines the guidelines, targets and limits for the Bank's day-to-day management by the Executive Committee and is supported in their task by the Risk Committee, the Asset and Liability Committee and the Audit and Internal Control Committee.

Strategic risk management	**BOARD OF DIRECTORS**			
	Audit and Internal Control Committee	Risk Committee	Governance, Appointments, Assesment and Remuneration	IT and Innovation Committee
Operational risk management	Executive Committee of the Board ofDirectors			
	Fixing Committee	Financial Committee	Products and Services Committee	Information Security Committee
	Human Resources Committee	Credit Committee	Costs and Productivity Committee	Assets and Liabilities Committee
	1st line of defense	2nd line of defense		
Independent review	3rd line of defense			

Board of Directors

The Board of Directors provides overall supervision of the 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 risk management policies to which the Bank is materially exposed, establishing the principles, responsibilities and processes for managing each material risk.

Risk Committee

Notwithstanding the powers attributed to the Board of Directors and the ones laid down in Commission's regulations, the risk committee is responsible to support and advise the Board of Directors in risk management matters, including: (i) risk management policies and strategy definition; (ii) supervise the execution of risk management policies and strategies; (iii) receive and analyse information about the different risks, namely personalized information on individual exposures, segments, products or portfolios; (iv) track and and evaluate the results of risk management tools, including projects (internal or external) that support the development of such instruments; (v) oversee and evaluate the performance of the Risk Management Function.

Audit and Internal Control Committee

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

Governance, Appointments, Assessment and Remuneration Committee

This committee, aims to advise the governing bodies on matters related to governance, particularly on the adoption of corporate governance policies and on the implementation of the prevention and management of conflicts of interest policy, transactions with related parties and the code of conduct. Additionally, this committee must advise the Board of Directors on matters related to the assessment and remuneration of the governing bodies and Employees associated with critical functions, in line with the risk strategy defined.

Executive Committee of the Board of Directors Committee

The Executive Committee performs daily and weekly market analysis and continuously monitors compliance concerning the Board of Directors' decisions and all regulatory and internal limits.

The Executive Committee has established structures ("Committees") under its authority, and upon the approval of the Board of Directors, to assess, decide and monitor, in specific terms, proposals and information related to the business strategy and risk management. Thus, these structures consist of forums of intermediate discussion and decision, under the delegated powers defined in the respective regulations or terms of reference.

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 continous changes, with new types of risks and the introduction of increasingly stricter 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/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, annually prepared, incorporate contents dedicated to internal control and risk management;
- Communication – the communication processes are promoted by BFA's Board of Directors, in order to create 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 a responsibility of the Bank as a whole.

RISK MANAGEMENT PROCESSES

Consistent with risk management principles, the Bank organises its overall risk management processes along 3 dimensions:

Strategic Processes
Enterprise-wide processes that provide an overview of the Bank's various risks and aggregate their impact on capital and liquidity.

Operational Processes
Operational processes, defined by material risk category, which support day-to-day management and control of each type of risk.

Contingency Planning
Contingency planning allows the Bank to continue operating in stressed scenarios.

STRATEGIC RISK MANAGEMENT PROCESSES

The strategic risk management processes provide a general view of the Bank's overall risk profile and set the risk appetite and risk limits. They include risk monitoring, using normal and adverse scenarios, which are also used to assess the Bank's capital adequacy and liquidity and, based on that assessment, plan economic capital and liquidity.

	Risk Profile Self-assessment	Risk Appetite Framework	Internal stress-testing program	ICAAP & ILAAP
Strategic Processes	Identify the categories of risk to which the Bank has a material exposure	Set risk appetite and limits	Define and stimulate plausible scenarios to which the Bank is (or could be) exposed.	Assess the Bank's capital adequacy and liquidity

Risk profile self-assessment

Self-assessment of the Bank's risk profile is a strategic risk management process aimed at identifying the categories of risk to which the Bank is materially exposed. The self-assessment results inform the approaches to risk management and control: all material risk categories are assessed (or quantified) as to their impact on economic capital or liquidity and management of these risk categories is supported by specific policies.

The Risk Management Department has overall responsibility for activating and conducting the self-assessment process, in which the governing bodies and all the Bank's Employees must be allowed to participate (directly or represented by the head of each organisational unit).

The risk profile self-assessment occurs annually and it is the basis of the risk management for that fiscal year. In 2021, the self-assessment of risks was defined in a qualitative manner, through workshops with relevant areas. Unlike the previous year, more organic units were involved, which fulfil the purpose of disseminating the risk culture in the Bank.

At the end of 2021, to define the material risks for 2022, the process of risk profile self-assessment began with the launch of questionnaires for nearly all the Bank's departments, with the aim of increasing the dissemination of the risk culture in the Bank. In addition to this qualitative exercise, a quantitative risk analysis will be introduced for the first time, based on the results of the integrated risk management exercises.

Risk Appetite Framework

The Risk Appetite Framework (RAF) is a core element of the Bank's risk management system. It defines (i) the Bank's Risk Appetite Statement (RAS); (ii) its Governance Model; (iii) the Limit System that supports it and the mechanisms for monitoring and responding to any breakdown of the defined tolerances; and (iv) the model for integrating the Risk Appetite in the Bank's management practices.

The Risk Management Department (RMD) is responsible for documenting the components described in the previous paragraph and the supporting procedures (RAF/RAS Governance Regulations).

Stress Test Program

Strategic risk management involves stress testing, which is designed to: (i) identify new or emerging risks; (ii) assess or reassess the exposure to material risks; and (iii) support the assessment of economic capital adequacy and the liquidity position, based on adverse but plausible scenarios.

The stress test program is comprehensive, covers all risks and risk factors, and provides an assessment of the Bank's economic capital adequacy and liquidity position. Stress testing involves defining and simulating adverse but plausible scenarios to which the Bank is (or could be) exposed.

The targets and limits for the stress test results, consistent with the risk appetite, are set by the Board of Directors, at the proposal of the RMD. The results are formally reported and discussed by the governing bodies, which, where necessary and in accordance with the established hierarchy/escalation procedures, must give their approval to any mitigation or remediation plans proposed by the RMD.

Capital Adequacy and Liquidity Assessment

The RMD is responsible to monitor and control the risk appetite limits and to assess the Bank's economic capital adequacy and liquidity position. For this purpose, RMD uses internal methodologies and procedures for measuring economic capital, material risks and the Bank's liquidity position.

The process of assessing and adjusting the internal capital and liquidity became a mandatory implementation in 2021 in the context of the ongoing BNA supervisory equivalence project (SREP - Supervisory Review and Evaluation Process). Commercial Banks have first prepared ICAAP & ILAAP for assessment by the supervisor. This assessment will lead to additional capital and liquidity requirements to be defined upon evaluation of the National Bank of Angola (BNA).

OPERATIONAL RISK MANAGEMENT PROCESSES

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

The RMD is responsible for defining and proposing the policies referred to in the previous paragraph for approval by the Board of Directors and for continuously driving and monitoring their implementation.

	Identification	Assessment/ Measurement	Monitoring and Control	Reporting
Operational Processes	Identification of actual and potential risks based on up-to-date, timely and reliable information from the different areas	Assessment of the information collected for submission to consistent, auditable assessment mechanisms	Definition of risk limits and control mechanisms	Reporting of results and mechanisms used

Identification - Identifies the current and potential risks to which BFA is subject through timely and reliable information from the various areas. The main activities in this phase are as follows:

- Gather reliable and timely information from the different areas;
- Define the strategy for identifying risks;
- Identify existing and new risks;
- Define and review risk indicators and limits;
- Implement recommendations from the risk reports.

Assement/Measurement - Assess all the information collected from the different areas, which is then subjected to consistent and auditable qualitative and quantitative assessment mechanisms. The main activities in this phase are as follows:

- Gather reliable and timely data from various areas;
- Define risk measurement assumptions and models;
- Develop risk measurement models;
- Calculate and analyse 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 any improvement recommendations.

Monitoring and Control - Risk management is subject to continuous monitoring process. For this purpose, risk limits and control mechanisms are defined. The main activities in this phase are as follows:

- Monitor risk indicators;
- Monitor the limits set in the risk contingency plan;
- Update and adapt the indicators and limits to the different economic cycles;
- Develop risk control mechanisms and alerts;
- Perform stress testing based on the defined risk scenarios;
- Monitor the suitability of the Risk Management System.

Reporting - Reports on risk management results and the mechanisms used must be delivered whenever required or at the intervals specified by regulatory bodies or internal rules. The main activities in this phase are as follows:

- Prepare reports based on the available information;
- Prepare recommendations for risk mitigation;
- Submit reports to the Board of Directors and the Board's Executive Committee;
- Prepare the action plans and assign responsibilities for risk mitigation;
- Disseminate the risk reports in a structured manner to the various areas of the Bank;
- Monitor the implementation of the activities defined in the action plan.

CONTIGENCY PLANNING

To respond to exceptional risk circumstances, based on the results of the strategic and operational control of each risk, the Bank formulates a contingency plan, triggered by certain indicators and thresholds, to ensure business continuity.

	Capital and Liquidity	Business Continuity
Contingency Plan	Establish a suitable framework and measures to allow the Bank to continue to operate in the event of significant deterioration in its capital and liquidity	Ensure the continuity of the Bank's operations and mitigate losses in contingency situations

To ensure that the appropriate organisational resources and measures are in place to allow the Bank to continue its activities in the event of a significant deterioration in its capital and liquidity, the risk management system includes a response plan and contingency mechanisms. It is the RMD's task, in coordination with the organisational units responsible for financial planning, control and management, to advise and support the Board of Directors in defining and approving the capital and liquidity contingency plan.

Additionally, to ensure the continued functioning of the Bank's activities in contingency situations and mitigate any resulting losses, the Bank prepares a business continuity management framework, which includes a Business Continuity Plan, in line with National Bank of Angola requirements.

CONTEXT AND CHALLENGES OF THE RISK MANAGEMENT FUNCTION IN 2021

Since the beginning of 2020, Covid-19 has impacted the global economy, and during the year 2021, its effects continued, with new waves affecting most countries. This global context has resulted in the need for more demanding risk management.

The focus on guiding activities towards the minimization of the internal and economic impacts of the pandemic was accompanied by the regulatory requirement on this matter. Nevertheless, BFA met the annual objectives outlined in terms of risk management.

Throughout 2021, the restrictive measures defined by the Monetary Policy Committee, the progress in the vaccination process and the regulatory developments foreseen for the financial system in alignment with international rules, led to the recovery of the economy, albeit slow, without compromising expectations.

For 2022, the main risks and uncertainties for BFA's activity are still related to the evolution of the Covid-19 pandemic, as well as to the policies adopted to mitigate its economic effects.

In fact, within its sphere of influence, the Risk Management Department monitored the pandemic effects on Bank's activity, and also participated in a number of operational issues inherent to business continuity, through its involvement in the crisis management committees and support in the contingency plan update.

Of note all the efforts made to adapt the internal processes to the pandemic response measures should be highlighted. For instance, sensitivity analyses were conducted having in consideration various macroeconomic scenarios, in order to assess the impact on impairments and capital requirements. Also internal periodical reports were implemented, as well as the supervisory reports.

The main challenges of the Risk Management Function during 2021 were the following:

Regulatory environment reinforcement

During 2021, the Bank continued its regular interaction with its supervisor, in order to monitor activities more closely. This also allowed to ensure efficient risk management in an adverse context, and to support the diversification of the economy by financing relevant sectors, under the strategy defined by the government.

Attention should be drawn to the regulations published during 2021 by National Bank of Angola, within the scope of the supervision equivalence project (SREP). Those regulations aimed to align the Angolan financial system to the rules defined in the three Basel pillars. In this vein, procedures related to the self-assessment and adequacy of internal capital (ICAAP) and internal liquidity (ILAAP) should be highlighted.

The increasingly higher levels of demand imply an important effort regarding technological and human structure by the entities involved, which impacts profitability. It is important for the sector to be aligned with international rules and with a stable and lasting regulatory framework. It is also necessary to evaluate the impact of this regulatory framework, to ensure that a good balance between financial stability and economic growth is achieved.

BFA is aligned with the risk management rules at international level, and expects its compliance in the annual plan of activities of the Risk Management Department.

Increase in non-performing loans

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

In 2020, having in consideration the potential impacts of a pandemic on the Angolan market, BFA conducted a survey of the Bank's main credit exposures and, after assessing them, decided to reinforce the impairment losses. Throughout 2021, BFA maintained its focus on the close monitoring of the main debtors and on the evolution of negotiations for the recovery of indebtedness. In parallel, it also devoted special attention to granting credit to the economy with growth of around 23% (without exchange rate effect).

The end of 2021 was marked by the worsening of the non-performing loans, justified by the slowness in negotiations with the debtor/guarantors and weak expectation of recovery of the amounts owed according to the cash flows generated. This situation led the Bank to transfer a large exposure to stage 3, which resulted in a doubling of the non-performing loans in the portfolio.

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

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 communication. Consequently, the evolution of the digitalisation of the economy increases cyberattacks, which have become one of the main risks for all sectors worldwide.

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

During 2021, the Bank strengthened its interaction between the information security management and risk management units, with the aim of mitigating the higher risks faced.

Risk Perception Relative to the Republic of Angola

In September 2021, Moody's revised upwards the rating of the Republic of Angola from Caa1 to B3, which improved the perception of risk by international investors, and at the level of the Angolan financial system, unlike in 2020. This improvement translated into a positive effect on the results of the Banks with sovereign debt in their investments, through the calculation of impairment losses for sovereign debt.

When calculating impairment losses, BFA incorporated the effect of the rating revision, since this positively impacted the levels of profitability and capital for the year. Nevertheless, and in accordance with the volatility of risk perception in the Republic of Angola, the Bank decided to maintain in stage 2 the financial instruments with rating deterioration higher than two notations since their acquisition.

First steps in ESG (Environmental, Social and Governance) risk integration

In a context of growing alertness to socio-environmental risks, further accentuated by the coronavirus pandemic, and with the need to incorporate them in a more objective, quantitative and transparent manner into risk management (also motivated by international regulations), BFA took the first steps in 2021 with three workshops on sustainability.

Additionally, the National Bank of Angola has published the ICAAP in which requires Commercial Banks to calculate capital requirements for ESG risk.

Thus, in 2022, BFA aims to define comprehensive processes that will facilitate the identification of economic, environmental and social risks that are potentially negative due to decisions associated with the product lifecycle, service or activity, with the purpose of avoiding and mitigating them, and thus promoting a progressive alignment with the regulation and the best international practices in this area.

RISK PROFILE

RISK PROFILE

The risk appetite is expressed through quantitative metric 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 Board of Directors intends to adopt or maintain in the development of its business model:

	Dimension	Qualitative statements
1	Strategy and Business	BFA intends to be recognized as the main universal Bank, which generates income through the diversification of revenues, preserves the Shareholders' capital, and ensures a balance between the risk assumed and the return generated.
2	Liquidity and Financing	The risk appetite must be aligned with BFA's strategic objectives, with the maintenance of a medium-low risk profile, and ensuring a liquidity position that allows the Bank to meet its obligations, at any time, even under adverse scenarios.
3	Solvability	To maintain a solid financial condition, which promotes a balance between assumed risk and profitability, and preserves the stakeholders' interests.
4	Operational Compliance	BFA is committed to disseminate the risk culture, promoting high ethical standards and operational excellence.

MATERIAL RISKS

The risk profile self assessment occurs annually and it is the basis of risk management of that financial year. In 2021, risk self-assessment, which begins with material risks definition, was for the second year defined in a qualitative way through workshops with relevant areas. However, unlike the previous year, more organic units were involved to fulfill the purpose of disseminating the risk culture in the Bank.

The risks considered material are:

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

In relation to the previous year, following the evaluation of questionnaires results, there was a worsening of compliance risk, and for this reason, the segregation of this risk (previously assessed at the level of credit and concentration risk) was considered in order to promote focused risk management..

LIMITS, MONITORING AND CONTROL SYSTEM

Following the assessment of material risks, and based on the qualitative statements, the metrics that best define the risks and the limits system are settled – appetite limits for risk or statements - which express, in quantitative and qualitative terms, the maximum risk exposure that the Bank is willing to assume.

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

In greater detail, on a quarterly basis, the excesses and non-compliance with the risk appetite declaration are reported to these bodies and their presentation is accompanied by information about what caused them, an estimate of the time they will remain, as well as a proposal of actions to correct the excesses for Board of Directors' analysis.

As already mentioned, BFA is focused on maintaining a medium-low risk profile in overall risks. In turn, main types of risk shall be treated, mainly credit risk, balance sheet risk, operational risk and capital risk.

CREDIT RISK

CREDIT RISK

Credit risk is the risk of loss due to failure by Customers to meet their obligations under credit agreements. Credit risk can also arise when credit is concentrated in a particular counterparty, industry, product, geography or maturity.

Scope of action for credit risk departments

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

Personal Loan Department	Assessment of loans to individuals.
Business Loan Department	Assessment of loans to business Customers (PMEs and Entrepreneurs).
Corporate, Institutional and Projects Department	Risk analysis, issuance of opinions and risk decision in operations for Customers in the segments of Large Companies, Institutional - State and Public Sector.
Credit Monitoring, Recovery and Litigation Department	Monitoring and recovery of loans more than 60 days past due and recovery of past-due loans through negotiation or legal action.
Credit Management Department	Management and coordination of the various phases of the credit approval process, and monitoring of the loan and collateral management process, along with all related tasks.

All these units report to the same directors and have no responsibilities at the level of the Bank's commercial or credit risk control divisions. In terms of credit risk control, the Risk Management Department incorporates the Credit Risk Area (RMD-ARC), which reports to the Chief Risk Officer (CRO) and to the Director in charge of Risk.

Lending limits and loan procedures are laid out in the General Lending Regulations, the Lending Procedures Manual and the Product Specifications. The situations in which the granting of credit is not permitted are also clearly defined.

Filter for rejecting loan applications due to default or material incidents

- Record of material incidents;
- Failure to perform obligations to the Bank;
- Payments of principal or interest to a financial institution more than 45 days past due;
- Improper use of cards or payment systems for which the person or entity is responsible;
- Legal action has been taken against the person or entity that may have a material adverse impact on their economic or financial situation.

Assessing loan applications requires rigorous analysis, within the framework of a set of parameters that ensure proper risk approval:

Prior collection, verification and critical analysis of relevant information about the borrower, the borrower's economic and financial situation, the transaction to be financed and any guarantees provided.

Proposals for loans or guarantees to be submitted must be:
i. Fully specified in a loan proposal form;
ii. Comply with the relevant product specifications;
iii. Accompanied by a properly documented credit risk analysis;
iv. Signed by the persons submitting the proposal.

Loan proposals relating to companies or corporate groups with accounts spread across different Corporate Centres or BFA branches are examined by the body responsible for managing the relationship with the Company or Group.

The Bank's total exposure to the Customer, or to the group to which the Customer belongs under applicable legislation, is taken into account.

Analysis and appraisal of guarantees

- All loans are secured with guarantees appropriate to the borrower's risk and the nature and term of the loan. The loan documentation should provide assurance as to the adequacy and liquidity of the guarantees;
- Property collateral is valued before a loan approval decision is made;
- The Credit Monitoring, Recovery and Litigation Department's Collateral Management Area promotes and monitors the entire mortgage registration, ammendement and cancellation process, as well as appraisals of properties pleadged as collateral loans.

Risk Classification

Considering BNA Notice 11/2014, BFA has defined the following criteria for classifying new loans at different risk levels:

- Level A (Lowest Risk): loans to the Angolan State;
- Level B (Very Low Risk): all other loans.

Exceptionally, other loans may be classified in risk levels A or B, depending on the characteristics of the borrower and the nature of the transaction. These exceptional cases will require the approval of the Board of Directors or the Executive Committee.

BFA does not grant loans with a risk level higher than B. For loans to individuals, BFA requires the signature of more than one income earner, except for employee loans under plans agreed with companies.

The classification of outstanding loans and the associated provisions are reviewed at least monthly, in accordance with BNA Notice 11/2014.

Preceedings of decision-malking bodies

- The resolutions of each decision-making body, which are recorded in minutes, are approved as collective decisions of the body's respective members and so are signed by all participants;
- Decisions are taken on a unanimous basis. Where there is no unanimity, a proposal is submitted to the immediately higher decision-making body;
- Members of a decision-making body who have a direct or indirect interest in a transaction are prohibited from taking part in the discussion and decision on that transaction, which is referred to the next higher decision-making body.

Validity of decisions

- Loan approval decisions remain valid for 90 days and this term of validity is notified to Customers;
- All decisions specify a deadline by which the loan must be drawn or the guarantee issued; otherwise, the deadline is 30 days from the signing of the agreement.

CREDIT RISK MANAGEMENT AT BFA

The implementation of credit risk management processes aims to ensure that the Bank optimises its risk-adjusted profitability, safeguarding that the risk assumed does not exceed the tolerance levels defined in accordance with the Bank's risk profile.

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

In 2021, we highlight:

- The focus on compliance with funding under Notice 10/2020 of April;
- The rating upgrade of the Republic of Angola from B3 to Caa1, which allowed the reduction of impairment losses for instruments with State risk;
- Continuous improvement of reporting to the Board of Directors, with reinforcement of information whenever necessary;
- Close monitoring of relevant Customers, with the review of the criteria for defining those Customers. This criteria is more conservative than regulatory requirements, but at the same time is narrower, which allows a better monitoring of Customers that meet the standards;
- The review of impairment model to update risk factors with the most recent history, correct deficiencies identified by the audit and perform the backtesting process;
- Support in the implementation of CIRC 3.0 reporting, since credit risk area is one of the main information providers;
- Collaboration with the external auditor, sharing information on the collective analysis model, individual analysis and consolidated impairment.

IMPAIRMENT LOSS CALCULATION MODEL FOR FINANCIAL INSTRUMENTS (IFRS9)

The impairment loss calculation model was implemented in June 2013. 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 a collective impairment based on statistical models to determine risk factors for segments with similar characteristics.

Since this model presents some complexity, it is submitted periodically to backtesting and recalibration processes to ensure that it correctly reflects the relationship between macroeconomic variables and risk parameters. The impairment model evolution took place for the second time in 2021, and included the following objectives: (i) update risk factors; (ii) correct audit findings; (iii) backtest; (iv) inclusion/improvement of application functionalities related to individual impairment.

Expected credit losses are measured for the following financial instruments:

- Deposits and balances;
- Liquidity Applications;
- Loans and advances to Customers;
- Securities and bonds (except AFJVAR);
- Other assets with credit risk.

For the purpose of assigning risk factors and calculating impairment losses, the portfolio is segmented according to homogenous risk profiles. In the case of Individuals it was considered segmentation by product, and in the case of companies, segmentation by type of company with similar characteristics. Thus, we have:

- State;
- Financial Institutions;
- Companies (Less significant exposures);
- Companies (Significant exposures);
- Mortgages;
- Consumer Credit;
- Motor vehicle loans;
- Overdrafts;
- Credit Cards.

Impairment losses are measured using calculation methods defined by BFA, based on historical series and the characteristics of the Bank's loan portfolio.

For impairment loss calculation purposes, the Bank classifies its portfolio according to evidence of impairment classified in stages:

- **Stage 1**: Classification to be applied on the 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 have significant increase in credit risk;
- **Stage 3**: Classification to be applied to financial instruments in default, respecting the materiality rules defined by the Bank.

Restructured loans are treated differently and are classified as:

- **Stage 2**: until they complete the cure period (12 months), provided there are no arrears of more than 30 days after the restructuring;
- **Stage 3**: if the restructuring involves a material loss or a grace period for principal, or if there are arrears of more than 30 days.

In addition to the stage marking criteria, the Bank has defined contagion criteria, if the entity has more than one loan with the Bank. In these cases, if the total exposure in stages 2 or 3 is equal to or greater than 20% of the Clien's total exposure, all of its transactions are classified to stage 2 or 3.

To classify the significant increase in credit and default risks, a set of criteria were defined by the Bank, also observable under IFRS9:

- Contracts with loans more than 30 days past-due;
- Customers with one or more loans in litigation in the last five years;
- Loan with a material (i.e. more than 20%) decrease in the value of the collateral when this decrease results in a funding-collateral ratio above 80%;

- Customers with unauthorised overdrafts, authorised overdrafts above the contractual limit, or revolving credit facilities used permanently at 95% or more of the initial contractual limit in the last 12 months;

- Customers with one or more restructured loans in the last 12 months;

- Customers with debts to the Tax Department or Social Security;

- Bank pledges or likelihood of insolvency or subject to a recovery or financial or operational reorganisation process;

- Significant change in the (corporate) Customer's operating results, for Customers subject to individual assessment;

- Customers in bankruptcy or insolvency proceedings or expected to enter bankruptcy or insolvency.

The Bank has defined in its calculation methodology the "Cured Credit" for operations of stage 3. This "Cured Credit" comprises credits that are in a quarantine period after a period between 6 (six) and 12 (twelve) months since the first payment of principal, during which the debtor has complied 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 account segmentation, based on historical and prospective information (forward looking).

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

Individual Assessment

Loans to the following Customers are subject to individual assessment:

- Customers / Economic groups without evidence of impairment with exposure greater than or equal to 0,1% of Total Capital;

- Customers / Economic groups with signs of impairment with exposure greater than or equal to 0,02% of Total Capital;

- Customers restructured due to financial difficulties with exposure of more than AOA 50 million.

Collective Assessment

In collective assessment, the following risk factors for each risk segment are taken into consideration, based on an analysis of historical default rates in the portfolio over the last 5 years:

- Probability of Default (PD): calculation of 12-month expected credit losses (ECLs) for Stage 1 loans and lifetime ECLs for Stage 2 loans. Under IFRS 9, all PD estimates must be adjusted to include forward-looking information and the final estimates used to calculate ECLs are forward-looking lifetime PDs;

- Loss Given Default (LGD): calculation of ECLs of loans in Stages 1, 2 and 3, including a "collateral" component (amounts expected to be recovered through enforcement of collateral) and a "cash" component (amounts expected to be recovered by other means);

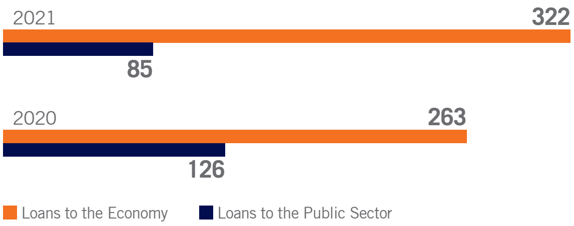
- Credit Conversion Factors (CCF): calculation of the percentage of an off-balance-sheet exposure that is likely to be converted into an asset exposure in the event of default;

- Probability of prepayment in total (PPT): probability that a loan will be settled in full before its contractual maturity date;

- Behavioral Maturity (BM): period of time for which the institution is exposed to the credit risk, a measure applicable only to loans with no specified maturity.

SUPPORT FOR COMPANIES AND INDIVIDUALS TO BOOST THE ANGOLAN ECONOMY

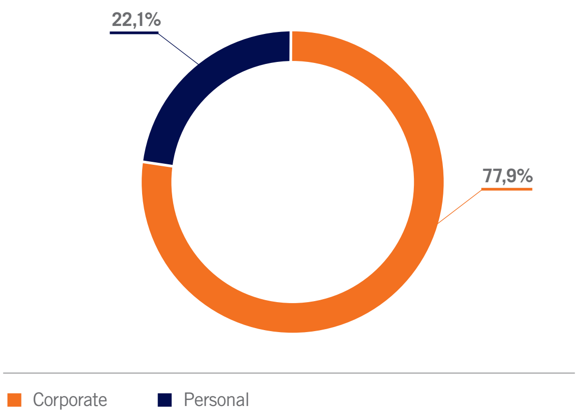
In 2021, the overall loan portfolio grew by 4,6% compared to 2020, which in December 2021 represented AOA 407 billion (AOA 389 billion in 2020).



In 2021, among others, BFA focused its strategy on granting credit to the economy.

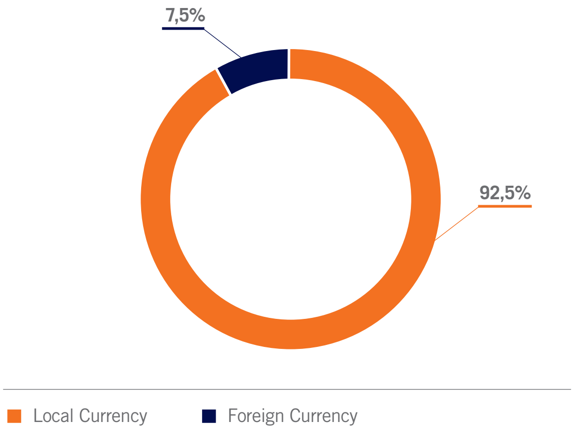
The positive evolution of loans and advances to Customers was driven by an increase in the corporate segment. Personal Loans remained relatively stable.

Loan Portfolio by Customer Type



The share of Corporate loans in the total Loan portfolio increased by nearly 2 bp compared to 2020 (about 77,9% of loans in 2021 are to companies).

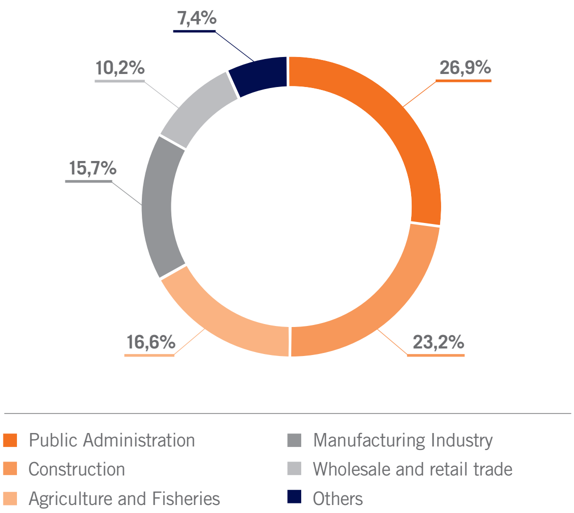
Loan Portfolio by Currency



Increase in the weight of gross loans in local currency justified by the granting of new financing. Compared to the previous year, there was a 35% increase in the volume of credit in local currency.

The weight of credit in local currency in 2021 is 92,5%, compared with 75% in 2020.

Diversification of the Corporate Loan Portfolio by Economic Sector



The loan portfolio shows a reasonable level of diversification. The construction sector and the agriculture and fishing sector represent over 30% with a weight of 23,2% and 16,6%, respectively.

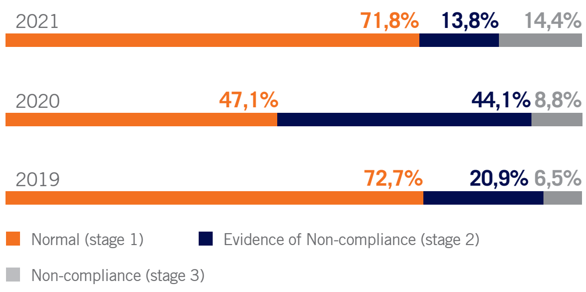
Loans by Risk Class

As in previous years, the loan portfolio is concentrated in the lower risk classes defined in BNA Notice 11/2014 and Instruction 9/2015.

Nearly 82.5% of the total loans and advances are classified in levels A to C. The exposure of BFA's loan portfolio to the higher risk classes (more than "Moderate"), decreased by 2.8 bp during the year.

RISK CLASS	2019	2020	2021
A – Risf-free	29,2%	33,9%	35,5%
B – Very Low	59%	45,6%	46,9%
C – Low	0,3%	0,2%	0,1%
D – Moderate	6,2%	10,5%	8,8%
E – High	0,4%	3,1%	0,4%
F – Very High	0,3%	0,2%	0,1%
G - Loss	4,6%	6,5%	8,2%
Total	**100%**	**100%**	**100%**

The exposures in the portfolio are divided between the three stages of impairment as follow:



In 2021, loans in normal situation correspond to 71,8% of total loans, justified by the liquidation of stage 2 exposures during 2020 and formalization of new loans.

Additionally, there is an increase in loans of stage 3 due to the reclassification of an entity with significant exposure (in 2020, that entity was classified in stage 2).

QUALITY OF LOANS AND ADVANCES TO CUSTOMERS

In terms of asset quality, during 2021 the trend towards improvement continued, with positive evolution in the cure and recovery components. In addition, the close monitoring of loans with indications and in default was maintained, namely by tracking significant individual exposures, and by monitoring the Customers in the "active monitoring" and "whatchlist" lists.

Notwithstanding the evolution throughout 2021, at the end of the year, the Bank decided to transfer to stage 3 the credit of an individually significant entity which led NPL (non-performing loans) ratio to increase by about 9 bp, going from 5,4% (which compares with the 8,8% NPL of 2020) to 14,4%.

If we consider the overall volume of loan impairments, we reached a NPL coverage ratio by impairment of 90,8% (lower than 159% in 2020). This reduction is justified by the significant increase in non-performing loans (NPL). The stock of impairment derives mainly from the upgrade of the rating of the Republic of Angola, however the stock of impairment for loans to the economy was reinforced.

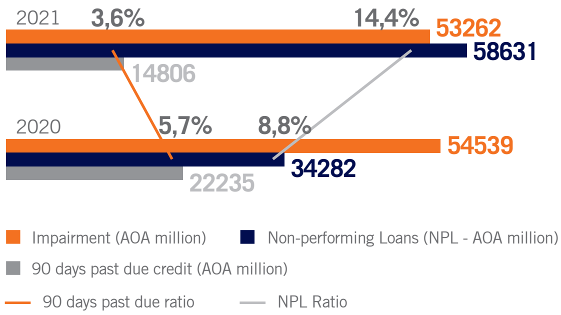
Evolution of Non-Performing Loans

In 2020, BNA published Directive 2/2020/DRO/DSB on the management of non-performing exposures, restructured and assets used for debt relief, with the objective of harmonizing management practices for this type of assets. This measure aims to reduce this type of assets in the Angolan financial system.

In line with the Directive published, during 2021 BFA focused part of its strategy on the recovery of loans in litigation and on the close monitoring of Customers with signs of default and in default.

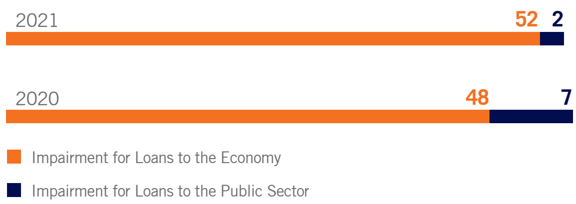
AOA million

Evolution of Non-Performing Loans	2020	2021	ΔYoY
Impairment	54 539	53 262	-2,30%
Non-performing Loans (NPL)	34 282	58 631	71%
90 days past due credit	22 235	14 806	-33,40%
90 days past due ratio	5,70%	3,60%	-2,1 p.p.
NPL Ratio	8,80%	14,40%	5,6 p.p.
NPL Coverage Ratio by Impairment	159,10%	90,80%	-68 p.p.



In December 2021, non-perfoming loans (NPL), amounted to AOA 58,6 billion, with an increase of 71% over the same period justified by the transfer to stage 3 of an individually significant entity. With this increase, the NPL coverage ratio for impairment fell by about 68 bp.

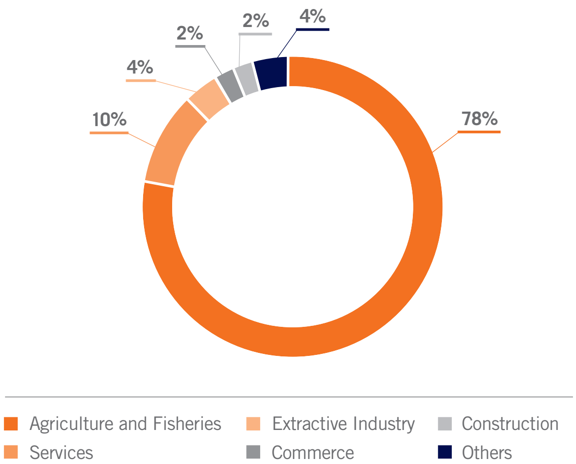
Impairment Stock Evolution



The impairment stock for loans to the economy corresponds to 97% of total impairment losses.

The stock of impairment for loans to the public sector decreased considering the improvement in the rating from Caa1 to B3.

Concentration of Non-Performing Loans (NPL) by Sector



There is a high concentration of non-performing loans in the Agriculture and Fisheries sector, representing 78% of the total.

BALANCE SHEET RISK

LIQUIDITY RISK

Liquidity risk is the risk that the Bank will suffer adverse impacts as a result of inability to obtain sufficient liquid funds to meet its financial obligations.

Liquidity Risk Management

Liquidity risk is managed, 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's Balance Sheet Risk Area (RMD-ARG).

Thanks to its extremely prudent approach to liquidity management, BFA is in a privileged position as regards the funding of its activities. By ensuring a stable, safe and sufficient liquidity position based on an adequate reserve level, the Bank maintains high liquidity and liquidity compliance ratios.

DFI is responsible for ensuring compliance with the daily liquidity gap limit in local currency. The daily liquidity gap is the difference between inflows and outflows of funds in local currency on any given day, while maintaining compliance with reserve requirements.

The RMD-ARB is responsible for implementing the methodologies, processes and activities for monitoring and controlling balance sheet risk, assessing the main liquidity risk indicators, overseeing stress tests and carrying out the internal liquidity adequacy assessment process (ILAAP).

The financial management of BFA's liquidity risk is supported by a set of documents that are distributed to various management bodies, namely:

- Daily report, summarising information on domestic and international markets and the day's most important movements and transactions;
- Documentation for the Finance Committee, with a retrospective weekly summary of the main national and international markets;
- Daily report on the regulatory foreign exchange position, indicating the accumulated gap by foreign currency, delivered to the directors with responsibility for finance and risks;
- Early Warning Indicators (EWI), to monitor the Bank's liquidity - during the 2021 fiscal year, no breaks in the early warning indicators were identified, and it was not necessary to activate the liquidity contingency plan;
- Report on the monthly resource volatility;
- Integrated Risk Management Report, with the monthly analysis of the main liquidity risk indicators and limits, used by the Risk Committee and the Board of Directors.

The Bank is governed by an organisational and decision-making model made up of five bodies:

Board of Directors	Takes the key decisions on transactions in Angolan sovereign debt, counterparty limits and interest rates on loans and deposits after considering proposals from the Risk Committee, the Executive Committee and the Assets and Liabilities Committee.
Risk Committee	Supports and advises the Board of Directors in risk management matters, including liquidity risk.
Executive Committee	Performs daily and weekly market analyses and continuously monitors compliance with the Board of Directors' decisions and all regulatory and internal limits.
Assets and Liabilities Committee	Assists and advises the Board of Directors on the Bank's asset and liability management strategy and policy, especially as regards balance sheet risks (market, liquidity, interest rate and exchange rate risk).
Financial Committee	Aggregates and operationalises the Board of Directors' decisions at weekly intervals and submits proposals to the Assets and Liabilities Committee when necessary.

Main Developments in 2021

- Introduction of the new regulatory package in the Angolan Financial System, in alignment with international prudential risk management requirements, through the publication of BNA Notice no.8/2021 and other complementary regulations. This package presents new criteria for determining the liquidity and observation of interest rate risk ratios of the banking book. Institutions must comply with the new regulatory package as of March 2022, and until then they must implement the necessary mechanisms for the correct reporting of the information;

- Development of the Balance Sheet Risk Control and Monitoring Report, for presentation to the Assets and Liabilities Committee, as a support forum for the Executive Committee of the Board of Directors, in order to report information on liquidity, interest rate, exchange rate and market risks;

- Review of metrics and limit systems, mainly associated to exchange rate risk given the beginning of the devaluation of foreign currencies throughout 2021;

- Implementation of the VaR statistical model to evaluate the maximum expected daily and monthly losses originated by the foreign exchange position in a period of devaluation of foreign currency;

- Analysis of Early Warning Indicators (EWI), to monitor the Bank's liquidity - during the year, no breaks in the early warning indicators were identified, therefore no activation of the plan was necessary;

- Preparation of the Internal Liquidity Adequacy and Self-Assessment Process (ILAAP) for the reference date of December 2020 with reporting to the Board of Directors and the Supervisor under the SREP project.

As already mentioned, at the regulatory level, the liquidity and observation ratios are calculated monthly. At December 2021, BFA reported the following ratios:

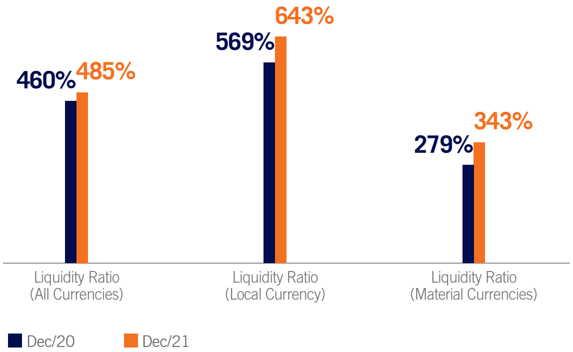
Liquity Ratios

AOA million

	ALL CURRENCIES		LOCAL CURRENCY		MATERIAL CURRENCIES	
	Dec-20	Dec-21	Dec-20	Dec-21	Dec-20	Dec-21
Net assets	1 621 215	1 446 434	1 129 934	1 016 069	259 149	238 883
Cash Outflows	368 963	332 689	215 302	192 144	92 937	69 608
Cash Inflows	16 726	34 230	16 687	34 218	31	3
Liquidity Ratio	460%	485%	569%	643%	279%	343%
Regulatory Limit	100%	100%	100%	100%	150%	150%

In 2021, BFA continued to present comfortable liquidity ratios, significantly above the regulatory limits, justified by the high level of liquidity reserves in net assets capable of absorbing the liquidity needs up to 30 days.

Liquidity Ratios Evolution



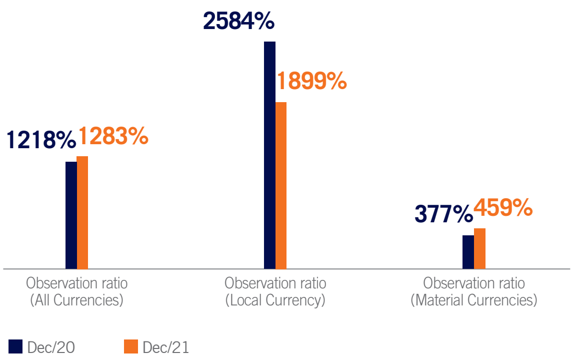
Observation Ratio

AOA million

	ALL CURRENCIES		LOCAL CURRENCY		MATERIAL CURRENCIES	
	Dec-20	Dec-21	Dec-20	Dec-21	Dec-20	Dec-21
Compliance [1]	1 268 978	1 147 975	931 319	858 143	166 244	169 278
Cash Outflows	104 475	96 991	36 170	50 278	44 044	36 847
Cash Inflows	3 274	96 644	3 274	96 638	0	6
Liquidity Ratio	1 218%	1 283%	2 584%	1 899%	377%	459%
Regulatory Limit	100%	100%	100%	100%	150%	150%

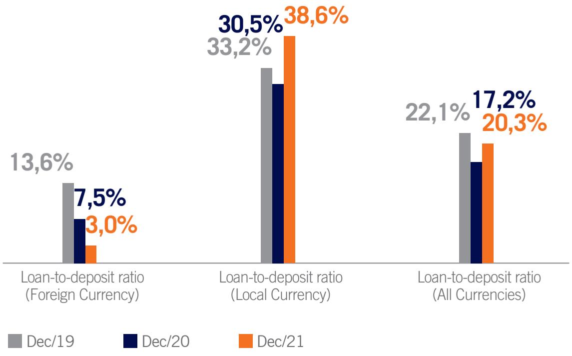
[1] Compliance = Net assets + Inflows + Outflows (Band 1 to 30 days)

Observation Ratios Evolution



The observation ratios (relative to the capacity to honour commitments up to 90 days) are in line with the liquidity ratios, and have comfortable values above the regulatory limits, justified by the fact that the Bank's liquidity reserve is mainly composed of net assets.

Loan-to-deposit ratio



In 2021, the Loan-to-deposit ratio in local currency was noticeably higher than in the homologous period, motivated by the Bank's intention to grant credit to the economy during the year. The Loan-to-deposit ratio in foreign currency showed a visible reduction, given that credit is not an investment option in these currencies.

INTERNAL LIQUIDITY ADEQUACY AND SELF-ASSESSMENT PROCESS (ILAAP)

The liquidity adequacy self-assessment process (ILAAP) is characterised as a fundamental assessment tool for risk management and internal determination of liquidity needs.

In this process, the Bank analyses a wide range of qualitative and quantitative information with the aim of defining a liquidity risk management framework according to the respective profile and to the guidelines defined by the regulator.

The methodology followed in the ILAAP includes the Bank's own characteristics, such as: business model; governance model; controls implemented and their monitoring; size and complexity; the conditioning factors of the markets; and regulatory obligations defined at the level of the Angolan market.

During 2021, we highlight:

- The maintenance of a balance sheet structure that privileges liquidity, in order to promote the maintenance of comfortable liquidity and observation ratios;
- Concentration of financing sources justified by the reduced alternatives for funding, with almost all assets being financed through deposits from Customers and other loans;
- Low Loan-to-deposit ratios that privilege liquidity over profitability, resulting mainly from the reduced investment options in the national market, namely for the application of foreign currency.

INTEREST RATE RISK

Interest rate risk stems from adverse movements in interest rates. In this case, the interest rate risk is evaluated from a medium and long-term perspective, at the level of the banking book, that allows assessing the Bank's exposure to this risk and to infer its capacity to absorb adverse variations in the rates to which it is exposed.

INTEREST RATE RISK MANAGEMENT

BFA manages interest rate risk through the recognition of interest-rate-sensitive assets, liabilities and off-balance sheet items, seeking to actively control repricing mismatches between them. The monitorization of this risk is carried out on a systematic basis according to repricing periods of assets and liabilities.

MANAGEMENT OF INTEREST RATE RISK ON THE BALANCE SHEET (STRUCTURAL RISK)

- Achieved by controlling the aggregate interest rate risk on the balance sheet. The aggregate interest rate risk is the sum of the impact of a parallel shift in the yield curve of the different currencies on the value of the assets and liabilities on BFA’s balance sheet;
- The DFI is responsible for keeping the aggregate interest rate risk on the balance sheet within the limit set in relation to Total Capital.

MANAGEMENT OF INTEREST RATE RISK IN THE SECURITIES PORTFOLIO

Consists of controlling the aggregate interest rate risk. The aggregate interest rate risk is the sum of the impact of a parallel shift in the yield curve on the value of the securities in the Bank’s portfolio with a residual maturity of more than one year.

The financial management of BFA's interest rate risk is supported by a set of documents that are distributed to various management bodies:

- Daily report, with a summary of key information from the domestic and international markets and the day's most important movements and transactions specifically in the foreign exchange market and public debt;
- Documentation for the Finance Committee, with a retrospective weekly summary of the main national and international markets;
- Documentation for the Risks Committee and the Board of Directors, with a monthly analysis of the Integrated Risk Management Report (RGIR), which covers the main indicators and limits for material risks, including interest rate risk.

The Bank's organisational and decision-making model in this area comprises:

Board of Directores	Approves the risk appetite and the limits for interest rate risk, at the proposal of the Risk Committee. Takes the most important decisions on transactions in Angolan sovereign debt, counterparty limits and interest rates on deposits and loans after considering proposals from the Executive Committee and the Assets and Liabilities Committee.
Risk Committee	Support and advise the Board of Directors on risk management issues, including interest rate risk.
Executive Committee	Performs daily and weekly market analyses, and continuously monitors compliance with the Board of Directors' decisions and with all regulatory and internal limits.
Assets and Liabilitites Committee	Aggregates documentation and information each month to produce its own dossier and submits action proposals to the Board of Directors.
Financial Committee	Implements the Board of Directors' decisions and, where necessary, prepares proposals for the Assets and Liabilities Committee.

INTEREST RATE RISK ANALYSIS

The sensitivity analysis performed is based on the methodology provided for in Notice 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.

Financial institutions are required to submit detailed information about interest rate risk exposure in the banking book to the BNA. They must measure the impact of an instantaneous 2% increase or decrease in interest rates, resulting from an equivalent parallel movement in the yield curve, to estimate the impact on the present value of cash flows and net interest income. Banks must provide the BNA with information about the increases or decreases in interest rates implied by the most adverse scenario for their balance sheets.

Financial institutions must assess their exposure to interest rate risk in the banking book continuously. If scenario analysis indicates the possibility of a decrease in an institution's economic value equal to 20% or more of its Total Capital, the institution must inform the BNA within one business day.

In calculating interest rate risk, all on-and-off-balance sheet financial items 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.

In calculating interest rate risk, all on-and-off-balance sheet financial items 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.

At 31 December 2021, BFA observed the following values for interest rate risk:

AOA million

	Dec-21	Dec-20	Δ% 20-21
Cumulative impact Δ +/- 2% interest rate on interest rate sensitive instruments	-13 871	-31 870	129,80%
Total Capital	461 774	357 682	-22,50%
Impact on Economic Value (Total Capital)	-3%	-8,90%	-5,9 p.p
Regulatory Limit	-20%	-20%	

AOA million

	Dec-21	Dec-20	Δ% 20-21
Cumulative impact Δ +/- 2% interest rate on interest rate sensitive instruments up to 1 year	-5 983	-4 826	-19,30%
Interest rate margin	186 703	199 412	6,80%
Impact on interest rate margin	-3,20%	-2,40%	-24,50%

The impact on economic value is within the regulatory limit, i.e., no more than 20% of Total Capital.

FOREIGN EXCHANGE RISK

Foreign exchange risk results from adverse fluctuations in the exchange rates between currencies and arises from the difference between asset and liability positions in each foreign currency or positions linked to an exchange rate.

MANAGEMENT OF FOREIGN EXCHANGE RISK

BFA seeks to control risk actively and very rigorously by keeping its asset and liability positions in each currency within the approved limits.

Foreign exchange risk is managed by the Financial and International Department (DFI) and the Risk Management Department's Balance Sheet Risk Area (RMD). The DFI also ensures that the difference between assets and liabilities in each foreign currency (or indexed to a foreign currency) is residual, with the exception of positions in USD and EUR, for which a foreign exchange exposure limit is set.

The tasks of Risk Management Department's Balance Sheet Risk Area are to:

Implement methodologies, processes and activities for monitoring and controlling balance sheet risks

Assess the main foreign exchange risk indicators

Ensure that stress tests are carried out for foreign exchange risk

BFA's foreign exchange risk management is supported by a set of documentation, which is distributed to various management bodies, namely:

- Daily report: with a summary of key information from the domestic and international markets and the day's most important movements and transactions, specifically in the foreign exchange market;
- Documentation for the Financial Committee, with a weekly overview of the domestic foreign exchange market and the main internal markets;
- Documentation for the Risks Committee and the Board of Directors, with monthly analysis of the main indicators and limits for material risks, including foreign exchange risk, presented in the Integrated Risk Management Report (RGIRD);
- Documentation for the Board of Directors, with the monthly foreign exchange market summary;
- Daily assessment report of the foreign exchange risk using the statistical model (VaR Cambial - parametric model).

The Bank's organisational and decision-making model in this area comprises:

Board of Directors	Takes the most important decisions on transactions in Angolan sovereign debt, counterparty limits and interest rates on loans and deposits after considering proposals from the Executive Committee and the Assets and Liabilities Committee.
Risk Committee	Supports and advices the Board of Directors on risk management issues, including foreign exchange risk.
Executive Committee	Continuously monitors implementation of the Board of Directors' decisions and compliance with all regulatory and internal limits and performs daily and weekly market analyses.
Assets and Liabilities Committee	Collects action proposals based on documentation and information gathered at regular intervals, for submission to the Board of Directors.
Financial Committee	Meets at least once a month to put the Board of Directors' decisions into effect and, if necessary, submits proposals to the Assets and Liabilities Committee.

Overall Foreign Exchange Position (Structural Risk)

AOA million

	Dez-21	Dez-20	Δ% 20-21
Global Foreign Exchange Gap	85 443	47 709	-44,16%
Total Capital	461 774	357 682	-22,54%
Foreign Exchange Gap / Total Capital	18,50%	13,34%	-27,89 pp
Average Foreign Exchange rate USD/AOA	649,604	554,981	-14,57%

The Bank's overall foreign exchange position was 86 million USD as at 31 December 2021. Compared to the same period last year, there was a reduction in the foreign exchange position justified by the depreciation of foreign currencies against Kwanza.

OPERATIONAL RISK

Operational risk is the possibility of adverse impacts on earnings or capital arising from inadequate or failed (i) internal processes; (ii) people or (iii) systems, or from internal or external fraud or other external events.

MANAGEMENT OF OPERATIONAL RISK

Operational risk is inherent to products, activities, processes and systems, in all business and support areas. Therefore, all Employees are responsible for managing and controlling operational risks generated within the scope of their activities.

The main objective in terms of control and management of operational risk is to identify, assess, measure, monitor, mitigate and report such risks. BFA recognises the importance of having a proper operational risk management system, which must be capable of identifying and mitigating possible failures.

Operational risk management is the responsibility of the Risk Management Department's Operational Risk Area (RMD-ARO). By recording events and identifying the risks inherent in the Bank's activities, RMD-ARO promotes the assessment and classification of operational risks and the establishment of measures (action plans) aimed at eliminating or mitigating the most important ones.

In addition, BFA's overall operational risk exposure is monitored through risk indicators and limits.

The chosen methodology ensures that operational risk management is in line with international best practices, the main goals being to:

- Establish a risk culture in BFA;
- Identify and assess the risks and controls associated with the Bank's processes;
- Promote centralised recording of operational risk events;
- Define and monitor key risk indicators (KRIs);
- Ensure the preparation, maintenance and operationalization of relevant policies related to business continuity management;
- Measure BFA's operational risk exposure and report at regular intervals to various stakeholders, including the Board of Directors, the Executive Committee and the Risk Committee;
- Develop and monitor action plans to mitigate operational risk. Effective operational risk management also requires the collaboration of all the Bank's Employees, who must support RMD-ARO in assessing the risks incurred in their activities and in identifying and promptly reporting any operational risk events they encounter

For the purpose of calculating capital requirements and operational risk coverage, the Bank uses the Basic Indicator Approach provided in BNA Instruction 17/2016.

With regards to the identification, measurement and assessment of operational risk, various quantitative and qualitative instruments have been defined, which together enable a diagnosis concerning operational risk matters.

The quantitative analysis is mainly carried out through instruments that reflect the potential level of losses associated to operational risk events, namely;

- Internal events database, whose objective is to register operational risk events, with or without possible accounting impacts. Additionally, there are accounting reconciliation processes that guarantee the quality of the information included in the database;
- Assessment of the residual risk of business processes, with the prior mapping of risks and controls of the business processes that allow potential risks to be anticipated, through the identification and implementation of controls that mitigate those risks. At certain intervals the processes are evaluated with regards to their level of risk and the efficiency of the controls implemented;
- Stress tests, with the definition of risk factors and quantification of the magnitudes and direction of shocks, as well as their impact on certain indicators, namely assets, liabilities, net profit, Total Capital solvency and liquidity ratio.

MAIN DEVELOPMENTS IN 2021

The main developments of 2021 include the review of the regulations and tools used in operational risk management, as well as the training of the Operational Risk Area team.

In this sphere, the main activities undertaken have been:

- Review/ implementation of internal rules relative to operational risk management, namely the review of the operational risk management policy and the elaboration of operational risk management regulation;

- Identification of operational risk events and their registration in database;

- Review of process catalogue activities and preparation of a schedule for mapping the risks and controls of these processes, in collaboration with Organization and Quality Department;

- Implementation of the operational recovery plan within the scope of going concern management.

RECORDING OF OPERATIONAL RISK EVENTS

The development of the Operational Risk Events Database continued during 2021. This was the first year in which the collection of operational risk events formally contributed to the information reported to the governing body.

RISK AND CONTROL MAPPING

Em 2021 em colaboração com a Direcção de Organização e Qualidade (DOQ) foi revisto o modelo para mapeamento dos riscos e controlos das normas de processo no Banco. Com base nesse modelo, a DGR-ARO esteve comprometida durante este exercício com o mapeamento dos riscos e controlos dos processos críticos. Esta actividade deve ser reforçada em 2022.

PRINCIPAIS ACTIVIDADES PREVISTAS PARA 2022:

For 2022, relevant activities are planned that provide continuity to the processes adopted, in particular:

- Full implementation of the going concern management system, with the formal development of the disaster recovery plan and the execution of exercises and tests to assess the robustness of the system;

- Promotion of the Operational Risk culture in the Bank, continuing the awareness campaign about the Operational Risk Management System, namely through (i) internal dissemination (intranet and others); and (ii) workshops, training sessions and discussion forums on "Operational Risk" covering the various areas of BFA;

- Improved reporting to the Board of Directors through more detailed information on non-financial risks, and the return of a specific report for these risks.

COMPLIANCE RISK

WHAT IS COMPLIANCE RISK AND HOW DOES IT ARISE?

Compliance risk is the risk that infringements or breaches of laws, rules, regulations, codes of conduct, established practices or ethical principles regulating the Bank's activity will lead to the imposition of legal or regulatory penalties and have an adverse impact on the institution's reputation, results or capital.

Compliance risk is inherent in any banking organisation and in the banking business itself, given that banking is governed by laws and regulations, oversight and supervisory bodies, and contracts entered into with business partners and Customers.

Effective detection, management and mitigation of compliance risks are vital tools for the management of reputational risk, as they represent one of the main pillars guiding the Bank's activities.

In the face of growing demands from the BNA and regulatory bodies with regard to Customer and transaction monitoring and control, BFA sees risk compliance as one of its top priorities. The focus has been on:

- **Developing appropriate processes and procedures;**
- **Implementing tools to support the processes and procedures;**
- **Investment in integrity and training Employees;**
- **Robustness of 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	Strategy Goals	Values
• Risk Prevention • Controls	• Improvement of Internal Controls through tools for Operational Compliance Risk Management • Appropriateness of Compliance Controls	• Responsability • Integrity and Professionalism • Prudence

BFA's Board of Directors needed to ensure consistency and scrupulous monitoring of compliance risks and, consequently drew up a strategic plan, the guidelines of which are described below:

Compliance Strategy

- Compliance culture
- Compliance with Legal Norms
- Operational Controls
- Robustness in the Relationship with the Regulator

Compliance Strategy Goals

- Management Compliance Risk
- Raise the BFA Brand in terms of Internal Controls/ Risk Compliance Management / PBC / FTP
- Raise the BFA values: Compliance, PBC/FTP
- Reduce Penalties

Short-term Compliance Goals

- Empowering Human Capital: Invetstment in Employee Integrity, Training and Awareness
- Compliance risk management tools, CBP/FTP: Increased effectiveness of Internal controls for operational risk management of CB/FTP
- Procedural review: Improvement of Internal norms and more stringent rules for KYC, Customer, Product and Service BC/FT Risk Assessment, conflict of interest and other compliance issues

HOW IS COMPLIANCE RISK MANAGED?

Compliance Risk Management Governance Model

Board of Directors | Supervisory Board | External Auditor | Regulator/ Supervisor

Executive Committee | Risk Committee | Audit and Internal Controls Committee | Remunerations and Assessment Comittee

1st Line of Defense | 2nd Line of Defense | 3rd Line of Defense

Front Office | Middle Office | Back Office | Risk Management | Compliance | Internal Audit

BFA has implemented and promoted compliance with the principles regulated by the National Bank of Angola, the Capital Market Commission and other Authorities in accordance with rules of Corporate Governance and Internal Controls, including, the norms of Compliance Risk management. Additionally, in order to strengthen its system, it has adopted and adapted a set of internationally recognized 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.

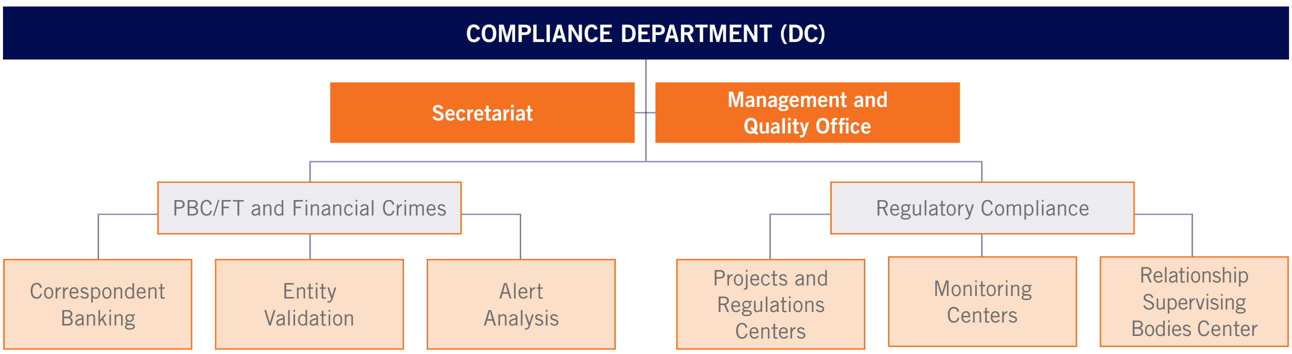
- **Operational**: Implementation of the three lines of defense model with clear responsibilities and risk management across the board:

1ST LINE OF DEFENSE	2ND LINE OF DEFENSE	3RD LINE OF DEFENSE
Understand the business, the risk-taking entities, which directly assume the risk and are responsible for the identification, evaluation, monitoring, operational control and reporting.	Independent Functions which ensure the management of specific risks and interact with the 1st Line of Defense for the adequate identification, evaluation, monitoring, control and reporting of the risks inherent to the activity developed.	Independent, risk-oriented assessments or inspections of the internal control system.

The Compliance Department, as the Bank's second line of defence, provides support to the Board of Directors, and Bank's activity, by monitoring the management of this compliance risk. The ultimate goal is to ensure that the Bank's activity is 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 DEPARTMENT ORGANISED TO ENSURE THAT THIS RESPONSIBILITY IS FOLLOWED UP?

The Compliance Department is organized as follows:



The generic responsibilities of each major Practice Area, are as follows:

PBC/FT and Financial Crimes Areas

Correspondent Banking Center

Mitigates the Compliance and BC/FT risks that arise from the Bank's activity in relation 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 data and documentation from high-risk Customers at the beginning and during the course of the business relationship to ensure appropriate assessment of the degree of BC/FT risk assigned at system level, validating and/or authorising interaction with Customers by 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 Customers;
- Ongoing monitoring/assessment of enhanced due diligence measures for High Risk Customers and PEPs.

Alert Analysis Center

Analyses 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;
- Analyse KYT alerts, Filtering (PEPs and Sanctions), assess Customer profiles for associated risk;
- Periodically assess the requirements for the risk classification of Customer Sanctions as well as the procedures for managing the risk.

Regulatory Compliance Areas

Projects and Regulations Centers

Controls regulatory compliance, providing technical assistance to Management and areas/ Departments 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.

Núcleo de Monitorização

Performs assurance tests on the degree of compliance with Laws, Regulations, Policies and Processes, the degree of adequacy and effectiveness of the implemented controls and outlines recommendations in order to mitigate the Compliance risk.
Its main tasks:

- Regular monitoring and testing of implemented controls vs Degree of compliance with norms;
- Evaluation of the efficiency and effectiveness of the Compliance controls implemented in the Areas/Departments;
- Assess 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.

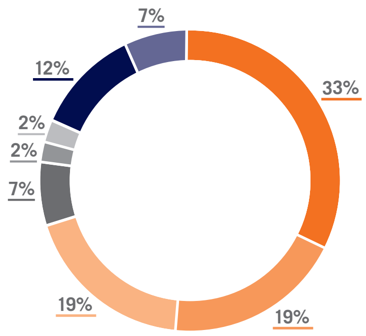
Relationship Supervisory Bodies Center

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:

- Coordinate and control internal and external regulatory communication, developing internal and external contacts with entities, while not straying from those technically associated with each Director/area of the Bank;
- Follow up on-site and off-site Inspection processes that may have a regulatory impact;
- Follow the degree of compliance with the deadlines for mandatory reporting to authorities and assess the level of non- -compliance and any associated risks.

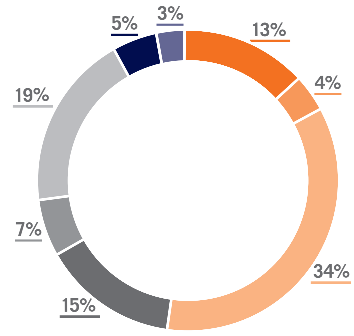
Training and capacity building program for the Compliance function 2021:

Number of Trainees 2021



- PBC-CFT
- Code of Conduct
- BAFT Respondent Bank Capacity Building Workshops
- Internal Control in Banking
- Compliance Risk and the Compliance Function in Banks
- Advance training session - Compliance
- Webinar - Regulatory Requirements and Compliance
- Wokshop - PBC/FTPADM

Number of Hours 2021



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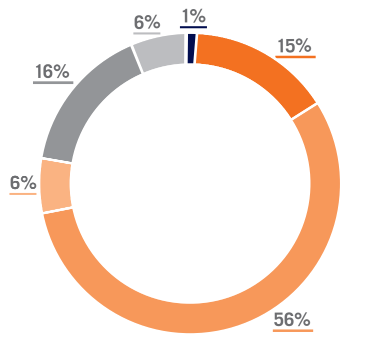
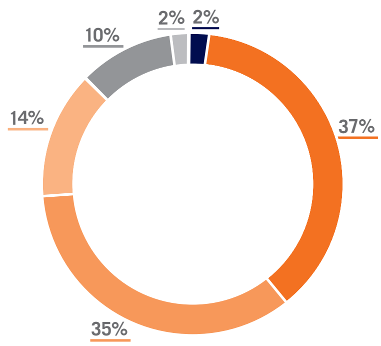
- Internal Control in Banking
- Compliance Risk and the Compliance Function in Banks
- Advance training session - Compliance
- Webinar - Regulatory Requirements and Compliance
- Wokshop - PBC/FTPADM

Number of Trainees 2020



- AML - elearning
- Advanced on PCB/CFT and Sanctions
- Code of Conduct - elearning
- Ethic and PRFSC
- ACCPA's AML Certification Exam
- Compliance Function

Number of Hours 2020



- AML - elearning
- Advanced on PCB/CFT and Sanctions
- Code of Conduct - elearning
- Ethic and PRFSC
- ACCPA's AML Certification Exam
- Compliance Function

WHAT ARE THE PHASES OF COMPLIANCE RISK MANAGEMENT, AND HOW ARE THEY EXECUTED?

The phases of the compliance risk management model are as follow:

Identification	Assessment	Monitoring	Control	Reporting
Identification of the elements and framework in accordance with the risks affecting the Bank's activity.	Qualitative and quantitative assessment of the risks, their probability of occurrence and impact in the event of their materialisation.	Determination of indicators to monitor the risk profile.	Definition of responsibilities, regulation and frequency of control and implementation of mitigation and control measures.	Information report.

There is a set of circumstances that indicate a necessary action, assessment and/or contextualization of the Banks's level of adequacy, which allows a continuous monitoring at different action levels:

- Regulatory Changes
- Litigations
- Regulatory Penalties
- Regulatory Assesment
- Negative Media Coverage
- New products and business, or the assessment of existing ones
- Regulatory Inspections
- Others

In order to ensure the implementation required by law, the regulations, processes and policies of the Compliance Department are used to manage and mitigate compliance risk. The following in particular stand out:

Integrated process management

Effectively identify, assess, mitigate and report compliance risks on 1st line of defense through a standardised compliance risk management process.

Proactive approach and initiative

Proactively identify and prevent compliance risk, integrate compliance risk control measures in the process perspective and organise initiatives with different departments.

Clear Lines of Responsability

Each Area/Department is directly responsible for compliance risks, thus it must be ensured that the Bank's business and activities fully comply with regulatory requirements.

BC/FTP RISK MANAGEMENT

Introduction to Policies

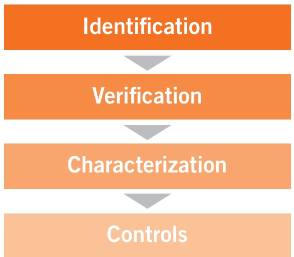
This Policy aims to ensure the accountability of those involved, to establish the guidelines on the process of identification of the Customer, Politically Exposed Person and Actual Beneficiary, as well as to implement the rules on the control and registration of transactions, the correct assessment and classification of Customer risk, the concepts of confidentiality, banking secrecy and also matters on restrictive measures (Sanctions). Thus, it is ensured:

- The management and prevention of BC/FT risk and Sanctions;
- The protection of the Bank and its Employees from legal, regulatory, reputational and penalty risks that may result from possible BC/FT situations;
- The criteria for reviewing Customers' KYCs according to their degree of risk;
- The due diligence/monitoring criteria;
- The recognition of international sanctions with the purpose of international sanctions risk management, freezing of funds, and reporting;
- The need to establish processes and procedures that allow for the recognition, investigation and reporting of suspicious activities and transactions to the competent authorities;
- 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 Customers, suppliers and all entities prior to and throughout the establishment of a business relationship. KYC - Know Your Customer is the pillar for BC/FTP risk management and, in these terms, there are the following phases:



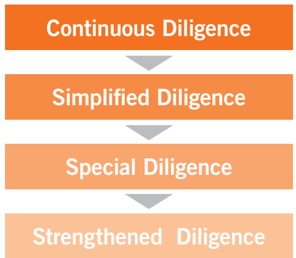
Diligence measures are a set of processes that allow the Bank to know the identity of Customers/Suppliers and to keep that information in order to understand the nature of the business, the activity as well as the risk profile of its Customers.

Identification	Determining the name and relevant information about the Customers/potential Customers and partners.
Verification	Existence of proofs that the Customer, partners and Beneficiaries are duly identified.
Obtaining Information on Assets/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.
Actualization of Customer' Information	Measures to ensure that the available information is kept up to date, and also continuous monitoring of this information.
Continuous Monitoring of Customer Relationship	Measures to monitor the Customer's activity, checking for suspicious behaviour 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 products and services;
- Contractual relationship with suppliers.

Diligence is a key factor for Controls, and for that reason the Bank has adopted the following types of diligence in its processes:



Continuous Monitoring/Diligence

Continuous Diligence is based on the Customers profile and transactions review:

Costumer Monitoring	• Regular Basis: Once a year (High-risk Customer/PEPs); every 3 years (medium risk Customers) and every 4 years (low risk Customers). • Particular Event: (i) it is assigned product, service or channels categorised as high risk; (ii) upon identification of suspicious transactions/operations.
Transaction Monitoring	• Activity is as expected taking into account the information obtained. In the absence of logical transactional explanation and existence of evidence of crime, the information should be reported to the FIU.

Simplified Diligence

The Law foresees the application of simplified due diligence when the entities subject to it identify a proven reduced risk of BC/FT/PADM in business relations, occasional transactions or operations they carry out, according to the origin or destination of the funds.

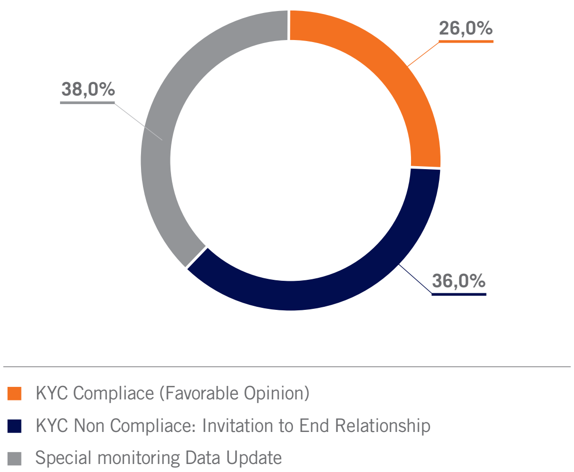
Simplified due diligence does not remove the obligation to collect sufficient information, such as (i) minimum legal documentation required for the type of entity, the corporate name and (ii) address, and (iii) consultation of reliable public information, nor does it exempt the Bank from monitoring the business relationship in order to identify suspicious BC/FTP transactions, or from keeping the information obtained in the course of the business relationship updated.

Special Diligence

Since the overall BC/FTP risk is considered high for a specific group of Customers, the Bank performs special due diligence (SDD), i.e, special monitoring based on the Customer's basic information.

For the period under reference, the special monitoring at KYC Compliance level of Customers Foreign Exchange Houses was completed, the results of which are represented below:

Special Diligence: Foreign Exchange Houses

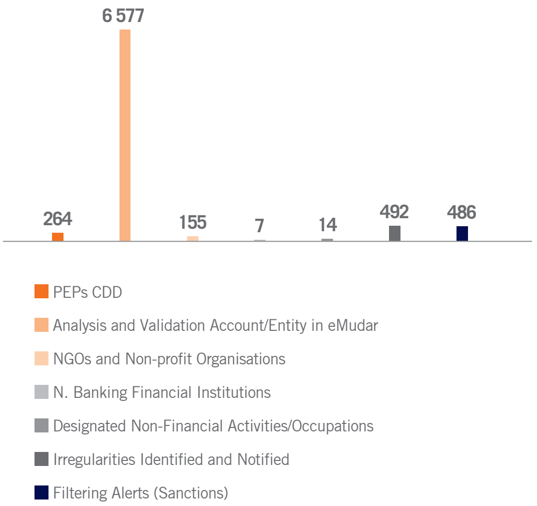


Strengthened Diligence

The Bank adopts adequate measures for effectiveness 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 strengthened due diligence procedures, to the extent that they still represent an increased risk of BC/FTP) or even, on products and services considered to be high risk and which have special monitoring.

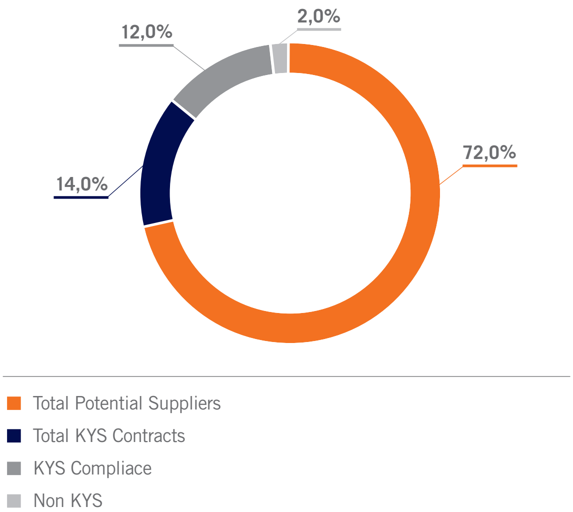
The following headings statistically reflect the intervention of the Compliance function as a verifier in the various due diligence actions in several areas to be designated:

KYC - Opening, Updating and Validation of Accounts

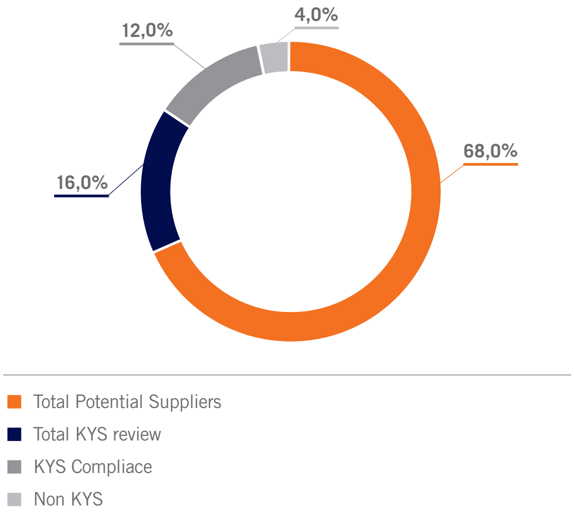


KYS – Relation, Updating and Validation of the Bank's Relationship with Suppliers

Supply Agreement



Potencial Suppliers



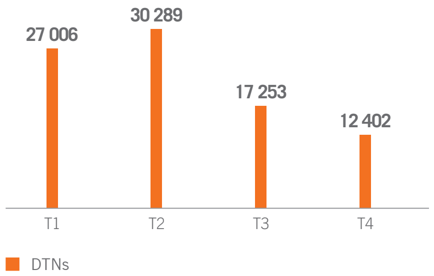
CORRESPONDENT BANKING REPORTS	BPI	EUROBIC	ATLÂNTICO EUROPA	NOVO BANCO S.A. LISBOA
Total Notified Customers	33	17	5	4
Total Cases / Operations	217	41	5	4
Total Questionnaires	188	41	14	8

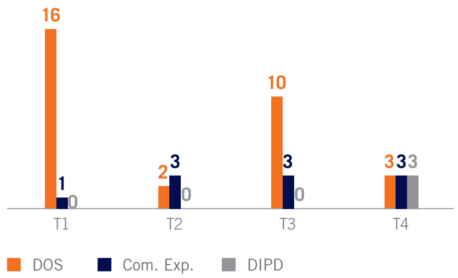
Reporting of Unusual/Suspicious Operations/DTNs

During the process of reviewing Customers transactions, and within the scope of the responsibilities assigned to each Department, in the verification of unusual behaviour, these must be communicated to the Compliance Department for assessment and reporting to the UIF (Financial Information Unit).

When the Bank's Employee has knowledge that a certain transaction being/or carried out as part of a professional activity or business relationship may be associated with BC/FT, it is essential that the Compliance Officer, as the person responsible for fulfilling the reporting, submit a Suspicious Transaction Declaration to the UIF.

In this way, the Bank prudently, efficiently and promptly identifies cash transactions and suspicious behaviour of its Customers and accurately reports to the UIF - Financial Intelligence Unit. To this end, for the year under reference, the following reports were totalled:





Abstention

The Bank has adopted, in the business relationship with its Customers, adequate control measures, namely by conducting a prior assessment of the Customer previously to the execution of an operation/transaction.

In order to verify the authenticity of the information provided and the effectiveness of the control measures adopted at the BC/FTP level, namely in the identification, diligence and information verification, the Bank may abstain in the following ways:

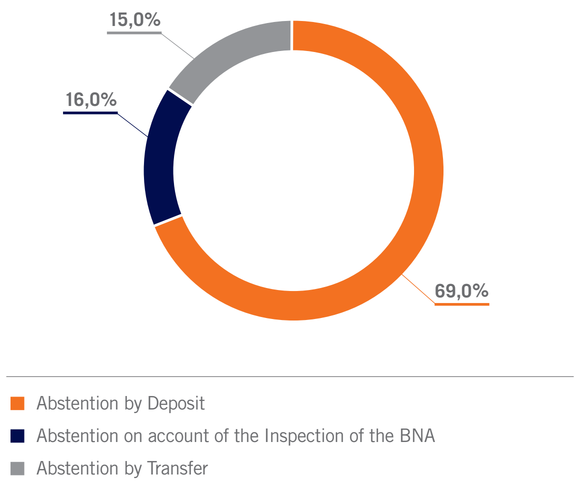
- When accepting Customers' transaction instructionsit i s verified that their identification elements or account are not updated;

- When carrying out a transaction it is found that a certain operation gives grounds for suspicion and is likely to constitute a crime.

In the latter, following the reporting of suspicious transactions, whenever it is found that a given transaction presents evidence of suspicion for the constitution of a crime, in order to ensure the non-disposal/use of the amounts involved in the transaction by the intervening entities, the Bank refrains from executing any instruction or request from the Customer, under penalty of losing control of these amounts. In these terms, the Bank prepares a Suspicious Operation Declaration (DOS) requesting confirmation of abstention, respecting the feedback from the UIF, which must confirm the abstention from executing the operation/transactions within the deadlines stipulated by law.

The graph below shows the intervention of the Compliance function in the various processes that resulted in abstention.

Reports and Communications to the Authorities:



Refuse

The Bank reserves the right to refuse the establishment of business relationships or the execution of transactions, in the event of an inability to comply with the identification and due diligence obligations, and may, depending on its degree of satisfaction, carry out the following actions:

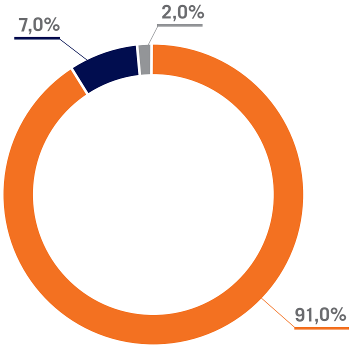
Refuse to initiate the Business Relationship

Refuse the Transaction

Extinguishing the Business Relationship

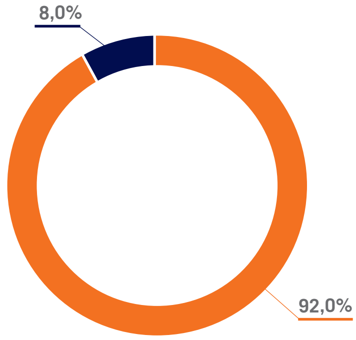
The following graphs statistically reflect the intervention of the Compliance function as a verifier in the various due diligence actions that culminate in the rejection of products and services.

Credit



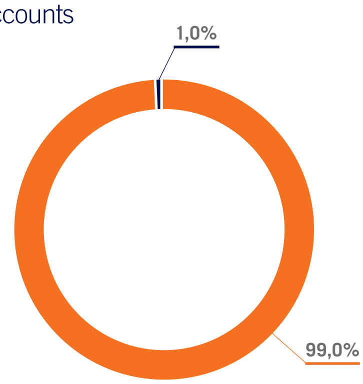
- Credit - Favorable Opinion
- Credit - Non Compliance (refused)
- Credit in validation

Foreign Exchange Operations



- Compliance Operation (Favorable Opinion)
- Non Compliance Operation (Returned and Refused)

Opening Accounts



- Total opened accounts
- Total refused accounts

Cooperation

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.

Below is identified the volume of requests for cooperation and provision of information:

	UIF	OPG	COURT	AGT
Received	26	3 740	3 659	1 450
Completes	26	3 659	3 602	1 437
In Diligence at the End of the fiscal year	0	81	57	13

Secrecy

The Bank and its direct and indirect Employees must respect the principle of confidentiality, since disclosing information to Customers or third parties, including Customers risk levels, possible monitoring or other general information, as well as in BC/FTP risk management, is strictly prohibited. This rule is also guided from a behavioural perspective in the Bank's Code of Conduct.

Restrictive Measures “Sanctions”

In its internal control programme for the special risk of Sanctions, BFA has its matrix, to ensure that the acceptance, initiation of relations, business and offers of products and services are not provided and/or granted in favour of sanctioned entities or countries. In these terms, it is determined that no financial service should be provided to sanctioned countries, entities or designated individuals where the prohibition is expressed in the regulations associated with the Lists to which the Bank adheres, where, at the outset, it recognises the following competent authorities (among others):

CSNU or NU → OFAC/SDN → HMT → UE

The minimum controls implemented are aimed at ensuring compliance with the rules on sanctions applied within the Bank. The DCS and Swift system includes the following steps:

- Relevant payments, received and made, against the applicable sanction;
- All Customers and related parties, namely, relevant shareholders, controllers, executives, directors and officers, against the latest Sanctions;
- 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 reviewed.

As part of the due diligence, if a positive hit is identified, the process of reporting to the UIF via DIPD is coordinated and consequently the legal actions of blocking accounts/ freezing assets in applicable cases.

PBC/FT/PADM Risk Assessment in Products, Services and Distribution Channels

By considering the importance of assessment for BC/FTP purposes and the measurement of their vulnerability, the qualitative methodology of vulnerability inherent to their characteristics was used, namely whether or not they allow for misuse for BC/FTP. To this end, the concurrence of indicators is identified:

Total Product size/ value and Average Transaction → Produtc Profile (Customer Profile) → Product Investment characteristics → Level of cash activity related to the product → Frequency of international transactions involving the product → Other Factors

Moreover, the assessment has a risk-based approach to CB/FTP, and also the attribution of a level of risk per product, where this assessment has the following broad outlines:

Categorisation of Customers and transactions based on risk	Continuous risk--based monitoring and strengthened of CDD - Customer Due Diligence (KYT/KYC)	Additional training for Employees on specific indicators in the Bank	Additional internal PBC/FTP controls	Additional procedures (inspections)

RISK MANAGEMENT OF CONFLICTS OF INTEREST, IDENTIFICATION AND TRANSACTIONS WITH RELATED PARTIES

Introduction to Policy

The Policy aims to guarantee the accountability of those involved, to establish the guidelines on the process of identification and management of conflicts of interest, as well as to implement the rules on the control and registration, correct evaluation and classification of operations, including transactions with Related Parties that require reinforced controls. This ensures:

- The guarantee and prevalence of Customers' interests, when a situation of potential conflict of interest arises between the interests of its Customers and the interests of entities belonging to the BFA Group, the members of its governing bodies or its Employees;

- The security of a transparent and equitable treatment of Customers, safeguarding BFA Group's commercial interests, whenever Employees are involved 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;

- The transparency of the Bank's activity, both through the timely disclosure to Customers and BFA bodies of the occurrence of conflict of interest situations, and through the maintenance of a record with the situations of conflict of interest and its periodic reporting;

- The safeguard of the interests of the Bank and its shareholders, Employees, and Customers, as well as the interests of supervisors and the stability of the financial system in the event of potential conflicts of interest in relation to Related Parties transactions;

- Ensure that the Bank's financial information accurately and fully reflects the Bank's economic and financial situations.

Management Processes

BFA adopts measures of identification and diligence of the personal interests of its Employees, appointed Employees and members of the governing bodies previously to their hiring and in periodic processes. Thus, it is guaranteed the control of impact on financial reporting and the need for disclosure.

The KYE - Know Your Employee and KYB - Know Your Business are the basis for the risk management of Related Party Transactions and comprises the following phases:

Identification
- Determination of Employees to be controlled, relevant information associated with personal data, assets.

Statement
- Periodic declarations on family information, own business.

Verification/Registration
- Measures to check the Bank's database to see whether they are Bank customers and whether they have been properly characterised and registered;
- Measures to monitor the transactional process and transparency.

Continuous monitoring
- Measures to monitor the activity and business of the entities identified and verify any potential conflicts of interest;
- Control of decision levels;
- Report;
- Disclosure

Due diligence measures translate into a set of processes that allow the Bank to be aware of the personal interests of its Employees and members of the governing bodies, to retain information in order to understand the impact on the Bank's business, and also to ensure transparency in the management of information disclosure in the financial report.

The following are relevant to controls on related parties transactions:

- Credit Transactions;
- Supplies;
- Labour Contract;
- The placement of investment funds or insurance products that include financial assets issued by a Related Party;
- The execution of transactions on real estate owned by a Related Party;
- Any other contract with a Related Party as counterparty or in which a Related Party intervenes in any capacity.

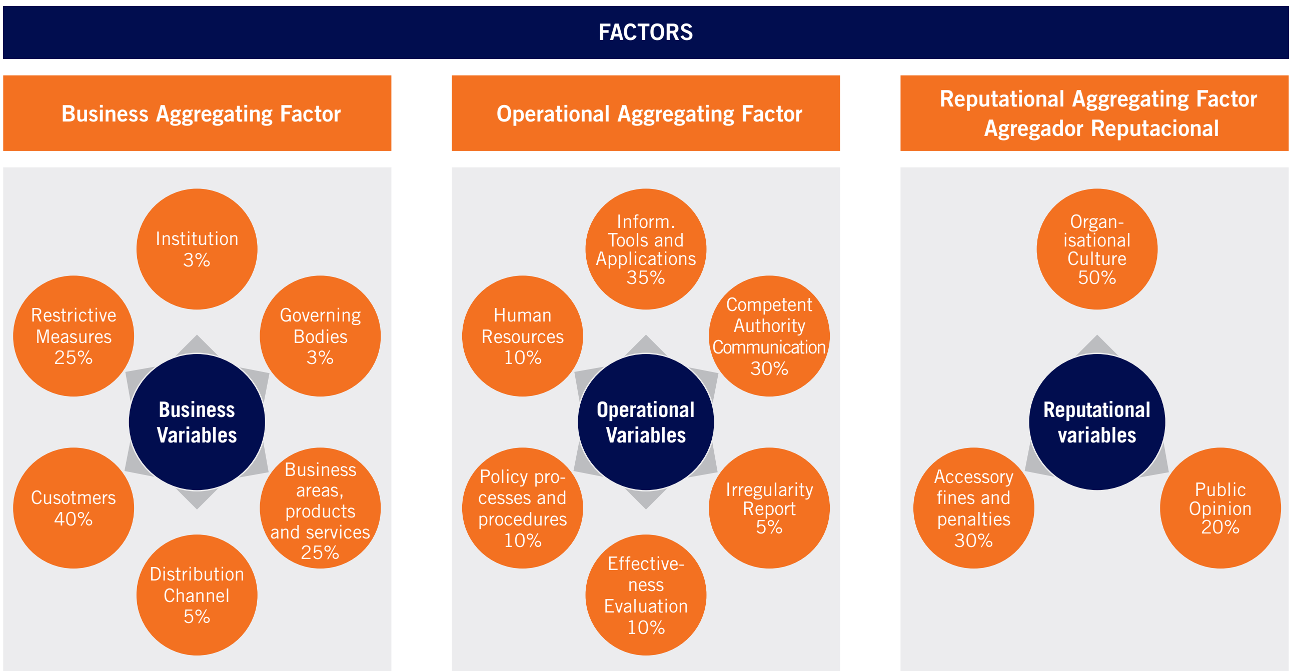
KEY DEVELOPMENTS IN 2021

Considering the objectives set for the period, the following tasks/projects were carried out:

PBC/FT/PADM Institutional risk assessment

The Bank made its first assessment of the risk of Institutional BC/FT & ADM, taking into account its risk appetite on the subject of Preventing and Combating BC/FT & ADM. This assessment process took into account the probability of occurrence, the consequences, the risk associated with the Bank's own operability, and the efficiency of the controls, as well as the execution of the controls. The weightings of each risk aggregating factor, risk factor, risk sub-factor and of each risk may be changed, depending on the Bank's exposure. The final assessment is affected by the changes made to the risk factor weights, which in turn will modify the evaluation of each risk factor and therefore the aggregating factor.

The Institutional Risk assessment was prepared based on 3 main aggregating factors, which incorporate several risk factors, namely:



Review of the Policy for Identification, Prevention and Management of Conflict of Interest

The Bank's policy was reviewed, considering the need for periodic review and to ensure compliance with the basic principles set out in the Corporate Governance and Internal Control Regulations/ General Framework for Financial Institutions, as well as with the international reference standards. This review contemplates the following assumptions:

- Clear Responsibilities, respecting the Bank's Governance Model and recognizing the Irregularities/Complaints Channel, such that the regulations are connected cross-over.
- Introduction of Concepts: (i) information barrier (Chinese Walls); (ii) Inside Information; (iii) gratification and incentive; (iv) Proprietary Trading (Employee and Bank position).
- Typification of the activities exposed to Conflict of Interest, namely (i) Investment in financial and capital markets; (ii) Human resources management; (iii) Management and acquisition of goods and services (suppliers); (iv) Legal services and loan recovery; (v) Decision and Credit management; (vi) Provision of services/Investment consulting; (vii) Information systems management; (viii) Audit investment funds; (x) Real estate management:
  - Clear and segregated framework to identify Conflicts of Interest, namely (i) unfavourable to Customers, (ii) Institutional and (iii) Employees/connected persons;
  - Measures for Conflict of Interest Management: (i) Organisational Measures, (ii) Behavioural Action Measures, (iii) Special Measures and (iv) Recording, Control and Communication Measures.

Preparation of the Internal Control System Report on PBC/FT and ADM

The first report was elaborated on the basis of Article 9 of Law No. 5/20 of January 27 (Law for the Prevention and Combating of Money Laundering, Terrorist Financing and the Proliferation of Weapons of Mass Destruction), combined with Articles 4, 6 and 27 of Notice No. 14/2020 of June 22, which establishes the obligation to draw up the annual PBC/FTP report for the period from 1 January 2021 to 31 December 2021.

Compliance Policy

It aims to promote awareness, training and commitment of all its Employees or any natural or legal person who acts for or on behalf of the Bank, both to the Compliance risks and to the legal and regulatory requirements that the Bank is obliged to comply with. As such, the Bank can mitigate the risks arising from non-compliance with legislation, and attribute guidelines and directives for the Compliance Department's functions.

Strengthening the Compliance Department

The Strengthening was based on methodological evaluation and implementation of Compliance Risk Management standards, improvement of internal systems, as well as an increase in Human Capital.

Preparation and Development of the Transversal Training Plan

In order to guarantee the promotion of a Compliance culture and the fullfilment of the training obligation adjacent to the Compliance programme, an ongoing training programme was designed and developed for Bank Employees and Customers on topics associated with PBC/FT/PADM, Compliance risk, conflicts of interest, data protection, among others. This topics may depend on the target audience, covering basic, intermediate and advanced levels.

SOLVENCY RISK

Solvency risk is the risk that the financial institution will have insufficient capital to absorb unexpected future losses arising from its operations.

CAPITAL MANAGEMENT

To determine the level of capital, BFA calculates its Solvency Ratio, Total Capital and Total Capital requirements. These calculations are performed by the Risk Management Department's Overall Risk Area in strict compliance with the regulatory provisions and requirements laid down by National Bank of Angola (BNA).

The Risk Management Department is also responsible for carrying out the internal capital adequacy assessment (ICAAP) and stress tests, which the Bank carries out at the intervals stipulated by law.

Furthermore, BFA sets the risk appetite (Risk Appetite Framework and Risk Appetite Statement) for solvency risk, using such metrics, internal limits and tolerance levels as may be appropriate to the Bank's strategy.

Regulatory framework

During 2021, Commercial Banks considered the calculation of the solvency ratios based on the legislation in force:

Capital ratio and Total Capital	• Notice 02/2016 - Total Capital • Instruction 18/2016 - Reporting on the composition of Total Capital and the capital ratio
Total Capital requirements for credit risk	• Notice 03/2016 - Total Capital requirements for credit risk and counterparty credit risk • Instruction 12/2016 - Total Capital calculation and requirements for credit risk and counterparty credit risk • Instruction 13/2016 - Reporting on Total Capital requirements for credit risk and counterparty credit risk
Total Capital requirements for market risk	• Notice 04/2016 - Total Capital requirements for market risk and counterparty credit risk in the trading portfolio • Instruction 14/2016 - Total Capital calculation and requirements for market risk and counterparty credit risk in the trading portfolio • Instruction 15/2016 - Reporting on Total Capital requirements for market risk and counterparty credit risk in the trading portfolio
Total Capital requirements for operational risk	• Notice 05/2016 - Total Capital requirements for operational risk • Instruction 16/2016 - Total Capital calculation and requirements for operational risk • Instruction 17/2016 - Reporting on Total Capital requirements for operational risk

As referred above and as part of the supervision equivalence project, during 2021 the National Bank of Angola (BNA) published Notice 8/2021 of July 5, which lays down the rules for calculating level 1 Total Capital, (Tier 1) and core capital (CET1). A set of technical regulations were also published to complement Notice 8/2021 and provide the calculation of capital requirements for pillar 1 risks. The full implementation of these regulations should be complete by March 2022.

Total Capital	• Notice 8/2021 of 5 July
Capital Requirements for Credit Risk	• Notice 8/2021 of 5 July • Instruction 15/2021, on Calculation and Requirement of Total Capital for Credit Risk and Counterparty Credit Risk and Provision of Periodic Information
Capital Requirements for Market Risk	• Notice 8/2021 of 5 July • nstruction 16/2021, on Calculation and Requirement of Total Capital for Market Risk and Provision of Periodic Information
Capital Requirements for Settlement Risk and Incomplete Transactions	• Notice 8/2021 of 5 July • Instruction 17/2021, on Calculation and Requirement of Total Capital for Settlement Risk and Incomplete Transactions
Capital Requirements for Credit Assessment Adjustment Risk	• Notice 8/2021 of 5 July • Instruction 18/2021, on Calculation and Total Capital Requirement for Credit Assessment Adjustment Risk
Capital Requirements for Operational Risk	• Notice 8/2021 of 5 July • Instruction 18/2021, on Calculation and Requirement of Total Capital for Operational Risk and respective Periodic Reporting

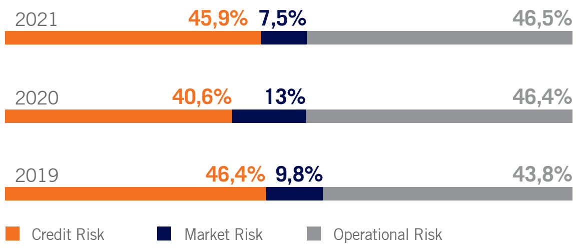
The strength of BFA's Solvency

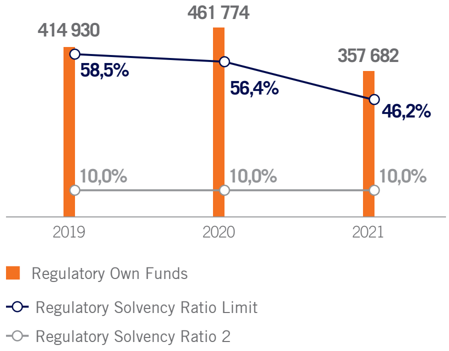
The solvency ratio in 2021 fell in relation to the previous year due to the special distribution of results. Nevertheless, capital levels remained well above the average for the financial system and regulatory limits, which reinforced the solidity and robustness of the balance sheet.

AOA million

	2019	2020	2021
Total Capital	414 930	461 774	357 682
Total Requirements	70 982	81 871	77 520
Credit Risk Requirements - RFPRC	32 959	33 270	35 592
Market Risk Requirements - RFPRM	6 954	10 645	5 834
Operational Risk Requirements - RFPRO	31 068	37 957	36 078
Total Capital Ratio	58,50%	56,40%	46,20%
Regulatory Limit	10%	10%	10%
Compliance with the Limit			

Evolution of the Total Capital (pillar 1)





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FINANCIAL REVIEW

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FINANCIAL REVIEW

Assets
AOA 2 632 275,3 million
- 8,4%
Compared to 2020

Deposits from Customers and other loans
AOA 2 005 319,5 million
- 11%
Compared to 2020

Net Operating Income
AOA 241 380,3 million
- 12%
Compared to 2020

Total Loans
AOA 529 279,9 million
+ 10,7%
Compared to 2020

Net Profit
AOA 156 471,7 million
+ 74,2%
Compared to 2020

Total Capital Ratio
46,2%
- 10,3 p.p.
Compared to 2020

In 2021, BFA's Net assets verified a 8,4% reduction, a contrast to the 31% growth disclosed in the previous year, amounting to a total of AOA 2 632 275,3 million. This variation was driven by the decrease registered in Investment in Securities, Other loans and advances to Central Banks and credit institutions, as well as in Cash and deposits at Central Banks and other credit institutions.

With respect to BFA's Loans and advances to Customers, in 2021, it reached total of de AOA 352 959,5 million, a 5,9% increase when compared to last 2020.

On the other hand, the Deposits from Customers and other loans observed 11% decrease against 2020, mainly driven by the negative exchange impact on the deposits portfolio in foreign currency, amounting to AOA 2 005 319,5 million.

Regarding the ratio between deposits and loans, the increase in the volume of Loans and advances to Customers contrasted the decrease in Deposits from Customers and other loans, leading to a slight growth in the Loan-to-deposit ratio to 20,3%, compared to 17,2% recorded in 2020.

As for the net operating income, it was recorded a 12% yoy drop, which was a consequence of the decrease in the net-non interest income (-52%), namely a drop of 67% and a 69,8% in the foreign exchanges gains and other net income, respectively.

On the contrary, operating expenses increased 10,3% compared to 2020, reaching AOA 101 215,1 million on December 31, 2021. This increase is mainly justified by the 30,2% rise in costs with external supplies and services, which totaled AOA 35 357,5 million in 2021.

The income before taxes totaled AOA 164 570,5 million. It is worth noting that the Bank's main earnings are taxed under the Capital Gains Tax (CGT), and therefore they are not included in the Industrial Tax taxable amount. On the 31st of December 2021, the Bank recorded a total CGT cost of AOA 6 5524,7 million with CGT (AOA 11 141,5 million in 2020).

The Total Capital Ratio, calculated in conformity with BNA's legal requirements, reached 46,2% well above the required minimum of 10%. The figures presented reinforce BFA's soundness and security offered to Customers.

BFA'S BALANCE SHEET FROM 2020 TO 2021

AOA million

	2020	2021	Δ% 2020 - 2021
Net Assets			
Cash and deposits	500 493,60	446 664,40	-10,80%
Total Short-term Deposits	2 325 996,10	2 132 056	-8,30%
Other loans and advances to Central Banks and Credit Institutions	649 091,70	556 325,60	-14,30%
Loans and advances to Customers	333 373,30	352 959,50	5,90%
Investment in Securities	1 343 531	1 222 771	-9%
Other tangible and intagible assets net of depreciation and amortization	**30 788,80**	**35 715,30**	16%
Other Assets	**17 621,20**	**17 839,50**	1,20%
Total Assets	**2 874 899,70**	**2 632 275,30**	**-8,40%**
Liabilities	**2 376 922,40**	**2 210 205,10**	**-7%**
Deposits from Central Banks and other Credit Institutions	4 088,30	1 854	-54,70%
Deposits from Customers and other loans	2 252 202,70	2 005 319,50	-11%
Other liabilities	79 163,30	154 061	-94,60%
Provisions for Risks and Charges	41 468,10	48 970,60	18,10%
Shareholders' Equity and Equivalents	**497 977,30**	**422 070,20**	**-15,20%**
Total Liabilities and Equity	**2 874 899,70**	**2 632 275,30**	**-8,40%**

A sound and robust balance sheet

At 31 of December 2021, BFA disclosed a AOA 242 624,4 million decrease in its net assets, which translates in a 8,4% drop compared to 2020.

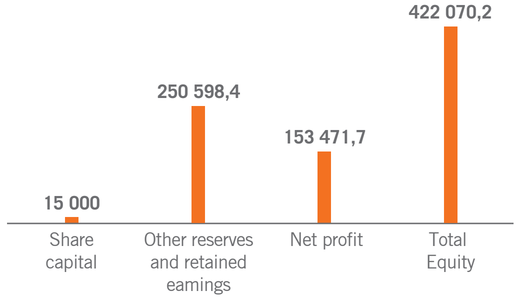
This contraction resulted essentially from the negative variation in Cash and deposits at Central Banks and other credit Institutions, Other loans and advances to Central Banks and credit institutions and Investment in Securities, as a result of the impact of exchange rate variations on the indexed balances or balances denominated in foreign currency. Cash and deposits at Central Banks and Other Credit Institutions represent 17% of the total assets, amounting to AOA 446 664,4 million, and a reduction of 10,8% compared to the previous year. Moreover, Other loans and advances to central banks and credit institutions reflect 21,1% of the total assets, registering a decrease of AOA 92 766,2 million. Lastly, Investment in Securities, which represent 46,5% of the net assets (equivalent to AOA 1 222 771 million), showed a 9% decrease compared to 2020, mainly due to the maturity of Investment in Securities that were not reinvested, in parallel with the negative exchange rate impact on indexed securities or those denominated in foreign currency.

Liabilities showed a negative variation, mostly driven by Deposits from Customers and other loans, which represents about 76,2% of Total Liabilities and Equity, registering a 11% decrease compared to the previous year, essentially due to the scenario of exchange rate appreciation and its impact on the foreign currency deposits portfolio.

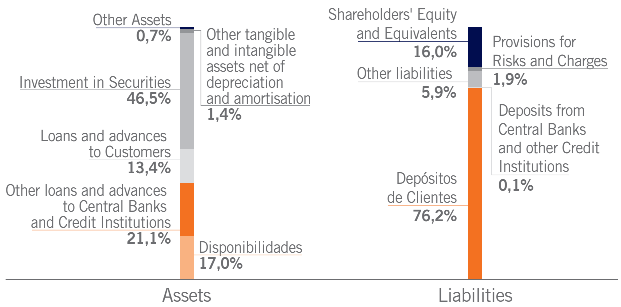
Additionally, Deposits from Central Banks and Other Credit Institutions recorded a 54,7% fall when compared to 2020, standing at AOA 1 854 million, at the end of 2021.

In 2021, the Shareholders' Equity and Equivalents disclosed a 15,2% downward variation compared to 2020, amounting to AOA 422 070,2 million. This reduction resulted from the extraordinary dividend distribution, with deferred settlemet, against other reserves and retained earnings, decided by the General Assembly on June 16, 2021

Shareholders' Equity



BFA's Balance Sheet Structure in December 2021



According to the Bank's Balance Sheet structure at 31st December 2021, Total Equity plus Deposits from Customer and other loans are able to cover 92,2% of Total Assets.

Streghthening of the Securities Portfolio

The Securities and bonds portfolio represent a significant portion of BFA's assets (46.5%). Throughout 2021, the total volume o f securities held by the Bank decreased by approximately 9%, reaching a total of AOA 1 222 771 million.

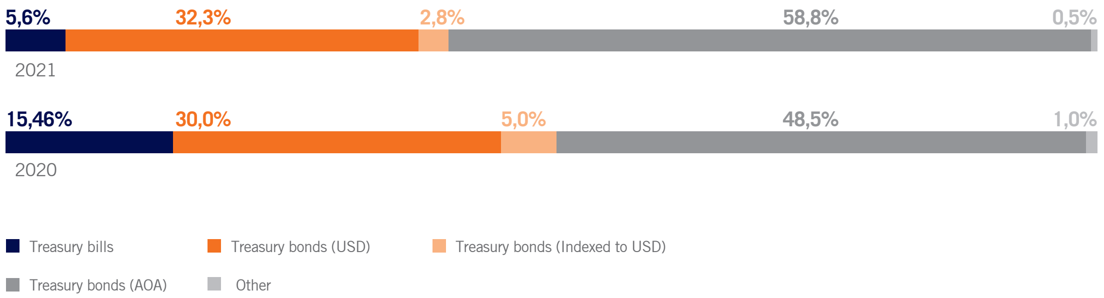
The fall recorded in the Financial assets at fair value through profit or loss (74%), was offset by the 15,3% increase in Investments at amortised cost, sustained mainly by the introduction of Treasury bills and the rise of 9,5% in Treasury bonds denominated in local currency.

Regarding the Impairment Provisions losses in 2021, it was recorded an amount of AOA 13 472,6 million, which represents a 76,5% decrease compared to 2020, as a result of the revision of Angola's external rating during the second half of 2021.

SECURITIES PORTFOLIO			AOA million
	2020	2021	Δ% 2020 - 2021
Financial assets at fair value through profit or loss	**365 694,3**	**94 984,8**	**-74%**
Treasury bills	216 599,7	-	-100%
Treasury bonds (USD)	-	-	0%
Treasury bonds (Indexed to USD)	70 040,1	34 176,1	-51,20%
Treasury bonds (AOA)	64 977,7	54 509	-16,10%
Other	14 076,8	6 299,8	-55,20%
Investments at amortised cost	**977 836,8**	**1 127 786,2**	**15,3**
Treasury bills	-	69 537,1	100%
Treasury bonds (USD)	420 851,1	399 025	-5,20%
Treasury bonds (Indexed to USD)	-	-	0%
Treasury bonds (AOA)	614 303,6	672 696,7	9,50%
Impairment Provisions (IFRS9)	**-57 318**	**-13 472,60**	**-76,50%**
Total	**1 343 531**	**1 222 771**	**-9%**

In 2021, the weight of Treasury bonds (USD) in the securities portfolio increased 2,3 bp, folllowed by a 2,2 bp reduction of dollar-indexed Treasury Bonds. On the other hand, the investment in local currency securities accounted for approximately 58,8% of BFA's securities portfolio at 31st of December 2021.

Securities portfolio structure in December 2021



SECURITIES PORTFOLIO BY CONTRACTUAL MATURITY

AOA million

	< 1 year	1 - 3 years	More than 3 years	Total
Tbonds AOA [1]	-		34 176,1	34 176,1
TBonds AOA		85 549,9	641 655,7	727 205,6
TBonds USD	-	8 396,6	390 628,4	399 025
Tbills	69 537,1	-	-	69 537,1
Other	-	-	-	-7 172,9
Total	**69 537,1**	**93 946,5**	**1 066 460,2**	**1 222 771**

[1] Local currency bond indexed to foreign currecy (USD)

At 31 of December 2021, 5,7% of the portfolio consisted of securities maturing in less than one year, and 7,6% of securities maturing in one to three years. Securities maturing in more than three years account for 86,7% of the portfolio, and registered an year-on-year increase of 10,7 bp.

Local Currency Loans relevance in Total Loans and advances to Customers

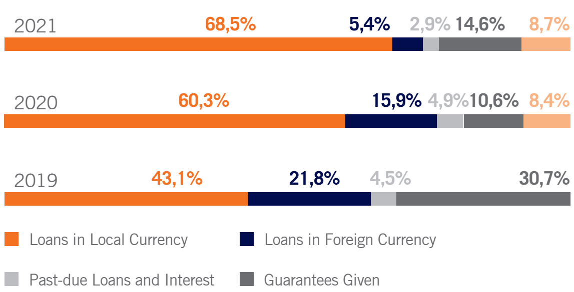
In 2021, total loans increased by AOA 51 008,7 million, which reflected a positive variation of 10,7% compared to 2020. Part of this growth is attributable to an increase of 25,7% in Local Currency Loans, which translated into a rise of AOA 73 989,6 million. On the contrary, the Foreign Currency Loans recorded a downward trend of 62,3%, amounting to a decrease of AOA 47 449 million, which was parcially justified by the impact of the exchange rate variation.

LOANS AND ADVANCES TO CUSTOMERS EVOLUTION

AOA million

	2020	2021	Δ% 2020 - 2021
1. Total Loans	**478 271,2**	**529 279,9**	**10,70%**
1.1 Loans and advances to Customers	364 523,1	391 063,7	7,30%
Loans in Local Currency	288 342,2	362 331,8	25,70%
Loans in Foreign Currency	76 180,9	28 731,9	-62,30%
1.2 Past-due loans and Interest	23 295,6	15 267,4	-34,50%
1.3 Guarantees Given	50 464,2	77 127,9	52,80%
1.4 Unused Credit Limits	39 988,3	45 820,9	14,60%
2. Total Loan Loss Provisions	**54 538,5**	**53 907,2**	**-1,20%**
2.1 Specific Provisions	54 445,5	53 371,6	-2%
For Past-due Loans and Interest	25 671,9	21 967,3	-14,40%
2.2 For General Credit Risks	93,1	535,6	475,50%
3. Loans Net of Provisions	**333 373,3**	**352 959,5**	**5,90%**
Of which: Past-due loans and Interest	23 295,6	15 267,4	-34,50%
4. Credit Quality			
Past-due Loans (% Total Loans)	6%	3,80%	-2,2 p.p.
Provision Coverage Ratio of Past-due Loans	234,10%	353,10%	-119 p.p.

Loan Portfolio Structure



Past – due Loans and interest registered a 34,5% drop in their total amount, which represents a decrease of AOA 8 028,2 million, compared to 2020.

Loans and advances to Credit Institutions

Throughout the year 2021, the Loans and advances to Credit Institutions recorded a decline of 14,3% amounting to AOA 556 325,6 million. This decrease is a result of a 32,1% drop in the volume of Loans and advances to Credit Institutions, essentially due to the exchange rate variation and its impact on balances in foreign currency.

LOANS AND ADVANCES TO CREDIT INSTITUTIONS

AOA million

	2020	2021	Δ% 2020 - 2021
Loans and advances to other Credit Institutions	649 862,7	556 679,5	-14,30%
In Angola	16 481,3	126 572,9	668%
Abroad	633 381,4	430 106,6	-32,10%
Impairment provisions (IFRS9)	-771	-354	-54,10%
Total	649 091,7	556 325,6	-14,30%

Composition of Loans and advances to Credit Institutions

Deposits from Customers and other loans

The Deposits from Customers and other loans are BFA's main source of financing. In 2021, this item registered an overall negative variation of 11% against 2020, reaching a total of AOA 2 005 319,5 million.

DEPOSITS FROM CUSTOMERS AND OTHER LOANS

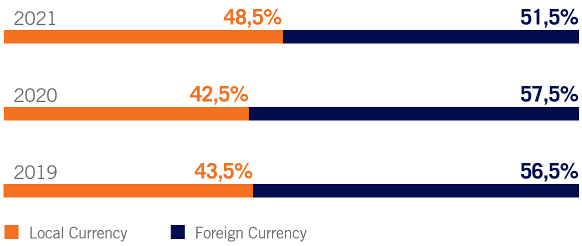
AOA million

	2020	2021	Δ% 2020 - 2021
Demand Deposits	1 089 758,7	840 315,7	-22,90%
Local Currency	684 324,9	611 498,2	-10,60%
Foreign Currency	405 433,8	228 817,6	-43,60%
Term Deposits	1 162 444	1 165 003,8	0,20%
Local Currency	272 653	362 009,5	32,80%
Foreign Currency	889 790,9	802 994,2	-9,80%
Total	2 252 202,7	2 005 319,5	-11%

Despite of the global downward trend, the Deposits from Customers and other loans portfolio in local currency recorded a 6% net increase, outweighed by the fall in the Deposits from Customers and other loans portfolio in foreign currency, a consequece of the exchange variation verified.

Demand Deposits showed an overall decline around AOA 249 443 million (-22,9%), whereas Term Deposits grew nearly AOA 2 559,8 million (0,2%). Moreover, term deposits in local currency registered a 32,8% rise and term deposits in foreign currency disclosed a 9,8% fall when compared to the previous period.

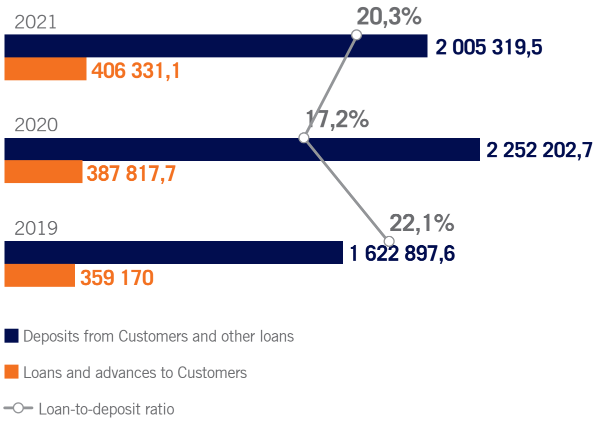
Deposits from Customers and other loans
by Product and Currency



In 2021, the proportion of local currency deposits from Customers and other loans increased in detriment of foreign currency deposits from Customers and other loans, as the first registered a weight of 48,5% in total deposits from Customers and other loans, reflecting a yoy 6 bp increase.

The negative trend of Deposits from Customers and other loans combined with the increase in loans and advances to Customers, led to a 3,1bp rise of the Loan-to-deposit ratio, settling at 20,3%.

Loan-to-deposit (AOA million)



Income Statement and Profitability Growth

BFA's net profit for 2021 was AOA 156 471,7 million, which represents a 74,2% increase compared to the net profit accounted in 2020.

OPERATING STATEMENT

AOA million

	2020	2021	Δ% 2020 - 2021
Net financial income [NFI]=[I-C]	186 703,4	199 412,1	6,80%
Net Non-interest Income [NNII]	87 520,9	41 968,2	-52%
Net operating income [NOI]=[NFI+NNII]	**274 224,3**	**241 380,3**	**-12%**
Administrative expenses [AE]	86 242	93 482,8	8,40%
Operating cash flow [OCF] = [NOI-AE]	**187 982,3**	**147 897,4**	**-21,30%**
Provisions and Amortizations [PA]	80 295,2	-16 673	-120,80%
Profit before tax from continuing operations [PBT]=[OCF-PA]	107 687,1	164 570,5	52,80%
Income tax [IT]	-17 838,5	-8 098,7	-54,60%
Net profit [NP]=[PBT-IT]	89 848,6	156 471,7	74,20%
Cash Flow for the year [CF]=[NP+PA]	**170 143,8**	**139 798,7**	**-17,80%**

I – Income from financial instruments (Assets) C – Costs of financial instruments (Liabilities) G – Other operating gains I' – Other operating losses

The net financial income registered an year-on-year rise of 6,8%. However, net non-interest income decreased 52%, leading to a 12% decline in the net operating income, representing a total of AOA 241 380,3 million at the end of the year.

On the other hand, Administrative expenses registered an increase of 8,4%, reaching a total of AOA 93 482,8 miilion in the 31st of December 2021.

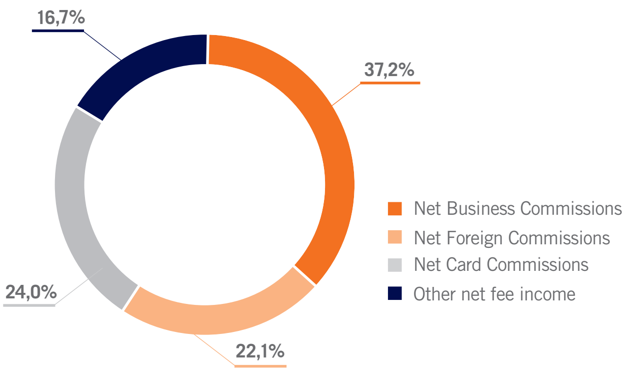
In 2021, contrary to last years' trend, Provisions and Amortizations recorded a negative variation of 120,8%. This was essentially due to the increase of the Angolan external rating (Moody's: 2021 - Caa1 and 2020 - B3) during the second half of 2021, which resulted in an impairment reversal, namely in securities.

BREAKDOWN OF EARNINGS

ROA and ROE	2020	2021
Net financial income	7,50%	7,20%
Net trading income	1,70%	0,50%
Commission Income and Other Income	1,80%	1%
Net operating income	**11%**	**8,70%**
Administrative Expenses	3,50%	3,40%
Provisions and Amortisations	3,20%	-0,60%
Profit before tax from continuing operations	**4,30%**	**6%**
Income Tax	-0,70%	-0,30%
Net profit (ROA)	**3,60%**	**5,70%**
Multiplier (ATM/FPM)	5,0	6,4
Net profit attributable to Shareholders (ROE)	**18,10%**	**36,40%**
Values as % of total average assets		

In 2021, the Bank registered an increase on its Return-on-equity, which translates in a Return-on-equity ratio of 36,4%, 18,3 bp higher than the one presented in the previous year.

Commissions and Other income



Regarding Commissions and Other Income, 37,2% of its total arises from Net Business Commissions (mainly composed of securities commissions, credit commissions, and withdrawls commissions), followed by Net Card Commissions, representing 24% of the total.

NET FINANCIAL INCOME

AOA million

	2020	2021	Δ 2020 - 2021
Interest and similar income [I]	216 454,60	243 010,80	12,30%
Interest and similar expense [C]	29751,3	43598,7	0,465
Net Financial Income	**186 703,40**	**199 412,10**	**6,80%**

In 2021, BFA's net financial income increased to AOA 199 412,1 million, representing an yoy growth of 6,8%.

This upward movement is the result of an increase of 12,3% in Interest and Similar income, especially in loans interest income (23,2% compared to 2020) and in securities interest income (8,5% compared to 2020).

At the same time, Interest and similar expense recorded a 46,5% rise, with particular emphasis to the interest on Deposits from Customers and other loans that reached a total value of AOA 42 171,8 milllion, 51,1% higher than the previous year. This growth was driven by the increment in the deposits interest expense rate in foreign currency.

Breaking down the evolution of BFA's net financial income by business volume (volume effect) and spread (rate effect), a considerable positive impact was registered in both. Additionally, it is worth noting that, similarly to previous years, the interest income from loans exceeded interest expense of deposits.

NET FINANCIAL INCOME EVOLUTION

AOA million

	Volume Effect	Rate Effect	Δ
Interest-bearing Assets	10 166,10	16 390	26 556,10
Interest-bearing Liabilities	258,3	13 589,10	13 847,40
Δ Net Financial Income	**10 424,40**	**29 979,10**	**40 403,50**

Non-interest Income

At 31 December 2021, BFA's Non-interest income amounted to AOA 41 968,2 million (65,4 million USD), which represents a yoy reduction of approximately 52%.

This variation was driven by a significant decrease in foreign exchange losses of 67%, as well as a 69,8% contraction in Other net income, compared to the previous year. On the other hand, Net fee income grew 15,5%.

NET NON-INTEREST INCOME

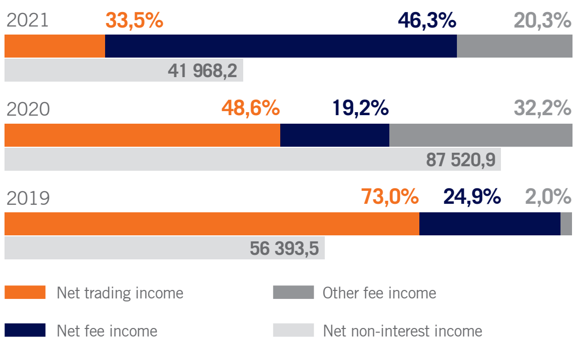
AOA million

	2020	2021	Δ% 2020 - 2021
Foreign exchange gains/losses	42 508,5	14 039,2	-67%
Net fee income	16 813,6	19 419,6	15,50%
Other net income	28 198,8	8 509,4	-69,80%
Non-interest income	**87 520,9**	**41 968,2**	**-52%**

Non-interest income is mostly impacted by Net fee income that represents 46,3% its total, compared to 19,2% in 2020.

On the other hand, the weight of Foreign exchanges gains decreased to 33,5%, against the 48,6% recorded in the previous year. Moreover, Other net income lost weight compared to 2020, acounting for only 20,3% of the net non-interest income in 2021 versus the 32,2% of the previous year.

Composition and evolution of net non-interest income



Note: Net non-interest income in million kwanzas and the other items as percentage of total net non-interest income.

OPERATING EXPENSES

AOA million

	2020	2021	Δ% 2020 - 2021
Staff costs (I)	59 081,3	58 125,3	-1,60%
External supplies and services (II)	27 160,7	35 357,5	30,20%
Other general expenses (III)	-	-	
Operating expenses before depreciation and amortisation (IV = I+II+III)	86 242	93 482,8	8,40%
Depreciation and amortisation (V)	5 522,1	7 732,3	40%
Total operating expenses (VI = IV+V)	**91 764,1**	**101 215,1**	**10,30%**
Cost Recovery (VII)	-	-	
Administrative Expenses (VI-V-VII)	**86 242**	**93 482,8**	**8,40%**
Cost-to-income	**33,50%**	**41,90%**	**8,5 p.p.**

A significant portion of Operating expenses is denominated in foreign currency. Therefore, on the 31st of December 2021 a 10,3% increment in this item was registered, compared to 2020, from AOA 91 764,1 million to AOA 101 215,1 million, which was partially explained by the 30,2% increase in external supplies and services expenses, reaching a total of AOA 35 357,5 million, in 2021.

The line with the biggest weight in operating expenses is staff costs, representing 57,4% in 2021, a reduction of 7 bp compared to 2020.

In 2021 a deterioration in the Bank's Cost-to-income ratio was observed, which increased from 33,5% to 41,9%, driven by the growth of the Bank's operating expenses (10,3%), as well as the negative variation of its net operating income (-12%). Inspite of this variation, BFA is continoustly working to optimize its operating expenses, in order to improve the efficiency ratio, which is one of BFA's main focus areas.

Growth and Sustainability

Total Shareholders' Equity and Equivalents on 31st of December of 2021 reached AOA 422 070,2 million, which represents a AOA 75 907,2 million decrease, reflecting a 15,2% negative variation compared to the previous year.This variation is mainly due to the 36,2% reduction in reserves and retained earnings, as a resulf of the extraordinary dividend distribution with deferred settlement decided by the General Assembly on June 16, 2021.

SHAREHOLDERS' EQUITY AND EQUIVALENT

AOA million

	2020	2021	Δ% 2020 - 2021
Share Capital	15 000	15 000	0%
Funds	-	-	0%
Reserves and Retained Earnings	393 128,70	250 598,40	-36,30%
Net profit	89 848,60	156 471,70	74,20%
Total	**497 977,30**	**422 070,20**	**-15,20%**

SOLVENCY RATIO

AOA million

	2020	2021
Core Capital	461 824,40	357 732,00
Supplementary Capital	0	0
Deductions from core and supplementary capital	-50,2	-50,2
Total Capital	**461 774,20**	**357 681,80**
Total Requirements	**81 871,30**	**77 504,40**
Credit Risk Requirements - RFPRC	33 270,10	35 591,90
Market Risk Requirements - RFPRM	10 644,60	5 835,00
Operational Risk Requirements - RFPRO	37 956,60	36 077,50
Total Capital Ratio	**56,40%**	**46,20%**
Tier 1 Ratio	**56,40%**	**46,20%**
Regulatory Limit	**10%**	**10%**

BFA presented great financial soundness, proven by a Total Capital Ratio above the minimum required (10%), presenting a slight decrease in comparison to the previous year, translating to 46,2% in 2021.

PROPOSED APPROPRIATION OF PROFIT

Considering that in the financial year 2021, Banco de Fomento Angola recorded a net profit of **AOA 156 471,7 million**, the Board of Directors approved the following distribution:

- **AOA 78 235,9 million** allocated to **Legal Reserves**, which corresponds to 50% of the Net profit for the year;

- **AOA 78 235,9 million** allocated to **Dividends**, which corresponds to 50% of the Net profit for the year.

6

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FINANCIAL STATEMENTS

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 2020

(Amounts stated in thousand of Kwanzas)

	Notes	31/12/2021	31/12/2020
Interest and similar income	20	243 010 765	216 454 644
Interest and similar expense	20	(43 598 651)	(29 751 290)
Net financial income		**199 412 114**	**186 703 354**
Fees and commission income	21	26 799 794	23 654 102
Fees and commision expense	21	(7 380 177)	(6 840 486)
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	7	9 201 783	26 476 147
Foreign exhchanges gains/(losses)	22	14 039 151	42 508 516
Net gains/(losses) on sale of other assets	23	28 163	50 561
Other operating income/(expense)	24	(720 557)	1 672 097
Net operating income		**241 380 271**	**274 224 291**
Staff costs	25	(58 125 349)	(59 081 263)
External supplies and services	26	(35 357 473)	(27 160 743)
Depreciation and amortisation for the period	12	(7 732 253)	(5 522 107)
Provisions net of reversals	17	(11 255 812)	(15 229 293)
Impairment for loans and advances to customers net of reversals and recoveries	17	(5 605 936)	(16 920 894)
Impairment for other financial assets net of reversals and recoveries	17	41 445 923	(42 424 090)
Impairment for other assets net of reversals and recoveries	17	(178 913)	(198 836)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**164 570 458**	**107 687 066**
Income tax			
Current	13	(6 524 720)	(11 141 490)
Deferred	13	(1 574 006)	(6 696 980)
NET PROFIT/(LOSS) FOR THE PERIOD		**156 471 732**	**89 848 596**
PROFIT/(LOSS) RECOGNISED DIRECTLY IN EQUITY		-	-
COMPREHENSIVE INCOME FOR THE PERIOD		**156 471 732**	**89 848 596**
Average number of ordinary shares issued	**19**	15 000 000	15 000 000
Basic earnings per share (in Kwanzas)	**19**	10,431	5,990
Diluted earnings per share (in Kwanzas)	**19**	10,431	5,990

BALANCE SHEET AS AT 31DECEMBER 2021 AND 2020

(Amounts stated in thousand of Kwanzas)

ASSETS	Notes	31/12/2021	31/12/2020
Cash and deposits at central banks	4	423 459 380	474 216 835
Loans and advances to credit institutions	5	23 205 063	26 276 793
Other loans and advances to central banks and credit institutions	6	556 325 569	649 091 735
Financial assets at fair value through profit or loss	7	94 984 791	365 694 288
Investments at amortised cost	8	1 127 786 175	977 836 759
Loans and advances to customers	9	352 959 464	333 373 269
Non-current assets held for sale	10	92 481	267 759
Investments in subsidiaries, associates and joint ventures	11	50 375	50 375
Other tangible assets	12	33 965 823	30 575 320
Intangible assets	12	1 749 527	213 472
Current tax assets	13	67 985	4 186
Deferred tax assets	13	-	1 645 788
Other assets	14	17 628 687	15 653 131
Total Assets		**2 632 275 320**	**2 874 899 710**

(Amounts stated in thousand of Kwanzas)

LIABILITIES AND EQUITY	Notes	31/12/2021	31/12/2020
Deposits from central banks and other credit institutions	15	1 854 002	4 088 299
Deposits from customers and other loans	16	2 005 319 496	2 252 202 707
Financial liabilities at fair value through profit or loss	7	1 023 025	4 244 410
Provisions	17	48 970 649	41 468 071
Current tax liabilities	13	1 978 802	7 785 077
Lease liabilities	18	6 185 862	7 318 355
Other liabilities	18	144 873 305	59 815 468
Total Liabilities		**2 210 205 141**	**2 376 922 387**
Share capital		15 000 000	15 000 000
Other reserves and retained earnings	19	250 598 447	393 128 727
Net profit/(loss) for the period	19	156 471 732	89 848 596
Total Equity	**19**	**422 070 179**	**497 977 323**
Total Liabilities and Equity		**2 632 275 320**	**2 874 899 710**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 2020

(Amounts stated in thousand of Kwanzas)

	Notes	Share capital	Other reserves and retained earnings	Net profit/(loss) for the period	Total
Balance as at 1 January 2020		**15 000 000**	**327 265 709**	**119 940 192**	**462 205 901**
Appropriation of the net profit for 2019:					
. Reserve requirement	19	-	71 964 115	(71 964 115)	-
. Distribution of dividends	19	-	-	(47 976 077)	(47 976 077)
Distribution of extraordinary dividends	19	-	(6 101 097)	-	(6 101 097)
Net profit/(loss) for the period	19	-	-	89 848 596	89 848 596
Balance as at 31 December 2020		**15 000 000**	**393 128 727**	**89 848 596**	**497 977 323**
Appropriation of the net profit for 2020:					
. Reserve requirement	19	-	17 969 720	(17 969 720)	-
. Distribution of dividends	19	-	-	(71 878 876)	(71 878 876)
Distribution of extraordinary dividends	19	-	(160 500 000)		(160 500 000)
Net profit/(loss) for the period	19	-	-	156 471 732	156 471 732
Balance as at 31 December 2021		**15 000 000**	**250 598 447**	**156 471 732**	**422 070 179**

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 2020

(Amounts stated in thousand of Kwanzas)

	Notes	31/12/2021	31/12/2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions and other similar income received	20 and 21	279 719 230	230 678 123
Interest, commissions and other similar expense paid	20 and 21	(52 131 781)	(37 122 188)
Payments to employees and suppliers	25 and 26	(87 808 679)	(80 127 027)
Payments and contributions to pension funds and other benefits		(3 366 238)	(3 605 423)
Recovery of written-off loans	24	859 827	1 232 425
Other income/(expense) received/(paid)	7, 23 and 24	32 550 614	1 722 658
Cash flows before changes in operating assets and liabilities		**169 822 973**	**112 778 568**
Increases/(decreases) in operating assets:			
Other loans and advances to central banks and credit institutions	6	95 018 059	(160 001 171)
Financial assets at fair value through profit or loss	7	292 119 642	(164 316 700)
Financial investments at amortised cost	8	(165 759 168)	(43 920 302)
Loans and advances to customers	9	(18 512 352)	19 072 317
Non-current assets held for sale	10	-	(182 971)
Other assets	14	(1 975 555)	18 194 871
Net cash flows from operating activities		**200 890 627**	**(331 153 956)**
Increases/(decreases) in operating liabilities:			
Deposits from central banks and other credit institutions	15	(2 234 297)	(4 084 410)
Deposits from customer and other loans	16	(248 036 164)	279 839 118
Other liabilities	18	(12 374 656)	(677 088)
Net cash flows from operating liabilities		**(262 645 117)**	**275 077 620**
Net cash from operating activities before income taxes		108 068 482	56 702 232
Tax on income and capital paid	13, 14 and 18	(12 136 534)	(20 710 008)
Net cash from operating activities		**95 931 948**	**35 992 224**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of other tangible assets, net of disposals	12	(10 460 537)	(6 702 691)
Acquisitions of intangible assets, net of disposals	12	(2 065 105)	-
Net cash flows from investing activities		**(12 525 642)**	**(6 702 691)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of dividends	19	(136 078 876)	54 077 174
Net cash from financing activities		**(136 078 876)**	**54 077 174**
Change in cash and cash equivalents		(52 672 570)	83 366 707
Cash and cash equivalents at the beginning of the period	4 and 5	500 512 176	345 238 670
Effects of changes in foreign exchange rates on cash and cash equivalents		**(1 167 593)**	**71 906 799**
Cash and cash equivalents at the end of the period	**4 and 5**	**446 672 013**	**500 512 176**

NOTES TO THE FINANCIAL STATEMENTS

1. INTRODUCTION

Banco de Fomento Angola, S.A. (hereinafter also referred to as "Bank" or "BFA"), was incorporated by Public Deed of 26 August 2002, following the transformation of the Angolan Branch of Banco BPI, S.A. into a bank under local law.

As indicated in Note 19, on 5 January 2017, in execution of the share purchase and sale agreement entered into 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of BFA's share capital was completed. Thus, on 31 December 2021 and 31 December 2020, BFA was majority held by Unitel, S.A.

By Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to increase BFA's capital by incorporation of Other reserves in the amount of AOA 11,478,003 thousand. This capital increase was carried out within the scope of Notice No. 02/2018 of the Banco Nacional de Angola, which defines that the minimum value of fully paid-up share capital in national currency is AOA 7,500,000 thousand.

The Bank is engaged in obtaining funds from third parties in the form of deposits or other funds, which it invests, together with its own funds, in the granting of loans, deposits in the Banco Nacional de Angola, investments in credit institutions (hereinafter also Banks) and acquisition of securities or other assets, for which it is duly authorised. It also provides other banking services and carries out various types of operations in foreign currency, having for this purpose, on 31 December 2021, a national network of 161 branches, 5 customer service centres, 10 investment centres, 20 corporate centres and 1 Private Banking centre.

2. BASES OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

2.1 BASES OF PRESENTATION

The Bank's financial statements have been prepared on the going concern assumption and in accordance with International Financial Reporting Standards (IFRS), pursuant to Notice No. 5/2019, of 30 August, of the Banco Nacional de Angola. IFRS includes accounting standards, issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), effective from 1 January 2021.

The financial statements now presented refer to the period ended 31 December 2021.

The accounting policies used by the Bank in preparing its financial statements for the period ended 31 December 2021 are consistent with those used on 31 December 2020.

The Bank's financial statements are stated in thousands of Kwanzas, rounded to the nearest thousand, with assets and liabilities denominated in other currencies being converted into national currency, based on the average indicative exchange rate published by the Banco Nacional de Angolan on each reference date. The financial statements were prepared in accordance with the historical cost principle, modified by the application of the fair value to derivative financial instruments and financial assets and liabilities recognised at fair value through profit or loss.

The financial statements for the year ended 31 December 2021 were approved at a meeting of the Bank's Board of Directors on 15 March 2022 and will be submitted to the General Meeting which has the power to amend them. However, it is the belief of the Bank's Board of Directors that these will be approved without significant amendments.

The recently issued accounting standards and interpretations that have not yet come into force and that the Bank has not yet applied in the preparation of its financial statements can be analysed in Note 31.

Notwithstanding the investment of 99.9% held by the Bank in its subsidiary BFA Gestão de Activos (see Note 11), which started its activity in financial year 2017, in light of the basic principles and conceptual structure of the IFRS, the Bank considers that the preparation of the consolidated financial statements as at 31 December 2021 is not relevant, namely considering the reduced impact that would result from the consolidation of its financial statements, after consolidation adjustments, on the financial statements of BFA on that date.

2.2 TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are translated into the functional currency (kwanza) at the exchange rate prevailing on the transaction date.

Foreign currency transactions are recorded in accordance with the principles of the "multi-currency" system, with each transaction being recorded according to the respective denomination currencies. Assets and liabilities stated in foreign currency are converted to Kwanzas at the average exchange rate published by the Banco Nacional de Angola as at the balance sheet date. Expenses and income related to exchange differences, realized or unrealized, are recorded in the income statement for the period in which they occur. The forward foreign exchange position transactions relate to foreign exchange forward contracts, and the related income and expenses are recorded under the caption Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss in the income statement.

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

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

Forward foreign exchange position

The forward foreign exchange position corresponds to the net balance of forward transactions awaiting settlement. All contracts related to these operations are revalued at market forward exchange rates.

The difference between the equivalents in Kwanzas at the forward revaluation rates applied, and the equivalents at the contracted rates, is recorded in the asset or liability caption, against income or expenses, respectively.

2.3 FINANCIAL INSTRUMENTS

2.3.1 Classification of financial assets

In accordance with IFRS 9 - Financial Instruments, financial assets can be classified into three categories with different measurement criteria:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of financial assets depends on the business model and the contractual cash flow characteristics (SPPI criterion).

Business model

The business models foreseen in the standard are as follows:

- Business model whose objective is achieved by holding the asset to maturity to collect the contractual cash flows from it (Held to collect);
- Business model whose objective is achieved both by collecting the contractual cash flows from the asset and selling it (Held to collect and sell); and
- Other business models (e.g., trading).

Evaluation of the business model

The business model reflects the way the Bank manages its assets from a cash-flow generation point of view. Thus, it is important to understand whether the objective of the Bank is only to receive the contractual cash flows from the assets or whether it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets. If none of these situations are applicable (e.g., financial assets are held for trading), then the financial assets are classified as part of another business model and recognised at fair value through profit or loss.

The factors considered by the Bank in identifying the business model for a set of assets include past experience with respect to the way (i) cash flows are received, (ii) asset performance is assessed and reported to management, (iii) risks are assessed and managed and (iv) directors are remunerated.

Financial assets at fair value through profit or loss are held essentially for the purpose of being sold in the short term, or to form part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These assets are classified under “other” business model and recognised at fair value through profit or loss.

The evaluation of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, and considers the frequency, the value, the sales calendar in previous financial years, the reasons for the referred sales and the expectations regarding future sales. Sales that are infrequent, or insignificant, or close to the maturity of the asset and those motivated by an increase in the credit risk of the 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 clause that can modify the timing or the amount of the contractual cash flows (such as early amortisation or extension of term clauses), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of that contractual clause, are solely payments of principal and interest on the principal amount outstanding.

In the event that a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the benchmark interest rate (for example, the interest rate is adjusted every three months), the Bank assesses, at the time of the 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 conditions that, at the time of the initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as redemption by the issuer) do not prevent their classification in portfolios at amortised cost or at fair value through other comprehensive income.

SPPI evaluation

When the business model involves holding assets in order to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to the payments of principal and interest on the principal amount outstanding (the solely 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, that is, the interest includes only considerations regarding the time value of money, credit risk and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a basic loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

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

Financial liabilities at amortised cost

The Bank measures a financial asset at amortised cost if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model whose main purpose is to hold the assets to collect its contractual cash flows (HTC - Held to collect); and

- its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI - Solely Payments of Principal and Interest).

These instruments are initially recorded at fair value and subsequently valued at amortised cost, based on the effective interest rate method, and are subject to impairment tests.

This category of financial assets at amortised cost includes other loans and advances to credit institutions, Loans and advances to customers and debt securities (Investments at amortised cost) managed based on a business model whose objective is to receive its contractual cash flows.

Financial assets at fair value through other comprehensive income

The Bank measures a financial asset at fair value through other comprehensive if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model purpose is to hold the assets to collect its contractual cash and sale flows (HTC - Held to AND collect); and

- its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI - Solely Payments of Principal and Interest).

On initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably assign it to this category. This designation is made on a case-by-case, investment-by-investment basis and is only available for financial instruments that meet the definition of equity instruments under IAS 32, and may not be used for financial instruments classified as equity instruments at issuer level under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Financial assets at fair value through other comprehensive income are initially recorded at fair value. Gains and losses relating to subsequent changes in fair value are reflected in a specific item of equity (Reserves of financial assets at fair value through other comprehensive income) until they are sold, where they are reclassified to profit or loss for the period, except for equity instruments which are reclassified to retained earnings. Additionally, they are subject, since their initial recognition, to the calculation of impairment losses (debt instruments only).

Interest income is calculated in accordance with the effective interest rate method and recognised in the income statement under the caption Interest income and similar income. Income from variable-income securities is recognised in the income statement caption Income from equity instruments on the date when it is attributed. In accordance with this criterion, prepaid dividends are recorded as income in the year the distribution is decided.

Financial assets at fair value through profit or loss

All financial assets that are not measured according to the methods described above are measured at fair value through profit or loss.

Debt instruments whose contractual cash flow characteristics do not meet the SPPI criterion, and which would otherwise be measured at amortised cost or at fair value through other comprehensive income, are required to be measured at fair value through profit or loss.

This category also includes assets acquired for the purpose of realising gains from short-term fluctuations in market prices. This category also includes derivative financial instruments, excluding those that comply with hedge accounting requirements. By definition, equity instruments are also classified at fair value through profit or loss, unless the entities opt for the irrevocable classification at fair value through other comprehensive income as referred to above.

In addition, at initial recognition, the Bank may irrevocably classify a financial asset, which otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss if the classification significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

Financial assets classified in this category are initially recognised at fair value. Gains and losses arising from subsequent valuation at fair value are recognised in the income statement. Interest is reflected in the respective captions of Interest income and similar income.

Equity instruments

Equity instruments are instruments that meet the definition of capital from the issuer's perspective, that is, they are instruments that do not contain a contractual payment obligation and that evidence a residual interest in the issuer's net assets. An example of equity instruments are ordinary shares.

Investments in equity instruments are an exception to the general measurement criteria described above. As a general rule, the Bank exercises the option, on initial recognition, to designate, irrevocably, in the category of financial assets at fair value through other comprehensive income, the investments in equity instruments that are not classified as held for trading and that, in the event it did not exercise this option, would be classified as financial assets that are mandatorily accounted for at fair value through profit or loss. Impairment losses (and impairment reversals) 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 realised through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are classified into the following categories:

i. Financial liabilities at amortised cost

Financial liabilities correspond essentially to Deposits from central banks and other credit institutions and Deposits from customers and other loans. These liabilities are initially measured at fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently recorded at amortised cost, in accordance with the effective interest method.

ii. Financial liabilities held for trading

This category includes derivative financial instruments with a negative fair value.

iii. Financial liabilities at fair value through profit or loss (Fair Value Option)

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

- the financial liabilities are managed, measured and analysed internally based on their fair value;

- derivative operations are contracted to hedge these assets or liabilities economically, thus ensuring consistency in the measurement of the assets or liabilities and the derivatives (accounting mismatch); and

- the financial liabilities contain embedded derivatives.

The subsequent measurement of financial liabilities is generally performed at amortised cost. There are some exceptions to this measurement basis, namely:

- Financial liabilities that are held for trading or when fair value option is applied - the subsequent measurement consists of fair value through profit or loss.

- Financial guarantees - the subsequent measurement consists of the higher of the corresponding expected credit losses and the amount of the initial fee received less the amounts already recognised as revenue in accordance with IFRS 15.

2.3.3 Recognition and initial measurement of financial instruments

At the time of their initial recognition, all financial instruments are recorded at their fair value. For financial instruments that are not recorded at fair value through profit or loss, 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, the directly attributable transaction costs are immediately recognised in the income statement.

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

Financial assets are recognised in the balance sheet on the transaction 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 rights occurs at a later date.

At initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity should recognise this difference as follows:

- When the fair value is evidenced by a quotation on an active market of an equivalent asset or liability (that is, level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognised as a gain or loss, and

- In the remaining cases, the difference is deferred, and the moment of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortised over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognised through the liquidation of the asset or liability.

2.3.4 Subsequent measurement of financial instruments

After its initial recognition, the Bank measures its financial assets at (i) amortised cost, (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss.

Amounts receivable from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially measured at the transaction price or by the principal outstanding, respectively, are valued at the aforementioned amount less impairment losses.

Immediately after initial recognition, an impairment is also recognised for expected credit losses (ECL), for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in results when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortised 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 of financial instruments

Income and expenses of financial instruments at amortised cost are recognised according to the following criteria:

i. Interest is recorded in the income statement under Interest income and similar income and Interest expenses and similar expense, using the effective interest rate of the transaction on the gross book value of the transaction (except for impaired assets where the interest is applied on the book value net of impairment) and the interest already recognised and unpaid relating to overdue loans for more than 90 days is reversed, being recognised only when received since it is considered that its recovery is remote, and recognised off balance sheet; and

ii. The remaining changes in value will be recognised in the income statement as income, or costs, when the financial instrument is derecognised from the balance sheet under Net gains/(losses) from investments at amortised cost, when it is reclassified, and in the case of financial assets, when there are impairment losses or gains through recovery, which are recorded under Impairment for loans and advances to customers net of reversals and recoveries, in the case of loans and advances to customers or under Impairment for other financial assets net of reversals and recoveries, in the case of other financial assets.

In order to determine the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, without considering possible impairment losses. The calculation includes all fees paid or received considered as part of the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for assets and liabilities at fair value through profit or loss.

Treasury Bonds issued in domestic currency indexed to the exchange rate of the United States dollar (hereinafter US Dollar) are subject to exchange rate adjustments. The result of the exchange rate adjustments is reflected in the income statement for the period in which it occurs. The result of the exchange rate adjustment of the nominal value of the security is reflected in the caption Foreign exchange gains/(losses) and the result of the exchange rate adjustment 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 recognised according to the following criteria:

i. Changes in fair value are recorded directly in the income statement, separating the portion attributable to the instrument's income, which is recorded as interest or dividends according to its nature under the captions Interest and similar income and Income from equity instruments, respectively, and the rest, which is recorded as results of financial operations under the caption Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss; and

ii. Interest on debt instruments is recorded in the income statement under the caption Interest and similar income and is calculated using the effective interest rate method.

Income and expenses from financial assets at fair value through other comprehensive income are recognised according to the following criteria:

i. Interest or, when applicable, dividends are recognised in the income statement under the caption Interest and similar income and Income from equity instruments, respectively. For the interest, the procedure is the same as for assets at amortised cost;

ii. Foreign exchange differences are recognised in the income statement under the caption Foreign exchange gains/(losses), 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, impairment losses or reversals are recognised in the income statement under the caption Impairment for other financial assets net of reversals and recoveries; and

iv. The remaining changes in value are recognised in other comprehensive income.

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

When a debt instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to the net profit/(loss) for the period. On the other hand, when an equity instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining under a caption of reserves.

2.3.6 Reclassification between categories of financial instruments

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets are reclassified to other categories only if the business model used in their management is changed. In this case, all affected financial assets are reclassified. The reclassification is applied prospectively from the date of reclassification, and any previously recognised gains, losses (including those related to impairment) or interest are not restated. Financial assets, at the date of their reclassification, are measured at fair value.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income, or financial instruments designated at fair value through profit or loss, is not allowed.

The reclassification of financial liabilities is not allowed.

During the period, the Bank did not reclassify any financial instruments.

2.3.7 Fair value

In accordance with IFRS 13, financial instruments at fair value are measured according to the valuation levels described in Note 30.4.

2.3.8 Modification of loans and advances

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

- If the debtor is in financial difficulty, whether the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- If any significant new term has been introduced, such as profit-sharing or an equity-based return, which substantially affects credit risk;
- Significant extension of the maturity of the contract when the debtor is not in financial difficulties;
- Significant change in the interest rate;
- Change in the currency in which the loan was contracted; and
- Inclusion of a collateral, a guarantee or other improvement associated with the loan, which significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognises the original financial asset and recognises the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating the impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognised financial asset is impaired at initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the payments originally agreed. Differences in the book value are recognised 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 book value based on the revised cash flows of the financial asset and recognises a gain or loss from this modification in the income statement. The new gross book value is recalculated discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for financial assets impaired, originated or acquired).

After the modification, the Bank can determine that the credit risk has improved significantly and that the assets have moved from Stage 3 to Stage 2 (lifetime ECL) or from Stage 2 to Stage 1 (12 month-ECL). This situation can only occur when the performance of the modified asset is in accordance with the new terms of the contract 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.

2.3.9 Derecognition not resulting from a modification

Financial assets granted are derecognised when the associated cash flows are extinguished, collected or disposed of to third parties and (i) the Bank substantially transfers all risks and rewards of ownership of the asset, or (ii) the Bank neither transfers nor substantially holds all the risks and rewards of ownership of the asset and does not hold control over the asset. Gains and losses obtained from the definitive sale of loans and advances to customers are recorded in Other operating income/(expense). These gains or losses correspond to the difference between the sales value set and the book value of those assets, net of impairment losses.

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

- Has no obligation to make payments unless it receives equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Is obliged to remit any cash flow it receives from the assets without material delays.

The guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities lending and borrowing operations are not derecognised because the Bank holds substantially all the risks and rewards based on the pre-established repurchase price, and therefore the derecognition criteria are not met (see Note 2.4).

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

2.3.10 Write-off policy

The Bank writes off financial assets, in part or in whole, when it concludes that there is no reasonable expectation of collection. The indicators that demonstrate that there is no reasonable expectation of collection are (i) the shutdown of the activity and (ii) the cases in which the recovery depends on the collection of a collateral, but in which the value of the collateral is so low that there is no reasonable expectation of fully recovering the asset.

The rules implemented for the selection of loans that may be written off from assets are as follows:

- The loans cannot be under a risk-sharing protocol;
- The loans must be past due for more than 210 days; and
- The loans cannot be marked as overdue renegotiated loans or be part of an active payment agreement.

2.3.11 Impairment of financial assets

The Bank determines impairment losses for debt instruments that are measured at amortised cost and at fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees and commitments assumed.

The requirements of IFRS 9 aim to recognise expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including information from a forward-looking perspective.

Impairment losses on debt instruments that are measured at amortised cost are recognised against an accumulated impairment caption in the balance sheet, which reduces the book value of the asset, while impairment of assets measured at fair value through other comprehensive income is recognised against other comprehensive income.

Impairment losses arising from the granting of loans and advances to customers are recognised in the income statement under the caption Impairment losses for loans and advances to customers net of reversals and recoveries and those of the remaining financial assets under the caption Impairment losses for other financial assets net of reversals and recoveries.

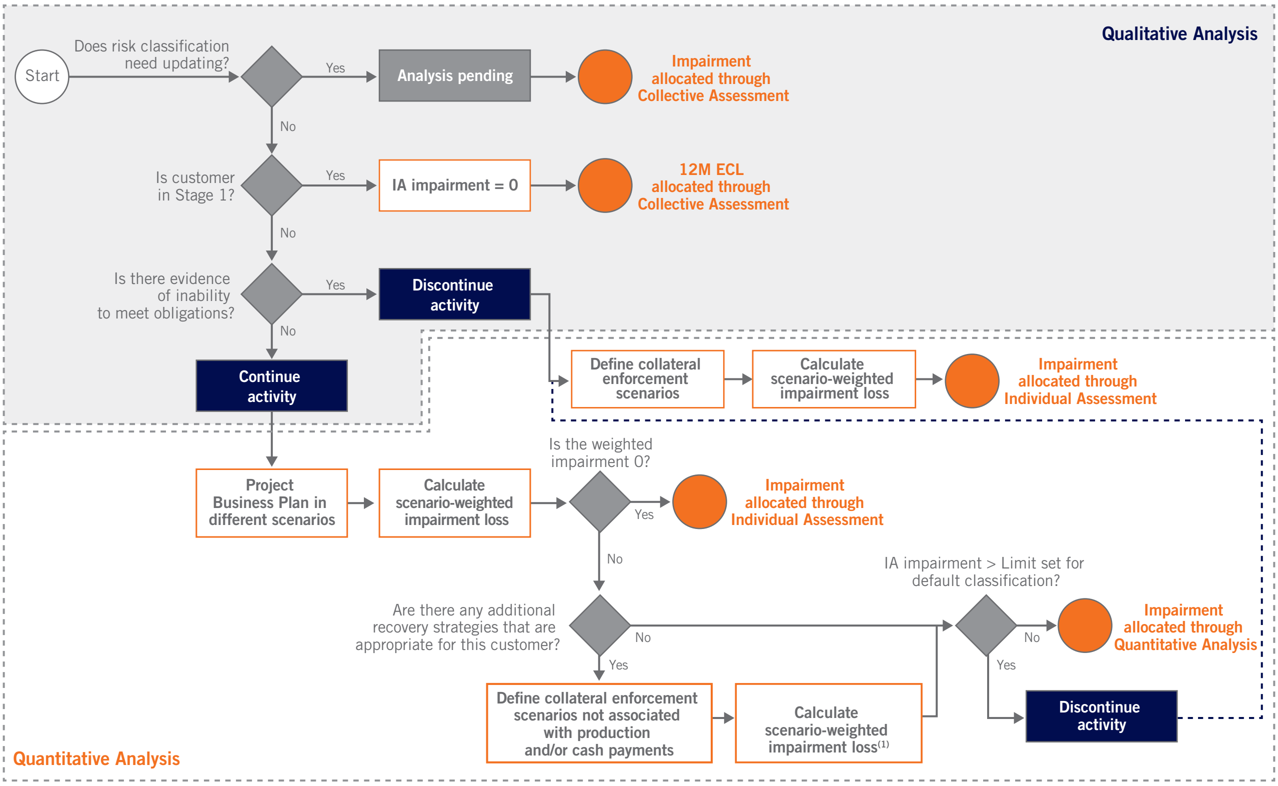
Impairment losses on exposures that have an associated credit risk and that are not positions recorded in assets are recorded as a provision under Provisions in liabilities, in the balance sheet. Charges for the period and reversals are recorded under the caption Provisions net of reversals in the income statement.

Impairment model of loans and advances to customers

The methodology adopted by the Bank foresees, in a first stage, the identification of Economic Groups (and private customers, hereinafter Individuals) considered as individually significant. These are analysed individually and the remainder collectively, according to homogeneous risk groups. The following criteria for selecting Groups (and individuals) that are individually significant are considered:

- Customers/economic groups with no evidence of impairment with exposure greater than or equal to 0.1% of FPR;
- Customers/economic groups with signs of impairment with exposure greater than or equal to 0.02% of FPR; and
- Customers restructured due to financial difficulties with exposure above AOA 50 million.

The individual analysis process follows the following flow:



In the collective analysis methodology, the Bank groups customers into homogeneous risk segments, namely the following:

- Consumer credit
- Overdrafts
- Credit cards
- Motor vehicle loans
- Mortgages
- Small Businesses – "Less significant exposures"
- Large Businesses – "Significant exposures"
- State
- Financial institutions

The amount of impairment losses is determined according to whether there is a significant deterioration of the risk since initial recognition, and whether a default event occurs. Consequently, it classifies financial instruments into three stages of impairment, as described below:

- Stage 1: Classification to be applied on initial recognition of the financial instruments or in the event of not meeting any of the classification criteria of the other impairment stages;

- Stage 2: Classification to be applied to financial instruments that show a significant increase in credit risk (SIRC) since their origin;

- Stage 3: All financial instruments that are in default according to the Bank's internal definition and in line with Instruction No. 8/2019 will be classified under this stage.

The stage 2 criteria for classification are as follows:

Classification

- Product contracts 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;

- Customers with an operation in litigation in the last 5 years;

- Customers with bounced cheques and/or inhibited from using cheques according to the information available at CIRC (Angolan Centralised Credit Register);

- Customers with unauthorised overdrafts;

- Customers with revolving operations (overdrafts, credit cards and secured accounts) above the formally contracted limit.

For individually analysed customers the following additional criteria are considered:

- Customers with a credit operation in the financial system more than 90 days in arrears, capital or interest written off/annulled or in a situation of litigation;

- Customers with authorised overdrafts above the limit formally contracted with the customers or revolving credit operations used on a permanent basis by 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%;

- Customer subject to Special Recovery Programs;

- Customers with overdue debts to the Tax Administration and/or Social Security;

- Bank pledges or expectation of insolvency or subject to a financial and/or operational recovery/reorganisation process;

- Significant change in the Customer's operating results (Corporate), for customers subject to Individual Analysis.

Propagation

- Propagation of all operations to Stage 2 if the total exposure of the operation in Stage 2 is greater than or equal to 20% of the Customer's exposure

Applicable only to Stage 3 Customers, the default marking criteria, are as follows, provided they have (i) Absolute Materiality: >= AOA 5,000 of overdue loans; (ii) Relative materiality: 1% Corporate and 2.5% Individuals, of the Customer's asset exposure.

Classification

- Contracts with overdue credit for more than 90 days;
- Restructured contracts with overdue credit for more than 30 days;
- Restructurings with material loss or grace period of the principal or arising from contracts already at Stage 3.

For individually analysed customers the following additional criteria are considered:

- Customers in bankruptcy/insolvency or with expectation of bankruptcy/insolvency

Propagation

- Propagation of marking of default when the default exposure represents 20% of total customer exposure

Unmarking

- Contracts with overdue credit 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: a quarantine period (at least 12 months) is applied with payment of principal and interest without overdue exposure for a period greater than 30 days.

In calculating collective impairment, the Bank considers the following credit risk parameters:

a) Exposure: The 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 amortisation structure depending on the Customer use (credit current accounts, credit cards, in general any revolving product). The calculation of this estimate is based on the observation of historical data for debtors in respect of which default situations have been verified, relating the levels of use of the limits at the time of default with those in the previous 12 months. In this context, future levels of use are estimated according to the nature of the product, the current levels of use and the value of the cap.

b) Probability of default (PD): the Bank applies a methodology for calculating the probability of default forecast for each borrower for the entire loan portfolio and for each risk segment. This parameter is used directly to calculate the ECL of operations in Stage 1 and 2 of impairment. Thus, for Stage 1 the 12-month period should be considered and for Stage 2 the residual maturity of the operation.

c) Loss given default (LGD): is the percentage of debt that will not be recovered in the event of a Customer default. The calculation of the LGD is performed based on historical internal information, considering the cash flows associated with the contracts from the time of default until their settlement or until the moment when there are no relevant recovery expectations. It is also included in the calculation of the estimates of the costs associated with the credit recovery processes.

The parameters considered for determining impairment are generally based on the internal historical experience of defaults and recoveries of the Bank. The parameters are reviewed and updated periodically to reflect the economic situation and to be representative of the current economic context at all times.

The models also incorporate prospects 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 recoverability indicators of the Bank, namely:

- Real GDP;
- Growth rate of non-oil GDP;
- (Parallel) USD/AOA exchange rate - end of period;
- Luanda Consumer Price Index;
- Real Effective Exchange Rate (REER);
- EUR/AOA exchange rate - end of period.

In the review processes, the necessary improvements will also be made as detected in the backtesting exercises.

Additionally, BFA updated the regressions, scenarios and macroeconomic weightings in its impairment model. However, it is not possible to quantify the impact of the forward-looking adjustment via COVID-19 in isolation, since the Bank also made methodological and structural changes in the estimation of its risk parameters, namely at the level of the history considered, definition of default and segmentation.

Impairment model for other financial instruments

(Loans and advances to credit institutions and Investments at amortised cost)

The Bank classifies exposures into stages of impairment with regard to financial instruments measured at amortised cost.

Stage 1 - *Financial assets with no significant increase in credit risk since initial recognition*

Assets that do not have a significant increase in credit risk since initial recognition are classified in Stage 1. The calculation of impairment losses for these exposures with a maturity of 12 months.

In assessing the existence of a significant increase in the credit risk for the financial asset portfolio, an increase of more than two notches is considered for a significant increase in the credit risk, in accordance with the information published by international rating agency Moody's.

Stage 2 - *Financial assets with significant increase in credit risk since initial recognition*

Whenever the existence of a significant increase in the counterparty's credit risk is determined, the exposure is classified as Stage 2.

For these exposures, the Bank measures the impairment losses over the respective residual maturity.

Stage 3 - *Financial assets in default*

This stage includes all financial instruments for which default events have been verified.

Impairment losses for debt instruments were calculated based on the credit risk parameters (probability of default and loss given default) provided by international rating agency Moody's.

For the purposes of calculating impairment losses, the Bank also considers risk mitigation through the fair value of financial collateral and mortgage collateral.

2.4 OPERATIONS WITH REPURCHASE OR RESALE AGREEMENT

Securities sold with a repurchase agreement (repos) for a fixed price or for a price which equals the sale price plus interest inherent to the term of the operation are not derecognised from the balance sheet. The corresponding liability is recorded under amounts payable to other credit institutions or to customers, as appropriate. The difference between the sale price and the repurchase price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method.

Securities purchased under resale agreements (reverse repos) at a fixed price, or for a price that equals the purchase price plus interest inherent to the term of the operation, are not recognised in the balance sheet, the purchase price being recorded as loans and advances to banks or customers, as appropriate. The difference between the purchase price and the resale price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method.

2.5 FINANCIAL INSTRUMENTS DERIVATIVES

The Bank can carry out derivative financial instrument operations, within the scope of its activity, to manage its own positions based on expectations of market developments or to meet the needs of its customers.

All derivative instruments are recorded on the trade date at fair value and changes in fair value are recognised in the income statement unless they qualify as cash flow hedges or net investments in foreign operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

Derivative financial instruments are classified as hedging (provided that all designation conditions are met) or trading instruments, depending on their purpose.

Hedging derivatives

The Bank had no hedging derivatives at the date of the first adoption of IFRS 9, however it took 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 and foreign exchange risks, resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading instruments.

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

A hedging relationship exists when:

- at the beginning of the relationship there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting period; and
- in relation to the hedging of an anticipated transaction, the transaction is highly probable and presents an exposure to changes in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge changes in foreign exchange rates arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognised in profit or loss for the period, as are the changes in the foreign exchange risk of the underlying monetary elements.

i. Fair value hedges

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

ii. Cash flow hedges

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

The amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects results.

When the hedging instrument is derecognised or when the hedging relationship no longer meets the hedge accounting requirements or is revoked, the hedging relationship is discontinued prospectively. Accordingly, changes in fair value accumulated in equity until the date the hedging is discontinued can be:

- deferred for the remaining period of the hedged instrument; and
- recognised immediately in profit or loss for the period if the hedged instrument has been extinguished.

In the case of the discontinuation of a hedging relationship of a future transaction, the changes in fair value of the derivative recorded in equity remains there until the future transaction is recognised in the income statement. When the transaction is no longer expected to occur, the accumulated gains or losses recorded in equity are immediately recognised in the income statement.

As at 31 December 2021 and 2020, the Bank had no hedging derivatives.

Derivatives held for trading

Derivatives that are not considered in an accounting hedging relationship 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 financial assets or liabilities at fair value through profit or loss.

Embedded derivatives

There is an embedded derivative when a part of the financial instrument traded by the Bank trades contains a derivative and a non-derivative component. This component of the derivative is identified as an "embedded derivative", while the rest of the contract is described as a "host contract".

Derivatives embedded in financial instruments are separately accounted for whenever:

- the risks and economic 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 instrument (as a whole) is not initially recognised at fair value through profit or loss.

Embedded derivatives are presented under the captions of financial assets or liabilities at fair value through profit or loss, being recorded at fair value with the changes being reflected in profit or loss.

2.6 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Investments in subsidiaries and associates are accounted in the Bank's financial statements of the Bank at their historical cost less any impairment losses.

Subsidiaries are entities (including investment funds and securitisation vehicles) controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, the variability in returns arising from its involvement with that entity and can seize them through the power it has over the relevant activities of that entity (de facto control).

Associated companies are entities over which the Bank has significant influence but does not exercise control over their financial and operating policy. 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 assumed that it does not have significant influence, except when that influence can be clearly demonstrated.

The existence of significant influence on the part of the Bank is usually demonstrated by one, or more than one, of the following:

- representation on the Board of Directors or equivalent governing body;
- participation in policy-making processes, including participation in decisions on dividends or other distributions;
- material transactions between the Bank and the investee;
- exchange of management personnel; and
- provision of essential technical information.

Impairment

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

2.7 EQUITY INSTRUMENTS

A financial instrument is classified as an equity instrument when there is no contractual obligation to settle it by delivering cash or another financial asset to third parties, regardless of its legal form, evidencing a residual interest in the assets of an entity after deducting all its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recorded against equity, as a deduction from the amount of the issue. The amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

Income from equity instruments (dividends) is recognised when the right to receive it is established and are deducted to equity.

2.8 INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

Intangible assets are only recognised when: i) they are identifiable; ii) it is probable that they will generate future economic benefits and iii) their cost can be reliably measured.

The acquisition cost of intangible assets comprises: i) the purchase price, including costs with intellectual rights and fees and after deducting any discounts and ii) any cost directly attributable to the preparation of the asset for its intended use.

After the initial accounting, BFA measures its intangible assets according to the cost model.
Intangible assets, which correspond mainly to IT software, are recorded at acquisition costs, and are amortised on a straight-line basis over a three-year period.

Other tangible assets are recorded at cost of acquisition less accrued amortisation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the goods.

The acquisition cost of other tangible fixed assets includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred with the preparation of the asset, so that it is placed in its condition of use. Financial costs incurred with loans obtained for the construction of qualifying tangible fixed assets are recognised as part of the construction cost of the asset.

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
Improvements in leased buildings	10
Equipment:	
Furniture and materials	10
IT equipment	3
Furnishings	10
Transportation equipment	3
Machines and tools	6 and 7

As mentioned in Note 2.19, this caption includes right-of-use assets arising from lease agreements.

2.9 NON-CURRENT ASSETS HELD FOR SALE

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

The value of assets received as payment in kind is initially recorded at the lower of the fair value net of selling costs and the book value of the loan at the date the payment in kind was made.

When the outstanding amount of the loan operation is greater than its book value (net of provisions), the difference must be recognised as income for the period, up to the value determined upon valuation of the assets. When the valuation of the assets is lower than the book value of the loan operation, the difference must be recognised as a cost for the period.

Assets recorded under this caption are not amortised and are valued at the lower of book value and fair value.

The fair value of these assets is determined based on periodic valuations performed by independent valuers. Whenever the value resulting from these valuations (net of costs to sell) is lower than the book value, impairment losses are recorded under Impairment for other assets net of reversals and recoveries.

In addition, as these are assets whose fair value level in the IFRS 13 hierarchy corresponds mainly to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Bank carries out internal analyses on the assumptions used, which may imply additional adjustments to their fair value.

2.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

When there are signs that an asset may be impaired, IAS 36 requires that its recoverable amount is estimated, and an impairment loss shall be recognised whenever the net book value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement and are reversed in subsequent reporting periods when the reasons that led to their initial recognition cease. For this purpose, the new depreciated amount shall not exceed the book value that would be accounted, had no impairment losses been allocated to the asset, considering its depreciation.

The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

On the date of the derecognition of a tangible asset, the gain or loss calculated by the difference between the fair value less costs to sell and the net book value is recognised in the income statement under the caption Net gains/(losses) on sale of other assets.

2.11 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, including Cash and deposits at Central Banks and Loans and advances to credit institutions (Notes 4 and 5), and do not include impairment losses.

2.12 DIVIDENDS

Dividends (income from equity instruments) are recognised in the income statement when the right to receive them is attributed. Dividends are recorded under Net gains/(losses) arising from financial operations, Net gains/(losses) arising from other financial instruments at fair value through profit or loss or other income, depending on the classification of the underlying instrument.

2.13 COMMISSIONS

Income from services and commissions is recognised as revenue from customer agreements to the extent that the performance obligations are satisfied:

- when they are obtained as the services are rendered, their recognition in profit or loss is made in the period to which they relate; and

- when they result from the rendering of services, their recognition is made when that service is completed.

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

2.14 EMPLOYEE BENEFITS

Short-term benefits are reflected under Staff costs in the period to which they relate, in accordance with the accrual accounting principle.

The Bank grants variable remuneration to its employees and directors as a result of their performance (performance bonus). The Executive Committee of the Board of Directors is responsible for establishing the respective allocation criteria for each employee, and the Remuneration Committee is responsible for establishing the criteria at director level. The variable remuneration paid to employees and directors is recorded against profit or loss in the period to which they relate, although payable in the following year (Note 25).

BFA employees are covered by Law No. 7/04, of 15 October, which regulates the Social Security system of Angola, and provides for the provision of retirement pensions to all Angolan employees registered with the Social Security. The value of these pensions is calculated based on a table proportional to the number of years of work, applied to the average monthly gross salary received in the periods immediately preceding the date the employee retires. According to Decree No. 38/08, of 9 June, the contribution rates to this system are 8% for the employer and 3% for the employees.

Pursuant to Article No. 262 of Law No. 2/00, of 11 February (General Labour Law), BFA constituted provisions to cover responsibilities with Retirement compensation, which are determined by multiplying 25% of the basic monthly salary practiced on the date the employee reaches the statutory retirement age, by the number of years of seniority on that date. The total amount of the responsibilities is determined on an annual basis by experts, using the "Projected Unit Credit" method for the liabilities for past services.

On 15 September 2015, Law No. 7/15, of 15 June (New General Labour Law) came into force, revoking Law No. 2/00, of 11 February. The New General Labour Law does not refer to the need to set up provisions to cover the responsibilities related to Retirement compensation.

In addition, the Bank granted its employees contracted locally or their families the right to cash benefits for retirement due to old age, disability, and survival. Thus, by resolution of the Board of Directors of the Bank, and with effect from 1 January 2005, a “Supplementary Pension Plan” was created, which was embodied in a defined contribution plan. This plan was initially constituted with part of the balance of the Provision for Probable Responsibilities with Retirement Pension Funds, consisting of contributions by BFA of a fixed percentage corresponding to 10% of the salary subject to discounts to the Social Security of Angola, applied on fourteen salaries.

In 2013, with reference to the last day of the year, the Bank constituted the "BFA Pension Fund" to cover these responsibilities, having, in financial year 2018, used the provisions previously established as an initial contribution to the BFA Pension Fund (see Note 25). The amounts corresponding to the rights acquired in the “Supplementary Pension Plan” were transferred to the current pension plan and converted into contributions by the participant. The return on the investments made, net of any taxes, is added to the amount of the contributions.

For defined-contribution plans, the liabilities related to the benefit attributable to the Bank's employees are recognised as an expense of the period when due (Note 25).

Employment termination benefit

This type of benefit is recognised when the Bank terminates the employment contract before the employee reaches normal retirement date, or when an employee accepts the termination of employment in exchange for such benefit. The Bank recognises a liability for termination benefits on the earliest of the following dates: when the Bank is no longer able to withdraw the offer of benefits or when the Bank recognises the costs of a restructuring, within the scope of the recognition of restructuring provisions. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

2.15 IINCOME TAX AND OTHER TAXES

The total income tax recorded in the income statement includes current and deferred taxes.

Current tax

Current tax is calculated based on the taxable income for the period, which differs from the accounting income due to adjustments to the tax base resulting from expenses or income not relevant for tax purposes, or which will only be considered in future periods according to the applicable tax laws (Industrial Tax Code).

Deferred tax

Deferred tax corresponds 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 on the date of realisation of deferred tax assets or on the date of payment of deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable temporary differences, whereas deferred tax assets are only recognised up to the amount by which it is probable that future taxable income will exist, to allow for the use of the corresponding deductible temporary differences or tax losses carried forward. Additionally, deferred tax assets are not recorded in cases where their recoverability may be questionable due to other situations, including issues of interpretation of the tax legislation in force.

Industrial Tax

As at 31 December 2021, the Bank is subject to an Industrial Tax under the terms of the General Tax System. The taxation of its income is carried out under the terms of Law No. 26/20, of 20 July (which revoked Law No. 19/14, of 22 October) and, currently, the applicable tax rate is 35%.

The income from public debt securities, resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, whose issue is regulated by the Framework Law of Direct Public Debt (Law No. 16/02, of 5 December) and by Regulatory Decrees No. 51/03 and 52/03, of 8 July, as well as the other income obtained by the Bank subject to Capital Gains Tax (IAC), are exempt from Industrial Tax, in accordance with the provisions of Article 47(1)(b) of the Industrial Tax Code, with the exception of capital gains or losses obtained and any exchange rate revaluations made on the capital component (in this case, as per AGT's understanding).

Moreover, the referred Law No. 26/20, established, among other changes, the eligibility for tax purposes of favourable and unfavourable exchange rate variations only when they are realised and the non-deduction of impairments of credit with guarantee, except for the part not hedged.

In addition, the Industrial Tax is subject to provisional assessment in a single instalment to be made by the end of August, calculated by applying a rate of 2% on the result derived from financial intermediation operations, ascertained in the first six months of the previous tax year, excluding income subject to capital gains tax (taxpayers who have presented losses in the previous year are exempt from the provisional assessment).

Tax returns are subject to review and correction by tax authorities for 5 (five) years, which may result in possible amendments to the taxable income for the years 2017 to 2021.

The recording of the tax impacts of the transactions carried out by the Bank corresponds to management's understanding of the tax treatment applicable under the legislation issued. In situations where the tax interpretation is questioned by the Tax Authorities (AGT), Management reassesses the probability (above or below 50%) that the adopted tax treatment will be accepted, and consequently determines the most likely or expected amount of tax assets or liabilities to be recorded.

Capital Gains Tax (IAC)

The new IAC Code, approved by Presidential Legislative Decree No. 2/2015, of 20 October, came into force on 19 November 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 which are admitted to trading on a regulated market, and which have a maturity of three years or more) and 15%.

Notwithstanding the above, with respect to income from public debt securities, according to the understanding of the AGT and the Banco Nacional de Angola addressed to the Angolan Banks Association ("Associação Angolana de Bancos") (letter from the Banco Nacional de Angola dated 26 September 2013), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

This income from Treasury Bonds and Treasury Bills, issued by the Angolan State after 1 January 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).

On 1 August 2013, the automation process to withhold tax was initiated, by the BNA, in respect of IAC, in accordance with the provisions of Presidential Legislative Decree No. 5/11, of 30 December.

IAC is generally levied on the income from the securities identified above and is withheld by the Bank. For these reasons, the Bank considers that the conditions to consider IAC as an income tax under IFRS are fulfilled.

Value Added Tax (VAT)

Law No. 7/19 introduced VAT, which has been in force since 1 October 2019, repealing the Consumption Tax Regulation (IC) and introducing relevant amendments to the Stamp Duty Code (IS).

Under the terms of the VAT Code approved by Law No. 7/19 and the amendments introduced by Law No. 17/19 of 13 August, they are subject to this tax: (i) the transfer of goods and services carried out within national territory, for consideration, by a taxable person acting as such; and (ii) the import of goods.

Nevertheless, the VAT Code provides for the exemption of certain transactions, including the exemption applied to financial intermediation transactions, including those described in Annex III to this Code, except those which give rise to the payment of a specific and predetermined fee or consideration for their performance. This exemption does not entitle the taxable person to deduct the VAT incurred on the acquisition of goods and services connected with exempt transactions.

It should be noted that the VAT rate in force in Angola, applicable to transactions subject and not exempt from VAT, is 14%. Additionally, and in accordance with Article 21(2) of the VAT Code, commercial banks must withhold 50% of the tax included in the invoice or equivalent document issued by the taxpayer at the time of transfer of goods or rendering of services (except for the transfers of goods or services listed as excluded from this withholding tax). In this regard, the withholding of this tax must be made in the periodic VAT return for the month in which this tax becomes chargeable under the terms of Article 21(3) of the VAT Code (i.e., upon receipt of the respective invoice or equivalent document by the entities subject to the withholding VAT system).

However, Instruction no. 000003/DNP/DSIVA/AGT/2020, issued by the Angolan tax authorities, has clarified that transfers of goods to any withholding entities whose payment is made by debit in the account, with the exception of the State, are exempt from withhold. Examples of these situations are transfers of goods within the scope of banking and financial operations in which the Institutions debit the customer's account, namely: (i) the transfer of goods subject to financial leasing agreements, to the respective lessee, when exercising the stipulated purchase option, as well as (ii) the sale of point-of-sale (POS) systems within the scope of the provision by institutions to their customers of payment card acceptance services.

Under the terms of Article 10(1) of the VAT Code, for the purposes of this tax, and as a general rule, the rendering of services takes place within the national territory when the purchaser has domicile, head office or fixed establishment therein for which the services are acquired. In this context, Article 29(2) of the VAT Code, in conjunction with Article 2(1)(d) of the same tax compendium, provides for a reverse charge mechanism, whereby "whenever the purchaser is a taxable person, the tax is payable by that purchaser, in respect of services rendered within national territory, under Article 10 of the VAT Code, where the service provider is a non-resident taxable person and does not have a fixed establishment in national territory", i.e., the purchaser , a VAT taxpayer in Angola, must (self)assess the Angolan VAT due on the rendering of services in Angola, when these are rendered by non-resident suppliers.

Moreover, considering the Bank is a taxable person that carries out transactions which grant the right to deduct (i.e., transactions subject to VAT) and transactions which do not grant the right to deduct (i.e., transactions which are exempt from this tax under the aforementioned terms), the VAT incurred by the Bank on its purchases of goods and services is only partially deductible using the pro rata method.

Nevertheless, the Bank, as a taxable person subject to the general VAT system, may, under the terms of Article 27(2) of the VAT Code, adopt the actual allocation method regarding the VAT incurred on goods for sale. This method of deduction consists of the possibility of deducting all the tax incurred in the acquisition of goods in transactions which give rise to a right to deduct but excludes the possibility of deducting the tax incurred in transactions which do not give rise to this right, under the terms of Articles 22 and 24 of the VAT Code. The goods whose tax may be deducted according to the actual use method are subject to prior authorisation by the Tax Authorities. Additionally, Instruction no. 000003/DNP/DSIVA/AGT/2020, referred to below, established that financial institutions may adopt the actual allocation method to deduct the VAT incurred on the acquisition of goods and services "exclusively used" to carry out:

I. Financial lease operations;

II. Financial operations carried out by institutions without head office or permanent establishment in national territory ("correspondent banks") for Angolan institutions;

III. Operations covered by the provisions of Article 6(3) of the VAT Code, namely the re-invoicing of goods and/or services acquired by the institutions in their own name, but on behalf of third parties, to whom the respective goods and/or services are re-invoiced, with a view to obtaining a refund (cost recovery).

For the purposes of VAT deduction according to the mentioned method, financial institutions must prepare a letter addressed to the VAT Services Department (Direcção dos Serviços do IVA), requesting the amendment of the statement on the commencement of operations, as well as the respective compliance with the obligations foreseen in the VAT Code regarding the accounting record of the operations, in order to allow the control of the operations whose tax was deducted according to the actual allocation method.

Moreover, the Bank is also required to comply with the invoicing rules under the Legal Regime of Invoices and Equivalent Documents (“Regime Jurídico das Facturas e Documentos Equivalentes” (“RJFDE”)), in force since April 2019. Within this scope, the economic agents with a turnover equal or superior to Kwanzas equivalent to USD 250 thousand must issue the invoices or equivalent documents through a certified invoicing system.

The State Budget Laws for the 2021 and 2022 economic years also provide that 2.5% Value Added Tax will be withheld on receipts obtained from automatic payment terminals, relative to the transfer of goods and provision of services by taxpayers.

Property Tax

In accordance with the provisions of Law No. 20/20, published on 9 July, which approved the new Property Tax Code and revoked the previous law, the Bank withholds Property Tax at a rate of 15% (considering that the taxable amount of these properties corresponds only to 60% of the value of the rents received during the year, since the applicable tax rate is 25%), on the payment or delivery of rents on rented property, with the exception of land for construction, for which Property Tax will be due at a rate of 0.6% of the asset value.

Property Tax will be due on non-rented property in accordance with the following ranges:

- A rate of 0.1% on the asset value, applicable to real estate with an asset value below AOA 5,000,000;
- A fixed value of AOA 5,000 for properties with an asset value above AOA 5,000,000 and below AOA 6,000,000;
- A rate of 0.5% on the asset value exceeding AOA 5,000,000, applicable to real estate with an asset value above AOA 6,000,000.

In the transfer with or without consideration of property, the taxable amount corresponds to the asset value as stated in the land registry at the date of transfer, the value determined by evaluation, in the case of an omitted building, or the declared value, whichever is greater. The transfer of real estate assets is subject to property tax at the rate of 2%, the charge and liability for settlement of which should fall on the Bank whenever it acts as purchaser.

Other taxes

The Bank is also subject to indirect taxes, namely, customs duties, stamp duty, labour income tax, as well as other taxes.

2.16 PROVISIONS AND CONTINGENT LIABILITIES

A provision is set up when there is a present obligation (legal or constructive) resulting from past events for which the future outflow of resources is probable and can be reliably determined. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability, at the balance sheet date. Provisions are measured at the present value of the estimated costs to settle the obligation using a pre-tax interest rate, which reflects the market value, for the discount period and for the risk of the provision in question.

If the future expenditure of resources is not likely, it is a contingent liability, and is subject to the respective disclosure, in accordance with the requirements of IAS 37 - Provisions, contingent liabilities and contingent assets.

Provisions related to legal proceedings, opposing BFA to third parties, are constituted in accordance with internal risk assessments carried out by the Board of Directors, with the support and advice of its legal advisors.

Provisions for loan commitments and financial guarantees given are measured according to the impairment model implemented as described in Note 2.3.11.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate and are reversed against profit or loss in the proportion of the payments that are not probable.

Provisions are derecognised through their use for the obligations for which they were initially recognised or for the cases that the situations were no longer observed.

2.17 FINANCIAL AND PERFORMANCE GUARANTEES

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments in order to compensate the holder for losses incurred, as a result of breaches of the contractual terms of debt instruments, namely the payment of the respective principal and/or interest.

Financial guarantees issued are initially recognised at their fair value. Subsequently, these guarantees are measured at the higher (i) of the fair value initially recognised and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the amount of the obligation associated with financial guarantees issued is recognised in the income statement.

Financial guarantees issued by the Bank usually have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount, and performance of the contract. On this basis, the fair value of the guarantees, on the date of their initial recognition, is approximately equivalent to the value of the initial commission received, considering that the agreed conditions are market conditions. Thus, the amount recognised on the contracting date equals the amount of the initial commission received, which is recognised in the income statement during the period to which it relates. Subsequent commissions are recognised in the income statement, in the period to which it relates.

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 recognised at fair value, which is normally stated by the amount of commissions received over the life of contract. Upon breach of contract, the Bank has the right to revert the guarantee, with the amounts being recognised in Loans and advances to customers, following the transfer of the loss compensation to the guarantee beneficiary.

2.18 LEASES

IFRS 16 sets out 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 accounting model for lease agreements that results in the recognition of a right-of-use asset and a lease liability for all lease agreements except for leases with a period of less than 12 months or for leases of low value assets in which cases the lessee may opt for the recognition exemption provided for in IFRS 16, and, in that case, should recognise the lease payments associated with those contracts as External supplies and services.

The Bank has opted not to apply this standard to short-term lease agreements of less than or equal to one year and to lease agreements where the underlying asset has low value, and the option of not applying this standard to leases of intangible assets has also been used.

Definition of a lease

A contract is or contains a lease if it conveys the right to control the use of an identified asset, that is, obtaining substantially all of the economic rewards of its use, and the right to direct the use of that identified asset, for a certain period of time in exchange for consideration.

Impacts from the lessee's perspective

The Bank recognises for all leases, except for leases with a period of less than 12 months or for leases of low-value assets:

- A right-of-use asset, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) less lease incentives received, penalties for termination (if reasonably certain), as well as any cost estimates to be incurred by the lessee in dismantling and removing the underlying asset and/or restoring the location where it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortisation according to the lease term of each agreement and to impairment tests);

- a lease liability, initially recorded at the present value of the future lease cash flows (NPV), which includes:

  - fixed payments, less leasing incentives receivable;

  - variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date of the agreement;

  - the amounts payable by the lessee as residual value guarantees;

  - the exercise price of a call-option, if the lessee is reasonably certain to exercise that option; and

  - sanction payments for the termination of the lease if the lease term reflects the exercise of a lease termination option by the lessee.

The lease liability is measured at amortised cost using the effective interest rate method.

When the interest rate implicit in the lease cannot be readily determined (paragraph 26 of IFRS 16), the 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 agreement. For fixed-term contracts, the respective date is considered the end date of the lease; for the other open-ended contracts, the term during which the agreement is enforceable is evaluated.

Subsequently, the lease liability is measured as follows:

- by an increase in its carrying amount to reflect interest thereon;
- by a decrease in 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 lease payments fixed in substance and the revision of the lease term.

The Bank remeasures a lease liability, and calculates the respective adjustment related to the right-of-use asset whenever:

- there is a change in the lease term or in the assessment of a call-option over the underlying asset, in which case the lease liability is remeasured, 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 the change in an index or rate used to determine those payments, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in the lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and
- a lease agreement is changed, but such lease change is not accounted for as a separate lease, in which case the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Right-of-use assets are depreciated/amortised from the lease start date until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is earlier. If the lease transfers the ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a call-option, the right-of-use asset should be depreciated/amortised from the lease start date until the end of the useful life of the underlying asset.

The estimated useful life of the right-of-use assets is determined following the same principles as for Tangible Assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted by certain remeasurements of the lease liability.

Depreciation/amortisation begins on the date the lease takes effect.

Accounting for leases from the lessee's perspective in the Bank's financial statements is as follows:

In the income statement:

- recording in Net interest income of interest expense related to lease liabilities;
- recording in Other administrative expenses of the amounts related to short-term lease agreements and lease agreements for low-value assets; and
- recording under Depreciation and amortisation for the period the depreciation expense of right-of-use assets. In the balance sheet:
- recognition of right-use assets under Other tangible assets; and
- recording of the value of the lease liabilities recognised under Other liabilities.

Impact from the lessor's perspective

As at 31 December 2021 and 2020, the Bank has no lease agreements in which it is the lessor.

2.19 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of own 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 into shares decreases earnings per share.

If earnings per share change as a result of an issue with a premium or discount or other event that changes the potential number of ordinary shares, or changes in accounting policies, the calculation of earnings per share for all periods presented is adjusted retrospectively (see Note 19).

2.20 SUBSEQUENT EVENTS

The Bank analyses events that occur after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date on which the financial statements were authorised for issue. In this context, two types of events can be identified:

- 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 as adjustable events, if material, are disclosed in the notes to the financial statements.

3. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF THE ACCOUNTING POLICIES

IFRS establish several accounting treatments and require the Board of Directors to make judgments and prepare the necessary estimates to decide which accounting treatment is most appropriate. The main estimates and judgments used in the application of accounting principles, by the Bank, are presented in this Note, with the objective of improving the understanding of how their application affects the Bank’s reported results and their disclosure considering the context of uncertainty resulting from the impact of the COVID 19 pandemic. A broad description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if different treatments were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present, in a true and fair manner, the Bank’s financial position and the result of its operations in all materially relevant aspects.

3.1 IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

a) *Significant increase in credit risk:*

Impairment losses correspond to the expected losses in the event of a default over a 12-month time horizon, for Stage 1 assets, and to the expected losses considering the probability of a default event occurring at some point up to the financial instrument's maturity date, for Stage 2 and 3 assets. An asset is classified as 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 considers reasonable and sustainable qualitative and quantitative information.

b) *Definition of groups of assets 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 the credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or in the transfer of assets to existing portfolios which better reflect their credit risk characteristics.

c) *Probability of default:*

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

d) *Loss given default:*

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

This assessment is performed using internal and external information and includes the use of assumptions and judgments in its modelling, the change of which could determine different results.

Consequently, the use of different methodologies or different assumptions or judgments in measuring impairment could lead to different results from those reported and summarised in Notes 6, 8, 9 and 30.

Finally, the Bank considers that the impairment determined based on this methodology allows an adequate reflection of the risk associated to its financial assets, considering the rules established by IFRS 9 - Financial Instruments.

3.2 FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value is based on market quotations, when available, and, in their absence, on the use of prices of similar recent transactions carried out under market conditions or based on valuation methodologies, using discounted cash flow techniques, applied to the future cash flows considering market 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 the application of a given model could give rise to different financial results from those reported in Notes 7 and 30.4.

3.3 PROVISIONS

The measurement of provisions considers the principles defined in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing actions, and considers the risks and uncertainties inherent in the process. Different assumptions and judgments would have an impact on the determination of the amount of the provisions that are presented in Note 17.

Changes to these assumptions could have a significant impact on the values determined.

4. CASH AND DEPOSITS AT CENTRAL BANKS

As at 31 December 2021 and 2020, the caption Cash and deposits at central banks was detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Cash		
Domestic currency - banknotes and coins	21 369 557	20 815 102
Foreign currency - banknotes and coins		
In United States Dollars	2 526 116	3 617 554
In other currencies	3 639 774	6 032 320
	27 535 447	**30 464 976**
Deposits at the Central Bank		
Demand deposits at the Banco Nacional de Angola (BNA)		
In domestic currency	200 372 242	200 585 284
In United States Dollars	27 824 841	32 660 769
In other currencies	167 726 850	210 505 806
	395 923 933	**443 751 859**
TOTAL	**423 459 380**	**474 216 835**

Demand deposits at the BNA in domestic and foreign currency aim to comply with the provisions in force regarding the reserve requirement to be maintained and are not remunerated. As at 31 December 2021, the minimum reserve requirement amounted to AOA 230,685,892 thousand.

As at 31 December 2021, the reserve requirements are calculated in accordance with the provisions of BNA Instruction No. 02/2021 of 10 February 2021, BNA Directive No. 05/2021 of 5 May 2021 and BNA Directive No. 07/2021 of 6 July 2021.

As at 31 December 2021, the enforceability to comply with the reserve requirements is determined by applying a rate of 22% (2020: 22%), on the arithmetic average of eligible liabilities in domestic currency and a rate of 22% (2020:17%), on the arithmetic average of eligible liabilities in foreign currency.

BNA Directive No. 05/2021 together with Directive No. 7/2021 of the BNA provides that in relation to the reserve requirements in domestic currency, the balances of deposit accounts in foreign and domestic currency, opened at the Banco Nacional de Angola on behalf of each banking financial institution, are eligible. The following assets are eligible for compliance with the reserve requirement in foreign currency:

- The balance relating to the daily closing of the reserve requirement accounts in national currency, opened at the Banco Nacional de Angola, on behalf of each Banking Financial Institution, in the amount of 2% (two per cent), of the average of the base on private individuals in foreign currency;

- Treasury Bonds in foreign currency, belonging to the own portfolio recorded in SIGMA, issued from 2015 onwards, up to 50% (fifty per cent) of the effective enforceability, excluding the 2% (two per cent) referred to in the previous sub-paragraph; and,

- The balance of the foreign currency deposit account, opened at the Banco Nacional de Angola, on behalf of each Banking Financial Institution.

For the fulfilment of the minimum reserve requirements the following are also eligible:

- 80% (eighty percent) of the Assets representing the value of performing loan disbursements in domestic currency, relating to projects in the agriculture, livestock, forestry and fishing sectors, granted until 14 April 2021, provided that they have a residual maturity equal to or greater than 24 (twenty-four) months; and

- 100% (one hundred percent) of the loans, defined in accordance with the provisions of Article No. 6 of Notice no. 10/2020, of 3 April, on Granting Credit to the Real Sector of the Economy, whatever the residual maturity.

In accordance with Instruction No. 08/2021, the Banking Financial Institutions must deposit the amount corresponding to the total Balances of the Central Government, recorded in their trial balances in specific accounts opened at the Banco Nacional de Angola, at the close of each working day, by 8 a.m. of the following business day, in the same currencies in which those balances are recorded.

As at 31 December 2020, the reserve requirements were calculated in accordance with the provisions of BNA Instruction No. 16/2020 of 6 October 2020 and BNA Directive No. 04/2020 of 6 October 2020.

5. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

As at 31 December 2021, the caption Loans and advances to credit institutions comprises entirely demand deposits in foreign institutions. As at 31 December 2020, this caption includes AOA 17,000 thousand in national institutions and AOA 26,277,793 thousand in foreign institutions.

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Demand deposits	23 212 633	26 295 341
Accumulated impairment losses (Note 17)	(7 570)	(18 548)
	23 205 063	**26 276 793**

A reconciliation of the changes in the book value and stage impairment losses of loans and advances to credit institutions is presented below:

(Amounts stated in thousand of Kwanzas)

	31/12/2021 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2021	**26 295 341**	**18 548**
Financial assets originated / derecognised	(3 082 708)	(7 863)
Changes in foreign exchange rates and other movements	-	(3 115)
Balance as at 31 December 2021	**23 212 633**	**7 570**

(Amounts stated in thousand of Kwanzas)

	31/12/2020 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2020	**42 522 475**	**14 678**
Financial assets originated / derecognised		(1 412)
Changes in foreign exchange rates and other movements		5 282
Balance as at 31 December 2020	**26 295 341**	**18 548**

All exposures are on Stage 1.

As at 31 December 2021 and 2020, Loans and advances to credit institutions presents the following currency balance:

	31/12/2021	31/12/2020
In Kwanzas	-	17 000
In United States Dollars	8 183 508	10 686 321
In Euro	13 394 868	11 375 264
In other currencies	1 626 687	4 216 208
	23 205 063	**26 294 793**

Demand deposits are not remunerated.

6. OTHER LOANS AND ADVANCES TO CENTRAL BANKS AND CREDIT INSTITUTIONS

As at 31 December 2021 and 2020, the caption Other loans and advances to central banks and credit institutions is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Other loans and advances to credit institutions abroad:		
In United States dollars	379 884 495	570 352 312
In Euro	44 200 415	55 890 030
In Pound Sterling	5 992 752	7 102 184
	430 077 662	633 344 526
Other loans and advances to Central Banks:		
In Kwanzas	124 624 305	16 375 500
	124 624 305	16 375 500
Income receivable	1 977 580	142 665
	556 679 547	649 862 691
Accumulated impairment losses (Note 17)	(353 978)	(770 956)
	556 325 569	**649 091 735**

As at 31 December 2021 and 2020, Other loans and advances to credit institutions had residual maturities of less than 3 months.

Other loans and advances to central banks refer to reverse repos, which are accounted for in accordance with the accounting policy described in Note 2.4.

As at 31 December 2021 and 2020, Other loans and advances to credit institutions earned interest at the following annual weighted average rates:

	31/12/2021	31/12/2020
In United States dollars	0,12%	0,19%
In Euros	0,09%	0,09%
In Kwanzas	13,16%	5,98%
In Pound Sterling	0,11%	0,02%

The reconciliation of the changes in the book value and stage impairment losses of other loans and advances to central banks and credit institutions is presented below:

(Amounts stated in thousand of Kwanzas)

	31/12/2021 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2021	**649 862 691**	**770 956**
Financial assets originated	556 679 547	332 576
Financial assets derecognised	(649 862 691)	(770 956)
Changes in foreign exchange rates and other movements	-	21 402
Balance as at 31 December 2021	**556 679 547**	**353 978**

(Amounts stated in thousand of Kwanzas)

	31/12/2020 Stage 1	
	Book value	Impairment losses
Balance as at 1 January 2020	**475 492 832**	**745 837**
Financial assets originated	649 862 691	564 732
Financial assets derecognised	(475 492 832)	(745 837)
Changes in foreign exchange rates and other movements	-	206 224
Balance as at 31 December 2020	**649 862 691**	**770 956**

All exposures are on Stage 1.

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021					
	Currency	Average interest rate	Nominal value	Fair value	Accrued interest	Book value
Debt securities						
Treasury bonds in domestic currency:						
Not indexed	AOA	15,81%	55 806 000	54 882 215	2 230 918	57 113 132
Indexed to the US dollar	AOA	7,13%	32 087 140	32 586 642	572 151	33 158 794
Derivatives	AOA	-	2 415 597	627 133	-	627 133
Equity instruments						
Visa Incl. - Class C (Series I)	USD	-	-	1 671 271	-	1 671 271
EMIS	AOA	-	-	1 370 672	-	1 370 672
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	AOA	-	-	32 278	-	32 278
Investment units	AOA	-	-	1 011 174	-	1 011 174
			90 308 737	**92 181 722**	**2 803 069**	**94 984 791**

(Amounts stated in thousand of Kwanzas)

	31/12/2020					
	Currency	Average interest rate	Nominal value	Fair value	Accrued interest	Book value
Debt securities						
Treasury Bills in domestic currency	AOA	-	234 521 683	216 599 735	-	216 599 735
Treasury Bonds in domestic currency:						
Not indexed	AOA	15,80%	66 764 700	66 044 993	3 242 366	69 287 358
Indexed to the US dollar	AOA	6,93%	66 948 352	73 886 307	1 025 631	74 911 938
Derivatives	AOA	-	14 481 136	585 191	-	585 191
Equity instruments						
Visa Incl. - Class C (Series I)	USD	-	-	1 972 648	-	1 972 648
EMIS	AOA	-	-	1 992 704	-	1 992 704
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	AOA	-	-	40 971	-	40 971
Investment units		-	-	303 406	-	303 406
			382 715 871	**361 426 291**	**4 267 997**	**365 694 288**

The decrease in this caption is justified on the one hand by the partial sale of the Treasury Bonds indexed portfolio and on the other by the maturity during the year of the Treasury Bills held by the Bank. In repositioning this instrument, the Bank opted to change its business model and, as the objective for the same will be to hold it to collect its contractual cash flows, the new acquisitions were recorded under Investments at amortised cost (Note 8).

Debt securities

As at 31 December 2021 and 2020, the Bank holds Treasury Bonds and Treasury Bills issued by the Angolan State, to be traded in the secondary market with other banks, or with its customers.

Equity instruments

As at 31 December 2021, the equity securities portfolio recorded at fair value through profit or loss, refers to:

Shares

- 13,896 Class C (Series I) shares of Visa Inc. (2020: 13 896);
- shareholding in EMIS – Empresa Interbancária de Serviços, S.A.R.L. (18.81%) (2020: 17.26%);
- shareholding in IMC – Instituto de Mercado de Capitais (2%) (2020: 2%);

Investment Units

- 242,333 (2.48%) investment units in Fundo BFA Oportunidades IV (2020: 90,783);
- 0 (0%) investment units in Fundo BFA Oportunidades V (2020: 62,597);
- 29,642 (0.15%) investment units in Fundo BFA Oportunidades VI (2020: 11,050);
- 208,608 (1.41%) investment units in Fundo BFA Oportunidades VII;
- 58,820 (0.39%) investment units in Fundo BFA Oportunidades VIII;
- 344,987 (2.53%) investment units in Fundo BFA Oportunidades IX; and
- 4,138 (0.03%) investment units in Fundo BFA Oportunidades X.

EMIS

As at 31 December 2021, the shareholding corresponded to 18.81% of the share capital of EMIS. EMIS was set up in Angola to manage electronic means of payment and complementary services.

In the period ended 31 December 2021 and 2020, this Company did not distribute dividends.

Derivatives

As at 31 December 2021 and 2020, the caption Derivatives - Foreign exchange forwards contracts is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Financial assets at fair value through profit or loss		
Derivative financial instruments	627 133	585 191
	627 133	585 191
Financial assets at fair value through profit or loss		
Derivative financial instruments	(1 023 025)	(4 244 410)
	(1 023 025)	(4 244 410)
	(395 892)	**(3 659 219)**

At 31 December 2021 and 2020, derivative financial instruments correspond to foreign exchange forwards contracted with non-financial entities.

As at 31 December 2021 and 2020, the notional amounts of the foreign exchange forwards are recognised in the off-balance sheet items, totalling AOA 5,190,049 thousand and AOA 39,785,662, respectively.

The valuation model for financial instruments is described in Note 30.4.

The maturity of the financial instruments of this caption are detailed in Note 30.2.

As at 31 December 2021 and 2020, the changes in the value of debt securities recorded at fair value through profit or loss and the capital gains realised by the Bank, resulting from transactions in these securities are recorded under the caption Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss in the income statement.

Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Net gains/(losses) on assets and liabilities at fair value through profit or loss		
Debt securities	5 430 137	17 366 672
Currency forwards	3 263 328	8 808 018
Equity instruments	397 675	275 444
Investment units	110 643	26 013
	9 201 783	**26 476 147**

8. INVESTMENTS AT AMORTISED COST

As at 31 December 2021 and 2020, the caption Investments at amortised cost is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021											
	Internal risk level	Country	Currency	Nominal value	Acquisition cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross value	Impairment (Note 17)	Net book value	Average interest rate
DEBT SECURITIES												
Treasury Bills in domestic currency:	A	Angola	AOA	78 911 111	67 857 002	1 680 108	-	-	69 537 110	(714 058)	68 823 052	-
Treasury Bonds in domestic currency:												
Not indexed	A	Angola	AOA	731 129 200	578 217 018	71 439 299	-	23 033 625	672 689 942	(7 500 049)	665 189 893	14,64%
Treasury Bonds in foreign currency	A	Angola	USD	395 296 317	428 630 263	-	(33 327 234)	3 728 715	399 031 744	(5 258 514)	393 773 230	5,46%
				1 205 336 628	**1 074 704 283**	**73 119 407**	**(33 327 234)**	**26 762 340**	**1 141 258 796**	**(13 472 621)**	**1 127 786 175**	

(Amounts stated in thousand of Kwanzas)

	31/12/2020											
	Internal risk level	Country	Currency	Nominal value	Acquisition cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross value	Impairment (Note 17)	Net book value	Average interest rate
DEBT SECURITIES												
Treasury Bonds in domestic currency:												
Not indexed	A	Angola	AOA	662 910 000	525 064 180	69 322 035	-	19 917 375	614 303 590	(34 014 842)	580 288 748	14,07%
Treasury Bonds in foreign currency	A	Angola	USD	417 208 169	147 245 709	-	269 962 460	3 642 952	420 851 121	(23 303 110)	397 548 011	4,99%
				1 080 118 169	**672 309 889**	**69 322 035**	**269 962 460**	**23 560 327**	**1 035 154 711**	**(57 317 952)**	**977 836 759**	

The breakdown of investments at amortised cost, by residual maturity, is shown in Note 30.2.

The fair value and the detail by fair value hierarchy of the investment portfolio at amortised cost are presented in Note 30.4.

As at 31 December 2021 and 2020, the impairment losses for Treasury Bonds and Treasury Bills were calculated based on the credit risk parameters provided by the international rating agency Moody's.

A reconciliation of the changes in the book value and stage impairment losses of investments at amortised cost is set out below:

(Amounts stated in thousand of Kwanzas)

	31/12/2021					
	Stage 1		Stage 2		Total	
	Book value	Impairment losses	Book value	Impairment losses	Book value	Impairment losses
Balance as at 1 January 2021	751 660 677	**33 886 429**	283 494 034	**23 431 523**	**1 035 154 711**	**57 317 952**
Impact on profit/(loss)						
Financial assets originated or acquired	331 973 954	4 343 429	-	-	331 973 954	4 343 429
Variation due to changes in credit risk	-	(43 725 986)	-	-	-	(43 725 986)
Financial assets derecognised	(156 903 896)	(3 843 543)	(35 638 739)	2 120 616	(192 542 635)	(1 722 927)
Subtotal	175 070 058	(43 226 100)	(35 638 739)	2 120 616	139 431 319	(41 105 484)
Transfers to:						
Stage 1	-	-	-	-	-	-
Stage 2	234 044 652	22 964 092	(234 044 652)	(22 964 092)	-	-
Changes in foreign exchange rates and other movements	(19 516 591)	(151 800)	(13 810 643)	(2 588 047)	(33 327 234)	(2 739 847)
Balance as at 31 December 2021	**1 141 258 796**	**13 472 621**	**-**	**-**	**1 141 258 796**	**13 472 621**

(Amounts stated in thousand of Kwanzas)

	31/12/2020					
	Stage 1		Stage 2		Total	
	Book value	Impairment losses	Book value	Impairment losses	Book value	Impairment losses
Balance as at 1 January 2020	842 084 352	**13 232 514**	-	**-**	**842 084 352**	**13 232 514**
Financial assets originated or acquired	153 512 293	7 561 820	-	-	-	7 561 820
Changes in foreign exchange rates and other movements	(243 935 968)	13 092 095	283 494 034	23 431 523	283 494 034	36 523 618
Balance as at 31 December 2020	**751 660 677**	**33 886 429**	**283 494 034**	**23 431 523**	**1 035 154 711**	**57 317 952**

As at 31 December 2021 and 2020, the impairment for investments at amortised cost is AOA 13,472,621 thousand and AOA 57,317,952 thousand, respectively (see Note 17).

The decrease in the impairment loss for 2021, amounting to AOA 43,854,331 thousand, is mainly due to the increase in Angola's external rating (Moody's: 2021 - Caa1 and 2020 - B3) took place in the second half of 2021, which implied a reversal in the amount of AOA 43,725,986 thousand (see Note 17).

The increase in the impairment loss recorded in 2020 resulted mainly from the decrease in Angola's external rating which occurred in the second half of 2020. Accordingly, the Treasury Bonds acquired prior to October 2017, have suffered more than 2 rating downgrades since the acquisition date, and are classified as Stage 2, as per the established impairment model.

9. LOANS AND ADVANCES TO CUSTOMERS

As at 31 December 2021 and 2020, Loans and advances to customers is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Performing loans		
Credit cards	934 983	488 909
Consumer credit	58 411 430	55 839 001
Motor vehicle loans	14 697	47 073
Mortgages	24 616 959	28 278 852
Overdrafts	601 058	335 898
Corporate - less significant exposures	2 664 646	2 406 188
Corporate - significant exposures	215 102 934	148 571 019
State	83 785 714	121 869 700
Total performing loans	**386 132 421**	**357 836 640**
Overdue loans and interest		
Credit cards	189 571	-
Consumer credit	2 418 193	2 608 485
Motor vehicle loans	528	1 951
Mortgages	1 451 882	1 492 946
Overdrafts	636 444	2 362 806
Corporate - less significant exposures	326 442	501 182
Corporate - significant exposures	9 954 369	9 508 868
Total overdue loans and interest	**14 977 429**	**16 476 238**
Total loans granted	401 109 850	374 312 878
Income receivable from loans granted	5 221 251	13 505 871
	406 331 101	387 818 749
Impairment for loans and advances (Note 17)	(53 371 637)	(54 445 480)
	352 959 464	333 373 269

As at 31 December 2021 and 2020, Loans and advances to customers earned interest at the following annual weighted average rates:

	31/12/2021	31/12/2020
In Kwanzas	15,24%	16,82%
In United States Dollars	6,78%	6,06%

As at 31 December 2021 and 2020, the ten largest debtors together represented 49.81% and 64.66%, respectively, of the total loan portfolio (excluding guarantees provided and documentary credits).

In the period ended 31 December 2021 and in 2020, loans were written off in the sum of AOA 4,755,121 thousand and AOA 483,368 thousand, respectively (Note 17), in accordance with the criteria defined by the Bank.

In the period ended 31 December 2021 and 2020, there were recoveries of loans and interest previously written off or written down from assets, in the amounts of AOA 859,27 thousand and AOA 1,232,425, respectively (Notes 24 and 17).

The loan portfolio, by segment, presents the following structure:

(Amounts stated in thousand of Kwanzas)

31/12/2021	Exposure												Impairment			
Segment	Total exposure (including interest)	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which acquired or originated in loan impairment	Loans in Stage 3	Of which no longer in default	Of which restructured	Of which acquired or originated in loan impairment	Total impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	1 124 554	886 140	248	-	24 345	1 027	-	-	214 069	-	-	-	209 784	8 724	2 743	198 317
Consumer credit	61 275 760	57 815 939	5 696	6 298	276 745	-	-	-	3 183 076	-	13 260	-	3 236 053	516 492	55 345	2 664 216
Motor vehicle loans	15 293	12 559	-	-	2 438	-	-	-	296	-	-	-	470	13	177	280
Mortgages	26 094 138	17 061 949	31 636	66 527	2 164 867	-	1 620 005	-	6 867 322	-	2 488 258	-	6 032 807	76 032	522 434	5 434 341
Overdrafts	1 237 502	566 410	-	-	71 512	-	-	-	599 580	-	-	-	291 524	545	197	290 782
Corporate - less significant exposures	3 080 933	2 235 756	-	980	180 770	-	147 456	-	664 407	-	193 830	-	503 239	40 768	66 281	396 190
Corporate - significant exposures	228 237 950	150 936 273	-	4 626 456	30 198 997	-	16 024 717	-	47 102 680	-	40 997 562	-	41 537 242	2 710 261	9 220 471	29 606 510
State	85 264 971	62 816 525	-	-	22 448 446	-	-	-	-	-	-	-	1 560 518	932 072	628 446	-
On-balance sheet exposure	**406 331 101**	**292 331 551**	**37 580**	**4 700 261**	**55 368 120**	**1 027**	**17 792 178**	**-**	**58 631 430**	**-**	**43 692 910**	**-**	**53 371 637**	**4 284 907**	**10 496 094**	**38 590 636**
Documentary credits and guarantees provided																
Corporate - less significant exposures	7 231 673	6 890 923	-	-	340 750	-	-	-	-	-	-	-	15 267	15 267	-	-
Corporate - significant exposures	69 896 229	69 680 475	-	-	215 754	-	-	-	-	-	-	-	289 370	289 370	-	-
Undrawn credit facilities	45 820 872	45 287 015	-	-	169 025				364 832				230 953	165 047	650	65 256
Off-balance sheet exposure	122 948 774	121 858 413	-	-	725 529	-	-	-	364 832	-	-	-	535 590	469 684	650	65 256
Total exposure	**529 279 875**	**414 189 964**	**37 580**	**4 700 261**	**56 093 649**	**1 027**	**17 792 178**	**-**	**58 996 262**	**-**	**43 692 910**	**-**	**53 907 227**	**4 754 591**	**10 496 744**	**38 655 892**

(Amounts stated in thousand of Kwanzas)

31/12/2020	Exposure												Impairment			
Segment	Total exposure	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which acquired or originated in loan impairment	Loans in Stage 3	Of which no longer in default	Of which restructured	Of which acquired or originated in loan impairment	Total impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	488 909	443 978	-	-	42 772	-	-	-	2 159	-	-	-	1 595	175	26	1 394
Consumer credit	58 974 869	53 826 762	4 288	-	1 906 484	4 867	21 929	-	3 241 623	-	115	-	2 939 625	317 943	81 812	2 539 870
Motor vehicle loans	49 400	46 825	-	-	-	-	-	-	2 575	-	-	-	1 414	117	-	1 297
Mortgages	29 800 166	19 005 809	-	-	1 083 996	-	41 800	-	9 710 361	99 806	3 482 653	-	7 300 842	125 714	164 189	7 010 939
Overdrafts	2 698 704	214 579	65	-	621 902	698	-	-	1 862 223	-	-	-	1 627 207	6 752	204 175	1 416 280
Corporate - less significant exposures	3 007 223	1 975 016	15	-	315 699	153	116 963	-	716 508	-	71 065	-	520 380	21 763	63 379	435 238
Corporate - significant exposures	166 808 499	56 671 579	-	-	90 943 459	185 932	52 975 750	-	19 193 461	-	107 264	-	35 335 000	624 473	17 890 535	16 819 992
Public sector	125 990 979	49 407 412	-	-	76 583 567	-	-	-	-	-	-	-	6 719 418	2 794 233	3 925 185	-
On-balance sheet exposure	**387 818 749**	**181 591 960**	**4 368**	**-**	**171 497 879**	**191 650**	**53 156 442**	**-**	**34 728 910**	**99 806**	**3 661 097**	**-**	**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	-	-	-	-	-	-	-	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**	**3 661 097**	**-**	**54 538 542**	**3 945 131**	**22 368 401**	**28 225 010**

As at 31 December 2020, the amount of undrawn credit facilities from irrevocable commitments amounts to AOA 35,052,058 thousand and is not disclosed in the tables in this Note.

The significant decrease in Stage 2 loans results on the one hand from a significant payment, in accordance with the financial plan, made by an entity of the State segment and on the other hand from a transfer of an operation of significant amount to Stage 3. Regarding this operation, the Bank is currently restructuring and renegotiating it with the various parties involved.

The loan portfolio and impairment by range of days past due presents the following structure:

(Amounts stated in thousand of Kwanzas)

31/12/2021	Exposure								
	Exposures without a 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)			Exposures with 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	886 140	-	-	11 088	13 257	-	39 868	4 595	169 606
Consumer credit	57 815 939	-	-	32 037	241 423	3 285	243 695	51 702	2 887 679
Motor vehicle loans	12 559	-	-	-	2 438	-	-	68	228
Mortgages	17 061 949	-	-	1 942 464	142 375	80 028	1 504 590	375 287	4 987 445
Overdrafts	563 628	-	2 782	28 673	39 681	3 158	8 757	2 111	588 712
Corporate - less significant exposures	2 235 287	-	469	147 523	33 232	15	309 803	3 798	350 806
Corporate - significant exposures	150 936 273	-	-	29 602 360	7 998	588 639	36 513 648	88	10 588 944
State	62 816 525	-	-	22 448 446	-	-	-	-	-
On-balance sheet exposure	**292 328 300**	**-**	**3 251**	**54 212 591**	**480 404**	**675 125**	**38 620 361**	**437 649**	**19 573 420**
Documentary credits and guarantees provided									
Corporate - less significant exposures	6 890 923	-	-	340 750	-	-	-	-	-
Corporate - significant exposures	69 680 475	-	-	215 754	-	-	-	-	-
Undrawn credit facilities	**45 287 015**	**-**	**-**	**165 230**	**3 795**	**-**	**346 826**	**274**	**17 732**
Off-balance sheet exposure	**121 858 413**	**-**	**-**	**721 734**	**3 795**	**-**	**346 826**	**274**	**17 732**
Total exposure	**414 186 713**	**-**	**3 251**	**54 934 325**	**484 199**	**675 125**	**38 967 187**	**437 923**	**19 591 152**

(Amounts stated in thousand of Kwanzas)

31/12/2021	Impairment								
	Exposures without a 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)			Exposures with 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	8 724	-	-	238	2 505	-	36 944	4 348	157 025
Consumer credit	516 492	-	-	904	53 398	1 043	174 536	37 468	2 452 212
Motor vehicle loans	13	-	-	-	177	-	-	60	220
Mortgages	76 032	-	-	395 770	96 645	30 019	981 111	250 931	4 202 299
Overdrafts	544	-	1	52	132	13	2 669	611	287 502
Corporate - less significant exposures	40 469	-	299	62 852	3 426	3	178 939	2 266	214 985
Corporate - significant exposures	2 710 261	-	-	8 873 865	-	346 606	21 066 191	42	8 540 277
State	932 072	-	-	628 446	-	-	-	-	-
On-balance sheet exposure	**4 284 607**	**-**	**300**	**9 962 127**	**156 283**	**377 684**	**22 440 390**	**295 726**	**15 854 520**
Documentary credits and guarantees provided									
Corporate - less significant exposures	15 267	-	-	-	-	-	-	-	-
Corporate - significant exposures	289 370	-	-	-	-	-	-	-	-
Undrawn credit facilities	**165 047**	**-**	**-**	**623**	**27**	**-**	**60 576**	**74**	**4 606**
Off-balance sheet exposure	**469 684**	**-**	**-**	**623**	**27**	**-**	**60 576**	**74**	**4 606**
Total exposure	**4 754 291**	**-**	**300**	**9 962 750**	**156 310**	**377 684**	**22 500 966**	**295 800**	**15 859 126**

(Amounts stated in thousand of Kwanzas)

31/12/2020	Exposure								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with significant increase in credit risk since initial recognition but not impaired (Stage 2)			Impaired loan exposures (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	-	-
Consumer credit	53 826 762	-	-	1 505 223	380 302	20 959	120 990	40 412	3 080 221
Motor vehicle loans	46 825	-	-	-	-	-	-	-	2 575
Mortgage loans	19 005 809	-	-	472 537	264 927	346 532	3 628 023	515 470	5 566 868
Overdrafts	210 203	-	4 376	122 740	497 169	1 993	2 955	743	1 858 525
Less significant corporate exposures	1 975 007	9	-	189 260	38 071	88 368	142 837	955	572 716
Significant corporate 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	-	-	-	-	-
On-balance sheet exposure	**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 Issued (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 stated in thousand of Kwanzas)

31/12/2020	Impairment								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with significant increase in credit risk since initial recognition but not impaired (Stage 2)			Impaired loan exposures (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	-	-
Consumer credit	317 944	-	-	16 720	58 239	6 852	63 832	19 816	2 456 222
Motor vehicle loans	117	-	-	-	-	-	-	-	1 297
Mortgage loans	125 713	-	-	21 977	54 066	88 146	2 107 031	340 968	4 562 941
Overdrafts	6 750	-	3	6 409	196 910	855	2 250	565	1 413 465
Less significant corporate exposures	21 762	1	-	16 952	2 631	43 797	122 017	539	312 681
Significant corporate exposures	617 357	-	7 116	17 290 028	-	600 507	36 173	-	16 783 819
Public sector	2 794 232	-	-	3 925 186	-	-	-	-	-
On-balance sheet exposure	**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 Issued (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**

The credit portfolio by segment and year in which the transactions were granted is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021														
	Credit cards			Consumer credit			Motor vehicle loans			Mortgages			Overdrafts		
Segment	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2016 and prior years	18 204	960 426	204 826	4 516	1 800 990	1 540 914	72	296	280	281	5 102 022	3 157 619	8 081	815 665	154 099
2017	362	22 620	3 053	711	183 840	106 598	4	2 780	1	13	377 345	1 032	862	84 880	23 676
2018	66	6 099	416	4 257	2 735 640	286 367	1	2 438	177	13	237 101	10 235	981	96 363	33 349
2019	1 721	76 697	1 188	9 560	10 733 524	491 567	3	8 530	10	612	17 128 785	2 318 554	773	114 428	42 239
2020	10	466	1	6 843	15 257 501	401 037	-	0	0	56	2 063 956	388 264	563	109 499	36 135
2021	1 597	58 246	300	10 690	30 564 263	409 570	1	1 250	2	34	1 184 929	157 103	407	16 667	2 026
Total	**21 960**	**1 124 554**	**209 784**	**36 577**	**61 275 758**	**3 236 053**	**81**	**15 294**	**470**	**1 009**	**26 094 138**	**6 032 807**	**11 667**	**1 237 502**	**291 524**

(Amounts stated in thousand of Kwanzas)

	31/12/2021											
	Corporate - less significant exposures			Corporate - significant exposures			State			Documentarey credits and guarantees provided		
Segment	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2016 and prior years	693	717 577	128 705	199	21 757 277	5 406 775	3	22 448 446	628 446	3	2 651 096	35 319
2017	207	118 806	51 058	21	7 581 293	711 249	-	-	-	13	3 851 604	5 843
2018	329	91 349	23 033	13	6 507 646	399 636	1	47 268 165	701 365	4	319 411	4 290
2019	367	617 500	104 550	23	20 846 859	9 132 053	1	15 548 360	230 707	3	3 657 540	4 928
2020	184	203 951	43 030	22	65 251 342	21 530 019	-	-	-	22	15 681 507	62 406
2021	130	1 331 750	152 863	60	106 293 533	4 357 510	-	-	-	113	50 966 744	191 851
Total	**1 910**	**3 080 933**	**503 239**	**338**	**228 237 950**	**41 537 242**	**5**	**85 264 971**	**1 560 518**	**158**	**77 127 902**	**304 637**

(Amounts stated in thousand of Kwanzas)

Segment	31/12/2020														
	Credit cards			Consumer credit			Motor vehicle loans			Mortgages			Overdrafts		
	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2015 and prior years	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 stated in thousand of Kwanzas)

Segment	31/12/2020											
	Corporate - less significant exposures			Corporate - significant exposures			Public sector			Documentarey credits and guarantees provided		
	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised	Number of transactions	Amount	Impairment recognised
2015 and prior years	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**

The detail of the amount of the gross credit exposure and the amount of impairment recognised for the exposures analysed individually and collectively, by segment, corresponds to the following:

(Amounts stated in thousand of Kwanzas)

By segment: 31/12/2021	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	1 123 757	208 987	58 706 622	1 767 385	15 293	470	21 793 104	3 039 489	1 192 906	291 512
Individual impairment	797	797	2 569 138	1 468 668	-	-	4 301 034	2 993 318	44 596	12
Total	**1 124 554**	**209 784**	**61 275 760**	**3 236 053**	**15 293**	**470**	**26 094 138**	**6 032 807**	**1 237 502**	**291 524**

(Amounts stated in thousand of Kwanzas)

By segment: 31/122021	Corporate - less significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	2 834 516	438 286	4 845 847	148 076	-	-	1 539 816	8 016	11 339 062	83 741
Individual impairment	246 417	64 953	223 392 103	41 389 165	85 264 971	1 560 518	75 588 086	296 621	34 481 810	147 212
Total	**3 080 933**	**503 239**	**228 237 950**	**41 537 241**	**85 264 971**	**1 560 518**	**77 127 902**	**304 637**	**45 820 872**	**230 953**

(Amounts stated in thousand of Kwanzas)

By segment: 31/12/2020	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
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 stated in thousand of Kwanzas)

By segment: 31/122020	Corporate - less significant exposures		Corporate - significant exposures		Public sector		Documentary credits and guarantees provided	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collective impairment	2 701 363	348 680	73 198 844	2 189 872	125 990 979	6 719 419	50 464 174	92 667
Individual impairment	305 860	171 699	93 609 656	33 145 127	-	-	-	394
Total	**3 007 223**	**520 380**	**166 808 499**	**35 335 000**	**125 990 979**	**6 719 419**	**50 464 174**	**93 062**

The detail of the amount of the gross credit exposure and the amount of impairment recognised for the exposures analysed individually and collectively, by sector of activity, corresponds to the following:

(Amounts stated in thousand of Kwanzas)

By business sector: 31/12/2021	Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public administration, defence and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	75 560	11 541	173 665	28 396	219	140	719 776	21 995	357 764	44 317
Individual impairment	182 741	2 568	1 895 153	349 142	85 264 971	1 560 518	49 983 889	21 723 828	3 199 262	63 138
Total	**258 301**	**14 109**	**2 068 818**	**377 538**	**85 265 190**	**1 560 658**	**50 703 665**	**21 745 823**	**3 557 026**	**107 455**

(Amounts stated in thousand of Kwanzas)

By business sector: 31/12/2021	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	0	0	1 913 239	117 167	339 405	42 158	60 769	8 879	211 248	65 629
Individual impairment	918 529	2 604	25 721 972	615 426	78 106 896	5 660 886	703 361	483 346	2 076 563	1 661 250
Total	**918 529**	**2 604**	**27 635 211**	**732 593**	**78 446 301**	**5 703 044**	**764 130**	**492 225**	**2 287 811**	**1 726 879**

(Amounts stated in thousand of Kwanzas)

By business sector: 31/12/2021	Manufacturing industries		Other service companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	541 049	10 613	1 796 655	202 283	82 930 264	5 311 331	456 879	2 307	264 939	3 698	670 616	23 751
Individual impairment	19 570 015	2 581 798	36 703 311	8 117 732	6 892 447	4 484 262	152 278	66 092	0	0	4 447 666	104 841
Total	**20 111 064**	**2 592 411**	**38 499 966**	**8 320 015**	**89 822 711**	**9 795 593**	**609 157**	**68 399**	**264 939**	**3 698**	**5 118 282**	**128 592**

(Montantes expressos em milhares de Kwanzas)

By business sector: 31/12/2020	Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public administration, defence and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective 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**

(Montantes expressos em milhares de Kwanzas)

By business sector: 31/12/2020	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective 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**

(Montantes expressos em milhares de Kwanzas)

By business sector: 31/12/2020	Manufacturing industries		Other service companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective 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**

The details of the restructured loan portfolio, by restructuring measure applied, are as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment
Term extension	7	4 662 227	63 736	6	199 313	20 175	16	36 738 731	21 355 937	29	41 600 271	21 439 848
New loan	6	38 033	143	32	17 592 867	3 422 565	81	6 954 179	6 263 661	119	24 585 079	9 686 369
Total	**13**	**4 700 260**	**63 879**	**38**	**17 792 180**	**3 442 740**	**97**	**43 692 910**	**27 619 598**	**148**	**66 185 350**	**31 126 217**

(Amounts stated in thousand of Kwanzas)

	31/12/2020											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment
Term extension	-	-	-	5	49 653 650	11 330 232	11	489 156	306 253	16	50 142 806	11 636 485
New loan	-	-	-	11	3 502 792	407 115	80	3 171 942	1 945 828	91	6 674 734	2 352 943
Total	**-**	**-**	**-**	**16**	**53 156 442**	**11 737 347**	**91**	**3 661 098**	**2 252 082**	**107**	**56 817 540**	**13 989 429**

The inflows and outflows in the restructured loan portfolio were as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Opening balance of restructured loans portfolio (gross of impairment + interest)	**56 817 540**	**10 712 572**
Restructured loans in the period	23 671 241	55 722 379
Accrued interest on the restructured loan portfolio	5 424 849	1 095 161
Settlement of restructured credits (partial or total)	(1 681 522)	(1 736 037)
Loans reclassified from "restructured" to "normal"	(575 351)	(4 853 478)
Interest written off from restructured loans	(16 151 828)	-
Other	(1 319 579)	(4 123 058)
Closing balance of restructured loans portfolio (gross of impairment + interest)	**66 185 350**	**56 817 540**

In 2021, the Bank wrote off a set of interests relating to operations that were restructured or in the process of restructuring and for which the customers are not currently fulfilling the obligations initially assumed.

The detail of the collaterals underlying the loan portfolio of the Corporate, Construction and Real Estate promotion and Residential segments is as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021											
	Corporate				Construction and Real Estate promotion				Residential			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	18	391 927	196	2 304 778	1	47 100	5	132 064	87	2 704 322	3	69 621
> = 50MAOA and < 100 MAOA	12	824 863	23	1 273 723	-	0	1	80 500	119	8 624 732	1	66 598
> = 100 MAOA and < 500 MAOA	32	7 729 595	49	9 514 361	1	102 671	5	1 358 263	175	32 268 917	7	1 379 842
> = 500 MAOA and < 1000 MAOA	10	6 402 449	11	7 224 057	2	1 500 124	4	2 950 014	4	2 536 818	1	554 981
> = 1000 MAOA and < 2000 MAOA	20	11 534 350	7	7 164 116	1	1 900 000	5	6 787 998	3	2 464 775	-	-
> = 2000 MAOA and < 5000 MAOA	7	17 761 109	9	25 622 605	-	0	4	10 201 979	1	2 441 916	-	-
> = 5.000 MAOA	17	215 988 023	6	85 586 065	2	238 578 600	5	46 558 489	-	0	-	-
Total	**116**	**260 632 316**	**301**	**138 689 705**	**7**	**242 128 495**	**29**	**68 069 307**	**389**	**51 041 480**	**12**	**2 071 042**

(Amounts stated in thousand of Kwanzas)

	31/12/2020											
	Corporate				Construction and Real Estate promotion				Residential			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	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**

In order to mitigate credit risk, credit operations have associated collaterals, namely mortgages or pledges. The fair value of these collaterals is determined at the date the loan is granted and is periodically reassessed.

The loan-collateral ratio of the Corporate, Construction and Real Estate promotion and Residential segments has the following structure:

(Amounts stated in thousand of Kwanzas)

	31/12/2021					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	9 887 611	224 477	6 991 602	6 733 783
< 50%	2	11	10 202 414	-	51 856 384	20 837 477
> = 50% and < 75%	2	19	3 397 189	8 631 383	2 814 891	2 903 383
> = 75% and < 100%	-	39	18 487 378	1 177 278	510 970	578 618
> = 100%	112	232	98 309 758	16 687 078	3 406 841	5 255 397
Construction and Real Estate promotion						
Without guarantee	-	-	23 203 840	5 252 595	761 950	3 290 262
< 50%	-	1	1 377 212	-	-	22 483
> = 50% and < 75%	-	-	-	-	-	-
> = 75% and < 100%	2	11	24 329 356	-	-	555 949
> = 100%	5	17	21 245 117	3 315 366	-	1 848 458
Residential						
Without guarantee	-	-	7 863 715	1 191 882	2 865 929	2 420 254
< 50%	8	-	176 348	-	-	42 096
> = 50% and < 75%	1	1	78 782	-	-	214
> = 75% and < 100%	5	-	72 898	-	-	555 949
> = 100%	375	11	8 898 724	972 985	-	1 848 458
Total	**512**	**342**	**227 530 342**	**37 453 044**	**69 208 567**	**46 892 781**

(Amounts stated in thousand of Kwanzas)

	31/12/2020					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	70 759 987	78 268 375	2 185 576	8 896 339
< 50%	-	1	1 792 668	-	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 promotion						
Without guarantee	-	-	13 783 218	2 223 973	451 258	382 538
< 50%	-	1	1 750 759	-	-	19 837
> = 50% and < 75%	-	-	-	-	-	-
> = 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
Residential						
Without guarantee	-	-	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**

The distribution of the loan portfolio and impairment measured by internal risk grades is presented as follows:

(Amounts stated in thousand of Kwanzas)

Segment	Exposure as at 31/12/2021							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	-	914 516	1 307	317	1 583	240	206 591	1 124 554
Consumer credit	976 439	57 022 537	288 197	92 891	162 473	111 600	2 621 622	61 275 759
Motor vehicle loans	-	12 559	2 438	-	68	-	228	15 293
Mortgages	87 634	17 663 993	180 920	41 370	123 265	80 277	7 916 678	26 094 137
Overdrafts	145	590 338	39 554	12 934	93 365	4 308	496 858	1 237 502
Corporate - less significant exposures	230 494	2 273 774	58 242	36 244	117 418	12 465	352 296	3 080 933
Corporate - significant exposures	57 720 287	112 588 576	7 993	34 904 598	1 215 589	285 018	21 515 891	228 237 952
State	85 264 971	-	-	-	-	-	-	85 264 971
On-balanche sheet exposure	**144 279 970**	**191 066 293**	**578 651**	**35 088 354**	**1 713 761**	**493 908**	**33 110 164**	**406 331 101**
Documentary credits and guarantees provided								
Corporate - less significant exposures	80 200	7 151 473	-	-	-	-	-	7 231 673
Corporate - significant exposures	4 078 699	65 817 530	-	-	-	-	-	69 896 229
Undrawn credit facilities	2 879 067	42 894 799	3 528	1 188	699	1 671	39 920	45 820 872
Off-balanche sheet exposure	**7 037 966**	**115 863 802**	**3 528**	**1 188**	**699**	**1 671**	**39 920**	**122 948 774**
Total exposure	**151 317 936**	**306 930 095**	**582 179**	**35 089 542**	**1 714 460**	**495 579**	**33 150 084**	**529 279 875**

(Amounts stated in thousand of Kwanzas)

Segment	Impairment as at 31/12/2021							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	-	34 782	67	162	1 256	206	173 311	209 784
Consumer credit	5 439	689 866	66 685	23 421	106 850	75 383	2 268 410	3 236 054
Motor vehicle loans	-	13	177	-	60	-	220	470
Mortgages	131	415 738	99 559	18 327	85 001	48 558	5 365 492	6 032 806
Overdrafts	-	3 039	1 502	268	25 925	1 156	259 634	291 524
Corporate - less significant exposures	3 597	182 607	10 615	32 306	71 826	7 977	194 314	503 242
Corporate - significant exposures	870 593	5 158 021	-	20 655 337	1 006 356	149 024	13 697 908	41 537 239
State	1 560 518	-	-	-	-	-	-	1 560 518
On-balanche sheet exposure	**2 440 278**	**6 484 066**	**178 605**	**20 729 821**	**1 297 274**	**282 304**	**21 959 289**	**53 371 637**
Documentary credits and guarantees provided								
Corporate - less significant exposures	3 347	11 920	-	-	-	-	-	15 267
Corporate - significant exposures	47 590	241 780	-	-	-	-	-	289 370
Undrawn credit facilities	24 496	197 853	42	12	143	404	8 003	230 953
Off-balanche sheet exposure	**75 433**	**451 553**	**42**	**12**	**143**	**404**	**8 003**	**535 590**
Total exposure	**2 515 711**	**6 935 619**	**178 647**	**20 729 833**	**1 297 417**	**282 708**	**21 967 292**	**53 907 227**

(Amounts stated in thousand of Kwanzas)

Segment	Exposure as at 31/12/2020							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	378	459 361	24 281	1 952	1 592	116	1 229	488 909
Consumer loans	708 706	54 665 310	354 831	91 282	223 362	77 148	2 854 231	58 974 869
Motor vehicle loans	0	46 825	0	0	0	0	2 575	49 400
Mortgage loans	109 678	19 886 884	408 898	50 051	175 654	211 453	8 957 547	29 800 166
Overdrafts	360	329 248	128 027	375 087	501 525	21 956	1 342 500	2 698 704
Less significant corporate exposures	415 391	1 837 195	83 990	44 266	61 208	34 824	530 350	3 007 223
Significant corporate 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	0	0	0	0	0	0	125 990 979
On-balance sheet 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 Issued (Note 27)	5 444 216	45 019 958	0	0	0	0	0	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 stated in thousand of Kwanzas)

Segment	Impairment as at 31/12/2020							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit cards	0	646	784	60	63	20	22	1 595
Consumer loans	3 692	393 412	47 355	26 214	97 766	41 479	2 329 707	2 939 625
Motor vehicle loans	0	117	0	0	0	0	1 297	1 414
Mortgage loans	251	466 486	193 335	14 103	89 295	169 846	6 367 525	7 300 842
Overdrafts	26	16 664	36 246	161 032	379 528	16 607	1 017 104	1 627 207
Less significant corporate exposures	5 440	152 578	14 061	32 129	25 420	16 506	274 245	520 380
Significant corporate 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	0	0	0	0	0	0	6 719 419
On-balance sheet 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 Issued (Note 27)	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**

As at 31 December 2021 and 2020, the risk grades presented in the table above, are in accordance with the classification of Instruction No. 9/2015 of Banco Nacional de Angola.

As at 31 December 2021 and 2020, the detail of the customer loan portfolio according to the credit risk categories (Stage 1, Stage 2, and Stage 3) is as follows:

(Amounts stated in thousand of Kwanzas)

31/12/2021	Exposure				Imparidade			
Segment	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit cards	886 140	24 345	214 069	1 124 554	8 724	2 743	198 317	209 784
Consumer credit	57 815 939	276 745	3 183 076	61 275 760	516 492	55 345	2 664 216	3 236 053
Motor vehicle loans	12 559	2 438	296	15 293	13	177	280	470
Mortgages	17 061 949	2 164 867	6 867 322	26 094 138	76 032	522 434	5 434 341	6 032 807
Overdrafts	566 410	71 512	599 580	1 237 502	545	197	290 782	291 524
Corporate - less significant exposures	2 235 756	180 770	664 407	3 080 933	40 768	66 281	396 190	503 239
Corporate - significant exposures	150 936 273	30 198 997	47 102 680	228 237 950	2 710 261	9 220 471	29 606 510	41 537 242
State	62 816 525	22 448 446	-	85 264 971	932 072	628 446	-	1 560 518
On-balanche sheet exposure	**292 331 551**	**55 368 120**	**58 631 430**	**406 331 101**	**4 284 907**	**10 496 094**	**38 590 636**	**53 371 637**
Documentary credits and guarantees provided								
Corporate - less significant exposures	6 890 923	340 750	-	7 231 673	15 267	-	-	15 267
Corporate - significant exposures	69 680 475	215 754	-	69 896 229	289 370	-	-	289 370
Undrawn credit facilities	45 287 015	169 025	364 832	45 820 872	165 047	650	65 256	230 953
Off-balanche sheet exposure	**121 858 413**	**725 529**	**364 832**	**122 948 774**	**469 684**	**650**	**65 256**	**535 590**
Total exposure	**414 189 964**	**56 093 649**	**58 996 262**	**529 279 875**	**4 754 591**	**10 496 744**	**38 655 892**	**53 907 227**

(Amounts stated in thousand of Kwanzas)

31/12/2020	Exposure				Imparidade			
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
Consumer loans	53 826 762	1 906 484	3 241 623	58 974 869	317 943	81 812	2 539 870	2 939 625
Motor vehicle loans	46 825	-	2 575	49 400	117	-	1 297	1 414
Mortgage loans	19 005 809	1 083 997	9 710 361	29 800 166	125 714	164 189	7 010 939	7 300 842
Overdrafts	214 579	621 902	1 862 223	2 698 704	6 752	204 175	1 416 280	1 627 207
Less significant corporate exposures	1 975 016	315 700	716 508	3 007 223	21 763	63 379	435 238	520 380
Significant corporate 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
On-balance sheet 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 Issued	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**

The movement in Loans and advances to customers by stage in the period ended 31 December 2021 was as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021							
	Stage 1		Stage 2		Stage 3		Total	
	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses
Balance as at 1 January 2021	183 347 025	**3 891 170**	171 497 880	**22 329 302**	34 278 909	**28 225 009**	**389 123 814**	**54 445 481**
Financial assets originated or acquired	140 054 174	5 145 146	-	-	-	-	140 054 174	5 145 146
Variation due to changes in credit risk	-	(1 822 200)	-	389 040	-	8 736 045	-	7 302 885
Financial assets derecognised	(21 386 716)	(109 812)	(56 812 541)	(2 120 194)	(5 699 236)	(4 612 089)	(83 898 493)	(6 842 095)
Transfers to:							-	-
Stage 1	12 899 855	245 557	(12 835 023)	(211 991)	(64 832)	(33 566)	-	-
Stage 2	(14 739 515)	(2 669 191)	16 914 470	3 647 909	(2 174 955)	(978 718)	-	-
Stage 3	(1 581 259)	(395 114)	(50 334 619)	(11 633 491)	51 915 878	12 028 605	-	-
Loans written off from assets	-	-	-	-	(4 775 121)	(4 775 121)	(4 775 121)	(4 775 121)
Interest written off from loans	-	-	(3 442 205)	-	(16 515 828)	-	(19 958 033)	-
Settlements, changes in foreign exchange rates and other movements	(6 262 013)	(649)	(9 619 842)	(1 904 481)	1 666 615	471	(14 215 240)	(1 904 659)
Balance as at 31 December 2021	**292 331 551**	**4 284 907**	**55 368 120**	**10 496 094**	**58 631 430**	**38 590 636**	**406 331 101**	**53 371 637**

The movement in financial instruments in the period ended 31 December 2020 was as follows:

(Amounts stated in thousand of Kwanzas)

	Stage 1	Stage 2	Stage 3	Total
Gross book value as at 1 January 2020	**1 603 047 080**	**74 951 959**	**23 270 895**	**1 701 269 934**
Loans and advances to credit institutions (Note 5)	42 522 475	0	0	42 522 475
Other loans and advances to central banks and credit institutions (Note 6)	457 492 832	0	0	457 492 832
Investments at amortised cost (Note 8)	842 084 352	0	0	842 084 352
Loans and advances to customers (Note 9)	260 947 421	74 951 959	23 270 895	359 170 275
Loans and advances to credit institutions (Note 5)				
New financial assets acquired or originated	0	0	0	0
Other changes	-16 227 134	0	0	-16 227 134
Other loans and advances to central banks and credit institutions (Note 6)				
New financial assets acquired or originated	649 862 691	0	0	649 862 691
Other changes	-457 492 832	0	0	-457 492 832
Investments at amortised cost (Note 8)				
New financial assets acquired or originated	153 512 293	0	0	153 512 293
Other changes	-243 935 968	283 494 034	0	39 558 066
Loans and advances to customers (Note 9)				
Transfer to Stage 1	752 514	-745 345	-7 169	0
Transfer to Stage 2	-82 209 782	82 621 062	-411 279	0
Transfer to Stage 3	-1 574 539	-6 275 337	7 849 876	0
New financial assets acquired or originated	49 396 173	62 332 747	2 465 154	114 194 073
Financial assets that were derecognised	-29 713 015	-39 171 858	-1 762 056	-70 646 929
Loans written off from assets	0	0	-483 368	-483 368
Other changes	-16 006 810	-2 215 347	3 806 856	-14 415 301
Gross book value as at 31 December 2020	**1 609 410 669**	**454 991 915**	**34 728 909**	**2 099 131 493**
Loans and advances to credit institutions (Note 5)	26 295 341	0	0	26 295 341
Other loans and advances to central banks and credit institutions (Note 6)	649 862 691	0	0	649 862 691
Investments at amortised cost (Note 8)	751 660 677	283 494 034	0	1 035 154 711
Loans and advances to customers (Note 9)	181 591 961	171 497 880	34 728 909	387 818 750

The movement in impairment for expected loss on financial instruments in the period ended 31 December 2020 was as follows:

(Amounts stated in thousand of Kwanzas)

	Stage 1	Stage 2	Stage 3	Financial assets acquired or originated impaired by credit losses	Total
Gross book value as at 1 January 2020	**17 805 293**	**9 013 603**	**18 407 671**		**45 226 567**
Loans and advances to credit institutions (Note 5)	14 678	0	0	0	14 678
Other loans and advances to central banks and credit institutions (Note 6)	745 837	0	0	0	745 837
Investments at amortised cost (Note 8)	13 232 514	0	0	0	13 232 514
Loans and advances to customers (Note 9)	3 812 264	9 013 603	18 407 671	0	31 233 538
Loans and advances to credit institutions (Note 5)					
New financial assets acquired or originated	0	0	0	0	0
Other changes	3 870	0	0	0	3 870
Other loans and advances to central banks and credit institutions (Note 6)					
New financial assets acquired or originated	770 956	0	0	0	770 956
Other changes	-745 837	0	0	0	-745 837
Investments at amortised cost (Note 8)					
New financial assets acquired or originated	7 561 820	0	0	0	7 561 820
Other changes	13 092 095	23 431 523	0	0	36 523 618
Loans and advances to customers (Note 9)					
Transfer to Stage 1	27 316	-24 027	-3 288	0	0
Transfer to Stage 2	-1 271 328	1 420 208	-148 880	0	0
Transfer to Stage 3	-17 296	-569 950	587 245	0	0
New financial assets acquired or originated	424 998	12 089 783	1 667 462	0	14 182 243
Financial assets that were derecognised	-416 695	-6 978 282	-1 097 906	0	-8 492 884
Loans written off from assets	0	0	-483 368	0	-483 368
Other changes	1 331 911	7 377 967	9 296 074	0	18 005 951
Gross book value as at 31 December 2020	**38 567 103**	**45 760 825**	**28 225 009**		**112 552 937**
Loans and advances to credit institutions (Note 5)	18 548	0	0	0	18 548
Other loans and advances to central banks and credit institutions (Note 6)	770 956	0	0	0	770 956
Investments at amortised cost (Note 8)	33 886 429	23 431 523	0	0	57 317 952
Loans and advances to customers (Note 9)	3 891 170	22 329 302	28 225 009	0	54 445 480

The risk factors associated with the impairment model, by segment, correspond to the following:

	Impairment in December 2021 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit cards	0,5%	23,6%	50,9%	94,2%
Consumer credit	2,7%	46,7%	45,9%	95,0%
Motor vehicle loans	0,3%	24,5%	45,9%	99,3%
Mortgages	1,0%	87,2%	53,4%	78,0%
Overdrafts	0,3%	1,5%	24,8%	43,4%
Corporate - less significant exposures	9,1%	47,9%	35,0%	72,4%
Corporate - significant exposures	10,8%	44,9%	35,6%	86,8%

	Impairment in 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%
Consumer loans	2,5%	17,5%	38,6%	49,4%
Motor vehicle loans	0,6%	n.a.	22,6%	50,4%
Mortgage loans	2,3%	69,1%	31,5%	37,6%
Overdrafts	1,1%	7,3%	53,1%	76,1%
Less significant corporate exposures	5,5%	39,4%	29,5%	54,4%
Significant corporate exposures	4,0%	25,4%	39,1%	81,6%

10. NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2021 and 2020, this caption is analysed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Non-current assets held for sale		
Real Estate	606 592	606 592
Accumulated impairment losses (Note 17)	(514 111)	(338 833)
	92 481	**267759**

The amounts shown refer to properties received as credit facilities, which are not in use and are available for immediate sale.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2021 and 2020, Investments in subsidiaries, associates, and joint ventures is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021				
	Country	Year of acquisition	Number of shares	% held	Acquisition cost
SHAREHOLDINGS 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**

(Amounts stated in thousand of Kwanzas)

	31/12/2020				
	Country	Year of acquisition	Number of shares	% held	Acquisition cost
SHAREHOLDINGS 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**

In 2021, the subsidiaries did not distribute dividends.

12. OTHER TANGIBLE AND INTANGIBLE ASSETS

The captions Other tangible and Intangible assets present the following movement during the period ended 31 December 2021 and 2020:

(Amounts stated in thousand of Kwanzas)

	31/12/2021													
	Balances as at 31/12/2020								Amortisation		Balances as at 31/12/2021			
	Gross assets	Accumulated depreciation	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated depreciation	Impairment	Net assets
Other tangible assets														
Real Estate for own use	25 572 546	(9 812 289)	(432 624)	15 327 633	501 897	(3 635)	1 421 231		(936 185)	(588)	27 495 674	(10 749 062)	(436 259)	16 310 353
Furniture, tools, facilities and equipment	24 496 083	(15 694 321)	-	8 801 762	7 727 396			584 883	(4 838 220)	132 513	32 808 362	(20 400 028)	-	12 408 334
Assets under construction	2 229 361	-	-	2 229 361	1 312 935		(1 421 231)	(434 253)	-		1 686 812	-	-	1 686 812
Right-of-use assets:														
Branches	4 186 441	(1 440 218)	-	2 746 223	650 919			(212 349)	(784 585)	65 825	4 625 011	(2 158 978)	-	2 466 033
Offices and central services	2 412 845	(1 008 436)	-	1 404 409	108 777				(543 592)		2 521 622	(1 552 028)	-	969 594
Other	250 158	(184 226)	-	65 932	158 613				(99 848)		408 771	(284 074)	-	124 697
Subtotal	**59 147 434**	**(28 139 490)**	**(432 624)**	**30 575 320**	**10 460 537**	**(3 635)**	**-**	**(61 719)**	**(7 202 430)**	**197 750**	**69 546 252**	**(35 144 170)**	**(436 259)**	**33 965 823**
Intangible assets														
Automatic data processing systems (Software)	5 154 664	(4 940 419)	-	213 472	2 065 105	-	-	-	(529 823)	-	7 219 769	(5 470 242)	-	1 749 527
Organisation and expansion expenses	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfer os assets	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**5 350 187**	**(5 135 942)**	**-**	**213 472**	**12 525 642**	**(3 635)**	**-**	**-**	**(529 823)**	**-**	**7 415 292**	**(40 809 935)**	**(436 259)**	**1 749 527**
Total	**64 497 621**	**(33 275 432)**	**(432 624)**	**30 788 792**	**14 590 747**	**(3 635)**	**-**	**-**	**(7 732 253)**	**197 750**	**76 961 544**	**(46 475 700)**	**(436 259)**	**35 715 350**

(Amounts stated in thousand of Kwanzas)

	31/12/2020													
	Balances as at 31/12/2019								Amortisation		Balances as at 31/12/2020			
	Gross assets	Accumulated depreciation	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated depreciation	Impairment	Net assets
Other tangible assets														
Real Estate for own use	24 686 815	(9 057 474)	(444 330)	15 185 011	373 586	11 706	512 145	-	(754 815)	-	25 572 546	(9 812 289)	(432 624)	15 327 633
Furniture, tools, facilities 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
Assets under construcion	2 730 445	-	-	2 730 445	566 178	-	(512 145)	(555 117)	-		2 229 361	-	-	2 229 361
Right-of-use assets:											-	-	-	-
Branches	6 943 669	(885 014)	-	6 058 655	490 903	-	-	(3 248 131)	(747 052)	191 848	4 186 441	(1 440 218)	-	2 746 223
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
Subtotal	**56 437 025**	**(23 404 605)**	**(444 330)**	**32 588 090**	**6 702 691**	**11 706**	**-**	**(3 992 282)**	**(5 105 354)**	**370 469**	**59 147 434**	**(28 139 490)**	**(432 624)**	**30 575 320**
Intangible assets														
Automatic data processing systems (Software)	5 154 664	(4 524 439)	-	630 225	-	-	-	(773)	(416 753)	773	5 153 891	(4 940 419)	-	213 472
Organisation and expansion expenses	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfer os assets	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**5 350 187**	**(4 719 962)**	**-**	**630 225**	**-**	**-**	**-**	**(773)**	**(416 753)**	**773**	**5 349 414**	**(5 135 942)**	**-**	**213 472**
Total	**61 787 212**	**(28 124 567)**	**-**	**33 218 315**	**6 702 691**	**11 706**	**-**	**(3 993 055)**	**(5 522 107)**	**371 242**	**64 496 848**	**(33 275 432)**	**(432 624)**	**30 788 792**

13. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2021 and 2020, the balances of current tax assets and liabilities were as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Current tax assets	67 985	4 186
Total - Current tax assets	**67 985**	**4 186**
Current tax liabilities:		
VAT	551 093	908 347
On capital gains	513 053	6 039 550
On income from employment	581 030	530 924
Taxation of remuneration	333 626	306 256
Total - Current tax liabilities	**1 978 802**	**7 785 077**

In the period ended 31 December 2021 and 2020, the cost of income taxes recognised in profit or loss, as well as the effective tax rate, measured by the ratio between the tax assessed and the profit/(loss) for the period before that assessment, can be summarised as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Current tax liabilities		
Industrial Tax		-
Capital Gains Tax	6 524 720	11 141 490
Deferred tax assets	1 574 006	6 696 980
Adjustment to estimates of prior years		
Industrial Tax		-
Total tax recorded in profit or loss	**8 098 726**	**17 838 470**
Profit before tax	**164 570 458**	**107 687 066**
Effective tax rate	4,92%	16,57%

The reconciliation between the nominal tax rate and the effective tax rate for the period ended 31 December 2021 and 2020, can be analysed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021		31/12/2020	
	Taxa de imposto	Valor	Taxa de imposto	Valor
Profit before tax		164 570 458		107 687 066
Tax calculated using nominal tax rate	35,00%	57 599 660	35,00%	37 690 473
Tax benefits on income from public debt securities	-41,01%	(67 497 495)	-57,02%	(61 405 241)
Other permanent differences	6,01%	9 897 835	22,02%	23 714 768
Deductible tax losses	0,00%	-	0,00%	-
Capital Gains Tax (IAC)	3,96%	6 524 720	10,35%	11 141 490
Adjustment of prior year estimate	0,00%	-	0,00%	-
Deferred tax assets	0,96%	1 574 006	6,22%	6 696 980
Income tax	**4,92%**	**8 098 726**	**16,57%**	**17 838 470**

Industrial Tax

As referred in Note 2.16, the Bank is subject to Corporate Income Tax, and the applicable tax rate is 35% for the period ended 31 December 2021 and 2020.

Deferred Taxes

As at 31 December 2021, the Bank had no deferred tax assets and as at 31 December 2020 the amount recognised was AOA 1,645,788 thousand, an amount that was reversed during 2021.

The Bank uses the rate of 35% to calculate deferred taxes.

As at 31 December 2021, the tax losses reported for previous years in the respective Model 1 and the tax loss to be carried forward for 2021, by year of expiry, are analysed as follows:

Year	Expiry year	Tax losses
2019	31/12/2022	19 792 674
2020	31/12/2025	113 274 327
2021	31/12/2026	10 073 041
		143 140 042

The Bank has not recognised deferred tax assets associated with tax losses, as it considers that the requirements for their recognition in accordance with IAS 12 are not met.

The movement in deferred tax assets in the period ended 31 December 2021 and 2020 was as follows:

(Amounts stated in thousand of Kwanzas)

	Balances as at 31/12/2020	Increases	Refunds / write-offs	Foreign exchange differences	Balances as at 31/12/2021
Provisions temporarily not accepted as a tax cost:					
Provisions for bank risks, Retirement Compensation and Social Fund	759 346	-	759 346	-	-
Impact of IFRS 9 adoption	886 442		886 442	-	-
	1 645 788	**-**	**1 645 788**	**-**	**-**

(Amounts stated in thousand of Kwanzas)

	Balances as at 31/12/2019	Increases	Refunds / write-offs	Foreign exchange differences	Balances as at 31/12/2020
Provisions temporarily not accepted as a tax cost:					
Provisions for bank 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**

The Tax authorities have the right to review the tax situation of the Bank during a period of five years, which may result, due to different interpretations of tax legislation, in possible corrections to the respective taxes assessed.

It is the understanding of the Bank's Board of Directors that any additional settlements, which may result from these reviews, will not be significant to the financial statements.

14. OTHER ASSETS

As at 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Foreign exchange transactions		
Foreign exchange spot transactions	699 659	4 034 190
	699 659	**4 034 190**
Other assets of a tax nature		
Other taxes receivable	2 039 328	1 878 592
	2 039 328	**1 878 592**
Other assets of a civil nature		
Sundry debtors:		
Public sector - Government	1 157 245	396 957
Private sector - Corporate	1 190 727	488 127
Private sector - employees	1 139 326	979 654
Private Sector - individuals	1 526	3 116
Advances to fixed asset suppliers	7 275 581	2 412 325
Other debtors	-	40
	10 764 405	**4 280 219**
Other amounts of an administrative and commercial nature		
Prepaid expenses:		
Rents and leasings	45 697	24 904
Insurance	-	79 472
Other	222 625	227 520
	268 322	**331 896**
Office material	2 325 517	1 080 934
Other advances:		
Cash shortfalls	10 352	17 341
Accruals	1 516 896	2 998 570
Other	4 208	1 031 389
	1 531 456	**4 047 300**
	17 628 687	**15 653 131**

As at 31 December 2021 and 2020, the balance of the caption Foreign exchange spot transactions corresponds to foreign exchange transactions to be settled on D+1.

As at 31 December 2021 and 2020, the caption Other amounts of a civil nature - Tax essentially represents taxes recoverable through the provisional assessment of an Industrial Tax.

As at 31 December 2021 and 2020, the caption Other amounts of a civil nature - Sundry debtors: Advances to fixed asset suppliers corresponds to advances made to fixed asset suppliers in the course of the Bank's business.

As at 31 December 2021 and 2020, the caption Other amounts of an administrative or commercial nature - Accruals relates to open operations at the end of the month which were settled in the first days of the following month.

15. DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Transactions in the Interbank Money Market		
Deposits from Credit Institutions in the country - Loan (AOA)	28 280	1 024 425
Deposits from other entities		
Certified cheques	1 107 188	1 109 316
Deposits linked to letters of credit	652 222	1 873 443
Other	66 312	81 115
	1 854 002	**4 088 299**

The detail of deposits from other credit institutions by residual maturity is presented in Note 30.2.

As at 31 December 2021 and 2020, the balance of this caption relates, essentially, to interbank clearing amounts, namely, certified cheques and letters of credit for imports.

16. DEPOSITS FROM CUSTOMERS AND OTHER LOANS

As at 31 December 2021 and 2020, the caption Deposits from customers and other loans is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Demand deposits of residents		
In domestic currency	588 564 644	648 307 040
In foreign currency	223 745 350	398 031 198
	812 309 994	**1 046 338 238**
Demand deposits of non-residents		
In domestic currency	22 878 216	35 931 354
In foreign currency	5 079 930	7 323 871
	27 958 146	**43 255 225**
Interest on demand deposits	47 582	97 544
Total demand deposits	**840 315 722**	**1 089 691 007**
Term deposits of residents		
In domestic currency	349 998 784	261 246 869
In foreign currency	798 601 311	883 845 804
	1 148 600 095	**1 145 092 673**
Term deposits of non-residents	7 942 977	10 161 240
Interest on term deposits	8 460 702	7 257 787
Total term deposits	**1 165 003 774**	**1 162 511 700**
Total deposits	**2 005 319 496**	**2 252 202 707**

As at 31 December 2021 and 2020, term deposits from customers have the following structure, according to the residual maturity of the operations:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Up to 1 month	349 272 143	259 031 662
1 to 3 months	388 496 597	381 470 505
3 to 6 months	257 201 342	337 426 158
6 to 12 months	161 100 664	176 385 958
1 to 3 years	8 933 028	8 197 417
	1 165 003 774	**1 162 511 700**

As at 31 December 2021 and 2020, interest on customers' term deposits earned interest at the following weighted average annual rates:

	31/12/2021	31/12/2020
In Kwanzas	10,99%	10,32%
In US dollars	1,07%	1,42%
In Euro	0,09%	0,17%

As at 31 December 2021 and 2020, demand and term deposits presented the following structure, by type of customer:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Demand deposits		
Public sector - Government	71 940 643	59 720 769
Public sector - Corporate	16 679 791	18 949 209
Corporate	460 998 603	624 790 995
Individuals	290 696 685	386 230 034
	840 315 722	**1 089 691 007**
Term deposits		
Public sector - Government	21 619 220	23 864 426
Public sector - Corporate	15 093 284	27 339 731
Corporate	548 715 883	439 942 710
Individuals	579 575 387	671 364 833
	1 165 003 774	**1 162 511 700**
	2 005 319 496	**2 252 202 707**

17. IMPAIRMENT AND PROVISIONS

The movement in impairment and provisions during the period ended 31 December 2021 and 2020 was as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021							
		Increases	Decreases					
	Balances as at 31/12/2020	Charges for the period	Refunds and write-offs	Write-offs	Charge-off	Foreign exchange and other differences	Transfers	Balances as at 31/12/2021
Impairment for other financial assets								
Loans and advances to credit institutions (Note 5)	18 548	24 461	(32 324)	-	-	(3 115)	-	7 570
Other loans and advances to credit institutions (Note 6)	770 956	478 838	(811 414)	-	-	(84 402)	-	353 978
Investiments at amortised cost (Note 8)	57 317 952	8 273 101	(49 378 585)	-	-	(2 739 847)	-	13 472 621
	58 107 456	8 776 400	(50 222 323)	-	-	(2 827 364)	-	13 834 169
Impairment of other assets								
Non-current assets held for sale (Note 10)	338 833	175 278	-	-	-	-	-	514 111
Other tangible and intangible assets (Note 12)	432 624	3 635	-	-	-	-	-	436 259
	771 457	178 913	-	-	-	-	-	950 370
Loan impairment (Note 9)	**54 445 480**	**15 520 121**	**(10 361 809)**	**(4 755 121)**	**-**	**(1 477 034)**	**-**	**58 126 758**
Provisions:								
Of a social or statutory nature	22 831 006	3 052 396	-	-	(1 116 368)	(3 212 824)	-	21 554 210
Of an administrative and commercial nature	18 544 002	9 617 280	(1 413 864)	-	(202 020)	(345 960)	681 411	26 880 849
Garantees provided and undrawn credit facilities (Note 9)	**93 063**	**588 927**	**(141 303)**	**-**	**-**	**(5 097)**	**-**	**535 590**
	41 468 071	**13 258 603**	**(1 555 167)**	**-**	**(1 318 388)**	**(3 563 881)**	**681 411**	**48 970 649**
	154 792 464	**37 734 037**	**(62 139 299)**	**(4 755 121)**	**(1 318 388)**	**(7 868 279)**	**681 411**	**121 881 946**

(Amounts stated in thousand of Kwanzas)

	31/12/2020							
		Increases	Decreases					
	Balances as at 31/12/2019	Charges for the period	Refunds and write-offs	Write-offs	Charge-off	Foreign exchange and other differences	Transfers	Balances as at 31/12/2020
Impairment for other financial assets								
Loans and advances to credit institutions (Note 5)	14 678	310 971	(312 383)	-	-	5 282	-	18 548
Other loans and advances to credit institutions (Note 6)	745 837	1 005 194	(1 186 299)	-	-	206 224	-	770 956
Investiments at amortised cost (Note 8)	13 232 514	58 323 479	(15 716 872)	-	-	1 478 831	-	57 317 952
	13 993 029	59 639 644	(17 215 554)	-	-	1 690 337	-	58 107 456
Impairment of other assets								
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
	572 621	210 542	(11 706)	-	-	-	-	771 457
	31 233 538	**28 516 225**	**(11 595 331)**	**(483 368)**	**-**	**6 774 416**	**-**	**54 445 480**
Loan impairment (Note 9)								
Provisions:	20 486 499	-	-		(4 116 582)	6 461 089	-	22 831 006
Of a social or statutory nature	3 211 713	16 669 252	(1 439 959)		(333 302)	436 298	-	18 544 002
Of an administrative and commercial nature	663 952	770 154	(1 432 496)	-	-	91 453	-	93 063
Garantees provided (Note 9)	**24 362 164**	**17 439 406**	**(2 872 455)**	**(483 368)**	**(4 449 884)**	**6 988 840**	**-**	**41 468 071**
	70 161 352	**105 805 817**	**(31 695 046)**	**(966 736)**	**(4 449 884)**	**15 453 593**	**-**	**154 792 464**
	70 161 352	**105 794 111**	**(31 683 340)**		**(4 933 252)**	**15 453 593**	**-**	**154 792 464**

In 2021, with respect to the Impairment portfolio for other financial assets - Investments at amortised cost, the Bank reversed impairment on a net amount of AOA 41,105,484 thousand (see Note 8).

During 2021, with regard to Loan impairment, the Bank increased impairment in the net amount of AOA 5,158,312 thousand (see Note 9). Additionally, with regard to the provision of guarantees and undrawn credit facilities, the Bank has increased its impairment charges on a net amount of AOA 447,624 thousand (see Note 9).

In 2018, the Bank created the Social Responsibility Directorate, which is composed of the nuclei (i) for monitoring the "BFA Solidário" projects and (ii) subsidies and will be responsible for the social actions of the Bank while the incorporation process of the Fundação BFA is not completed.

Since it is the intention of the Board of Directors of the Bank that the provision existing on 31 December 2021, in the amount of AOA 21,554,210 thousand, be used as a monetary endowment for the initial assets of the Fundação BFA, it is also its intention that this provision be used alternatively through the social activity to be developed by the Social Responsibility Directorate while the incorporation of the Fundação BFA is not yet set up.

As at 31 December 2021 and 2020, the caption Provisions of an administrative and commercial nature consists of amounts to cover contingencies of several natures, frauds, ongoing lawsuits and other liabilities, corresponding to the best estimate of the costs that the Bank will bear in the future with these liabilities.

As at 31 December 2021 and 2020, the caption Guarantees provided includes the impairment recognised for off-balance sheet items of documentary credits, collateral provided and undrawn limits in the loan portfolio.

18. OTHER LIABILITIES AND LEASE LIABILITIES

As at 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Foreign exchange transactions		
Foreign exchange spot transactions	342	4 031 350
	342	**4 031 350**
Taxes payable - withheld from third parties		
On income	473 677	219 613
Other	166 488	430 350
	640 165	**649 963**
Liabilities of a civil nature	4 830 416	2 464 707
Liabilities of a statutory nature - dividends outstanding	96 300 000	-
Liabilities of an administrative and commercial nature		
Staff – salaries and wages		
Holiday pay and holiday allowance	6 298 915	5 830 181
Performance bonus	6 928 434	5 846 436
Other staff costs	1 292 810	5 151 447
	14 520 159	**16 828 064**
Other administrative and marketing costs payable		
Liabilities to be settled		3 227 782
Accrued costs		12 877 023
ATM cash withdrawals - to be settled		6 803 234
VAT payable		1 193 897
Deposit Guarantee Fund		1 161 557
Other		10 577 891
	28 582 223	**35 841 384**
	144 873 305	**59 815 468**
Lease liabilities	6 185 862	7 318 355
	151 059 167	**67 133 823**

As at 31 December 2021 and 2020, the balance of the caption Foreign exchange spot transactions corresponds to foreign exchange transactions to be settled on D+1.

As at 31 December 2021 and 2020, the balance of the caption Tax charges payable - withheld on behalf of third parties includes amounts payable to the Tax Authorities in the month following the month to which it relates.

As at 31 December 2021 and 2020, the balance of the caption Liabilities of a civil nature corresponds to invoices for services rendered outstanding to the Bank's suppliers.

As at 31 December 2021, the balance of the caption Liabilities of a statutory nature corresponds to dividends with deferred payment allocated to the Bank's shareholders pending payment, in the amount of AOA 96,300,000 thousand, as per Note 19.

As at 31 December 2021 and 2020, the balance of the caption Liabilities of an administrative and marketing nature - Staff - Salaries and wages includes the amounts of holidays and holiday allowances, performance bonus and other staff costs.

As at 31 December 2021 and 2020, the balance of the caption Other administrative and marketing costs payable - Accrued costs includes the amount of AOA 16,345,381 thousand (2020: AOA 12,877,023 thousand) related to accrued costs with external supplies and services rendered and not yet invoiced by the suppliers.

As at 31 December 2021 and 2020, the caption ATM cash withdrawals – to be settled corresponds to operations carried out at ATMs that were settled in the first days of the following month.

As at 31 December 2021 and 2020, the caption Lease liabilities corresponds to the present value of lease payments to be settled over the lease term, recognised under IFRS 16.

The detail of the lease liabilities by maturity is presented below:

(Amounts stated in thousand of Kwanzas)

	2021	2020
Lease liabilities		
Up to 1 year	2 641 077	2 477 190
1 to 5 years	4 588 052	5 665 697
More than 5 years	1 433 012	3 008 650
	8 662 141	**11 151 537**
Interest to be accrued on net interest income	2 476 279	3 833 182
	6 185 862	**7 318 355**

Lease liabilities relate to the lease agreements for branches and offices used by the Bank in the course of its business.

19. EQUITY

Share capital

The Bank was incorporated with a share capital of AOA 1,305,561 thousand (equivalent to Euro 30,188,657 at the exchange rate in force on 30 June 2002), represented by 1,305,561 registered shares of one thousand Kwanzas each, having been subscribed and paid-up by incorporation of all assets and liabilities, including property or real estate rights of any nature, as well as all the rights and obligations of the former BFE Branch.

At the end of 2004, 2003 and 2002, the Bank increased its capital by AOA 537,672 thousand, AOA 1,224,333 thousand and AOA 454,430 thousand, 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 resolution of the General Meeting, of 4 October 2018, it was decided to increase BFA's capital by incorporating reserves recorded under the caption Other Reserves and retained earnings in the amount of AOA 11,478,004 thousand. This capital increase was carried out within the scope of Notice No. 02/2018 of the Banco Nacional de Angola, which defines that the minimum value of fully paid-up share capital in national currency is AOA 7,500,000 thousand.

Consequently, as at 31 December 2021 and 2020, the share capital of the Bank amounts to AOA 15,000,000 thousand, represented by 15,000,000 nominal shares of one thousand kwanzas each, resulting from the aforementioned capital increases.

As at 31 December 2021 and2020, the shareholder structure of the Bank is as follows:

	31/122021		31/12/2020	
	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 7 October 2016, Unitel, S.A. (Unitel) entered into an agreement with Banco BPI, S.A. (Banco BPI) for the purchase of 2% of the share capital of BFA, the materialisation of which entailed an increase in 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 completion of this operation was dependent on the verification of the following suspensive conditions:

- Authorisation from the Banco Nacional de Angola (BNA) for the increase in the qualified shareholding already held by Unitel in BFA and authorisation for the capital transactions necessary for the payment to Banco BPI and the transfer to Portugal of the agreed price of Euro 28 million;
- Authorisation from the BNA to change the Articles of Association (By-laws) of BFA;
- Approval of the operation by the General Meeting of Banco BPI.

On 12 December 2016, the Banco Nacional de Angola communicated that it did not object to the practice of the following acts:

i) Partial amendment of the By-laws of BFA;

ii) Increase in Unitel's qualified shareholding in the share capital of BFA through the acquisition from Banco BPI of 26,111 ordinary shares representative of 2% of share capital;

iii) Indirect acquisition of the qualified shareholding representative of 48.10% of the share capital of BFA, following the settlement of the general and mandatory public tender offer launched by Caixabank for all the shares representative of Banco BPI's share capital.

The BNA established as a condition that the three operations referred to above are indivisible, i.e, it is assumed that they must occur simultaneously or almost simultaneously or, if it is not possible for any reason to ensure their simultaneity, the operation referred to in (ii) must precede the operations referred to in (i) and (iii).

On 5 January 2017, pursuant to the share purchase and sale agreement entered into in 2016, the sale by Banco BPI to Unitel of the aforementioned shareholding representing 2% of the share capital of BFA was completed.

On 26 November 2018, a share capital increase took place which corresponded to an increase in the shareholding of each shareholder in proportion to their respective shareholdings in the Bank's share capital at that date, with 13,694,439 shares with a nominal value of AOA 1,000 having been issued. Accordingly, as at 31 December 2018, the Bank had a total of 15,000,000 ordinary shares outstanding. Considering that since 31 December 2018 there have been no changes in the Bank's share capital, the number of ordinary shares outstanding for the year ended 31 December 2020 is 15,000,000 shares.

Other reserves and retained earnings

As at 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Other reserves and retained earnings		
Legal reserve	17 155 909	17 155 909
Other reserves and retained earnings	233 442 538	375 972 818
	250 598 447	**393 128 727**

By unanimous resolution of the General Meeting held on 23 April 2021, it was decided to distribute dividends to shareholders in the amount of AOA 71,878,876 thousand, corresponding to 80% of the net profit obtained in the previous financial year (AOA 89,848,596), with the remaining amount being transferred to Other reserves (AOA 17,969,720 thousand).

Subsequently, the unanimous resolution of the General Meeting of 16 June 2021 approved the distribution, by way of extraordinary dividends with deferred liquidation, of other reserves and retained earnings in the amount of AOA 160,500,000 thousand - payable in three instalments on the following dates:

- 40% corresponding to AOA 64,200,000 thousand on 30 September 2021;
- 30% corresponding to AOA 48,150,000 thousand on 30 June 2022; and
- 30% corresponding to AOA 48 150 000 mAKZ as of 30 June 2023.

IFRIC 17 – Distributions of non-cash assets to owners stipulates that the dividend payable is recorded considering the fair value of the asset to be delivered, which, in this case, given the fact that this distribution is made through cash outflow, its fair value was considered to be AOA 160,500,000 thousand. The amount not yet settled is detailed in Note 18.

In accordance with the legislation in force, the Bank must set up a legal reserve fund up to the amount of its capital. To this end, a minimum of 10% of the previous year's net profit is transferred to this reserve. This reserve can only be used to cover accumulated losses, when the other reserves have been exhausted. As at 31 December 2021 and 2020, the Bank is complying with the legal reserve requirements, and therefore no amount has been transferred.

Earnings and dividend per share

In the period ended 31 December 2021 and 2020, the basic earnings per share and the dividend attributed, relating to the profit of the previous year, were as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Average number of ordinary shares issued	15 000 000	15 000 000
Net profit/(loss) for the period	156 471 732	89 848 596
Dividends distributed in the period relating to the previous year	71 878 876	54 077 174
Extraordinary dividends distributed in the period	160 500 000	-
Basic earnings per share	10,43	5,99
Diluted earnings per share	10,43	5,99
Dividend per share attributed during the period	15,49	3,61

In accordance with the provisions of IAS 33 - Earnings per share, the basic earnings per share and the dividend paid during the year should be adjusted retrospectively for all the years affected, in the event of an increase or decrease in the number of ordinary shares.

20. NET INTEREST INCOME

In the period ended 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

Interest and similar income	31/12/2021	30/06/2020
From short-term investments:		
Term deposits at credit institutions abroad	439 293	2 283 237
Term deposits at credit institutions in the country	440 020	263 936
Other	5 279	55 597
Income from reverse purchase agreements	**6 662 346**	**2 374 387**
	7 546 938	**4 977 157**
From securities:		
From securities at fair value through profit or loss		
Treasury Bills	21 319 455	10 259 473
Treasury Bonds	18 754 837	22 434 879
From investments at amortised cost		
Treasury Bonds	145 558 131	138 350 946
	185 632 423	171 045 298
From loans granted		
Corporate and Government		
Loans	30 752 573	19 929 180
Current account credit	5 688 051	6 869 185
Other loans	10 687	21 505
Mortgage	355 307	453 688
Consumer credit	8 808 851	8 756 032
Credit for other purposes	3 011 710	3 332 449
Overdue interest	1 204 225	1 070 150
Total interest and similar income	243 010 765	216 454 644
Interest and similar expense		
From deposits:		
Demand deposits	466 305	539 292
Term deposits	41 705 445	27 378 645
	42 171 750	27 917 937
Funding liquidity:		
Transactions in the Interbank Money Market	472 050	578 940
	472 050	578 940
Other interest and similar expense	954 851	1 254 413
	954 851	1 254 413
Total interest and similar expense	43 598 651	29 751 290
	199 412 114	**186 703 354**

21. FEES AND COMMISSION INCOME/(EXPENSE)

In the period ended 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Income from services rendered		
Fees on payment orders issued	2 204 470	1 905 116
Fees on guarantees and sureties provided	780 266	461 845
Fess on open import documentary credits	1 324 922	1 138 679
Fees on ATMs and APTs	8 318 612	6 654 745
Fees on securities	5 838 267	5 932 571
Fees on interbank services	526 944	423 085
Fees on cards	1 138 818	864 112
Fees on the issuance of cheques	1 117 413	879 212
Fees on currency sales	1 684 414	1 295 670
Fees on services rendered	1 056 951	172 793
Fees on card cancellation/replacement	378 189	6 583
Other fees and commission income	2 430 528	3 919 691
	26 799 794	**23 654 102**
Expense from services rendered		
Fees on cards	(6 363 478)	(6 100 482)
Other fees and commissions expense	(1 016 699)	(740 004)
	(7 380 177)	**(6 840 486)**
	19 419 617	**17 553 620**

22. FOREIGN EXCHANGE GAINS/(LOSSES)

In the period ended 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Changes in exchange rates on assets and liabilities denominated in foreign currency	(2 407 461)	(1 540 090)
Foreign currency purchase and sale transactions	16 446 612	44 048 606
	14 039 151	**42 508 516**

The caption Changes in exchange rates on assets and liabilities denominated in foreign currency essentially refers to the foreign exchange gains/(losses) related to the exchange revaluation of the Bank's assets and liabilities in foreign currency and securities in Kwanzas indexed to US Dollars.

23. NET GAINS/(LOSSES) ON SALE OF OTHER ASSETS

In the period ended 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Net gains/(losses) on sale of assets		
Gains on the sale of tangible assets	28 872	52 214
Losses on the sale of tangible assets	(709)	(1 653)
	28 163	**50 561**

24. OTHER OPERATING INCOME /(EXPENSE)

In the period ended 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Other operating income:		
Recovery of administrative and commercial expenses	5 294 411	4 873 623
Gains on credit recovery	859 827	1 232 425
Other	2 553 240	3 609 799
	8 707 478	9 715 847
Other operating expense:		
Contribution to Deposit Guarantee Fund	(1 939 581)	176 920
Taxes and fees not levied on income	(7 051 229)	(8 025 926)
Penalties applied by regulatory authorities	(372 021)	(121 378)
Other	(65 204)	(73 366)
	(9 428 035)	**(8 043 750)**
	(720 557)	**1 672 097**

In the period ended 31 December 2021 and 2020, the caption Taxes and fees not levied on income includes a balance for value added tax in the amount of AOA 5,313,091 thousand and AOA 4,769,649 thousand, respectively.

In the period ended 31 December 2021 and 2020, the caption Other operating income - Recovery of administrative and commercial expenses refers essentially to: (i) the reimbursement of communication and shipping expenses originally borne by the Bank, namely in execution of payment order operations and (ii) gains from lease renegotiations.

25. STAFF COSTS

In the period ended 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Members of the Management and Supervisory Bodies		
Monthly remuneration	274 751	313 174
Additional remuneration	950 578	1 229 402
Mandatory social security contributions	164 911	140 466
	1 390 240	**1 683 042**
Staff		
Monthly remuneration	26 095 849	25 118 782
Additional remuneration	24 568 247	20 221 592
Mandatory social security contributions	2 704 775	2 861 596
Optional social security contributions	-	5 590 828
	53 368 871	**53 792 798**
Pension costs		
Supplementary pension plan	3 296 222	3 010 273
Other	70 016	595 150
	3 366 238	**3 605 423**
	58 125 349	**59 081 263**

In 2013, with reference to the last day of the year, the Bank set up the BFA Pension Fund ("Fundo de Pensões BFA") to cover the liabilities with retirement pensions for old age, disability and survival that the Bank granted to its Angolan employees registered with the Social Security, having used the provisions previously set up as an initial contribution to the BFA Pension Fund (defined contribution plan). In accordance with the contract for the set-up of the Fund, BFA will contribute annually with 10% of the salary subject to Angolan Social Security charges, applied on fourteen salaries. As at 31 December 2021 and 2020, the Bank's contribution to the BFA Pension Fund amounted to AOA 3,296,222 thousand and AOA 3,010,273 thousand, respectively.

This Fund is financed by a defined contribution system that the Bank has set up, as mentioned in the previous paragraph.

Fenix - Sociedade Gestora de Fundos de Pensões, S.A. is responsible for managing the BFA Pension Fund. The Bank acts as depositary of the Fund.

26. EXTERNAL SUPPLIES AND SERVICES

In the period ended 31 December 2021 and 2020, this caption is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Audits, advisory and other specialised technical services	14 459 490	11 804 911
Safety, maintenance and repair	8 399 098	7 458 223
Sundry materials	3 533 076	1 535 805
Communications	2 901 240	1 584 895
Advertising and marketing	2 520 773	1 467 994
Transport, travel and accommodation	1 972 527	1 079 486
Insurance	817 913	797 855
Rentals	276 347	488 241
Water and energy	112 278	922 573
Other external supplies and services	364 731	20 760
	35 357 473	**27 160 743**

27. OFF-BALANCE SHEET CAPTIONS

These captions are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2020	31/12/2019
Liabilities to third parties:		
Guarantees provided	52 613 339	34 083 715
Commitments to third parties		
- Open documentary credits	24 514 563	16 380 459
	77 127 902	**50 464 174**
Liabilities for services rendered:		
Services rendered by the Bank		
- Safekeeping of securities	1 069 424 885	1 074 737 736
- Cheque clearing on foreign banks	174 030	189 302
- Documentary remittances	(69 805 310)	(90 972 706)
	999 793 605	**983 954 332**

As at 31 December 2021 and 2020, the caption Open documentary credits includes open documentary credits secured by hold on deposits with the Bank, in the amounts of AOA 652,222 thousand and AOA 1,873,443 thousand, respectively (Note 15).

As at 31 December 2021 and 2020, the Bank has constituted provisions to cover the credit risk assumed on the granting of guarantees and documentary credits, in the amounts of AOA 535,589 thousand and AOA 93,063 thousand, respectively (Notes 9 and 17).

As at 31 December 2021 and 2020, the notional amounts of the forwards are recognised in the off-balance sheet items in the amounts of AOA 5,190,049 thousand and AOA 39,785,662 thousand, respectively.

As at 31 December 2021 and 2020, the caption Safekeeping of securities refers essentially to securities of customers in the custody of the Bank.

28. RELATED PARTIES

In accordance with IAS 24, the following are considered entities related to the Bank:

- the entities that exercise, directly or indirectly, a significant influence over the management and financial policy of the Bank - Shareholders;
- those over which the Bank exercises, directly or indirectly, a significant influence over their financial management and policy - Associates and joint ventures and the Pension Fund;
- key management personnel of the Bank, considering for this purpose executive and non-executive members of the Board of Directors and companies in which the members of the Board of Directors have control or joint control;
- subsidiaries, joint ventures or associates of the shareholder holding control over the Bank;
- key personnel of the shareholder with control over the Bank (executive and non-executive members of the Board of Directors);
- entities controlled or jointly controlled by key personnel of the shareholder with control over the Bank; and
- entities controlled or jointly controlled by the close family members of the key personnel of the Shareholders.

The related entities of the Bank with which it maintained balances or transactions in the period ended 31 December 2021 and 2020 are as follows:

BFA Shareholders

- Banco BPI
- Unitel

Members of Corporate Bodies – UNITEL

- António Miguel Ferreira Geraldes
- João Boa Francisco Quipipa
- Amílcar Frederico Alves de Lima Safeca
- Luiz Henrique Soares Rosa

Companies in which 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

UNITEL investees

- ANGOLA CABLES, S.A.
- UNITEL INTERNATIONAL BV
- HOLDFINANCE
- UNI TELECOMUNICAÇÕES
- UNITEL SOCIEDADE IMOBILIÁRIA
- TELEACE JLT
- UNICANDA – AGRO-INDUSTRIAL (SU), S.A.
- UNITEL SPM – SERVIÇOES DE PAGAMENTOS MÓVEIS (SU) S.A.
- UNITEAL SOCIEDADE IMOBILIÁRIA, S.A (USI – MOBILIÁRIA, SA)

BFA – Members of Corporate Bodies and Companies in which Members have control

Board of Directors

- Rui Jorge Carneiro Mangueira
- António José Simões Matias
- Divaldo Kenda Feijó Palhares
- Jacinto Manuel Veloso
- Luís Roberto Fernandes Gonçalves
- Natacha Sofia da Silva Barradas
- João Fernando Quiúma
- Filomeno da Costa Alegre Alves de Ceita
- António Manuel Costa Alfaia
- Paulo Lelis de Freitas Alves
- Osvaldo Salvador de Lemos Macaia
- Sebastião Machado Francisco Massango
- Vera Cristina dos Anjos Tangue Escórcio

Companies in which Members have control or joint control

- BLENDGEST CONSULTING LDA
- VLS GLOBAL
- F Q & FILHOS LDA
- SEILMA, LDA
- HONGAMBANDU RESTAURAÇÃO E CARTERING

Supervisory Board

- Ari Nelson Correia Brandão
- João Filipe Melão Dias
- Valdir de Jesus Lima Rodrigues

Companies in which Members have control or joint control

- EUROCUANZA LDA
- SOCONCRETO CONSTRUÇÕES , S.A
- TALARA COMERCIAL LDA
- CNST-SERV,LDA

- ### Investees of BFA

- BFA GESTÃO DE ACTIVOS SGOIC. S.A.

Board of Directors

- Luís Roberto Fernandes Gonçalves*
- Vera Cristina dos Anjos Tangue Escórcio*
- Rui Elvídio Gonçalves de Oliveira
- Manuel André
- Carla Yessénia de Lousada L. E. de Jesus

*Other members of the Board of Directors are Directors of BFA identified above.

Companies in which Members have control or joint control

- EUROCUANZA LDA
- SOCONCRETO CONSTRUÇÕES , S.A
- TALARA COMERCIAL LDA
- CNST-SERV,LDA

Supervisory Board

- Henrique Manuel Camões Serra
- Catarino Eduardo César
- Eliana Maria Fortes dos Santos
- Ana Marisa da Rocha Domingos
- Katiavala Carvalho da Silva

*Two non-executive members of the Board of Directors are executive members of the BFA Board of Directors(*).

Companies in which Members have control or joint control

- C&S – ASSURANCE AND ADVISORY, S.A
- CE-MAGNUS - CONSULTORIA EMPRESARIAL SA

Pension Fund

- BFA Pension Fund

Qualified Parties

Unitel Shareholders

- MS TELCOM - MERCURY, SERVIÇOS DE TELECOMUNICAÇÃO, S.A – 25%
- GENI S.A.RL - 25%
- VIDATEL - 25%
- PT VENTURES, SGPS S.A – 25%

Qualified Parties

- Sonangol E.P
- Isabel José dos Santos

Companies in which it has Control/Significant Influence

- 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
- DORSAY, SGPS S.A.
- SOCIP
- CIMINVEST S.A
- EASYHOME, S.A
- FUNDAÇÃO SINDIKA DOKOLO
- CONTIDIS, LDA
- SAGEST - SOC. ANGOLANA DE GESTAO, S.A
- SOKLINKER PARCEIROS COMERCIAIS, (SU), LDA
- AMIGOTEL - TELO
- CITY EXPRESSO - SERVIÇOS, LDA
- AMIGOTEL - COMERCIO GERAL, LDA (60%)
- AMIGOTEL - SONY ERICKSON (60%)
- CIMINVEST - SOC. DE INVEST. E PARTICIPAÇÃO, S.A
- TIMWE ANGOLA, LDA (10%)

As at 31 December 2021 and 2020, the main balances and transactions maintained by the Bank with related entities are as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021							
	Shareholders of BFA							
	BPI	Unitel	Members of BFA's Board of Directors	Companies in which BFA Board members have significant influence	Investees	BFA Pension Fund	Related parties via Unitel	Total
Cash and deposits:								
Loans and advances to credit institutions	12 693 152	-	-	-	-	-	-	12 693 152
Short-term investments:								
Other loans to credit institutions	213 800 555	-	-	-	-	-	-	213 800 555
Loans granted	**2 294**	**-**	**216 990**	**-**	**291 445**	**-**	**11 290 759**	**11 801 488**
Customer from deposits:								
Demand deposits	-	2 111 377	231 622	31 195 308	349 494	-	4 487 310	38 375 110
Term deposits	-	186 023 168	646 299	-	236 553	5 055 442	2 082 343	194 043 805
Other liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest and similar income	**197 903**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**197 903**
Interest and similar expenses	**-**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**-**
Fees and commissions	**-**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**-**
Securities used deposited	**-**	**103 312 304**	**2 285 173**	**-**	**1 031 600**	**39 209 865**	**4 153 681**	**149 992 623**
Investiment units	**-**	**3 800 000**	**35 000**	**-**	**21 000**	**-**	**144 934**	**4 000 934**
Documentary credits	**-**	**4 083 603**	**-**	**-**	**-**	**-**	**-**	**4 083 603**
Bank guarantees	**-**	**15 362 084**	**-**	**-**	**-**	**-**	**-**	**15 362 084**

(Amounts stated in thousand of Kwanzas)

	31/12/2020							
	Shareholders of BFA							
	BPI	Unitel	Members of BFA's Board of Directors	Companies in which BFA Board members have significant influence	Investees	BFA Pension Fund	Related parties via Unitel	Total
Deposits:								
Cash and demand deposits in credit institutions	11 078 777	-	-	-	-	-	-	11 078 777
Short-term investments:	-	-	-	-	-	-	-	-
Other loans to credit institutions	387 139 009	-	-	-	-	-	-	387 139 009
Loans and advances 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)
Term 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 similar expenses	-	-	-	-	-	-	-	-
Commissions and other expenses	-	-	-	-	-	-	-	-
Securities deposited	-	**(179 188 005)**	**(2 320 344)**	**(678 576)**	-	**(28 287 612)**	**(1 100 292)**	**(211 574 829)**
Participation units	-	**(4 500 000)**	**(31 800)**	**(50 000)**	-	**(3 732 757)**	**(118 000)**	**(8 432 557)**
Letters of credit	-	**12 948**	-	-	-	-	-	**12 948**
Bank guarantees	-	-	-	-	-	-	-	-

The information presented in respect of the Members of BFA's Governing Bodies includes the main balances and transactions maintained by the Bank with:

- Members of the BFA board of Directors; and
- Close family members of the members of the BFA Board of Directors.

The information presented in respect of the Companies in which BFA Board Members have significant influence" includes the main balances and transactions maintained by the Bank with:

- Companies in which members of BFA's Corporate Bodies have significant influence; and
- Companies in which close members of the members of BFA's Corporate Bodies have significant influence.

The information presented regarding the Related parties via Unitel includes the main balances and transactions maintained by the Bank with:

- Members of the Board of Directors of Unitel;
- Companies in which members of the Board of Directors of Unitel have a significant influence;
- Close family members of the members of the Board of Directors of Unitel; and
- Investees of Unitel.

The information presented with reference to the period ended 31 December 2021 and 2020 does not include expenses and income with Unitel, with the Members of BFA's Governing Bodies, with the Companies in which they have a significant influence or control, with the Investees, with the BFA Pension Fund and with related parties via Unitel.

29. BALANCE SHEET BY CURRENCY

As at 31 December 2021 and 2020, the balance sheets by currency present the following structure:

	31/12/2021					
	Kwanzas	United States dollar	Euro	Indexed to the US Dollar	Other currencies	Total
Cash and deposits at central banks	221 741 798	30 350 958	170 722 062	-	644 562	423 459 380
Loans and advances to credit institutions	-	8 183 508	13 394 868	-	1 626 687	23 205 063
Other loans and advances to central banks and credit institutions	126 572 934	379 590 725	44 174 247	-	5 987 663	556 325 569
Financial assets at fair value through profit or loss	60 181 925	1 671 271	32 278	33 099 317	-	94 984 791
Investments at amortised cost	734 019 657	393 766 518	-	-	-	1 127 786 175
Loans and advances to customers	329 445 209	23 308 135	206 116	-	4	352 959 464
Non-current assets held for sale	92 481	-	-	-	-	92 481
Investments in subsidiaries, associates and joint ventures	50 375	-	-	-	-	50 375
Other tangible assets	33 965 823	-	-	-	-	33 965 823
Intangible assets	1 749 527	-	-	-	-	1 749 527
Current tax assets	67 981	3	1	-	-	67 985
Deferred tax assets	-	-	-	-	-	-
Other assets	5 910 659	10 951 971	766 057	-	-	17 628 687
Total Assets	**1 513 798 369**	**847 823 089**	**229 295 629**	**33 099 317**	**8 258 916**	**2 632 275 320**
Deposits from central banks and other credit institutions	1 135 679	135 349	579 319	-	3 655	1 854 002
Deposits from customers and other loans	973 519 239	806 201 433	222 081 266	-	3 517 558	2 005 319 496
Financial liabilities at fair value through profit or loss	1 023 025	-	-	-	-	1 023 025
Provisions	27 542 900	19 271 728	2 156 021	-	-	48 970 649
Current tax liabilities	1 978 783	19	-	-	-	1 978 802
Lease liabilities	5 758 467	-	-	427 395	-	6 185 862
Other liabilities	128 740 920	6 696 066	6 019 540	-	3 416 779	144 873 305
Total Liabilities	**1 139 699 013**	**832 304 595**	**230 836 146**	**427 395**	**6 937 992**	**2 210 205 141**
Net Assets/(Liabilities)	**374 099 356**	**15 518 494**	**(1 540 517)**	**32 671 922**	**1 320 924**	**422 070 179**
Equity	**422 070 179**	**-**	**-**	**-**	**-**	**422 070 179**

	31/12/2020					
	Kwanzas	**United States dollar**	**Euro**	**Indexed to the US Dollar**	**Other currencies**	**Total**
Cash and deposits at central banks	221 400 386	36 278 323	215 589 755	-	948 371	474 216 835
Loans and advances to credit institutions	17 000	10 686 321	11 357 264	-	4 216 208	26 276 793
Other loans and advances to central banks and 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	283 980 794	3 518 432	40 971	78 154 091	-	365 694 288
Investments at amortised cost	587 007 693	390 829 066	-	-	-	977 836 759
Loans and advances to customers	255 187 818	77 929 638	255 795	-	18	333 373 269
Non-current assets held for sale	267 759	-	-	-	-	267 759
Investments in subsidiaries, associates and joint ventures	50 375	-	-	-	-	50 375
Other tangible assets	30 575 320	-	-	-	-	30 575 320
Intangible assets	213 472	-	-	-	-	213 472
Current tax assets	4 186			-		4 186
Deferred tax assets	759 347	886 441	-	-	-	1 645 788
Other assets	10 488 781	111 428	3 861 149	-	1 191 773	15 653 131
Total Assets	**1 406 434 185**	**1 089 905 773**	**286 956 474**	**78 154 091**	**13 449 187**	**2 874 899 710**
Deposits from central banks and other credit institutions	2 133 776	356 587	1 510 894	-	87 042	4 088 299
Deposits from customers and other loans	953 755 298	1 034 587 831	257 666 534	-	6 193 044	2 252 202 707
Financial liabilities at fair value through profit or loss	4 244 410	-	-	-	-	4 244 410
Provisions	17 444 727	24 016 696	6 184	-	464	41 468 071
Current tax liabilities	7 785 055	22		-		7 785 077
Lease liabilities	6 056 215	-	-	1 262 140	-	7 318 355
Other liabilities	1 449 600	29 211 164	21 046 103		8 108 601	59 815 468
Total Liabilities	**992 869 081**	**1 088 172 300**	**280 229 715**	**1 262 140**	**14 389 151**	**2 376 922 387**
Net Assets/(Liabilities)	**413 565 104**	**1 733 473**	**6 726 759**	**76 891 951**	**(939 964)**	**497 977 323**
Equity	**497 977 323**	**-**	**-**	**-**	**-**	**497 977 323**

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 risks associated with interest rate risk, among others.

BFA’s risk management is controlled by the Risk Management Department, in accordance with policies approved by the Board of Directors. In this sense, the Board of Directors has defined, in writing, the main global risk management principles, as well as specific policies for some areas, such as interest rate risk, liquidity risk and credit risk.

The Board of Directors defines the principles for risk management as a whole and policies that cover specific areas, such as exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as the investment of excess liquidity.

Main Risk Categories

Credit – Credit risk is the uncertainty of recovery of an investment and its return, due to the debtor’s (or guardian, if applicable) inability to fulfil its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be recorded by a given portfolio as a result of changes in rates (interest and exchange rates) and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and the respective volatilities. Accordingly, Market Risk encompasses interest rate risk, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the inability of the Bank to meet its liabilities associated with financial liabilities on each maturity date without incurring significant losses as a result of a deterioration in the conditions of access to financing (financing risk) and/or sale of its assets for amounts lower than the amounts usually practised in the market (market liquidity risk).

Real Estate - Real estate risk is the probability of negative impacts on the Bank's income or capital level due to fluctuations in the market price of real estate assets.

Operating – Operating risk is the potential loss resulting from failures or inadequacies in internal processes, information systems, human behaviour or external events.

30.1 CREDIT RISK

Credit risk corresponds to the risk of default by counterparties, with which the Bank maintains open positions in financial instruments, as a creditor. In accordance with BFA's General Credit Regulations, the granting of credit in the Bank is based on the following fundamental principles:

Formulation of proposals

Loan operations, or guarantees, subject to the decision of BFA:

- Are adequately characterised in the Technical Data Sheet, containing all the essential and accessory elements necessary for the formalisation of the operation;
- Respect the specific product sheet;
- Are accompanied by a duly substantiated credit risk analysis;
- Contain the signatures of the proposing bodies.

Credit risk analysis

In the credit risk analysis, the total exposure of the Bank to the customer, or to the group to which the customer belongs, is considered, according to the terms of the legislation applicable at any time. Exposures in respect of the same customer or economic group are classified, having as the reference those that represent the greatest risk.

Currently, considering the regulations of the Banco Nacional de Angola:

- For a single customer, all its liabilities vis-à-vis the Bank, in force 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, the sum of the liabilities of each customer that constitutes the group is considered (total exposure of the Bank to the group); and
- The existence of guarantees with State risk, or with immediate liquidity, has an impact on the calculation of the value of the Global Exposure.

Classification of Risk

The Bank classifies loan operations in ascending order of risk, according to the following grades:

Grade A: Minimum risk
Grade B: Very low risk
Grade C: Low risk
Grade D: Moderate risk
Grade E: High risk
Grade F: Very high risk
Grade G: Maximum risk

The individual classification of the exposure 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:

Grade A: operations that are:

(i) assumed by the Angolan State, encompassing its central and provincial administrations;
provinces;

(ii) assumed by central administrations, central banks of countries, included in group 1 (defined in Instruction No. 1/2015, of 14 January, of the Banco Nacional de Angola), international organisations and multilateral development banks;

(iii) fully guaranteed by cash deposits, or certificates of deposit, constituted or issued by the lending institution, or by institutions in a controlling or group relationship with the lending institution and having their head office in Angola, or a country included in group 1, multilateral development banks and international organisations, provided that the exposure and the deposit or certificate are denominated in the same currency;

(iv) fully guaranteed by cash deposits or certificates of deposit constituted or issued by the lending institution or by branches of the lending institution, not covered by the preceding paragraph, 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 Banco Nacional de Angola.

Grade B and others: remaining loans.

The classification of exposures is reviewed whenever there are signs of impairment in late payments.

Within the scope of the regular review of loan operations, including overdue loan operations, BFA reclassifies overdue loan operations into those that are due, based on an analysis of the economic prospects of collectability, namely considering the existence of guarantees, the borrowers' or guarantors' assets 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 due to a one-off failure in its processes.

Association of Guarantees

When granting loans to individuals or small companies with a maturity of more than 36 months, in the absence of short-term financial investments, BFA requires, as a rule, the provision of a real guarantee on property.

Loan operations are associated with guarantees 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.

Real guarantees are assessed prior to the loan decision, and these assessments are periodically reviewed. Exceptions to this rule (with decisions being conditional on a subsequent assessment) imply that disbursement will only occur after the Bank has obtained the guarantee assessment.

The main types of collateral for loans and advances to customers are:

- Mortgages on residential properties;
- Encumbrances on Company assets, such as facilities, inventory or accounts receivable;
- Encumbrances on financial instruments, such as debt securities or shares; and
- Encumbrances on term deposits at the institution.

Long-term financing and loans to corporate entities usually have an associated guarantee. On the contrary, revolving credit products do not generally have an associated guarantee.

Collaterals obtained as a guarantee for financial assets, other than loans and advances to customers, always depends on the type of financial instrument. Debt instruments do not normally have an associated guarantee, with the exception of securitised instruments, which have portfolios of financial instruments as collateral. On the other hand, derivative instruments have associated guarantees.

The Bank's policies on collateral obtained as security have not changed significantly during the reporting year, nor have there been any significant changes in the quality of the collateral held by the Bank since the previous year.

The Bank monitors collateral obtained as security for impaired loans and advances to customers as it becomes more likely that the Bank will take ownership of such collateral to mitigate possible credit losses. Loans to impaired customers (stage 3) and the collaterals obtained as guarantee are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021			
	Gross loans	Impairment	Net loans	Value of collateral
Individuals				
Credit cards	214 069	198 317	15 752	-
Current accouns	21 478	21 478	-	-
Loans	2 178 519	1 856 732	321 787	1 253 702
Leasing	7 875 176	6 244 104	1 631 072	11 776 182
Overdrafts	599 096	290 492	308 604	-
	10 888 338	**8 611 123**	**2 277 215**	**13 029 884**
Corporate				
Current accouns	172 476	111 273	61 203	941 195
Loans	47 345 354	29 774 455	17 570 899	36 973 592
Leasing	164 439	55 095	109 344	4 195 945
Overdrafts	60 823	38 690	22 133	-
	47 743 092	**29 979 513**	**17 763 579**	**42 110 732**
Total	**58 631 430**	**38 590 636**	**20 040 794**	**55 140 616**

(Amounts stated in thousand of Kwanzas)

	31/12/2020			
	Gross loans	Impairment	Net loans	Value of collateral
Individuals				
Credit cards	2 159	1 394	765	0
Current accouns	21 478	21 478	0	0
Loans	2 929 540	2 299 323	630 217	5 125 652
Leasing	10 028 020	7 255 040	2 772 980	16 091 365
Overdrafts	1 862 190	1 416 280	445 910	0
	14 843 387	**10 993 515**	**3 849 872**	**21 217 017**
Corporate				
Current accouns	932 664	424 632	508 032	1 070 226
Loans	16 467 861	14 453 060	2 014 801	19 763 127
Leasing	300 581	218 523	82 058	4 961 085
Overdrafts	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**

Exclusions due to Incidents

The Bank does not grant credit to customers who have registered material incidents in the last 24 months known to BFA, nor to other companies that are part of a group with customers in that situation. The following are considered material incidents:

- Delays in making payments of principal or interest owed to a financial institution of more than 45 days;
- Irregular use of means of payment for which that person or entity is responsible;
- Pending legal actions against that person or entity that have potential adverse effects on their economic or financial position.

Exceptions to these rules have specific decision rules under the Bank's general credit regulation, which are stricter.

Restructurings

In principle, BFA only formalises ongoing loan restructuring operations after assessing the customer's ability to comply with the new plan, if the following criteria are met:

- New guarantees (more liquid and/or more valuable) are presented for the new operation;
- Interest and late payment fees are paid in advance (in the event of a non-performing operation); and
- There is a significant partial settlement of the outstanding principal (performing and/or non- performing).

Exceptionally, and if none of the above assumptions are met, BFA admits formalising the formal restructuring of private individuals' debts, if it is verified that in the last 6 months, deposits were made of a minimum amount equal to the instalment amount foreseen for the restructured operation.

Loan operations restructured due to the customer's financial difficulties are defined in the General Credit Regulation and comply with the regulator's specific regulations in this matter.

Restructuring operations are marked, for the purpose of increasing risk, 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.

Operations subject to renegotiation are maintained at least at the same risk level in which they were classified in the month immediately prior to the renegotiation. Reclassification to a lower risk level only occurs if there is regular and significant repayment of the operation, payment of interest due and on arrears, or depending on the quality and value of new guarantees presented for the renegotiated operation.

Monitoring of non-performing loans

Non-performing loans are monitored by the commercial teams, as a rule until it is 60 days overdue, with monitoring being done by a specialised team. After 60 days of default, the management of the relationship is transferred to this specialised team, which has the mission of collaborating in loan recovery actions, being able to take over negotiations and restructuring proposals. This team is responsible for monitoring the processes under its management.

The restructuring negotiations follow the principles mentioned above.

This team is responsible for the management and relationship with the customer, with the aim of recovering the loan, resorting to the enforcement, through the courts, if necessary.

Impairment

BFA implemented a model to calculate impairment losses of the loan portfolio, in accordance with the requirements set out in IFRS 9.

BFA calculates the impairment losses of the loan portfolio monthly based on the implemented model, with the amount of impairment determined being approved by the Executive Committee of the Board of Directors.

The first application and the respective outcomes of this model were calculated with reference to 1 January 2018. Since that reference date, monthly calculations have been carried out. The half-yearly results are approved by the Board of Directors of the Bank.

Securities and bonds

As at 31 December 2021 and 2020, BFA's securities portfolio complies with the principle of the high credit quality of its issuers, consisting mainly of securities issued by the Angolan State and by the Banco Nacional de Angola.

As at 31 December 2021 and 2020, the maximum exposure to credit risk presents the following detail:

(Amounts stated in thousand of Kwanzas)

	31/12/2021			31/12/2020		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
On-balance sheet						
Cash and deposits at central banks	423 459 380	-	423 459 380	474 216 835	-	474 216 835
Loans and advances to credit institutions	23 212 633	(7 570)	23 205 063	26 295 341	(18 548)	26 276 793
Other loans and advances to central banks and credit institutions	556 679 547	(353 978)	556 325 569	649 862 691	(770 956)	649 091 735
Financial assets at fair value through profit or loss	94 984 791	-	94 984 791	365 694 288	-	365 694 288
Investments at amortised cost	1 141 258 796	(13 472 621)	1 127 786 175	1 035 154 711	(57 317 952)	977 836 759
Loans and advances to customers	406 331 101	(53 371 637)	352 959 464	387 818 749	(54 445 480)	333 373 269
Other assets	17 628 687	-	17 628 687	15 653 131	-	15 653 131
	2 663 554 935	**(67 205 806)**	**2 596 349 129**	**2 939 042 615**	**(112 552 936)**	**2 826 489 680**
Off-balance sheet						
Guarantees provided, open documentary credits and undrawn credit facilities	122 950 994	(535 590)	122 415 404	85 516 232	(93 063)	85 423 169
Total	**2 786 505 929**	**(67 741 396)**	**2 718 764 533**	**2 989 506 789**	**(112 645 999)**	**2 876 860 791**

For financial assets recognised in the balance sheet, the maximum exposure to credit risk is represented by the book value net of impairment. For off-balance sheet items, the maximum exposure from guarantees is the maximum amount the Bank would have to pay if the guarantees were called and from loan and other credit-related commitments of an irrevocable nature is the total amount of commitments made.

As at 31 December 2021 and 2020, the credit quality of financial assets is as follows:

(Amounts stated in thousand of Kwanzas)

			31/12/2021		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ to B-	395 923 933	-	395 923 933
	Unrated	N/ D	27 535 447	-	27 535 447
			423 459 380	-	423 459 380
Loans and advances to credit institutions	External rating	AAA to AA-	1 212 190	(1)	1 212 189
		A+ to A-	1 329 397	(42)	1 329 355
		BBB+ to BBB-	15 134 526	(1 057)	15 133 469
		BB+ to BB-	4 289 590	(1 420)	4 288 170
		B+ to B-	-	-	-
		CCC+ to CCC	1 246 930	(5 050)	1 241 880
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			23 212 633	(7 570)	23 205 063
Other loans and advances to central banks and credit institutions	External rating	AAA to AA-	47 179 220	(12 264)	47 166 956
		A+ to A-	48 285 933	(16 987)	48 268 946
		BBB+ to BBB-	309 664 725	(244 223)	309 420 502
		BB+ to BB-	24 976 735	(80 504)	24 896 231
		B+ to B-	126 572 934	-	126 572 934
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			556 679 547	(353 978)	556 325 569
Financial assets at fair value through profit or loss	External rating	B+ to B-	90 271 926	-	90 271 926
	Unrated	N/ D	4 712 865	-	4 712 865
			94 984 791	-	94 984 791
Investments at amortised cost	External rating	B+ to B-	1 141 258 796	(13 472 621)	1 127 786 175
		N/ D	-	-	-
			1 141 258 796	(13 472 621)	1 127 786 175
Loans and advances to customers - On-balance sheet	Internal rating	Grade A	144 279 970	(2 440 278)	141 839 692
		Grade B	191 066 293	(6 484 066)	184 582 227
		Grade C	578 651	(178 605)	400 046
		Grade D	35 088 354	(20 729 822)	14 358 532
		Grade E	1 713 761	(1 297 274)	416 487
		Grade F	493 908	(282 304)	211 604
		Grade G	33 110 164	(21 959 288)	11 150 876
			406 331 101	(53 371 637)	352 959 464
Loans and advances to customers - Off-balance sheet	Internal rating	Grade A	7 037 966	(75 434)	6 962 532
		Grade B	115 866 022	(451 547)	115 414 475
		Grade C	3 528	(43)	3 571
		Grade D	1 188	(13)	1 201
		Grade E	699	(144)	843
		Grade F	**1 671**	**(405)**	**2 076**
		Grade G	**39 920**	**(8 004)**	**47 924**
			122 950 994	**(535 590)**	**122 415 404**
		Total	**2 768 877 242**	**(67 741 396)**	**2 701 135 846**

(Amounts stated in thousand of Kwanzas)

	Source of rating	Rating grade	31/12/2020 Gross exposure	Impairment	Net exposure
Cash and balances at central banks	External rating	CCC+ to CCC	441 982 650	-	441 982 650
	Unrated	N/Available	32 234 185	-	32 234 185
			474 216 835	-	474 216 835
Balances at 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+ to 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/Available	86 015	-	86 015
			26 295 341	(18 548)	26 276 793
Deposits with central banks and other 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/Available	-	-	-
			649 862 691	(770 956)	649 091 735
Financial assets at fair value through profit or loss	External rating	CCC+ to CCC	360 799 031	-	360 799 031
	Unrated	N/Available	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
	Unrated	N/Available	-	-	-
			1 035 154 711	(57 317 952)	977 836 759
Loans and advances to customers - On-balance sheet	Internal rating	Class A	149 129 679	(6 963 779)	142 165 900
		Class B	141 836 496	(4 667 977)	137 168 519
		Class C	1 016 976	(291 857)	725 120
		Class D	49 771 409	(11 620 448)	38 150 962
		Class E	14 459 170	(4 678 145)	9 781 025
		Class F	950 997	(552 385)	398 612
		Class G	30 654 022	(25 670 891)	4 983 131
			387 818 750	(54 445 480)	333 373 270
Loans and advances to customers - Off-balance sheet	Internal rating	Class A	5 444 216	(17 234)	5 426 983
		Class B	45 019 958	(74 366)	44 945 591
		Class C	-	(212)	(212)
		Class D	-	(28)	(28)
		Class E	-	(155)	(155)
		Class F	-	**(30)**	**(30)**
		Class G	-	**(1 037)**	**(1 037)**
			50 464 174	**(93 062)**	**50 371 112**
		Total	**2 989 506 790**	**(112 645 997)**	**2 876 860 793**

As at 31 December 2020, the amount of undrawn credit facilities from irrevocable commitments amounts to AOA 35,052,058 thousand and is not disclosed in the tables in this Note.

As at 31 December 2021 and 2020, interest income and expenses from financial instruments not measured at fair value through profit or loss, net of impairment, are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021			31/12/2020		
	Income	Expenses	Net	Income	Expenses	Net
Assets						
Othe loans and advances to central banks and credit institutions	8 358 352	(478 838)	7 879 514	5 158 260	-	5 158 260
Investments at amortised cost	194 936 716	(8 273 101)	186 663 615	138 350 946	(42 606 607)	95 744 339
Loans and advances to customers	60 193 213	(15 967 745)	44 225 468	40 432 190	(16 920 894)	23 511 296
	263 488 281	(24 719 684)	238 768 597	183 941 396	(59 527 501)	124 413 895
Liabilities						
Deposits from customers and other loans	-	(42 171 750)	(42 171 750)	-	(27 917 938)	(27 917 938)
Deposits from central banks and other credit institutions	-	(472 050)	(472 050)	-	(578 939)	(578 939)
	-	(42 643 800)	(42 643 800)	-	(28 496 877)	(28 496 877)
Off-balance sheet						
Guarantees provided	780 266	-	780 266	461 845	-	461 845
Documentary credit	1 324 922	-	1 324 922	1 138 679	-	1 138 679
	2 105 188	**-**	**2 105 188**	**1 600 524**	**-**	**1 600 524**
	265 593 469	**(67 363 484)**	**198 229 985**	**185 541 920**	**(88 024 378)**	**97 517 542**

As at 31 December 2021 and 2020, Net gains/(losses) on financial instruments are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021					
	Against profit or loss			Against equity		
	Gains	Loss	Net gains/(losses)	Gains	Loss	Net gains/(losses)
Assets						
Financial assets at fair value through profit or loss	12 388 738	(2 655 194)	9 733 544	-	-	-
	12 388 738	(2 655 194)	9 733 544	-	-	-
Liabilities						
Financial liabilities at fair value through profit or loss	-	(1 023 025)	(1 023 025)	-	-	-
	-	**(1 023 025)**	**(1 023 025)**	**-**	**-**	**-**

(Amounts stated in thousand of Kwanzas)

	31/12/2020					
	Through Results			Through Equity		
	Gains	Losses	Results	Gains	Losses	Results
Asset						
Deposits in central banks and other credit institutions	4 977 155	(181 105)	5 158 260	-	-	-
Financial assets at fair value throut profit loss	50 362 481	-	50 362 481	-	-	-
Investments at amortized cost	138 350 946	42 606 607	95 744 339	-	-	-
Loans and advances to customers	40 432 190	16 920 894	23 511 296	-	-	-
	234 122 772	59 346 396	174 776 376	-	-	-
Liabilities						
Funds of customers and other loans	-	27 917 938	(27 917 938)	-	-	-
Funds of central banks and other credit institutions	-	578 939	(578 939)	-	-	-
Financial liabilities at fair value throut profit loss	585 191	4 244 410	(3 659 219)			
	585 191	32 741 287	(32 156 096)	-	-	-
Off-balance sheet						
Guarantees issued	461 845	-	461 845	-	-	-
Documentary credits	1 138 679	-	1 138 679	-	-	-
	1 600 524	**-**	**1 600 524**			

As at 31 December 2021 and 2020, the geographical concentration of credit risk exposure presents the following detail:

(Amounts stated in thousand of Kwanzas)

	31/12/2021				
	Angola	Other African countries	Europe	Other	Total
Assets					
Loans and advances to central banks	423 459 380	-	-	-	423 459 380
Loans and advances to credit institutions	-	4 642 525	16 296 979	2 265 559	23 205 063
Other loans and advances to central banks and credit institutions	126 572 934	44 174 247	367 865 779	17 712 609	556 325 569
Financial assets at fair value through profit or loss	93 281 242	-	-	1 703 549	94 984 791
Investments at amortised cost	1 127 786 175	-	-	-	1 127 786 175
Loans and advances to customers	352 959 464	-	-	-	352 959 464
Total	**2 124 059 195**	**48 816 772**	**384 162 758**	**21 681 717**	**2 578 720 442**

(Amounts stated in thousand of Kwanzas)

	31/12/2020				
	Angola	Other African countries	Europe	Other	Total
Assets					
Cash and balances at central banks	474 216 835	-	-	-	474 216 835
Balances at other credit institutions	17 000	6 045 808	20 052 323	161 662	26 276 793
Deposits with central banks and other credit institutions	15 710 298	83 202 750	550 178 687	-	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
Loans and advances 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**

As at 31 December 2021 and 2020, the sectoral concentration of loans and advances to customers is as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021						
	Loans and advances to customers		Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Impairment	
	Performing	Overdue				Amount	Total impairment/ exposure
Corporate							
Real Estate, rental and services rendered by Companies	243 483	14 818	429 823	688 124	0%	16 953	0%
Other collective, social and personal service activities	1 785 271	283 547	1 039 270	3 108 088	1%	383 053	1%
Central Government	85 264 971	219	-	85 265 190	16%	1 560 658	3%
Agriculture, livestock, game and forestry	50 138 940	564 725	793 105	51 496 770	10%	21 752 163	40%
Accommodation and catering	3 460 373	96 653	342 338	3 899 364	1%	108 346	0%
Financial activities	918 529	-	8 722 050	9 640 579	2%	5 372	0%
Wholesale and retail trade	27 045 880	589 331	24 629 700	52 264 911	10%	872 423	2%
Construction	77 547 529	898 772	21 861 167	100 307 468	19%	5 892 953	11%
Education	256 291	507 839	7 000	771 130	0%	492 225	1%
Extractive industries	210 899	2 076 912	178 370	2 466 181	0%	1 727 504	3%
Manufacturing industries	20 110 221	843	8 204 223	28 315 287	5%	2 643 122	5%
Other service companies	33 310 670	5 189 296	25 478 238	63 978 204	12%	8 362 845	16%
Production and distribution of energy, gas and water	573 555	35 602	15 900	625 057	0%	68 587	0%
Health and social services	264 283	656	271 687	536 626	0%	4 253	0%
Transport, storage and communication	5 105 963	12 319	22 941 530	28 059 812	5%	157 152	0%
	306 236 858	10 271 532	114 914 401	431 422 791		44 047 609	
Individuals							
Consumer	59 918 127	2 620 960	7 918 712	70 457 799	13%	3 535 438	7%
Residential	24 642 256	1 451 882	-	26 094 138	5%	6 032 807	11%
Other purposes	556 431	633 055	117 881	1 307 367	0%	291 373	1%
	85 116 814	4 705 897	8 036 593	97 859 304		9 859 618	
Total	**391 353 672**	**14 977 429**	**122 950 994**	**529 282 095**		**53 907 227**	

(Amounts stated in thousand of Kwanzas)

	31/12/2020						
	Loans and advances to customers		Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Impairment	
	Performing	Overdue				Amount	Total impairment/ exposure
Corporate							
Real Estate, rental and services rendered by Companies	281 756	173	-	281 929	0%	3 544	1%
Other collective, social and personal service activities	826 626	130 070	-	956 696	0%	378 137	40%
Central Government	52 182 587	192	-	52 182 779	12%	2 796 422	5%
Agriculture, livestock, game 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%
Extractive industries	350 136	5 141 179	5 000	5 496 316	1%	7 343 092	134%
Manufacturing industries	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 energy, gas and water	1 389 311	2 342	731 063	2 122 717	0%	48 158	2%
Health and social services	147 740	35 969	-	183 709	0%	29 401	16%
Transport, storage and communication	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	
Individuals							
Consumer	57 420 866	1 844 898	-	59 265 764	14%	2 939 625	5%
Residential	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**	

The exposure to credit risk by class of financial assets, rating level and stage, as at 31 December 2021 and 2020, presents the following detail:

(Amounts stated in thousand of Kwanzas)

	31/12/2021				
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Financial assets acquired or originated impaired by credit losses	Total
Cash and deposits at central banks:					
B+ to B-	395 923 933	-	-	-	395 923 933
N/ D	27 535 447	-	-	-	27 535 447
	423 459 380	-	-	-	423 459 380
Loans and advances to credit institutions:					
AAA to AA-	1 212 190	-	-	-	1 212 190
A+ to A-	1 329 397	-	-	-	1 329 397
BBB+ to BBB-	15 134 526	-	-	-	15 134 526
BB+ to BB-	4 289 590	-	-	-	4 289 590
B+ to B-	-	-	-	-	-
CCC+ to CCC	1 246 930	-	-	-	1 246 930
CCC to CC-	-	-	-	-	-
N/ D	-	-	-	-	-
	23 212 633	-	-	-	23 212 633
Other loans and advances to central banks and credit institutions:					
AAA to AA-	47 179 220	-	-	-	47 179 220
A+ to A-	48 285 933	-	-	-	48 285 933
BBB+ to BBB-	309 664 725	-	-	-	309 664 725
BB+ to BB-	24 976 735	-	-	-	24 976 735
B+ to B-	126 572 934	-	-	-	126 572 934
CCC+ to CCC	-	-	-	-	-
CCC to CC-	-	-	-	-	-
N/ D	-	-	-	-	-
	556 679 547	-	-	-	556 679 547
Investments at amortised cost:					
B+ to B-	923 462 847	217 795 949	-	-	1 141 258 796
N/ D	-	-	-	-	-
	923 462 847	217 795 949	-	-	1 141 258 796
Loans and advances to customers - On-balance sheet:					
Grade A	121 806 415	22 448 468	25 087	-	144 279 970
Grade B	170 374 645	19 228 098	1 463 550	-	191 066 293
Grade C	68 411	320 000	190 240	-	578 651
Grade D	28 936	70 487	34 988 931	-	35 088 354
Grade E	2 262	135 388	1 576 111	-	1 713 761
Grade F	-	39 538	454 370	-	493 908
Grade G	50 884	13 708 069	19 351 211	-	33 110 164
	292 331 553	55 950 048	58 049 500	-	406 331 101
Loans and advances to customers - Off-balance sheet:					
Grade A	7 023 291	150	14 525	-	7 037 966
Grade B	114 831 895	718 618	315 509	-	115 866 022
Grade C	2 477	804	247	-	3 528
Grade D	477	411	300	-	1 188
Grade E	92	-	608	-	700
Grade F	-	-	1 671	-	1 671
Grade G	2 402	5 546	31 972	-	39 920
	121 860 634	725 529	364 832	-	122 950 995
Total gross book value	**2 341 006 594**	**274 471 526**	**58 414 332**	**-**	**2 673 892 452**
Accumulated impairment / Provision	(15 951 335)	(34 200 359)	(17 589 702)		(67 741 396)
Net book value	**2 325 055 259**	**240 271 167**	**40 824 630**	**-**	**2 606 151 056**

(Amounts stated in thousand of Kwanzas)

	31/12/2020				
	Stage 1 (12 months)	Stage 2 (duration of the instrument)	Stage 3 (duration of the instrument)	Financial assets acquired or originated with impairment for credit losses	Total
Cash and balances at central banks:					
CCC+ to CCC	441 982 650	-	-	-	441 982 650
N/Available	32 234 185	-	-	-	32 234 185
	474 216 835	-	-	-	474 216 835
Balances at 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/Available	86 015	-	-	-	86 015
	26 295 341	-	-	-	26 295 341
Deposits with 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/Available	-	-	-	-	-
	649 862 691	-	-	-	649 862 691
Investments at amortized cost:					
CCC+ to CCC	751 660 677	283 494 034	-	-	1 035 154 711
N/Available	-	-	-	-	
	751 660 677	283 494 034	-	-	1 035 154 711
Loans and advances to customers - On-balance sheet:					
Class A	71 958 377	77 170 163	1 139	-	149 129 679
Class B	109 522 987	30 510 240	1 803 269	-	141 836 496
Class C	55 701	725 503	235 773	-	1 016 976
Class D	5 046	49 720 714	45 650	-	49 771 409
Class E	14 880	12 278 103	2 166 188	-	14 459 170
Class F	191	694	950 112	-	950 997
Class G	34 779	1 092 464	29 526 779	-	30 654 022
	181 591 960	171 497 880	34 728 909	-	387 818 749
Loans and advances to customers - Off-balance sheet:					
Class A	5 444 216	-	-	-	5 444 216
Class B	42 894 131	2 125 826	-	-	45 019 958
Class C	-	-	-	-	-
Class D	-	-	-	-	-
Class E	-	-	-	-	-
Class F	-	-	-	-	-
Class G	-	-	-	-	-
	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**

30.2 LIQUIDITY RISK

Liquidity risk corresponds to the risk of the Bank presenting difficulties in obtaining the financial resources it needs to meet its financial commitments when they become due. Liquidity risk may consist, for example, in the inability to sell a financial instrument quickly for an amount representative of its fair value, because of its large size, in relation to the volume normally traded, or because of some discontinuity in the market.

Within the scope of the Bank's internal policies with respect to exposure to liquidity risk, the respective follow-up and monitoring of the established principles and limits is ensured by the Risk Management Department.

At 31 December 2021 and 2020, the total contractual cash flows are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021									
	Residual contract terms									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	423 459 380	-	-	-	-	-	-	-	-	423 459 380
Loans and advances to credit institutions	23 212 633	-	-	-	-	-	-	-	-	23 212 633
Other loans and advances to central banks and credit institutions	-	408 061 806	148 617 741	-	-	-	-	-	-	556 679 547
Financial assets at fair value through profit or loss	-	6 032	10 612 467	22 317	20 793 162	53 544 155	3 896 571	2024355	4 085 732	94 984 791
Investments at amortised cost	-	-	20 957 164	174 922 563	310 451 919	447 177 073	187 750 077	-	-	1 141 258 796
Loans and advances to customers	-	9 286 511	3 669 006	8 508 457	31 422 666	129 367 672	58 680 019	150 419 341	14 977 429	406 331 101
Total Assets	**446 672 013**	**417 354 349**	**183 856 378**	**183 453 337**	**362 667 747**	**630 088 900**	**250 326 667**	**152 443 696**	**19 063 161**	**2 645 926 248**
Liabilities										
Deposits from central banks and other credit institutions	718 322	1 135 680	-	-	-	-	-	-	-	1 854 002
Deposits from customers and other loans	840 315 715	349 272 143	388 496 597	257 201 342	161 100 671	8 933 028	-	-	-	2 005 319 496
Financial liabilities at fair value through profit or loss	-	1 023 025	-	-	-	-	-	-	-	1 023 025
Total Liabilities	**841 034 037**	**351 430 848**	**388 496 597**	**257 201 342**	**161 100 671**	**8 933 028**	**-**	**-**	**-**	**2 008 196 523**
Liquidity Gap	**(394 362 024)**	**65 923 501**	**(204 640 219)**	**(73 748 005)**	**201 567 076**	**621 155 872**	**250 326 667**	**152 443 696**	**19 063 161**	**637 729 725**
Accumulated Gap Liquidity	**(394 362 024)**	**(328 438 523)**	**(533 078 742)**	**(606 826 747)**	**(405 259 671)**	**215 896 201**	**466 222 868**	**618 666 564**	**637 729 725**	

(Amounts stated in thousand of Kwanzas)

	31/12/2020									
	Residual contract terms									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	474 216 835	-	-	-	-	-	-	-	-	474 216 835
Loans and advances to credit institutions	26 276 793	-	-	-	-	-	-	-	-	26 276 793
Other loans and advances to central banks and 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 amortised cost	-	-	-	-	90 679 761	589 205 004	251 023 066	46 928 927	-	977 836 759
Loans and advances 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
Deposits from customers 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 profit or loss	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 Gap Liquidity	**(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**

As at 31 December 2021 and 2020, the contractual cash flows related to capital are as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021									
	Maturity dates									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	423 459 380	-	-	-	-	-	-	-	-	423 459 380
Loans and advances to credit institutions	23 212 633	-	-	-	-	-	-	-	-	23 212 633
Other loans and advances to central banks and credit institutions	-	407 388 242	147 313 725	-	-	-	-	-	-	554 701 967
Financial assets at fair value through profit or loss	-	5 609	10 135 371	21 813	20 443 908	51 043 305	3 802 508	2 023 486	4 085 732	91 561 732
Investments at amortised cost	-	-	20 164 424	171 877 819	308 236 732	432 274 577	181 964 742			1 114 518 294
Loans and advances to customers	-	8 232 492	3 514 211	8 223 923	29 848 400	126 079 244	58 497 523	151 736 628	14 917 993	401 050 414
Total activo	**446 672 013**	**415 626 343**	**181 127 731**	**180 123 555**	**358 529 040**	**609 397 126**	**244 264 773**	**153 760 114**	**19 003 725**	**2 608 504 420**
Liabilities										
Deposits from central banks and other credit institutions	718 322	1 135 680		-	-	-	-	-	-	1 854 002
Deposits from customers and other loans	840 283 485	347 705 020	384 755 175	255 485 109	160 027 769	8 570 318	-	-	-	1 996 826 876
Financial liabilities at fair value through profit or loss	-	1 769 226	-	-	-	-	-	-	-	1 769 226
Total Liabilities	**841 001 807**	**350 609 926**	**384 755 175**	**255 485 109**	**160 027 769**	**8 570 318**	**-**	**-**	**-**	**2 000 450 104**
Liquidity Gap	**(394 329 794)**	**65 016 417**	**(203 627 444)**	**(75 361 554)**	**198 501 271**	**600 826 808**	**244 264 773**	**153 760 114**	**19 003 725**	**608 054 316**
Accumulated Gap Liquidity	**(394 329 794)**	**(329 313 377)**	**(532 940 821)**	**(608 302 375)**	**(409 801 104)**	**191 025 704**	**435 290 477**	**589 050 591**	**608 054 316**	

(Amounts stated in thousand of Kwanzas)

	31/12/2020									
	Maturity dates									
	At sight	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	474 216 835	-	-	-	-	-	-	-	-	474 216 835
Loans and advances to credit institutions	26 276 793	-	-	-	-	-	-	-	-	26 276 793
Other loans and advances to central banks and credit institutions	-	575 993 108	72 771 249	-	-	-	-	-	-	648 764 357
Financial assets at fair value through profit or loss	-	-	-	-	145 837 576	179 769 348	23 734 693	4 493 333	-	353 834 950
Investments at amortised cost	-	-	-	-	88 075 779	580 771 307	243 210 456	45 856 234	-	957 913 776
Loans and advances 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**
Liabilities										
Deposits from central banks and other credit institutions	1 133 494	2 954 524	-	-	-	-	-	-	-	4 088 018
Deposits from customers and other 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 profit or loss	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 Gap Liquidity	**(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**

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 encompasses interest rate risk and exchange rate risk.

Interest rate risk

The interest rate risk corresponds to the risk arising from adverse movements in interest rates resulting in a mismatch in the amount, maturities or interest-fixing dates observed in financial instruments with interest receivable and payable.

As at 31 December 2021 and 2020, financial instruments by exposure to interest rate risk were as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**2 569 201 263**	**4 806 314**	**4 085 732**	**-**	**2 578 720 442**
Cash and deposits at central banks	423 459 380	-	-	-	423 459 380
Loans and advances to credit institutions	23 205 063	-	-	-	23 205 063
Other loans and advances to central banks and credit institutions	556 325 569	-	-	-	556 325 569
Financial assets at fair value through profit or loss	90 271 926	-	4 085 732	627 133	94 984 791
Investments at amortised cost	1 127 786 175	-	-	-	1 127 786 175
Loans and advances to customers	348 153 150	4 806 314			352 959 464
Liabilities	**2 005 347 776**	**-**	**1 825 722**	**1 023 025**	**2 008 196 523**
Deposits from central banks and other credit institutions	28 280	-	1 825 722	-	1 854 002
Deposits from customers and other loans	2 005 319 496	-	-	-	2 005 319 496
Financial liabilities at fair value through profit or loss	-	-		1 023 025	1 023 025
Total	**4 574 549 039**	**4 806 314**	**5 911 454**	**1 650 158**	**4 586 916 965**

(Amounts stated in thousand of Kwanzas)

	31/12/2020				
	Exposure to		Not subject to interest rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**2 393 255 377**	**37 075 038**	**396 159 264**	**-**	**2 826 489 679**
Cash and deposits at central banks	474 216 835	-	-	-	474 216 835
Loans and advances to credit institutions	26 276 793	-	-	-	26 276 793
Other loans and advances to central banks and 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 amortised cost	977 836 759	-	-	-	977 836 759
Loans and advances to customers	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
Deposits from customers and other loans	2 252 202 707	-	-00	-	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**

As at 31 December 2021 and 2020, financial instruments with exposure to interest rate risk by maturity date or prefixation date are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021								
	Datas de refixação/ Datas de maturidade								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	**865 367 696**	**183 590 897**	**182 159 902**	**357 254 697**	**620 049 415**	**245 501 855**	**120 710 248**	**4 085 732**	**2 578 720 442**
Cash and deposits at central banks	423 459 380	-	-	-	-	-	-	-	423 459 380
Loans and advances to credit institutions	23 205 063	-	-	-	-	-	-	-	23 205 063
Other loans and advances to central banks and credit institutions	407 775 072	148 550 497	-	-	-	-	-	-	556 325 569
Financial assets at fair value through profit or loss	6 032	10 612 467	22 317	20 793 162	53 544 155	3 896 571	2 024 355	4 085 732	94 984 791
Investments at amortised costs	-	20 898 209	173 982 903	306 714 993	441 051 254	185 138 816	-	-	1 127 786 175
Loans and advances to customers	10 922 149	3 529 724	8 154 682	29 746 542	125 454 006	56 466 468	118 685 893	-	352 959 464
Liabilities	**1 190 306 180**	**389 632 277**	**257 201 342**	**161 100 671**	**8 933 028**	**-**	**-**	**-**	**2 007 173 498**
Deposits from central banks and other credit institutions	718 322	1 135 680	-	-	-	-	-	-	1 854 002
Deposits from customers and other loans	1 189 587 858	388 496 597	257 201 342	161 100 671	8 933 028	-	-	-	2 005 319 496

(Amounts stated in thousand of Kwanzas)

	31/12/2020								
	Datas de refixação/ Datas de maturidade								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 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
Loans and advances to credit institutions	26 276 793	-	-	-	-	-	-	-	26 276 793
Other loans and advances to central banks and credit institutions	576 283 764	72 807 971	-	-	-	-	-	-	649 091 735
Investments at amortised costs	-	-	-	90 679 761	589 205 004	251 023 066	46 928 927	-	977 836 759
Loans and advances 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**
Deposits from central banks and other credit institutions	1 024 425	-	-	-	-	-	-	-	1 024 425
Deposits from customers and other loans	1 348 722 667	381 470 505	337 426 158	176 385 958	8 197 419	-	-	-	2 252 202 707

As at 31 December 2021 and 2020, the average interest rates for the main financial assets and liabilities are as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021			31/12/2020		
	Average balance of the period	Interest for the period	Average interest rate	Average balance of the period	Interest for the period	Average interest rate
Investments						
Financial assets at fair value through profit or loss	225 535 479	40 074 292	18%	265 249 545	32 694 352	12%
Loans and advances to customers	397 074 925	49 831 404	13%	373 494 512	40 432 189	11%
Investments at amortised cost	1 088 206 754	145 558 131	13%	938 619 532	138 350 946	15%
Other loans and advances to central banks and credit institutions	603 271 119	7 546 938	1%	553 677 762	4 977 157	1%
	2 314 088 276	243 010 765	22%	2 131 041 350	216 454 644	21%
Deposits						
Deposits from customers	2 128 761 102	42 171 750	2%	1 937 550 176	27 917 937	1%
Interbank deposits	526 353	472 050	0%	522 460	578 940	0%
Other deposits	6 752 109	954 851	14%	9 079 653	1 254 413	14%
	2 136 039 563	43 598 651	4%	1 947 152 288	29 751 290	3%
Net interest income		**199 412 114**			**186 703 354**	

As at 31 December 2021 and 2020, the sensitivity analysis of the results generated by financial instruments to changes in interest rates presents the following detail:

(Amounts stated in thousand of Kwanzas)

	31/12/2021					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(15 754 822)	(10 492 385)	(5 240 800)	5 240 800	10 492 385	15 754 822
Interest and similar expense	(15 756 801)	(10 491 816)	(5 239 580)	5 239 580	10 491 816	15 756 801
Total	**(31 511 624)**	**(20 984 202)**	**(10 480 380)**	**10 480 380**	**20 984 202**	**31 511 624**

(Amounts stated in thousand of Kwanzas)

	31/12/2020					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(14 554 207)	(9 692 737)	(4 841 355)	4 841 355	9 692 737	14 554 207
Interest and similar expense	(14 436 578)	(9 612 614)	(4 800 450)	4 800 450	9 612 614	14 436 578
Total	**(28 990 785)**	**(19 305 351)**	**(9 641 806)**	**9 641 806**	**19 305 351**	**28 990 785**

Exchange Rate Risk

Exchange rate risk consists of the fluctuation of the fair value or future cash flows of a financial instrument due to changes in foreign exchange rates.

The securities portfolio of the Bank is divided between securities denominated in national currency and in foreign currency, taking into consideration the overall structure of its balance sheet, in order to avoid incurring, in this manner, exchange rate risk.

As at 31 December 2021 and 2020, financial instruments by currency are detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021					
	Kwanzas	Indexed to the US Dollar	US Dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	221 741 798	-	30 350 958	170 722 062	644 562	423 459 380
Loans and advances to credit institutions	-	-	8 183 508	13 394 868	1 626 687	23 205 063
Other loans and advances to central banks and credit institutions	126 572 934	-	379 590 725	44 174 247	5 987 663	556 325 569
Financial assets at fair value through profit or loss	60 181 925	33 099 317	1 671 271	32 278	-	94 984 791
Investments at amortised cost	734 019 657	-	393 766 518	-	-	1 127 786 175
Loans and advances to customers	329 445 209	-	23 308 135	206 116	4	352 959 464
	1 471 961 523	**33 099 317**	**836 871 115**	**228 529 571**	**8 258 916**	**2 578 720 442**
Liabilities						
Deposits from central banks and other credit institutions	1 135 679	-	135 349	579 319	3 655	1 854 002
Deposits from customers and other loans	973 519 239	-	806 201 433	222 081 266	3 517 558	2 005 319 496
Financial liabilities at fair value through profit or loss	1 023 025	-	-	-	-	1 023 025
	975 677 943	**-**	**806 336 782**	**222 660 585**	**3 521 213**	**2 008 196 523**
	496 283 580	**33 099 317**	**30 534 333**	**5 868 986**	**4 737 703**	**570 523 919**

(Amounts stated in thousand of Kwanzas)

	31/12/2020					
	Kwanzas	Indexed to the US Dollar	US Dollar	Euro	Other currencies	Total
Assets						
Cash and deposits at central banks	221 400 386	-	36 278 323	215 589 755	948 371	474 216 835
Loans and advances to credit institutions	17 000	-	10 686 321	11 357 264	4 216 208	26 276 793
Other loans and advances to central banks and 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	283 980 794	78 154 091	3 518 432	40 971	-	365 694 288
Investments at amortised cost	587 007 693	-	390 829 066	-	-	977 836 759
Loans and advances to customers	255 187 818	-	77 929 638	255 795	18	333 373 269
	1 364 074 945		**1 088 907 904**	**283 095 325**	**12 257 414**	**2 826 489 679**
Liabilities						
Deposits from central banks and other credit institutions	2 133 776	-	356 587	1 510 894	87 042	4 088 299
Deposits from customers and other loans	953 755 298	-	1 034 587 831	257 666 534	6 193 044	2 252 202 707
Financial liabilities at fair value through profit or loss	4 244 410	-	-	-	-	4 244 410
	960 133 484	**-**	**1 034 944 418**	**259 177 428**	**6 280 086**	**2 260 535 416**
	403 941 461	**-**	**53 963 486**	**23 917 897**	**5 977 328**	**565 954 263**

As at 31 December 2021 and 2020, the sensitivity analysis (considering the Treasury Bonds indexed to the US dollar and currency forwards) of the asset value of the financial instruments to changes in exchange rates is detailed as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021					
	-20%	-10%	-5%	5%	10%	20%
United States dollar	(6 106 867)	(3 053 433)	(1 526 717)	1 526 717	3 053 433	6 106 867
Euro	(1 173 797)	(586 899)	(293 449)	293 449	586 899	1 173 797
Other currencies	(947 541)	(473 770)	(236 885)	236 885	473 770	947 541
Total	**(8 228 204)**	**(4 114 102)**	**(2 057 051)**	**2 057 051**	**4 114 102**	**8 228 204**

(Amounts stated in thousand of Kwanzas)

	31/12/2020					
	-20%	-10%	-5%	5%	10%	20%
United States dollar	(10 792 697)	(5 396 349)	(2 698 174)	2 698 174	5 396 349	10 792 697
Euro	(4 783 579)	(2 391 790)	(1 195 895)	1 195 895	2 391 790	4 783 579
Other currencies	(1 195 466)	(597 733)	(298 866)	298 866	597 733	1 195 466
Total	**(16 771 742)**	**(8 385 871)**	**(4 192 936)**	**4 192 936**	**8 385 871**	**16 771 742**

30.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Bank classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13.

Instruments listed in active markets (level 1)

This category includes financial instruments with available quoted prices in official markets and those in which there are entities that usually disclose prices of transactions for these instruments traded in 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 organised market and (ii) listed shares.

Valuation methods with observable market parameters/prices (level 2)

This category includes financial instruments valued through 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 provided 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 the lowest liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) OTC derivatives.

Valuation methods with non-observable parameters in the market (level 3)

This level includes the valuations determined by the use of internal valuation models or quotations provided by third parties but where the parameters used are not observable in the market.

The bases and assumptions used in the calculation of the 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 inputs that are not observable in the market; (ii) unquoted shares; (iii) Over the Counter (OTC) market derivatives with quotes provided by third parties.

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

(Amounts stated in thousand of Kwanzas)

	31/12/2021			
	Measured at fair value	Measured at amortised cost	Impairment	Net value
Assets				
Cash and deposits at central banks	-	423 459 380	-	423 459 380
Loans and advances to credit institutions	-	23 212 633	(7 570)	23 205 063
Other loans and advances to central banks and credit institutions	-	556 679 547	(353 978)	556 325 569
Financial assets at fair value through profit or loss	94 984 791	-	-	94 984 791
Investments at amortised cost	-	1 141 258 796	(13 472 621)	1 127 786 175
Loans and advances to customers	-	406 331 101	(52 726 559)	353 604 542
	94 984 791	**2 550 941 457**	**(66 560 729)**	**2 579 365 519**
Liabilities				
Deposits from central banks and other institutions	-	1 854 002	-	1 854 002
Deposits from customers and other loans	-	2 005 319 496	-	2 005 319 496
Financial liabilities at fair value through profit or loss	1 023 025	-	-	1 023 025
	1 023 025	**2 007 173 498**	**-**	**2 008 196 523**

(Amounts stated in thousand of Kwanzas)

	31/12/2020			
	Measured at fair value	Measured at amortised cost	Impairment	Net value
Assets				
Cash and deposits at central banks	-	474 216 835	-	474 216 835
Loans and advances to credit institutions	-	26 295 341	(18 548)	26 276 793
Other loans and advances to central banks and 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 amortised cost	-	1 035 154 711	(57 317 952)	977 836 759
Loans and advances to customers	-	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 institutions	-	4 088 299	-	4 088 299
Deposits from customers 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**

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

(Amounts stated in thousand of Kwanzas)

	31/12/2021				
	Book value (net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortised cost		
Assets					
Cash and deposits at central banks	423 459 380	-	423 459 380	423 459 380	-
Loans and advances to credit institutions	23 205 063	-	23 205 063	23 205 063	-
Other loans and advances to central banks and credit institutions	556 325 569	-	556 325 569	556 325 569	-
Financial assets at fair value through profit or loss	94 984 791	94 984 791	-	94 984 791	-
Investments at amortised cost	1 127 786 175	-	1 209 795 237	1 209 795 237	82 009 062
Loans and advances to customers	353 604 542	-	366 812 648	366 812 648	13 208 105
	2 579 365 519	**94 984 791**	**2 579 597 896**	**2 674 582 687**	**95 217 168**
Liabilities					
Deposits from central banks and other institutions	1 854 002	-	1 854 002	1 854 002	-
Deposits from customers and other loans	2 005 319 496	-	2 005 319 496	2 005 319 496	-
Financial liabilities at fair value through profit or loss	1 023 025	1 023 025	-	1 023 025	-
	2 008 196 523	**1 023 025**	**2 007 173 498**	**2 008 196 523**	**-**

(Amounts stated in thousand of Kwanzas)

	31/12/2020				
	Book value (net)	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortised cost		
Assets					
Cash and deposits at central banks	474 216 835	-	474 216 835	474 216 835	-
Loans and advances to credit institutions	26 276 793	-	26 276 793	26 276 793	-
Other loans and advances to central banks and 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 amortised cost	977 836 759	-	1 046 437 000	1 046 437 000	68 600 241
Loans and advances to customers	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 institutions	4 088 299	-	4 088 299	4 088 299	-
Deposits from customers 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**	**-**

The fair value of financial instruments should be estimated, whenever possible, using quotations on an active market. A market is considered active, and therefore liquid, when it is accessed by equally knowledgeable counterparties and where transactions are carried out on a regular basis. Almost all the financial instruments of the Bank are not listed on active markets.

In view of the absence of quotations on active markets, the valuation of financial instruments is carried out in the following terms:

a) Financial instruments recorded in the balance sheet at fair value:

Non-adjustable Treasury Bills and Treasury Bonds in domestic currency issued by the Angolan State and held by the Bank for trading in the secondary market with other banks are revalued based on a discounted cash-flows model. The discount curve used can be observed directly on BODIVA's daily report, which the Bank considers to be an active market.

Foreign exchange forwards are revalued using a discounted cash flow model. The amounts in foreign currency are updated with an interest rate curve directly observed from Bloomberg and the amounts in domestic currency are updated with a curve built with interbank money market yields and reference rates ("Luibor") observed on the BNA website.

Since they are not listed on a stock exchange and in the existence of observable market data, the equity instruments, with the exception of Visa Incl, are valued by the equity method and the Investment Units by quotation made available by the fund management company.

b) Financial instruments recorded in the balance sheet at amortised cost:

For financial instruments recorded in the balance sheet at amortised cost, the Bank calculates their fair value using valuation techniques based on the conditions applicable to similar transactions on the reference date of the financial statements, namely the value of the respective discounted cash flows based on the interest rates considered most appropriate, i.e.:

- Non-adjustable Treasury Bills and Treasury Bonds in domestic currency issued by the Angolan State are valued, for disclosure purposes, on the basis of a discounted cash-flows model. The discount curve used can be observed directly on BODIVA's daily report, which the Bank considers to be an active market.

- Treasury Bonds in dollars issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model. As there are not yet any significant transactions of this instrument in BODIVA, the discount curve is built based on the yields of the last issues of these bonds.

- For loan and advance operations with customers, the average interest rates charged by the Bank in the period ended 31 December 2021 and 2020, respectively, were used for operations with similar characteristics and net of accumulated impairment losses; and

- Regarding the Cash and deposits at central banks, Loans and advances to other credit institutions, Other loans and advances at central banks and other credit institutions, Deposits from central banks and other credit institutions and Deposits from customers and other loans", as they are essentially short-term investments, the balance sheet value was considered a reasonable approximation of their fair value.

It should be noted that the fair value presented does not correspond to the realisation value of these financial instruments in a sale or liquidation scenario and was not calculated for that purpose.

As at 31 December 2021 and 2020, the fair value of financial instruments recorded in the balance sheet at fair value presents the following detail by valuation methodology:

(Amounts stated in thousand of Kwanzas)

	31/12/2021			
	Level 1 Prices on the active market	Level 2 Observable market data	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	1 671 271	90 899 058	2 414 462	94 984 791
Debt securities issued by the State				
Non-adjustable Treasury Bonds in domestic currency	-	56 095 869	-	56 095 869
Treasury Bonds in domestic currency indexed to the US dollar exchange rate	-	34 176 056		34 176 056
Equity instruments				
VISA	1 671 271	-	-	1 671 271
Other equity instruments	-	-	1 403 289	1 403 289
Investment units	-	-	1 011 173	1 011 173
Derivatives	-	627 133	-	627 133
Liabilities				
Financial liabilities at fair value through profit or loss	-	1 023 025	-	1 023 025
Derivatives	-	1 023 025	-	1 023 025

(Amounts stated in thousand of Kwanzas)

	31/12/2020			
	Level 1 Prices on the active market	Level 2 Observable market data	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	1 972 648	283 219 897	80 501 743	365 694 288
Debt securities issued by the State				
Non-adjustable Treasury Bills and Treasury Bonds in domestic currency	-	282 634 707	-	282 634 707
Treasury Bonds in domestic currency indexed to the US dollar exchange rate	-	-	78 164 324	78 164 324
Equity instruments				
VISA	1 972 648	-	-	1 972 648
Other equity instruments	-	-	2 034 013	2 034 013
Investment units	-	-	303 406	303 406
Derivatives	-	585 191	-	585 191
Liabilities				
Financial liabilities at fair value through profit or loss	-	4 244 410	-	4 244 410
Derivatives	-	4 244 410	-	4 244 410

30.5 CAPITAL MANAGEMENT

The Bank's own funds are determined in accordance with the applicable regulatory standards, namely with 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 instructions are as follows: Instruction No. 12/2016, Instruction No. 13/2016, Instruction No. 14/2016, Instruction No. 15/2016, Instruction No. 16/2016, Instruction No. 17/2016 and Instruction No. 18/2016.

Angolan financial institutions shall 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 Total Capital Ratio of 10%.

Angolan financial institutions shall maintain a level of own funds compatible with the nature and scale of operations, ensuring at all times a minimum Total Capital Ratio of 10%.

Total Capital comprise:

1. Core own funds - comprise: (i) paid-up share capital; (ii) share premiums relating to elements included in the previous paragraph; (iii) reserve for monetary adjustments of paid-up share capital; (iv) positive retained earnings from previous periods; (v) legal, statutory and other reserves resulting from undistributed income/profit, or incorporated for capital increase; (vi) positive net income of the previous period; (vii) provisional positive net income of the current period; (viii) portion of the reserve and net income related to deferred tax assets, provided that they relate to losses containing as a negative element original own funds, and (ix) instruments whose issue conditions were previously approved by the Banco Nacional de Angola.

2. Negative elements of the Original Own Funds — comprise: (i) own shares in the portfolio, at the book value in the balance sheet; (ii) negative income, retained from previous periods; (iii) negative net income from the previous period; (iv) negative latent income relating to revaluation of securities; (v) negative latent income relating to the revaluation of available-for-sale securities and cash flow hedges and investments abroad; (vi) provisional negative net income for the current period; (vii) intangible assets net of depreciations; (viii) deferred costs relating to pension liabilities; (ix) portion of the reserve and net income related to deferred tax liabilities, provided that they relate to gains containing as a positive element original own funds; (x) positive revaluation differences resulting from the application of the equity method; (xi) lack of provisions under the provisions of Notice No. 12/2014, of 17 December, on the constitution of provisions; and (xii) actuarial losses not recognised in profit or loss.

3. Additional Own Funds — comprise: (i) fixed-term preferred shares; (ii) generic funds and provisions; (iii) reserves resulting from real estate for own use; (iv) subordinated debt, in the form of loans or bonds issued, whose issuance conditions were previously approved by the Banco Nacional de Angola; (v) positive latent income relating to the revaluation of available-for-sale securities and cash flow hedges and investments abroad, up to 45% (forty five percent) of their value (by the amount of the net effect of the hedge) before taxes; (vi) other instruments whose issuance conditions have been previously approved by the Banco Nacional de Angola.

4. Deductions to original and additional own funds — comprise: (i) instruments issued or obtained by other financial institutions, of which the Institutions are holders, provided for in Article 5(2)(a) and (i) and Article 7(2)(a),(d) and (f), both of Notice No. 02/2016. This deduction should consider the book value in the balance sheet, net of provisions, and should met the following conditions:

a) If the Institution has a participation above 10% (ten percent) of the investee’s share capital, all of the aforementioned instruments shall be deducted, or

b) If the Institution has a participation below or equal to 10% (ten percent) of the investee’s share capital, and if above ten 10% (ten percent) of the investor’s share capital, all of the aforementioned instruments shall be deducted, except 10% (ten percent) of the investor’s own funds, determined before this deduction;

(ii) the surplus against the limits established in Notice No. 9/2016, on prudential limits on large risks.

Positive income referred to in the previous points may only be considered when certified by the chartered accountant, member of the supervisory board or statutory auditor and by the external auditor.

A summary of the Bank's capital requirement calculations for 31 December 2021 is presented as follows:

(Amounts stated in thousand of Kwanzas)

	31/12/2021	31/12/2020
Total Capital	**357 681 771**	**461 774 226**
Own funds requirements (credit risk)	35 591 863	33 270 104
Own funds requirements (market risk)	5 834 991	10 644 574
Own funds requirements (operational risk)	36 077 505	37 956 625
Total Capital Ratio	**46,15%**	**56,40%**

The decrease in the solvency ratio is mainly explained by the decrease in Total Capital due to the extraordinary distribution of dividends with deferred payment in 2021, in the amount of AOA 160,500,000 thousand, as detailed in Note 19.

31. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

COVID-19-RELATED RENT CONCESSIONS AMENDMENT TO IFRS 16

In May 2020, the International Accounting Standards Board (Board) issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases.

If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications, so that, for example, the amount of rent forgiven on or before 30 June 2021 is taken to income the same year that the concession is granted, instead of being allocated over the duration of the contract as would be the case were the practical expedient not allowed.

The Amendment shall be applied for annual reporting periods beginning on or after 1 June 2020.

In 2021, the IASB, extended the practical expedient by 12 months, i.e., allowing lessees to apply it to rent concessions for which any reduction in lease payments only affects payments originally due on or before 30 June 2022.

The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021. Lessees can apply them early.

The 2021 amendments are applied retrospectively with the cumulative effect of the initial application recognised in retained earnings. The disclosure requirements of Paragraph 28 (f) 1 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply upon initial application.

The Bank has not made any significant changes in the adoption of this interpretation.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

In August 2020, the IASB issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments:

In August 2020, the IASB issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.

The objective of the Amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform (IBOR reform).

The Amendments are the results of the second phase of the IASB project that deals with the accounting implications of the IBOR reform, which originated the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued by the IASB on 26 September 2019. They complement the first phase of the project which dealt with pre-replacement accounting implications of the IBOR Reform and which have been issued by the IASB in 2019.

The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2021.

The Bank has not made any significant changes in the adoption of this interpretation.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

IASB has issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (the Amendments) on 25 June 2020.

The objective of the Amendments is to extend the expiry date of the temporary exemption from applying IFRS 9 (i.e., to 2023) in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts.

The Bank has not made any significant changes in the adoption of this interpretation.

Reference to the Conceptual Framework (Amendments to IFRS 3)

In May 2020 the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

The Bank has no impacts resulting from the adoption of this interpretation.

Property, Plant and Equipment – Proceeds before Intended Use, Amendments to IAS 16 Property, Plant and Equipment

In May 2020, the IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The Amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss.

The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The objective of the Amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Annual Improvements to IFRS Standards 2018 – 2020

On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

(a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS;

(b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9);

(c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; and

(d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value applying IAS 41.

The Amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Clarification requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)

IASB issued on 23 January 2020 narrow-scope amendments to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.

The amendments clarify an IAS 1 criteria for classifying a liability as non-current: the requirement for an entity to have the right to defer the liability's settlement at least 12 months after the reporting period.

The amendments aim to:

specify that an entity's right to defer settlement must exist at the end of the reporting period;

clarify that the classification is not affected by management's intentions or expectations as to whether the entity will exercise its right to postpone settlement;

clarify how loan conditions affect classification; and

clarify the requirements to classify the liabilities that an entity will settle, or may settle, by issuing its own equity instruments.

This amendment is effective for periods starting on 1 January 2023.

The Bank is evaluating the impacts that this standard will have on its financial statements

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, the Board has today issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements on 12 February 2021.

The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but may be applied earlier.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.
The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The IASB issued amendments to IAS 12 Income Taxes on 7 May 2021.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Bank is evaluating the impacts that this standard will have on its financial statements.

32. SUBSEQUENT EVENTS

In response to the current conflict in Ukraine, several countries have announced economic sanctions on Russia and in some cases Belarus. Possible further sanctions may be implemented in the near future and could cover additional individuals, entities and a wider range of goods and services.

The economic impacts resulting from the conflict may be of various natures, such as:

1) Significant disruption of operations in Ukraine, Russia and Belarus;
2) Liquidity challenges resulting from the applied economic sanctions
3) Specific effects on the Banking, financial services, energy sectors, among others resulting from the applied sanctions;
4) Increased uncertainty in the global economy, and
5) among others. These events and current market conditions may have significant implications for the entities' financial statements.

As a result, Management's understanding of, and response to, potential impacts is critical.

The Bank's Board of Directors has implemented a number of internal controls related to the prevention of money laundering and the financing of terrorism, as well as international sanctions and embargoes, which include analysis and verification of clients and counterparties against lists of commonly accepted and mandatory international sanctions, throughout its process of accepting clients and monitoring transactions. As a consequence of the above in line with the regularity already developed, the Bank is carrying out procedures to update its portfolio of customers and counterparties, based on the most recent updates of the lists of verified international sanctions.

According to the analysis carried out to date, the Bank does not expect to have any financial impact from this situation.

33. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

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INDEPENDENT AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Shareholders of
Banco de Fomento Angola, S.A.

Introduction

1. We have audited the accompanying financial statements of **Banco de Fomento Angola** (the Bank), which comprise the balance sheet as at 31 December 2021, showing total assets of AOA 2,632,275,320 thousand and a total equity of AOA 422,070,179 thousand, including a profit for the year of AOA 156,471,732 thousand, and the statement of income and comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and the accompanying notes to the financial statements.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management 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 Angolan Institute of Accountants and Statutory Auditors (*Ordem dos Contabilistas e Peritos Contabilistas de Angola*). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 entity's preparation and presentation of the financial statements

in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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.** ("Bank"). as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter

7. Without qualifying our opinion expressed in the previous paragraph, we draw attention to Note 19 of the notes to the financial statements, which discloses relevant information on the extraordinary distribution of dividends with deferred settlement, approved by the General Meeting of 16 June 2021.

Other matters

8. The financial statements for the year ended 31 December 2020, presented for comparative purposes, were audited by another Statutory Auditor, who issued an Independent Auditor's Report thereon without a qualified opinion or emphasis of matter, dated 7 April 2021. Our engagement as Statutory Auditors took place on 5 March 2021 to audit the accounts for the year ended 31 December 2021.

Luanda, 21 March 2022

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Maria Inês Rebelo Filipe
(Registered Auditor with certificate no. 20140081)

Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.

OPINION OF THE SUPERVISORY BOARD

1. In compliance with the mandatory legal and regulatory, article 441, g) of the Law of Commercial Companies (Law 1/04 of February 13), article 71, point 2 of the Basic Law of Financial Institutions (Law 14/21 of May 19), in conjunction with point 1,d) of article 15 of the Corporate Governance Code of Financial Institutions (Notice nº 1/22, of January 28), article 2, point 1 of the Regulations of the Supervisory Board of the Banco de Fomento Angola, S.A., approved on June 21, 2014, it is the responsibility of the Supervisory Board to issue an opinion on the Board of Directors' report of BANCO DE FOMENTO ANGOLA, S.A., for the year 2021.

2. It is the responsibility of the Board of Directors of BANCO DE FOMENTO ANGOLA, S.A. to present the 2021 Financial Statements and the other related documents.

3. The Supervisory Board is responsible for verifying the information contained in the Financial Report, in order to issue a professional and impartial opinion, based on its supervisory activity.

4. The Supervisory Board analyzed the financial statements, which comprise the balance sheet as of 31 December 2021, showing a total of 2,632,275,320 thousand Kwanzas and a total equity of 422,070,179 thousand Kwanzas, including net profit for the year of 156,471,732 thousand Kwanzas, the income statement and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes attached to the financial statements.

5. The Supervisory Board analyzed the External Auditor's opinion for the year ended 31 December 2021, which was issued without any reserve, declaring that the financial statements are presented fairly, in all material aspects, the financial position of the Banco de Fomento Angola, SA as of December 31, 2021 and the results of its operations and its cash flows for the year then ended in conformity with the International Financial Reporting Standards (IFRS).

Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.

6. In accordance with the above and taking into account the work carried out, we are the opinion that the General Assembly:

   a) Approve the financial statements for the year 2021.

   b) Approve the 2021 proposal for the application of results.

7. We express our gratitude for the collaboration provided by the Board of Directors, Executive Committee, Directors and other employees of the BANCO DE FOMENTO ANGOLA, S.A..

Luanda March 24, 2022

SUPERVISORY BOARD

Ari Brandão	**João Dias**	**Valdir Rodrigues**
(Presidente)	**(Vice-Presidente)**	**(Vogal)**
Perito Contabilista nº 20120120		

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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** – The set of Rights over real estate for commercial, residential or industrial leasing purposes.
- **Amortization** – Accounting technique that decreases the book value of a company's fixed assets, accordingly to their use, wear and useful life.
- **ATM (Automated Teller Machine)** – Equipment that allows authorized users (usually holders of valid cards for financial transactions in a given system) to access financial and other services, including cash withdrawals.
- **Investment 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 payments made abroad as well as all income earned abroad by a country. It is split between the Current Account and the Capital Account.
- **Balance Sheet** – Accounting statement that summarizes all assets held by a company as well as its equity and liabilities.
- **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 maturity.
- **Equity** – Funds that belong to the company itself, as opposed to those 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 net operating income, excluding the value of administrative charges.
- **Tripartite Contracts** – Contracts between the Bank, a service provider in the oil sector and an oil operator that allows the operator to sell 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 compared with its revenues.
- **Deposit** – A Bank transaction to raise funds.
- **Term Deposit** – Investing money in a Bank account for a certain period of time (one month, three months, six months, one year), earning interest on invested capital.
- **EMIS** - Angolan company that provides services to Banks regarding the use of banking cards. EMIS 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 Centres and Investment Centres 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 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 cross-border payments (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 price increase in a given economy.

- **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 Financial Income** – 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 the Bank (calculated using the passive interest rate).

- **Operating Margin** – This is determined by dividing operating income by the turnover and multiplying by one hundred. It is an indicator that measures the operating profitability of a company in a given period of time.

- **Interbank Money Market** – A market where Banks borrow and/or lend money to each other.

- **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.

- **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.
- **Net operating income** – All of the revenues received by a financial institution: commissions, interest and trading, interbank operations.
- **Gross Domestic Product (GDP)** – The sum of all goods and services produced in a country during a given period of time, usually a year.
- **Profiling** – Any form of personal data automated processing that uses such data to evaluate certain personal aspects of a 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.
- **Past-due Loans Ratio** – Ratio between the balance of loans and advances to Customers with overdue capital instalments or accrued interest and the total loans granted.
- **Capital Ratio** – Measures the relative proportion of a company's assets financed by equity versus liabilities. The Capital Ratio indicates the degree of financial stability of a company.
- **Total Capital Ratio** – The Total Capital Ratio (TCR) corresponds to the ratio between Total Capital (RSF) and the value of the assets exposed to the risks inherent to the operations carried out by the credit institutions.
- **Loan-to-deposit Ratio** – Ratio between Total Loans to Customers minus Accumulated Impairment for Loans and advances to Customers (Balance Sheet value) divided by 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 percentage, that compares the company’s net income to its net assets, and deducted of 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), indicating the percentage of profit 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 a given 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 during 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 Bank branches.
- **NPV (Net Present Value)** – Present value of the expected future cash flows from operations.
- **Way4** – EMIS' platform for card management.
- **Write-offs** – Past-due loans are removed as assets from the balance sheet because the Bank does not expect to receive payment. The loans are fully provisioned and therefore the write-off is made against those provisions, thus no impact is generated on the financial statements or the Bank's profit.
- **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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