

# Annual Report 2021







Statement by the Board of  
Directors, Main Events and  
Bank Indicators

# 1.1 Statement by the Board of Directors

The last two years have been quite challenging on a global and national scale, for reasons inherent to the COVID-19 Pandemic, but particularly for Banco Económico due to issues linked to its recapitalisation and restructuring process.

The Board of Directors assumed its responsibilities in August 2019 with the particularly important commitment of the Shareholders, by regulatory imposition, to recapitalise Banco Económico.

As this objective was not met, the Board of Directors, based on requirements imposed by the Regulator, developed the Recapitalisation and Restructuring Plan ("RRP"), whose execution in the Angolan market has been extremely demanding and challenging. This is due to the uniqueness and peculiarity of the solution at a global level, the high degree of complexity and innovation of the finan-

cial instruments involved, as well as the demands placed on all those involved in the process - Banco Económico, Banco Nacional de Angola, Ministry of Finance, Customer and Capital Market Commission in terms of the legal and regulatory compliance of the operation and the broad consensus necessary for its implementation.

However, regardless of the constraints arising from the preparation and implementation of the RRP, the Board of Directors of Banco Económico, supported by its Human Capital, maintained its permanent commitment to the good fulfilment of the main objective of its mandate: the recapitalisation and restructuring of the Bank.

With the implementation of the PRR measures, in 2021, we saw the first positive results in terms of rebalancing the Bank's assets, compliance with the prudential ratios and the presentation of frankly positive results, which follow two years of negative operations, in which the Bank recognised significant losses as a result of the revaluation of its assets under the AQA exercise applied by the Regulator to the entire banking sector in Angola.

Thus, the year 2021 marks, for Banco Económico, the "turning of the page" and the beginning of a new stage that will culminate, in 2022, in the success of its recapitalisation, providing it with a solid balance sheet and the necessary financial conditions to continue to operate in the Angolan financial market, with its specificity, the talent and experience of its staff, its capillarity in the national territory, as well as the banking excellence, with the satisfaction of its Customers, Employees, Shareholders, other Stakeholders and the community in general as a priority.

The Board of Directors of Banco Económico presents to its Employees, in particular, those who with such resilience and adaptability contributed their knowledge, value, time and dedication to overcome the challenges and uncertainties experienced, maintaining the levels of service to Customers, our immeasurable gratitude.



Executive Committee

We would like to thank the Clients of Banco Económico, Government entities and Regulators for their collaboration, recognition and trust over the last two years.

## 1.2 Main Events and Context of the Bank

Banco Económico, S.A. (“BE” or “Bank”) has developed its activity according to a differentiating strategy, integrating the launch of innovative products adapted to the needs of its Customers, the initiatives to promote national economic activities, the development of technological and digital solutions and various actions to develop commercial synergies.

Last year, the Bank focused its efforts on the design, preparation and discussion of measures that would allow the recapitalisation and restructuring of the Bank (Recapitalisation and Restructuring Plan or “RRP”) and mitigate the effects of the significant losses recognised in 2019 and 2020. It is our conviction that the measures defined by us and confirmed by the National Bank of Angola

(“BNA”) will allow us to leverage our competencies and strengthen the competitive advantages that the Bank currently has. We believe that these will be the driving factors behind the Bank’s promising future performance.

The Bank’s effort was successful, as evidenced by the initial positive developments, namely the vote of confidence given by Regulators and Investors, the positive results (as presented in Chapter 6 - Financial Information) and the developments associated with the approval of the measures listed in Note 37 of the Annex to the individual financial statements.

The resilience of the Bank, which along with all of the previous challenges, also had to cope with the difficulties brought on by the COVID-19 pandemic, has been evident.

258 522

Total Customer

+16% compared to 2020

1 278 285

million Kwanzas

Total Assets

-20% compared to 2020

5 314

Active ATMs

+9% compared to 2020

173 309

million Kwanzas

Net Income

+226% compared to 2020

107 528

Active Cards

+10% compared to 2020



## 1.3 Main Indicators of the Bank's Activity

The Bank's key financial and operating indicators are summarized as follows:

Amounts expressed in thousands of Kwanzas	December 2021	December 2020	Var. 20-21	Var. % 20-21
Total Assets	1 278 284 862	1 593 121 414	-314 836 552	-20%
Loans and advances to Customers	68 067 530	80 192 857	-12 125 327	-15%
Customer Deposits	1 303 985 454	1 589 389 247	-285 403 793	-18%
Equity	-455 011 829	-628 320 686	173 308 857	28%
Net Operating Income	180 316 946	137 687 123	42 629 823	31%
Net Operating Income / Employees	195 148	139 078	56 070	40%
Net Interest Income	-30 312 342	-35 157 103	4 844 761	14%
Complementary Margin	210 629 288	172 844 227	37 785 061	22%
Personnel Costs	16 476 289	16 807 226	-330 937	-2%
Structure Costs	30 486 903	30 670 145	-183 242	-1%
Net Profit	173 308 857	-137 797 315	311 106 172	226%
Return on Assets (ROA)	14%	-9%	23%	23%
Cost-to-Income	17%	22%	-5%	-23%
Total Assets / Employees	1 383 425	1 609 214	-225 788,37	-14%
Transformation Ratio	17%	12%	5%	42%
Regulatory Solvency Ratio	-28%	-22%	-6%	-27%
Overdue Credit	71 632 384	86 866 593	-15 234 209	-18%
% Overdue Credit	33%	44%	-11%	-25%
% Total Hedging	69%	59%	10%	17%
Number of Branches	76	79	-3	-4%
Number of Active ATMs	98	97	1	1%
Number of Active APTs	5 314	4 875	439	9%
Number of Active Cards	107 528	98 000	9 528	10%
Number of Employees	924	990	-66	-7%
Number of Customers	258 522	222 900	35 622	16%





# Macroeconomic Background



# 2.1 Global Economy

## Gross Domestic Product (GDP) growth

The performance of the global economy in the last three years was characterised by great volatility in its cycles, greatly influenced by external shocks that conditioned the performance of key sectors of the global economy. After a relatively stable period in which the global economy absorbed the impacts of the sovereign debt crisis and the Brexit uncertainties that forced expansionary monetary interventionism by the main central banks, between 2019 and 2021 it had to absorb the shock of the pandemic crisis that conditioned and continues to condition the global economic dynamics.

The fight against the pandemic, whose predominant strategy was containment, paralysed produc-

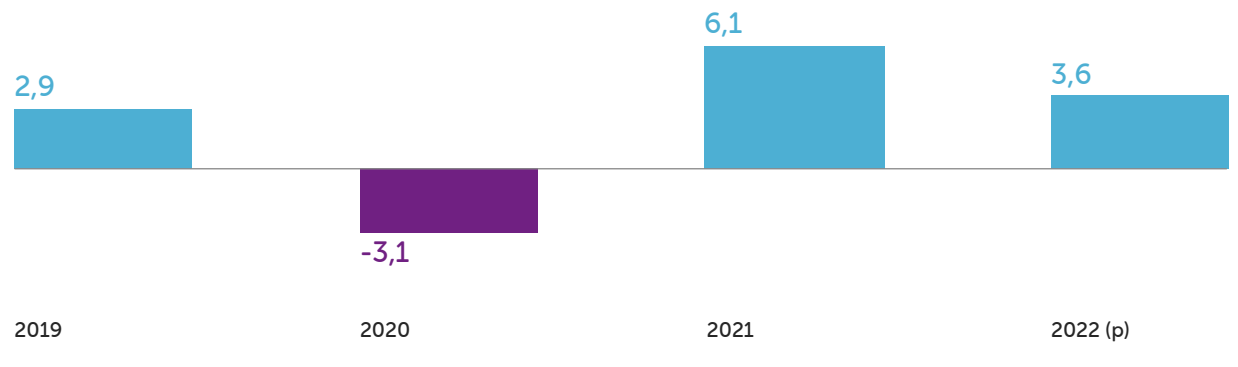
tions and obstructed entire trade supply chains, and generated historic waves of unemployment and sharp social inequalities worldwide. It was a true test of resilience on the capacity of public, private and multilateral institutions to respond and adapt to catastrophic impacts of this magnitude, keeping their economic cycles stable and immune to the “new normal”.

The pace of each country’s recovery was dictated by the way governments managed the pandemic crisis, including restrictions on mobility, the degree

of intervention by public authorities and the multilateral efforts that were a major financial support. The fight against the COVID-19, essentially centred on vaccination, not only allowed economic agents to adapt, but more importantly determined the speed of recovery/growth. The latest estimates<sup>1</sup> from the International Monetary Fund (IMF) point to growth in the world economy of 6.1% in 2021, after a sharp contraction of 3.1% in 2020.

<sup>1</sup> Source: WEO de abril 2022

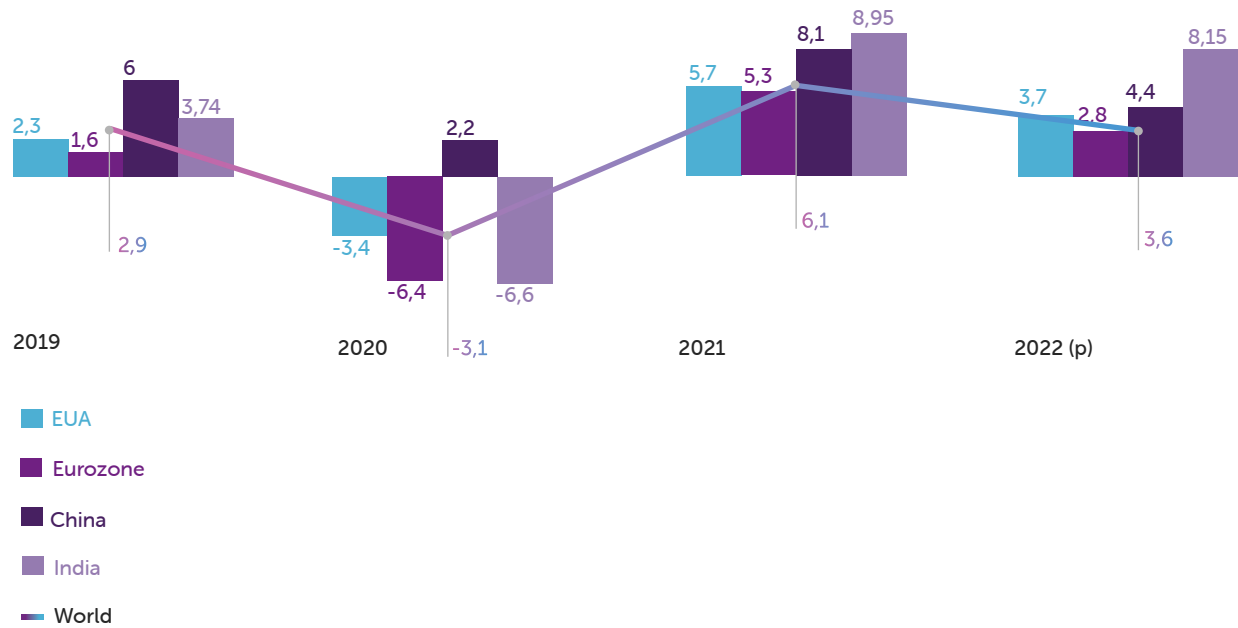
Global GDP real growth rate (% Annual)



The economic recovery was sustained by the performance of Emerging Economies<sup>2</sup>, which not only had a more moderate contraction of 2.0% in 2020, but essentially an exceptional performance in 2021 with an average growth of 6.8%. In particular India, with a growth of 8.9% in 2021, after a contraction of 6.6% in 2020 and China with a performance of 8.1% in 2021, after a modest growth of 2.3% in 2020.

The more developed economies, with a high dependence on the tourism sector and exports of services and technology, had more difficulty in recovering. Even so, they registered an estimated average growth of 5.2% in 2021, after a large retraction in 2020 of 4.5%. The Eurozone, one of the blocks most affected by the pandemic, registered a growth of 5.3% in 2021, after a retraction of 6.4% in the previous year. The North American economy, on the other hand, managed to respond better to the pandemic phenomenon, after shrinking by 3.4% in 2020, had a growth of 5.6% in 2021.

GDP real growth rate (main economies) ( Δ% Annual)



2 Source: WEO de abril 2022

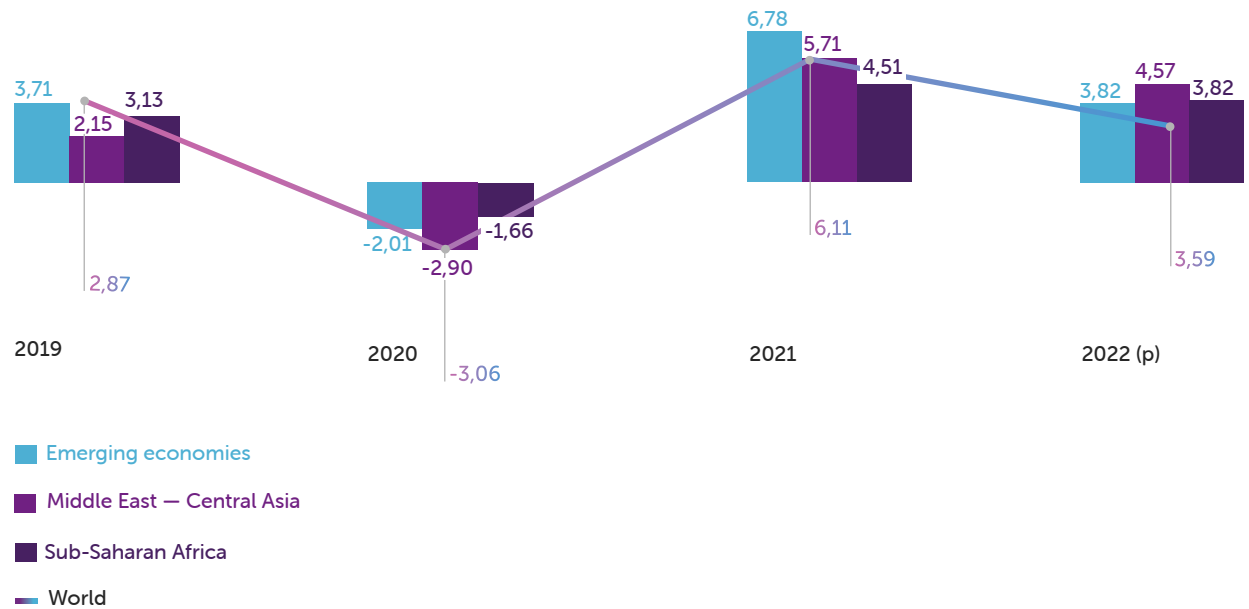
The Middle East and Africa, with a very fragile institutional model, adopted a flexible posture in the fight against the pandemic and without mass confinements. Without much capacity to provide economic and financial support to companies and citizens in combating the pandemic crisis, they were content with the solidary support of multi-lateral and supranational organisations, of which the moratorium on servicing their countries' debt stands out.

One of the notable impacts of the pandemic COVID-19 on the economic activity of these countries, mostly exporters of raw materials and energy resources, was the change in the dynamics of the largest consumers of these resources, which reduced consumption and the flow of investments to the regions concerned. In this context, the greatest impacts on growth came from the fall in commodity prices, particularly oil, which in 2020 was quoted below USD 60 a barrel, the lowest level in the last 5 years.

This behaviour of commodity prices contributed to the economic recession of the two blocks, with the Middle East and Central Asia contracting 2.9% and Sub-Saharan Africa 1.7% in 2020. The positive

evolution of oil prices, a trajectory that began in late 2020, had an impact on the performance of these economies. In 2021, both the Middle East and Africa grew by 5.7% and 4.5% respectively.

Regional GDP real growth rate (Δ% Annual)



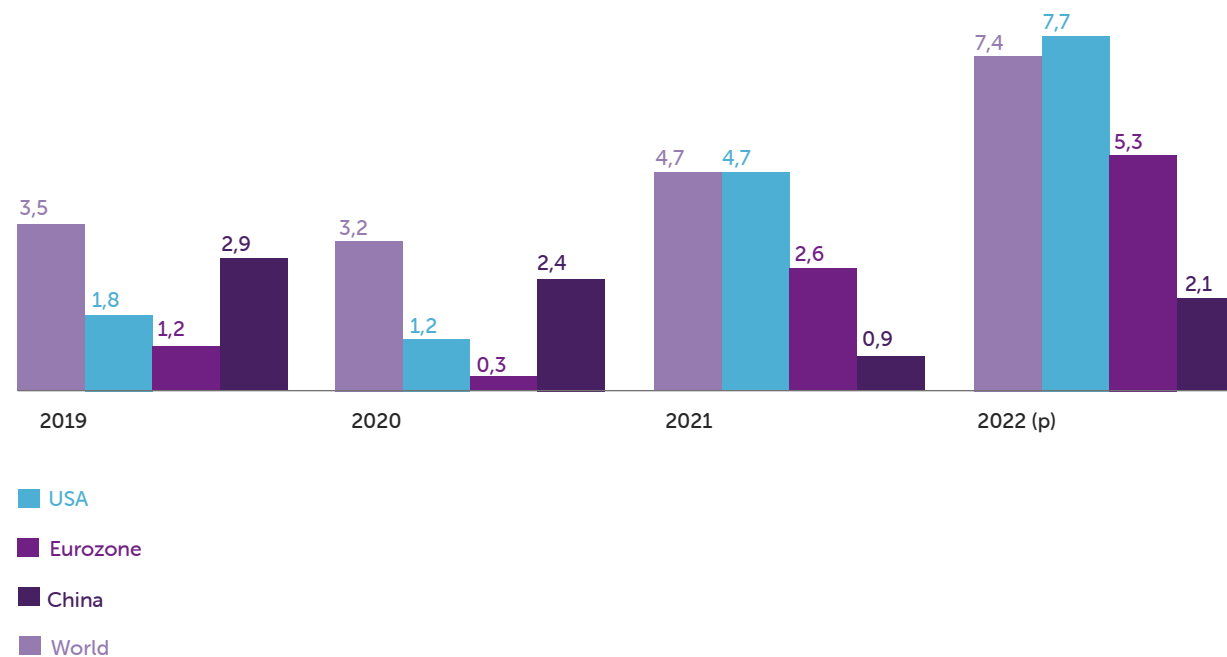
## Interest Rates and Inflation

In 2020 and 2021, a considerable part of the Central Banks remained faithful to the expansionary monetary strategy that had been adopted since the sovereign debt crisis, having been continuously adjusted as an economic strategy to combat the adverse effects of COVID-19 on the economies. For example, the European Central Bank (ECB) not only maintained the 0% interest rate policy, but also remained active in financing the Eurozone economies through the unlimited purchase of sovereign government bonds.

The American Federal Reserve (AFR) had the same stance, maintaining the interest rate level at 0%. The use of these expansionist instruments for long years, coupled with the blockages in the production and distribution chains of goods on a global scale caused by COVID-19, created the perfect environment of pressure on prices. At the end of 2019 and beginning of 2020, inflation represented an effective risk that worried the monetary authorities almost everywhere in the world.

After a long period with inflation levels below 2% until 2020, in 2021 the United States and the Euro Zone registered inflation levels of 4.7% and 2.6% respectively, above the 2% target established by the two economic blocs.

Year-on-year inflation rate (main economies) (Annual %)



Faced with the new inflation scenario, institutions such as the AFR and the ECB repositioned their interventionism and since the end of 2020 have been signalling a rise in their interest rates. In the United States of America (USA), the Federal Reserve has already applied a 0.5% rise in its main reference interest rate and announced further rises in the near future. However, fighting inflation by raising interest rates is a high-risk strategy, because the rise in interest rates may compromise the stable financing of economies whose public debt is very high, especially in the Euro Zone.

Market reference interest rates (Annual%)

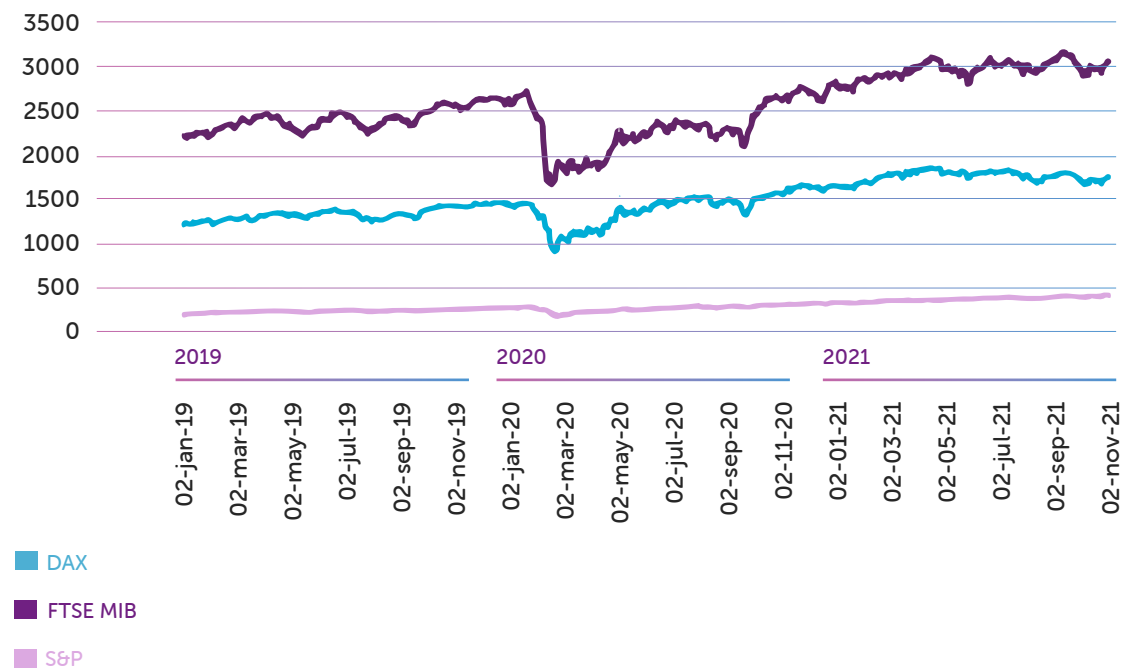


## Equity Markets

Benefiting from the long and persistent era of negative or near-zero rates, the equity market was much more dynamic when compared to the bond market due to unattractive remuneration levels. In contrast to the real economy, the Equity markets, despite the volatility, were supported by sectors or industries that, directly or indirectly, were at the forefront of business cycle resilience in the face of the great uncertainty that the pandemic threw over the world.

The pharmaceutical, hospital, and biotechnological industries, which were at the forefront of the pandemic's fight, the technology sector, primarily information and telecommunications, the entertainment sector, specifically digital entertainment platforms and solutions, and commercial distribution, which grew almost exponentially, - stand out for their strong performance.

Main Stock Market Indices



In the opposite direction, and with significant falls, were the aviation and tourism sectors, the construction sector and the automobile sector, which, due to the so-called lockdowns, were forced to totally or partially paralyse their operations, resor-

ting to public subsidies to finance cash flow and downtime.

## Oil Market

In 2021, the commodities market, particularly the oil and industrial metals market, was on the rise, with oil setting historical highs, surpassing the USD 75/barrel barrier. After a sharp drop in prices in 2020, having reached a low of USD 19.33/barrel in the first half of the year, oil<sup>3</sup> entered a sustainable

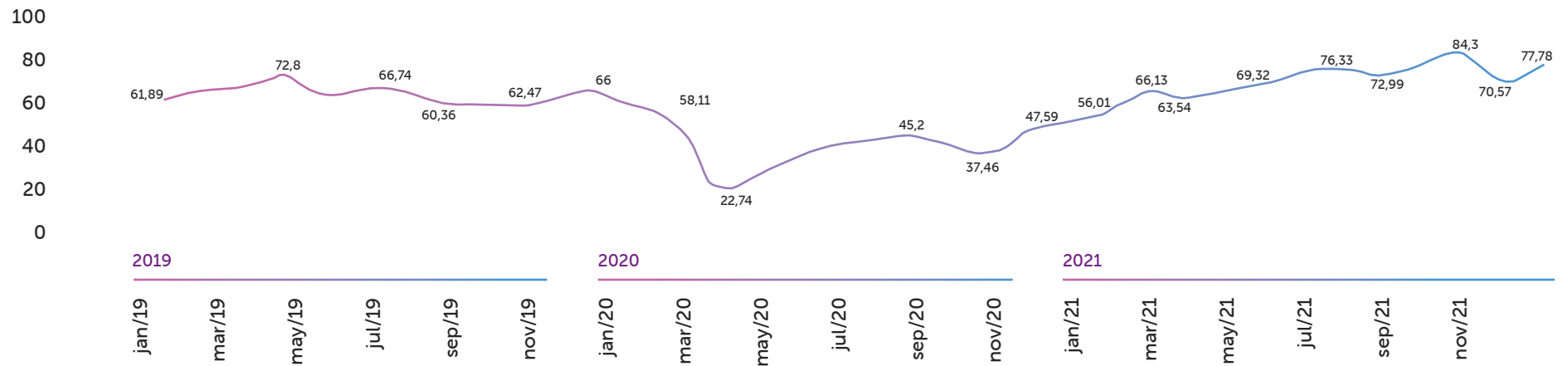
recovery cycle having reached a maximum price of USD 80.53/barrel.

This behaviour is initially due to the constant interventionism of the Organisation of Petroleum Exporting Countries (OPEP) and its allies, in stabilising prices, given the slowdown in demand, and later to the natural adjustment to the dynamic of reco-

very of the global economy, which was forecast to grow at a faster rate than the pre-pandemic levels, which gave strength to the demand for oil and other raw materials.

<sup>3</sup> Source: WEO de abril 2022

Oil Price (Brent) (USD/Barrel)





## Outlook for 2022

The COVID-19 pandemic control uncertainties are dissipating, as evidenced by signs that have been developing since the fourth quarter of 2020 and have become more pronounced throughout 2021 thanks to the largely successful vaccination campaigns among the populace. As a result there are fewer confinements and restrictions on employment and economic activity in general. This translated into the ever greater and consistent opening of economies, not only from an internal point of view, but also from an external one. Based on GDP growth statistics, this stance enabled a remarkable rate of economic recovery in 2021, and will thus contribute to the performance of the global economy in the coming years. Despite the positive growth forecasts for 2022, there are still active risks and challenges that, if they materialize, will stifle growth. With the rise in interest rates in the major economies, financing on a global scale will become more expensive, which may compromise the rate of growth in certain economies, especially since recovery from the structural damage left by the pandemic will not be at the same speed and will require accessible

financing. Geopolitical tensions between the major military powers could rapidly lead to a deterioration in the global economic environment and accentuate economic protectionism between the dominant powers. Current forecasts are for economic growth of 6.1% in 2021 but with a slight slowdown in 2022 and 2023 with growth of 3.6%.



## 2.2 Angolan Economy

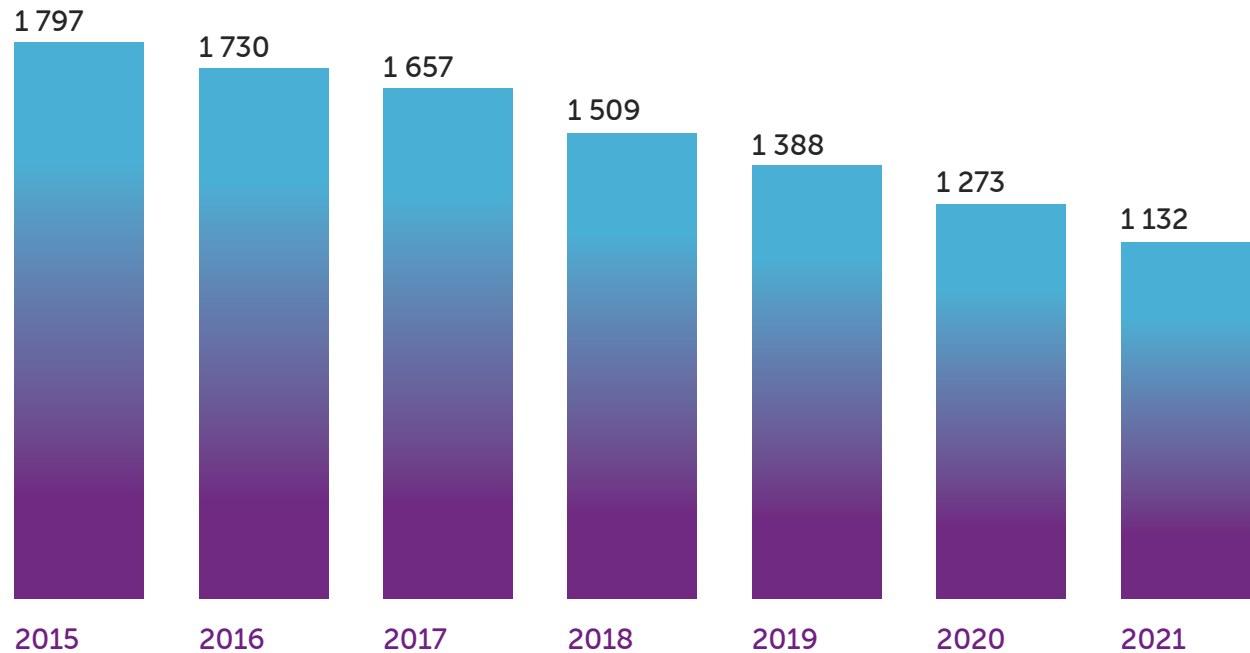
### The Gross Domestic Product and Oil

Angola, as an economy with a very high degree of exposure to world trade and the large economies, has been very vulnerable to external shocks, mainly from the energy commodity markets, of which it is a major producer and its main source of income, and from agricultural commodities, as it is a major importer of foodstuffs. The decline in oil prices and the subsequent efforts to combat the pandemic were at the root of the decline of a national economy that is still very dependent on the oil sector and on external financing for its development.

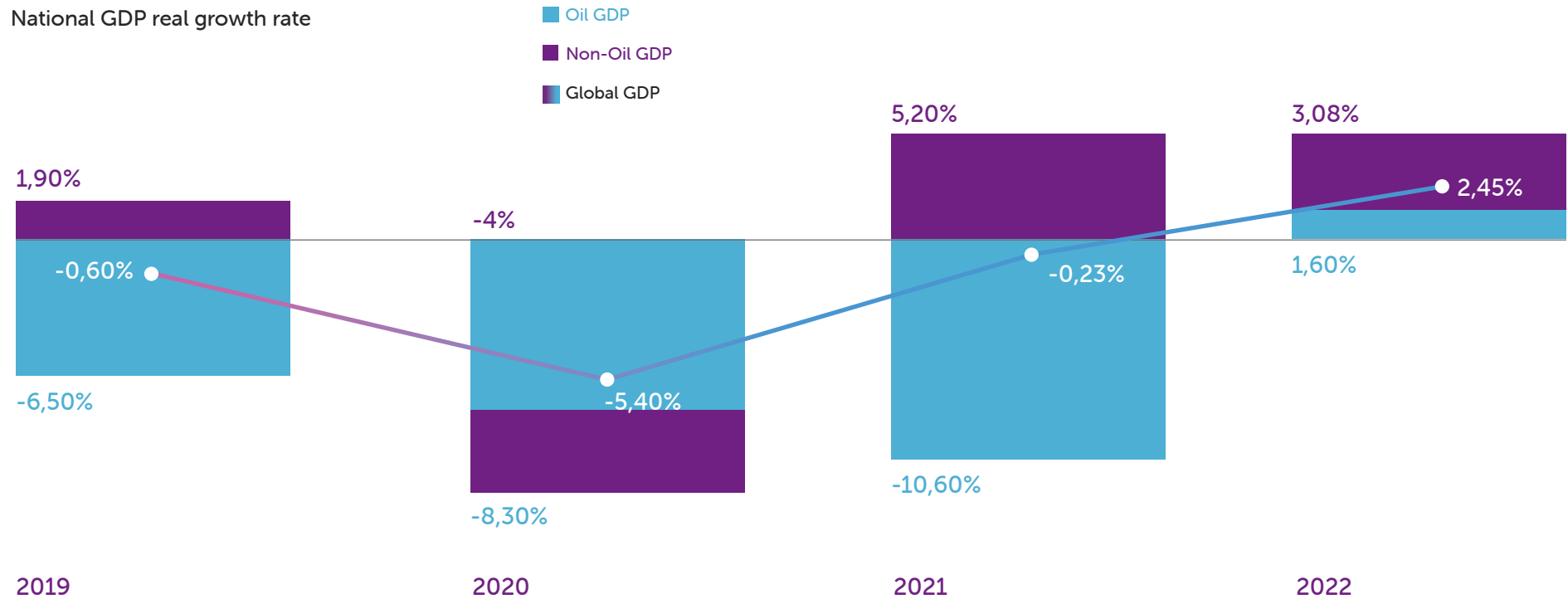
Since 2016, the barrel of oil is being quoted below USD 65, this persistent maintenance of low price levels has resulted not only in a substantial drop in oil revenues, but has also reduced the incentives

for investment in the Angolan oil sector and in the economy generally, resulting in the decline of approximately 600,000 barrels per day of its production capacity over a 6-year period.

Angola, average oil production (1000 barrels/day)



National GDP real growth rate



The non-oil sector of the Angolan economy has been a counterpoint to the softening of an economic contraction that is now in its sixth consecutive year. As a result of the political focus on promoting domestic production and replacing imports, the non-oil sectors have benefited from significant

investment flows and subsidy policies that are gradually coming to fruition, and their contribution to GDP is already materially relevant, including the mining sector where, besides diamonds, iron and gold are beginning to gain prominence.

In 2021, Angola's GDP contracted by 0.2% after a further retreat of 5.4% in 2020. Oil output shrank 10.6% in 2021 and 8.3% in 2020, while non-oil output in 2021 grew 5.2% after contracting 4% in 2020. In sectoral terms, agriculture in 2021 should be highlighted with 4.6%, fishing with 33% and energy with 5%, strategic sectors for the future of Angola.

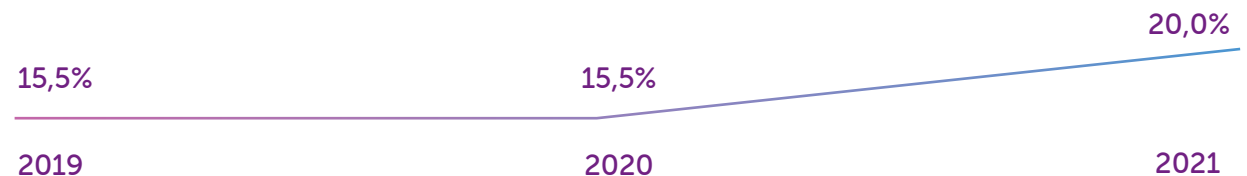
### Exchange Rate and Monetary Policy

With the loss of oil revenues and a high dependence on imports, Angola was obligated to use the International Monetary Fund's financing program to address the balance of payments disparity, promoting substantial changes in its monetary and exchange rate policy to avoid further degradation of the national currency and price levels in the economy. To this end, the BNA adopted a strategy of tight control of the money supply in circulation, purging what it called "excess liquidity in the financial system", implementing a series of measures, including increasing the minimum compulsory reserves captive at the BNA, imposing minimum amounts of liquidity available in national

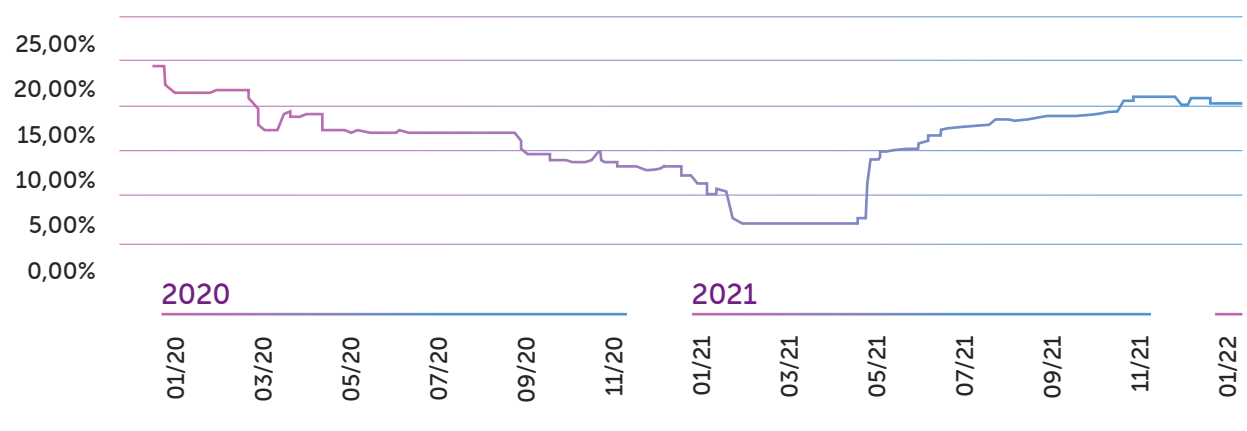
currency, penalising surplus liquidity at commercial banks and stimulating interest rate instruments, at the BNA's own initiative, to ensure greater

transactionality of the liquidity available in the financial system.

**BNA interest rate reference**



**Evolution of the Luibor O/N rate**

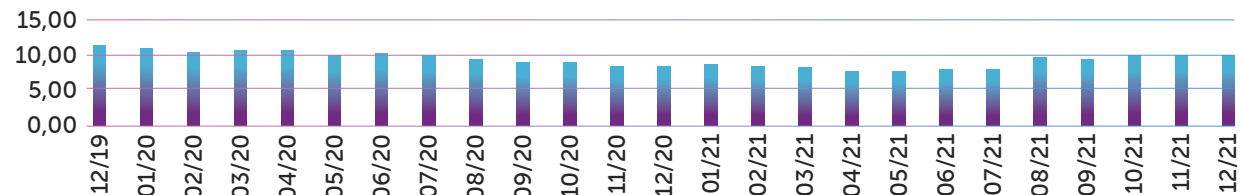


These measures made it possible to correct the trajectory of the exchange rate while maintaining a reasonable level of foreign exchange reserves, which have changed only marginally over the last three years, standing at approximately USD 10 billion.

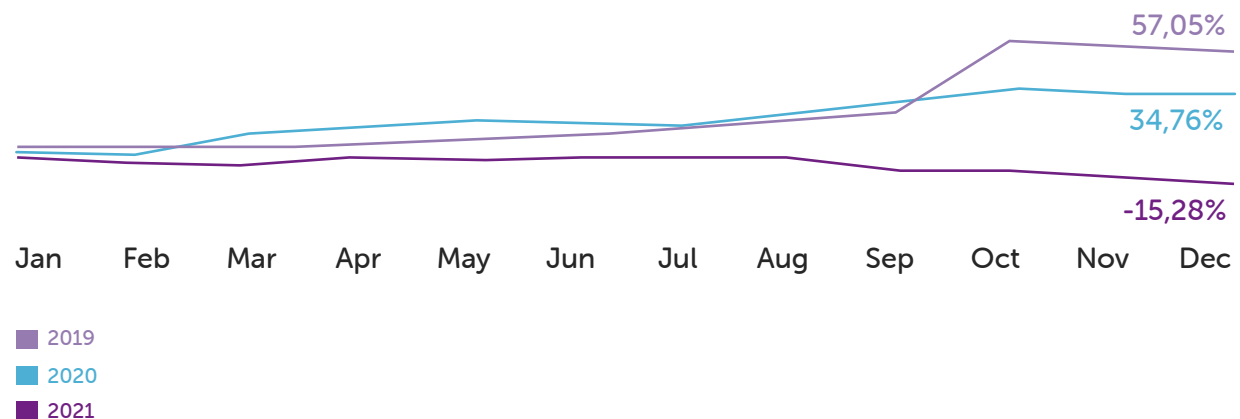
It also made possible the reduction of price pressure, insofar as the appreciation of the national currency cancelled out part of the effect of inflation through imports. This decision was fundamental for the path of exchange rate correction that the national currency has undertaken.

Of the measures adopted, the opening of the market to other sellers of foreign currency, such as oil companies and other mining sectors, also stands out, which has somehow further liberalised the foreign exchange market.

Net International Reserves (billion USD)



Annual Accumulated Exchange Evolution



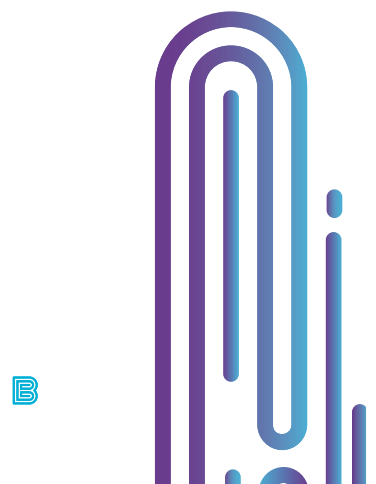
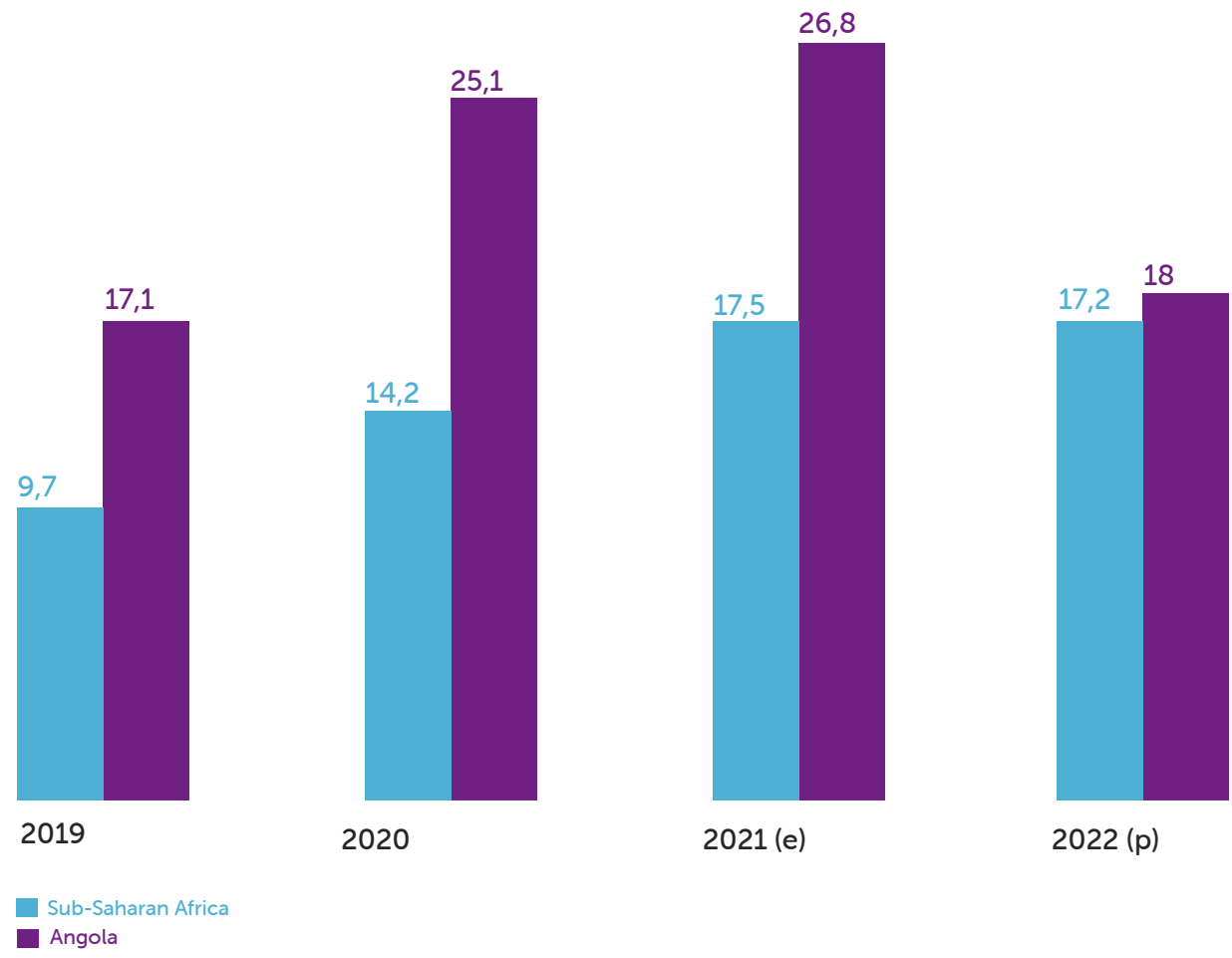
1 Source: Banco Nacional de Angola (monetary statistics)

After a devaluation<sup>2</sup> of 57% in 2019, the Kwanza gradually fell in value, registering 35% in 2020 and a notable reversal in 2021 with an appreciation of 15%, setting the USD exchange rate at 550.59 Kwanzas at the end of the year.

The same effect was extended to the inflation<sup>3</sup> rate, which showed a stable behaviour, despite continuing to rise. In 2021 the Angolan economy recorded a monthly year-on-year inflation rate of 26.8% slightly above the 25.1% of 2020 and 17.06% of 2019, reflecting the slowdown in the evolution of prices.

2 Source: Banco Nacional de Angola (monetary statistics)  
 3 Source: Banco Nacional de Angola (monetary statistics)

**Inflation Rate (% Annual)**



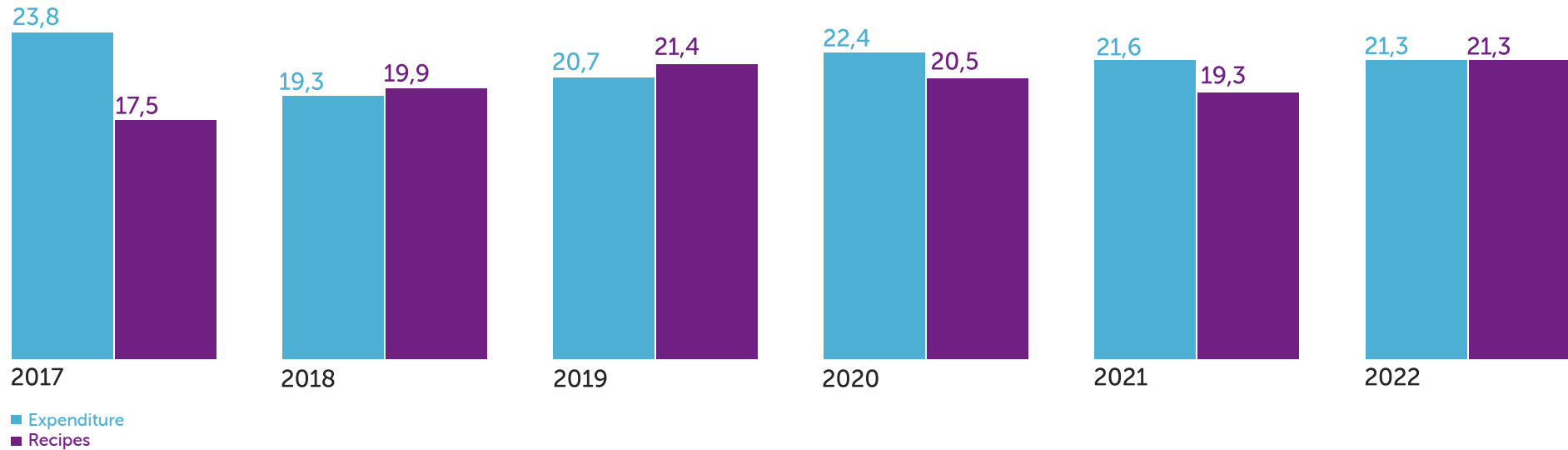
### Fiscal Policy

In budgetary terms, the strategy was geared towards financial rebalancing, especially after the external shocks (oil and COVID-19) that stagnated the national economy. To rebalance the public accounts, the State continuously elected the following objectives:

- Reduction of the level of public debt, to which a reform to increase the efficiency of the fiscal machine would contribute;
- Increase tax revenue, extend the maturity of public debt, and strictly control expenditure.

Thus, the effort to contain public expenditure resulted in almost zero growth between 2018 and 2020. However, in 2021 the reality is different because it is an election year, so it is understandable that the electoral logistics require an additional effort.

Evolution of Expenses and Income (% GDP)



As for the public debt ratio (as a percentage of GDP), after reaching 123% in 2020, it has been gradually reducing as a result, not only of expenditure control, but also of the effort to repay debt without contracting new financing. Another factor that contributed to the reduction of the debt ratio was the appreciation of the Kwanza last year, which reduced the stock of debt in foreign currency.

## Outlook for 2022

The year 2022 may confirm the solidity of the Angolan economy's recovery, a trajectory that began in 2021 in which growth was recorded, albeit marginal. The rise in energy commodity prices will have a first positive effect of improving the financing position, giving the government greater budgetary slack, which will result in a boost to the economy as a whole.

Despite the general expectation of a good performance by the global economy over the next few years, it would be prudent to point out some challenges for Angola, namely:

- The decline in oil production is a potential obstacle to growth, above all because it may condition the use of the positive effect of the rise in oil prices on the international markets;
- The rise in interest rates on the international markets may make external funding sources more expensive for Angola, which is a country with great funding needs.

However, it is expected that the effort to transform the Angolan economy, which has been ongoing since 2018, will start to yield more robust results, especially in reducing the country's share of imports.

As for the Angolan financial system, the evolution with innovative financing and investment solutions is notorious. After the consolidation of the sovereign bond market, the stock market, driven by the State's privatisation portfolio, has marked solid steps forward and is taking its place on the regulated market.







Banco Económico



## 3.1 About Us

### Identity

The Angolan banking sector is still, in general, undifferentiated and presents a need of specialisation and segmentation.

Banco Económico understood this need and is enhancing it with a highly innovative and exclusive corporate image, composed of a solid symbol that has already become familiar to its Customers. The Bank invested in a strong, imposing and positive abbreviation, highlighted by the colours chosen. The elegance of the combination of the two tones is distinctive from all operators and differentiates Banco Económico on the Angolan banking market. Additionally, and as reported in the following chapters, the strategy defined has as its main objective the differentiation factor and a safe bet and reference for the Bank's Customers.

Banco Económico has its head office at Rua 1.º Congresso do MPLA, in the Ingombota district of Luanda. Its email address and other means of contact can be consulted on the [institutional website](#).

### Mission

The central purpose of Banco Económico's business is to generate value for its Customers and Shareholders, by adopting strategies that ensure its long-term growth and sustainability, promoting a service of excellence.

Banco Económico also aims to contribute to the progress of the Angolan economy and its human capital, to have the best professionals and benchmark financial solutions and to create value for all stakeholders in a sustainable manner.

We continue to make the commitment this year to invest in innovation, digital transformation and the creation of exclusive products and services, in line

with the highest standards of the banking industry, nationally and internationally.

As previously mentioned, the year 2021 marks the turning point of a new cycle where the mission is to rebuild a reference bank in Angola.

### Vision

Banco Económico aims to be the partner of choice for economic agents, companies and Angolan households in the coming years, as well as the reference for regulators, the driving force behind the improvement and progress of its Employees, an example for shareholders and a participant in the community and is responsible towards society.

Focusing on the differentiation factor, Banco Económico's vision is to: be a financial partner of reference for the present and for the future.

## Values

The Bank's core values are based on five essential pillars described below:

- We are always available for the Customer;
- We always do things well;
- We always carry out the mission until the end;
- We always act ethically;
- We always invest in the Community.

## Positioning

For its volume of assets, BE is one of the leading banks in the market in Angola. It is considered a Banking Financial Institution (BFI) of systemic importance, according to the criteria defined by article 14 of BNA's Notice no. 8/2021, of 5 July.

BE has a broad value proposition, with a differentiated market positioning, where the Corporate and Private segments stand out. The Bank is committed to continuing to provide excellent service to its Customers, supported by specialised business areas and dedicated proximity managers.

Banco Económico's presence is consolidated through a combination of branches, corporate centres, posts, Umoxi centres (Affluent), Private, Institutional and Top Corporate in 17 provinces of the country.

BE also stands out for its important trade finance legacy, and is the first Angolan bank to be a member of the International Chamber of Commerce (ICC).

The Bank's management, as mentioned above, is equally committed to the sustainable development of its activity, continuously investing in human capital training, for the benefit of the development and diversification of the Angolan economy

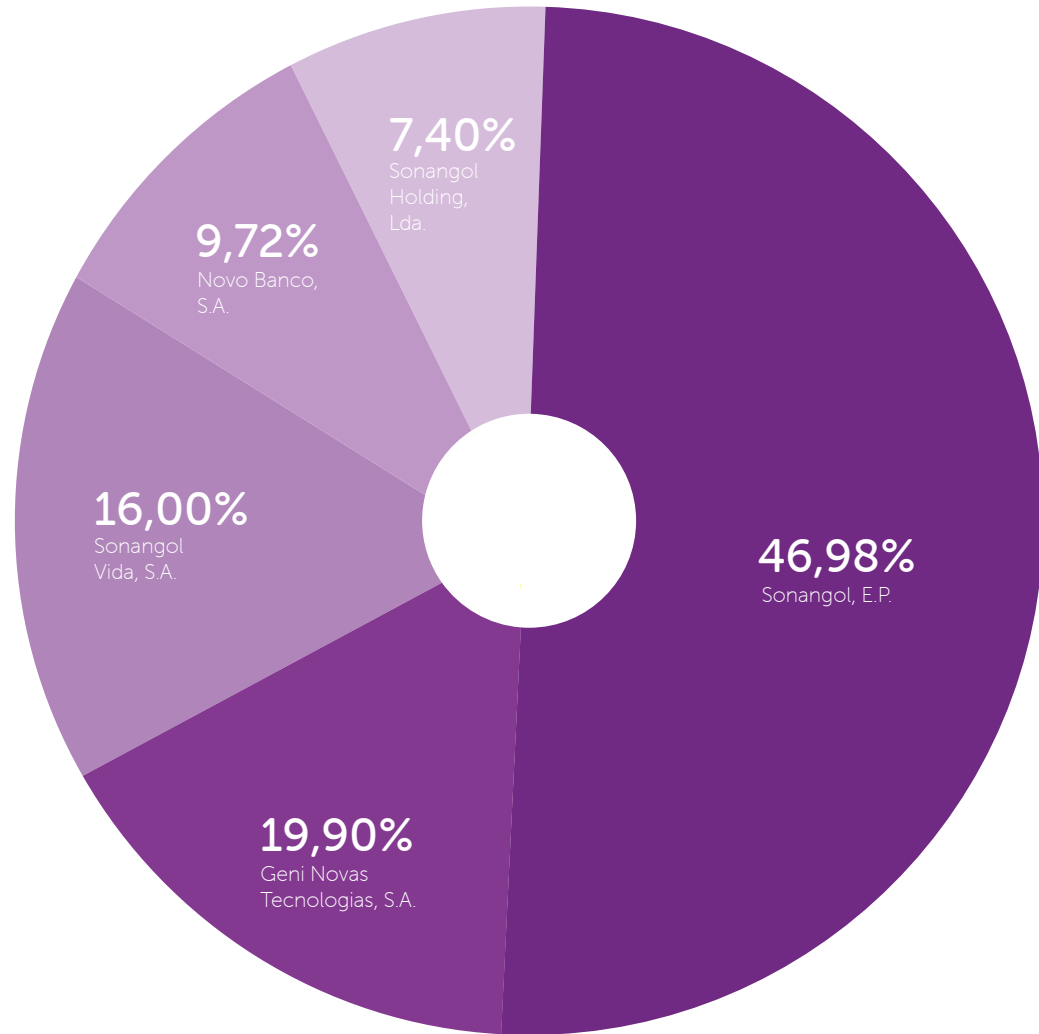
## Banco Económico Group - Subsidiaries

Banco Económico complements its activity by participating in the share capital of some companies, namely:

Entity	%	Sector	Object
Economic Investment Funds - SGOIC, S.A.	62%	Asset Management	Setting up and managing collective investment undertakings (CIUs) custodied and distributed through Banco Económico and providing discretionary portfolio management services to Customers.
Economic Pension Funds - SGFP, S.A.	96%	Pension Funds	Establishment and management of pension funds.
Tranquilidade – Companhia Angolana de Seguros, S.A.	21%	Insurance	Life and non-life insurance operations.

### Shareholder Structure

The graph below represents the Bank's current Shareholder structure, where the main Shareholders are Sonangol Group and GENI-Novas Tecnologias, S.A. with 70.4% and 19.90%, respectively, of the share capital.



## Members of the Board of Directors

### Pedro Luís da Fonseca

Chairman of the Board of Directors

**Education:** Economics

**Work Experience:**

- Minister of Economy and Planning
- State Secretary for Planning and Territorial Development
- Deputy Minister for Planning
- National Director of Studies and Planning

### António Ramos da Cruz

Vice-Chairman of the Board of Directors

**Education:** Economics

**Work Experience:**

- Adviser to the Governor of Banco Nacional de Angola
- Executive Director of Banco Nacional de Angola
- Interim Director appointed by Banco Nacional de Angola for Banco Espírito Santo Angola
- Director of the Currency Department of Banco Nacional de Angola
- Director of the Studies and Statistics Department of Banco Nacional de Angola

### João Salvador Quintas

Chief Executive Officer

**Education:** Business Administration/Banking Management

**Work Experience:**

- Executive Director for Corporate Areas at Banco Económico
- Coordinating Manager of the Top Corporate Departments at Banco Económico
- Coordinating Manager of the Commercial Areas of Banco de Poupança e Crédito
- Director of the Top Corporate Department at Banco de Poupança e Crédito
- Commercial Director at BFA

## Members of the Board of Directors

### Henda Pires Teixeira

Executive Director

**Education:** Corporate Management and Control

**Work Experience:**

- Advisor/Executive Manager for the Commercial Areas at Banco Económico
- Sales Manager at SONAIR
- Head of Contract Management Department of the Commercial Directorate at SONAIR

### José Alves do Nascimento

Executive Director

**Education:** Master in Investment Management / Executive MBA / Degree in Business Management and Control / Expert Professional Accountant

**Work Experience:**

- Deputy CEO of Banco de Poupança e Promoção Habitacional
- Executive Director at Banco de Promoção e Desenvolvimento
- Executive Director of Sonangol Limited
- Financial Advisor at Sonangol EP

### Arlindo Das Chagas Rangel

Executive Administrator

**Education:** Corporate Management

**Work Experience:**

- Non-Executive Director of Banco Económico
- CEO of Banco Keve
- Executive Director of Banco Económico
- Treasury and Markets Manager at Banco de Poupança e Crédito

## Members of the Board of Directors

### Jorge Pereira Ramos

Executive Director

**Education:** Monetary and Financial Economics

**Work Experience:**

- Executive Chairman of Económico Fundos (Banco Económico Group)
- Coordinating Manager of the Investment Banking Division at Banco Económico
- Central Manager and Advisor to the Executive Committee of Banco Espírito Santo de Investimento (currently Haitong Bank)
- Chairman of the Board of Directors of Espírito Santo Dealer - Sociedade Financeira de Corretagem, SA
- Director of GESFINC - Financial and Capital Markets Studies
- Chief Executive Officer of LusoPartners - Sociedade Corretora, SA
- Executive Director of LusoPartners - Sociedade Gestora de Patrimónios, SA
- Non-executive Vice-Chairman of the Lisbon Stock Exchange (currently Euronext Nyse Lisbon)

### Alice Pinto da Cruz

Non-executive Director

**Education:** Business Management

**Work Experience:**

- Executive Director of Sonangol E.P.
- Chairman of the Management Board in Sonils Integrated Limited
- Chairman of Sonangol Vida
- Negotiations Specialist in Sonangol/Quicombo Suporte Logístico, S.A.
- Coordinator of the Economic Area of the Negotiations Department at Sonangol E.P.
- Head of Planning Sector in the Middle Kwanza Development Office

### Atandel Dombolo Chivaca

Non-executive Director

**Education:** Law

**Work Experience:**

- Chairman of the Audit Board at Carrinho Empreendimentos, Lda (ex. Group Leonor Carrinho & Filhos, Lda)
- Non-Executive Director and CEO of Miramar Empreendimentos, SA
- Member of the Council of Ministers' Technical Group for Economic and Social Issues, in the Government of Angola
- Financial Director of Sonangol Imobiliária e Propriedades, Lda.
- Director of Sonangol Finance Limited
- Director of the Office of Taxation and Relations with the State at Sonangol, EP

## 3.2 Corporate Governance

The Bank's corporate governance aims to ensure the greatest possible efficiency, with an impact on business, in alignment with current legislation and regulations, as well as respect for best international practices. Aiming to create value for Shareholders and the community, the organisation and functioning of the Bank's bodies seeks to ensure maximum independence between the monitoring and supervisory functions and the day-to-day management of business functions, requiring transparency in the exercise of their functions.

Throughout 2021, Banco Económico has been committed to adapting its organisation and operations to the changes introduced by Law no. 14/2021 of 19 May, which approved the General Framework for Financial Institutions, and Notice no. 10/2021 of 14 July of Banco Nacional de Angola, which approved the Corporate Governance Code for Financial Institutions. No. 10/2021, of 14 July, of

Banco Nacional de Angola, which approved the Corporate Governance Code for Financial Institutions, meanwhile revised by Notice No. 01/2022, of 13 zz of the BNA, which, in line with other regulations, falls within the scope of the project for the equivalence of banking supervision with European supervision, initiated by the Regulator in 2019.

### Governance Model

Banco Económico's corporate governance is based on the traditional latin model, laid down by law, and is composed of the General Meeting of Shareholders (GM), which appoints the members of the other governing bodies, the Board of Directors (BoD), responsible for corporate management, and the Supervisory Board (FC), in charge of supervising management.

The Board of Directors groups its members into executives, who deal with the day-to-day management of the Bank, and non-executives, who are away from it and take on the task of advising and monitoring their performance.

The functioning of the Bank's bodies is expressed in the organisation chart below:





## Governance Model



## Governing Bodies

The structure of Banco Económico's Governance Model allows for the delegation of powers and responsibilities to a wide group of Governing Bodies, namely: General Meeting and its Governing Bodies Remuneration Committee, Board of Directors and its committees, and Supervisory Board. These bodies have their regulations published on the [institutional website](#).

### General Meeting

The General Meeting is composed of all Shareholders entitled to vote. Decisions shall be taken by a majority of votes cast in the proportion of one vote for every one hundred shares, except in cases provided for in the Bank's Articles of Association and the applicable legislation. Among its competences, the following stand out:

- To assess the Report and Accounts of the Board of Directors
- To deliberate on the appropriation of the annual results
- To elect the members of the Board of the General Meeting and Corporate

Bodies of the Company

- to deliberate on any change to Articles of Association
- To appoint a Governing Bodies Remuneration Committee, composed of one or more shareholders

The Board of the General Meeting is composed of a Chairman, a Vice-Chairman and a Secretary, elected for four-year terms, and their re-election is permitted. It is currently composed of the following members:

- Hermínio Joaquim Escórcio, Chairman;
- Inocêncio Francisco Miguel, Vice-Chairman;
- Briggite Quitari Soares, Secretary.

## Board Remuneration Committee

The Board of Directors is the company's management body, which is responsible for carrying out all acts of management and corporate representation, and meets in an ordinary manner, once every quarter and, extraordinarily, whenever necessary. The Board of Directors is composed of executive and non-executive directors.

If a member of the Board of Directors is permanently unable to complete his mandate, this body has the power to co-opt a substitute to complete the mandate.

According to the recently amended Articles of Association, the Board of Directors is composed of an odd number of members, with a minimum of three and a maximum of eleven, elected for a four-year term, with re-election permitted up to a limit of two terms in a row.

The table below lists the composition of the Board of Directors for the four-year term 2019/2023, as

well as the distribution of the respective members among its specialised committees.

Within the scope of its attributions, and in addition to the Executive Committee, the Board of Directors also has three specialised committees, which have the following competencies:

	Board of Directors	Executive Committee	Internal Control Committee	Risk Management Committee	Human Resource Management Committee
Pedro Luís da Fonseca	Chairman				Chairman
António Manuel Ramos da Cruz	Vice Chairman		Chairman		
João Salvador Quintas		Chairman			
Henda N'zinga Pires Teixeira					
Arlindo N'gueva Das Chagas Rangel					
José Alves do Nascimento					
Jorge Manuel Torres Pereira Ramos					
Alice Sopas Pinto da Cruz				Chairman	
Atandel Jósua Dombolo Chivaca					

### 1.1 Internal Control Committee

The Internal Control Committee is composed of non-executive members of the Board of Directors, appointed by the same body for a period of four calendar years, coinciding with the mandate of the Board of Directors, which delegates the following responsibilities to it:

- Assess whether the policies, processes and procedures implemented are adequate for the size, nature and complexity of the Bank's activity;
- Ensure the formalisation and operationalisation of an effective and properly documented reporting system, including the process of preparation and disclosure of financial statements;
- Supervise the formalisation and operationalisation of Banco Económico's accounting policies and practices;
- Review all financial information for internal publication or disclosure, namely the Board of Directors' annual accounts;

- Supervise the independence and effectiveness of the internal audit, approve and review the scope and frequency of its actions and supervise the implementation of any corrective measures proposed;
- Supervise the performance of the Compliance function;
- Supervise the performance of the Exchange Control function;
- Assess the transactions with related parties and issue an opinion;
- Supervise the activity and independence of independent auditors, communicating with them for the purpose of learning the conclusions of examinations performed and reports issued.

The Internal Control Committee regulation is available on the institutional website [www.bancoeconomico.ao](http://www.bancoeconomico.ao).

### 1.2 Risk Management and Control Committee

The Risk Management and Control Committee has a balanced mix of executive and non-executive members, appointed for a period of four calendar years, coinciding with the mandate of the Board of Directors, chiefly tasked with advising the Board of Directors on the risk strategy, taking into consideration:

- The Bank's financial situation;
- The nature, size and complexity of its activity;
- Its ability to identify, assess, monitor and control risks;
- The work performed by the external audit and by the delegation of monitoring competences of the Internal Control System;
- All of the most relevant risk categories, namely credit, market, liquidity, operational, strategy and reputational risk, in accordance with Notice no. 02/2013, regarding the Internal Control System, now reflected in

BNA Notice No. 01/2022;

- Supervise the implementation of the risk strategy by the institution;
- Supervise the performance of the risk management function in accordance with Notice no. 02/2013, and now reflected in BNA Notice No. 01/2022;

The regulations of the Risk Management and Control Committee are available on the institutional website [www.bancoeconomico.ao](http://www.bancoeconomico.ao).

### 1.3 Human Capital Management Committee

The Human Capital Management Committee is composed of Executive Directors and Non-Executive Directors and has the following responsibilities:

- Outline, formalise, implement and review the remuneration policy for the institution;
- Set Employee remuneration policies and processes, suited to the culture and long-term strategy, considering business, risk and market conditions aspects;

- Support and supervise the establishment and implementation of the Employees' evaluation policy and processes;
- Set forth the policy for hiring new Employees;
- Recommend to the management body the appointment of new Employees for management positions, for which they must prepare a detailed job description, taking into account the existing internal skills.

The regulations of the Human Capital Management Committee are available on the institutional website [www.bancoeconomico.ao](http://www.bancoeconomico.ao).

### 1.4 Executive Committee

The Executive Committee exercises all day-to-day management powers of the Bank, except those which, by the act of delegation of powers of the Board of Directors, pursuant to the law and the Articles of Association, are exclusive to the Board of Directors. It is made up of five members, who distribute responsibilities among themselves as follows:



## João Quintas

### Business Development

Strategic Planning Office

Commercial Dynamics Department

Human Capital Department

Administration Department

### Companies

Top Corporate Department

Companies Commercial Department

Institutional Department

### Participants

EF Investment, SGOIC  
EF Pensions, SGFP  
Tranquilidade, CAS

## Henda Teixeira

### Retail and Businesses

Private Banking Department

Affluent Department

Commercial Network Department

Marketing and Communication Department

## José Nascimento

### Financial

Financial and Markets Department

Accounting and Budget Control Department

Credit Department

Credit Recovery Department

Investment Banking Department

## Arlindo Rangel

### Support

Information Security Department

National Operations Directorate

Foreign Operations Directorate

Cards and Direct Channels Department

Organisation and Quality Department

Information Systems and Technologies Department

Assets and Logistics Department

Security Department

## Jorge Ramos

### Control

Risk Department

Compliance Department

Internal Audit Department

Legal Department

Foreign Exchange Control Office

The performance of the Executive Directors is assessed by the Board of Directors, which delimits its scope of action, by instruction of delegation of powers, and to which the Executive Committee reports on its activity, both in periodic meetings of the body, in the exercise of its general management power, and in meetings of its specialised committees. This procedure results from articles 12 to 14 of the Board of directors' Regulations. A similar assessment is also made by the Governing Bodies Remuneration Committee and the General Shareholders' Meeting.

The functioning of the Executive Committee is greatly aided by the existence of specialised committees, organised by the Bank's Departments, to address technical issues across a range of areas. These committees discuss plans, programmes, policies, strategies and activities, and make relevant decisions, validated by the participation of a sufficient number of members of the Executive Committee to ensure the Bank's commitment.

The regulations of the Executive Committee are available on the institutional website

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

#### 1.4.1 Committees of the Board of Directors

##### • Credit Committee

Analyses and approves credit proposals, under the supervision of the Executive Committee.

##### Frequency:

Weekly

##### Department:

Credit Department, Commercial Department and Human Capital Department.

##### • Business Committee

Analyses and monitors the development of the Bank's business activity and approval of action plans in the segments and product lines, under the supervision of the Executive Committee.

##### Frequency:

Monthly

##### Department:

Offer and Dynamisation Department, Commercial Department, Cards and Direct Channels Department, Investment Banking Department, Standards and Quality Department and Domestic and Foreign Operations Department.

##### • Markets Committee

Analyses market conditions, financial flows and the treasury position, under the supervision of the Executive Committee.

##### Frequency:

Weekly

##### Department:

Finance and Markets Department, Commercial Department, Domestic and Foreign Operations Department and Exchange Control Office.

##### • Financial Committee

Analyses the evolution of the balance sheet structure and results, under the supervision of the Executive Committee.

##### Frequency:

Bimonthly

##### Department:

Finance and Markets Department, Supply and Dynamisation Department, Investment Banking Department, Credit Department, Risk Department, Accounting and Budget Control Department and Commercial Department.

##### • Media Committee

Analyses the Bank's organisational model, quality and operational performance, monitors the execution of the Operational Transformation Plan, monitors the evolution of the IT and organisational portfolio, as well as the maintenance of the Business Continuity Plan and Disaster Recovery exercises.

**Frequency:**

Bimonthly

**Department:**

Standards and Quality Department, National Operations Department, Foreign Operations Department, Information Technology and Systems Department, Security Department, Human Capital Department, Assets and Logistics Department, Cards and Direct Channels Department and Accounting and Budget Control Department.

- **Risk Committee**

Analyses the loan portfolio, monitors the main impaired operations and ensures the implementation of models to analyse the risks to which the Bank is exposed and the evolution of exposure to each one of them, under the supervision of the Executive Committee.

**Frequency:**

Quarterly

**Department:**

Risk Department, Credit Department, Compliance Department, Accounting and Budget Control Department, and Finance and Markets Department.

- **Internal Control Committee**

Analyses and deliberates on relevant issues of the Bank's activity linked to the control environment and compliance, internal audit, operational, security and legal risks.

**Frequency:**

Quarterly

**Department:**

Compliance Department, Internal Audit Department, Foreign Exchange Control Office, Management, Risk Management and Accounting and Budgetary Control.

**Supervisory Board**

The Supervisory Board is the body responsible for the corporate supervision, namely of the acts carried out by the Board of Directors, including and mainly by the Executive Committee.

It is made up of a Chairman and two members, with an independent majority, that is, not associated with any specific interest group in relation to the Bank, nor in any circumstances susceptible of affecting their impartiality of analysis or decision, namely:

**Carlos Freitas**, Chairman, representing Mazars Angola, of which he is a Partner. He has previous experiences as manager of the company CFC (Angola), Import & Export, Lda. and as Financial Consultant of Kopelson Investments, Lda;

- **Mário Bruno da Conceição Ferreira Lourenço**, member. He is currently an Executive Director of the Cochan Group, having previously been a member of the Installing Committee and Executive Director of BP Angola;



- **Jacques dos Santos**, member. He is currently Partner at Mazars Angola and Managing Partner at Mazars Katanga, having previously held positions at Mazars Portugal and Mazars Brazil. He is also Chairman of the Audit Board of ANA - Aeroportos de Portugal.

The main duties of the Supervisory Board of Banco Económico are:

- Follow the process of providing and disclosing financial information and submit recommendations or proposals to ensure its integrity;
- Verify whether the accounting policies and valuation criteria adopted by the company lead to a correct assessment of the assets and results;
- Prepare an annual report on the audit activity and give an opinion on reports (accounts, corporate governance, internal control system and proposals submitted by the Management).

In addition to the competences described, it is, under the terms of article 12 of its Regulations, the responsibility of the Supervisory Board to assess the work plan of the external audit and all the reports and opinions issued in the interest of the company, as well as to request specific controls.

### Expert Accountant

The expert accountant of the Bank is Mrs **Denise Henriques**, registered in the Order of Accountants and Expert Accountants of Angola, with the registration number 20130108 and who does not perform any other activity in the institution.

### Independent Auditor

The Bank's independent auditor is Ernst & Young Angola, Lda. since December 2016. Currently, the partner responsible for the audit is Mr **Daniel Guerreiro**, an expert accountant registered with the Order of Accountants and Expert Accountants of Angola (OCPCA), with the registration number 20130107, Partner of Ernst & Young Angola, since 2016.

The hiring of the external auditor follows the rules stipulated by Law and Banco Nacional de Angola's regulations, and is approved by the General Meeting, after the Board of Directors' opinion. Internally, the Bank has approved an Evaluation Policy and Rotation Periodicity of External Auditors.

### Main Policies of the Internal Control System

Within the scope of creating internal control mechanisms, the Bank has implemented a set of internal policies and regulations, ensuring that it operates within the rules governing its activity and ethical principles, among which the following stand out:

#### Code of Conduct

With a view to a transparent management culture free of conflicts of interest, the Bank has established a Code of Conduct, which describes the fundamental principles and rules of conduct to be observed in the professional activities of the members of the Board of Directors and Supervi-

sory Bodies, as promoters of a culture of ethics in the Institution, and of other Employees, in their relations with Customers, Suppliers, Service Providers and Competitors.

Employees must be skilled, diligent, loyal and trustworthy professionals, and behave in a correct, conscientious, courteous, accessible and available manner.

The Code of Conduct is monitored by the Compliance Department, which can, whenever necessary, may turn on other departments, namely the Internal Audit Department and the Human Capital Department.

### Conflict of Interest Policy

Considering the susceptibility to the occurrence of possible conflicts of interest, Banco Económico has established internal rules and procedures, which ensures that the behaviour of its Employees and Members of the Governing Bodies is guided by principles of an ethical and deontological nature, that reflect the highest standards of moral and pro-

fessional conduct.

This Policy considers impartiality and independence a priority for running and managing its business, in order to prevent and manage conflicts of interest, as required by law, be it between the interests of the Bank and those of its Customers, or between the interests of its different Customers.

### Related Parties Policy

In order to ensure the independence of the Institution vis-à-vis its Shareholders, taking into account the best Corporate Governance practices, Banco Económico has established rules and consolidated procedures for transactions with related parties, with a view to mitigating the risks involved and identifying ways to ensure Legal Security and Economic Order.

Additionally, the balances related to transactions with related parties are disclosed in Note 34 of the annex to the Financial Statements with reference to 31 December 2021.

### Communication of Irregularities

Banco Económico has instituted a policy and procedures within the scope of internal and external reporting of suspicious operations. All Employees are obliged to report suspicious operations to the Compliance Department, which in turn must inform the Financial Intelligence Unit (UIF).

In addition to suspicious operations, all operations above USD 15 000, or the equivalent value in Kwanzas, are subject to the completion of a declaration of origin and destination of funds and reported to the UIF, including transactions divided into tranches whose sum reaches that limit, as stipulated in Law no. 05/2020 of 27 January.

### Anti-Money Laundering Policy

Given the growing relevance of combating these phenomena, the Bank has paid increased attention to identifying weaknesses and areas of greater exposure, in order to ensure that there are adequate methods to control and mitigate the risks inherent to transactions and counterparties, identifying two moments when this knowledge should be especially applied:

- Opening of a contract or changes in the ownership of an existing contract, through what is referred to as KYC (Know Your Customer), that is, verifiably ensuring the identification of the beneficial owners, representatives and beneficiaries;
- Monitoring contract transactionality, namely identifying atypical situations, both in advance and by contacting the Customer after the situation has been detected;
- The Bank reviews its Anti-Money Laundering strategies, targets and objectives on an

ongoing basis and maintains an effective Anti-Money Laundering (AML) programme for the Bank's business, which reflects the best practices for a financial institution. Training is regularly provided in order to identify potential suspicious situations of Money Laundering and is also useful for compliance with the legal and regulatory duties to which the Bank is subject;

- The Prevention of Money Laundering and Combating the Financing of Terrorism (PBC/FT) is one of the foundations of confidence in the financial system and as such, this subject will continue to receive permanent attention from Banco Económico.

## 3.3 Our Offer

### Commercial Banking

Through its business areas, Banco Económico, has sought to provide an increasingly close, personalised and digital value offer to its Customers and respective segments.

The Bank takes on the vision of being a reference financial partner in Angola, with ambitious and solid goals for the development of its activity. The Bank's teams are duly prepared to advise all Customer segments on the best savings and investment solutions and help identify the most appropriate financial product and service options for each Customer profile.

In order to ensure this close and customised service, the Bank has several business units, namely, International Financial Department, Corporate Commercial Department, Top Corporate and Oil & Gas Department, Institutional Department, Commercial Networks Department, Private Banking Department, Affluent Department and Investment

Banking Department. These Business Department monitor four distinct Customer segments on a daily basis:

1. Retail Customers;
2. Private;
3. UMOXI (Affluent);
4. Companies.

## Segment Offer

Banco Económico assumes responsibility for the development of the country. It recognises its importance as an agent of support for the development of businesses and projects, for meeting the needs of consumers and intends to continue to provide solutions so that its Partners, Employees and Customers achieve prosperity and growth.

### Retail Customers and Umoxi Customers

#### 01. Day-to-day solutions

Multicaixa cards, Credit cards, Current accounts, Savings accounts.

#### 02. Services

**EconomicoNet**, **EconomicoNet APP**, **EconomicoDirecto**, Debit on Account Authorisation ("ADC"), Transfers and Cheques.

#### 03. Savings

Term deposits, Foreign exchange protection solution.

#### 04. Credit

Personal and housing loans, Leasing.

#### 05. Insurance

Domestic servants, Family Protection, Vehicle, Life, Travel and Health.

### Corporate Customers

#### 01. Treasury

Current accounts, Collection solutions, Payments, Financial investments, Foreign exchange protection.

#### 02. Credit

Short-term, mid-/long-term products, Bank guarantees.

#### 03. Services

**EconomicoNet Corporate**, **EconomicoNet App**, Collection and transportation of valuables.

#### 04. Specialised Solutions

Personalised support to large, medium and small companies and businesses, Institutional, Oil & Gas, Trading Room, Investment Banking and Fund Management.

#### 05. Insurance

Freight transport, Group health, Vehicle fleets, Occupational accidents, Travel, Industrial multi-risk.

## Private Customers

### 01. Investment

Banco Económico's Private Banking asset management team performs a full analysis of the financial profile of each Customer, professional and personal context, life plans, as well as goals to be achieved. Based on this assessment, an investment strategy is presented, in line with the investor's risk profile, taking into account the time frame to achieve those goals and respective profitability expectations.

### 02. Financial Advisory

Banco Económico's Private Banking team of consultants shows permanent attention to the financial expectations of its Customers, in order to help them find financing solutions adapted to the specifics of each of their projects.

### 03. Financial Advisory

The specialised, multidisciplinary and fully dedicated teams of Banco Económico's Investment Banking Department ensure Private Customers access to the highest levels of financial advice to manage their assets.

### 04. Insurance

Life and Health, watercraft, personal accidents, travel, home multi-risk, auto insurance and domestic servants. Additionally, Private Customers also have at their disposal the Private Banking Securities Deposit Boxes, which are a convenient option to protect and store documents and personal objects of greater value.

## Pillars of commercial performance

For 2021, the strategy of the business areas was previously and duly aligned with the global strategy defined by Banco Económico, better described in Chapter 7, for which the articulation between Customers, Employees, the growing use of Technology and Digitalisation and Risk mitigation are fundamental.

### 1. Customers

The main mission of the Commercial Network Department of Banco Económico is to provide an efficient, quality service close to the Customer and to expand the Customer base within the Bank.

The performance strategy of this Department throughout 2021 was focused on improving the relationship with Customers and on attracting new Private Customers, especially those who adhere to the salary domiciliation service.

The main objective was the segmented and diversified availability of our offer to Customers, in accordance with the requirements of the various income profiles and sectors of activity (Individuals and Businesses), focusing on distribution through digital platforms, maximising the Bank's revenue through the banking product and the financial margin. The activity developed translated into a positive result in relation to the 2021 commercial objectives and growth compared to 2020 (the granting of consumer credit, both in number and amount, exceeded the objectives in 2021).

## 2. Employees

Banco Económico considers its human capital to be a differentiating and competitive element in the sector, a quality that has a positive impact on the Customer's experience with the Bank and on their high level of satisfaction.

Aligned with the Bank's strategic vision of this valuable asset, it was possible, through a very rational budgetary control imposed by the economic circumstances, to comply with the general plan of visits to branches throughout the country.

In its preparation, the visit plan includes an agenda rich in on-the-job training sessions, and creative ways of clarifying the offer and commercial strategy, focusing on the approach and interaction of the teams at the branches with our Central Middle Management team (Zone Managers and Coordinators), in order to create motivation and inspire success through merit, work, dedication and commitment.

Also in the last quarter of 2021, the Commercial

Network Department, in conjunction with the Human Capital Department, promoted the BE GROW programme, carried out with a view to identifying development opportunities for branch coordination teams and operational technicians with strong potential for career development. This action was developed under the leadership of the Directors of the two areas mentioned, which in practice demonstrates the importance of this pillar in the Bank's management agenda.

In this sense, the main activities carried out in 2021 in order to prepare our Employees for the needs of Customers were the following:

- Development of Training Programmes for Employees adapted to the specificities of each of the segments;
- Greater and better monitoring by the Management in order to develop the skills of the Employees;
- Development of on-the-job skills;

- Work closely with Customers to get to know their business plans and thus assertively define the cooperation in terms of products suitable for the business, the technical support to be provided and the financial support to strengthen the partnership.

## 3. Technology and Digitisation

Banco Económico, and its business areas in particular, will continue to materialise the Bank's digital transformation process, by introducing technologically innovative products and services and being present in multiple channels simultaneously and in real time, as described in Chapter 3.8. Technology, Transformation and Innovation.

In this way, the Bank's different segments will enjoy a closer, simpler, more digital and flexible service. The automation of procedures will also be an area of focus, expediting the relationship with the Customer.

#### 4. Risk

Recognising that the sustainability of the business depends on Customers' trust in the services provided by the institution, the Commercial Network Department, which is an integral and significant part of the Bank's 1st line of defence (representing 38% of total Employees in December 2021), challenges itself to create preventive initiatives of a training nature and to raise awareness among the teams, with a view to aligning its professionals with the regulatory context in force, acting firmly and continuously to extinguish less orthodox practices, which it repels by making its Employees accountable.

The adoption of an ethical-professional stance that covers the dissemination of the Bank's values in interaction with the teams, compliance with internal rules and the code of conduct, are a clear example of the Retail managers' commitment to protecting the interests of all stakeholders.

Thus, in 2021, periodic workshops were held on operational control at the branches, in order to improve the deficiencies detected in the mana-

gement of cash offices/ATMs and the reliability of information on Customers and their transactions.




## Geographic Coverage

In 2021, Banco Económico continued to present a distribution structure capable of responding to the demands and needs of all its Customers, providing close and personalised service. In order to complement its dematerialisation and digital transformation strategy, Banco Económico also continues to invest in its commercial team, in the physical distribution network, maintaining the close connection on the ground with its Customers.

 **76**  
Service Points

 **59**  
Branches

 **10**  
Business Centres

 **4**  
Stations

 **3**  
Umoxi Centres

Banco Económico ended 2021 with 76 service points, ensuring national wide coverage and presence in Angola's main cities.

Additionally, the Bank also has:

 **1**  
Private Centre

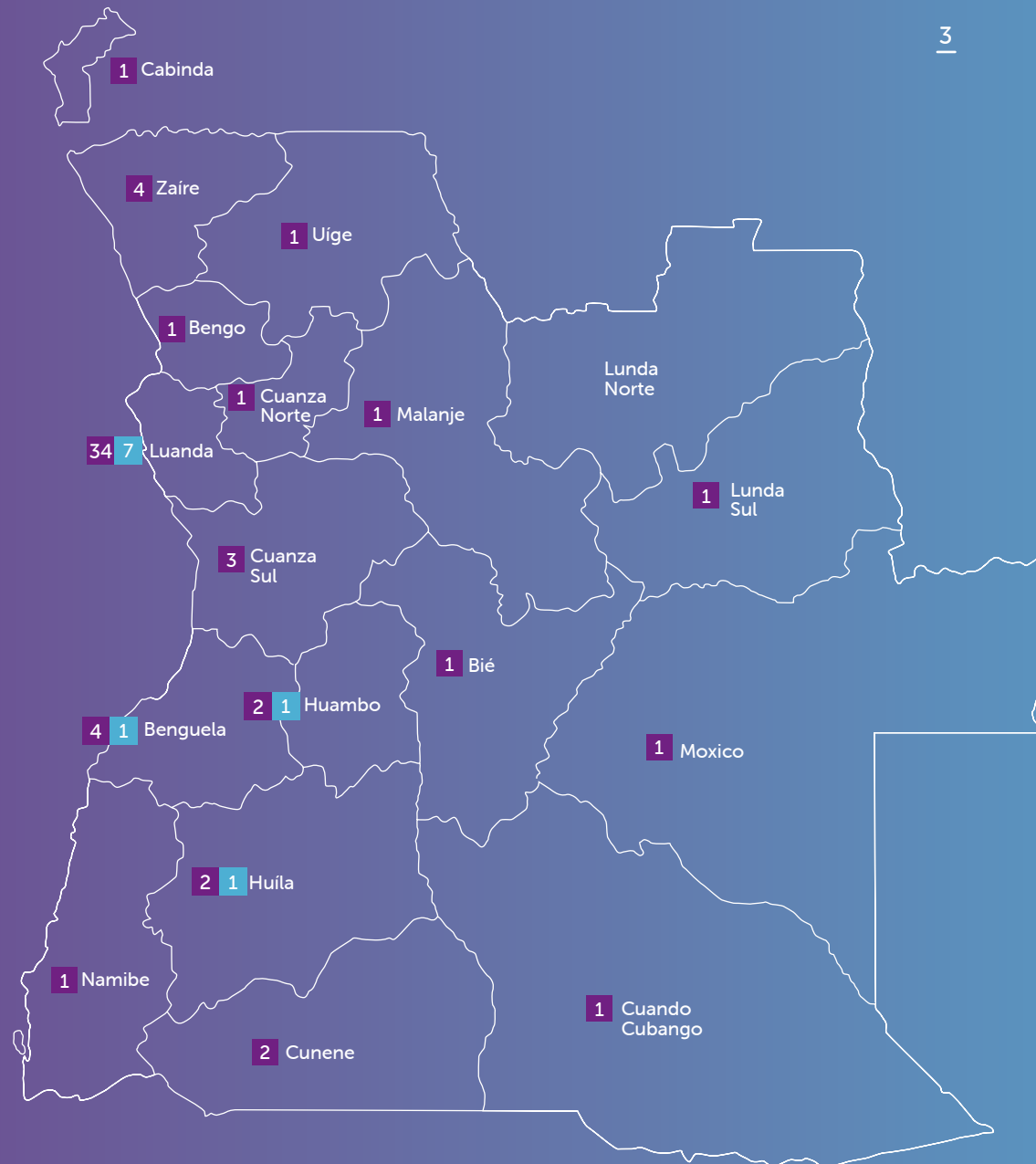
 **1**  
TOP Corporate and Oil & Gas Centre

 **1**  
Institutional Centre



## Service Points (Distribution per Province)

■ Business Centre    ■ Branch



## 3.4 Activities in 2021

During 2021, Banco Económico adopted a conservative posture and strategic replanning, with the definition of a Recapitalisation and Restructuring Plan (RRP) to respond to the significant losses recognised in 2019 and 2020, as mentioned above. In this context, we would highlight the focus on the redefinition of commercial activities, on consolidating Customer satisfaction, using multiple surveys for this purpose, on the quality of the services provided, maintenance of deposits, product placement and adequacy of services to the needs of each Customer.

Aware of its role in the market, the Bank remained focused on implementing the Recapitalisation and Restructuring Plan in a transparent and rigorous manner with regard to the regulators and potential investors, ensuring a process that minimised the risks in the Bank's operations and for its Customers

and Employees.

At the same time, there was a pandemic that impacted the Bank and its Customers, which together with the particular context of the Bank represented a testament to the resilience and commitment to best serve its stakeholders. In this sense, a well-defined commercial action plan was implemented, which led to a 16% increase in the Customer base. Similarly, the Bank, in its mission to contribute to the development of the Angolan economy, granted loans totalling 16970 million kwanzas, aimed at fostering the development of Angola's business fabric and financing the "Real Sector of the Economy".

It should also be noted that the Plan also contains measures to be implemented in the future, which will make it possible to i) strengthen the commercial relationship with Customers and the development of new business, and ii) retain and develop the talent present in the institution, making it more efficient in meeting the needs of the target public.

Additionally, the year 2021 was marked by an

increase in the offer and availability of new products and services, in the various segments, namely:

- Exclusive credit card with very strong benefits;
- Offering new profitability products with competitive rates;
- Attendance on Saturdays by appointment;
- Personalised offer, with a manager available to attend to our Customers between 8am and 7pm - UMOXI (Affluent);
- More competitive offer of Insurance, with excellent sales results;
- Dynamisation of the non-financial offer, resulting in an increase in sales.

The 2021 initiatives developed by the commercial areas also enabled the:

- Attraction of new Customers;
- Loyalty of the Customer base with permanent contacts, presenting benefits and solutions adapted to their needs;
- Retention and increase of the time deposit portfolio.

By 2022, in line with the defined strategy, it is the Bank's ambition:

- Align the commercial strategy with the restructuring of the bank, namely the RRP;
- To make the commercial offer more dynamic in order to meet Customers' needs and become a more attractive and competitive Bank;
- Creating value for the Bank by focusing on the diversity of Customer deposits and granting credit according to Customers' risk profile in order to align interest rates to foster the financial margin;
- Improve quality and ensure commercial and support service levels;
- To ensure efficiency gains in processes and to strengthen commercial incentives by creating and promoting internal satisfaction among Employees.

## 2021 in Numbers

### Customer Deposits

Banco Económico concluded the 2021 financial year with total assets of Kz 1,278 billion, consolidating its position as the third bank in the sector with the largest volume of deposits.

The growth in the number of Retail Customers (16%), as well as the growth in the number of Corporate Customers (7%) positively influenced the Bank's market share (from 3% to 3.6%). This increase reflects the Bank's efforts to attract new Customers who, in 2021, represented approximately Kz 21 billion, a growth of 4% when compared to the deposits attracted from new Customers in 2020. This growth is justified both by the deposits obtained from new Private Customers (Kz 8.4 billion) and by the deposits obtained from new Corporate Customers (Kz 12.2 billion).

This behaviour of deposits in 2021 demonstrates the confidence of Customers in Banco Económico brand, as well as the results of continued invest-

ment in the offer of new innovative products and services and the consolidation of the Bank's distribution channels.

In turn, this growth in the amount of new deposits in 2021 is also explained both by the consolidation of Demand Deposits (which represent 31% of the Bank's deposits) and by the maintenance of Term Deposits (which represent 69%), demonstrating the strong confidence of Customers in the savings products and financial applications of Banco Económico.

The volume of deposits in domestic currency in 2021 was fixed at Kz 257 billion, remaining stable in absolute value and registering a percentage reduction of around 4%. In this sense, the evolution of deposits in 2021 is fundamentally associated with the consolidation of deposits allocated to savings products and/or financial applications, as well as the stability of demand deposits.

The strong commercial dynamics of attracting new Customers and retaining existing ones has been a continuous strategy of the Bank and one that has

created value.

The signing of salary protocols with Companies and consequently the opening of accounts for the domiciliation of their Employees' salaries, has influenced the attraction of Customers and the placement of active products and services.

The Bank increased the number of protocols signed by 17% and the domiciled Customer base by 86%.

Established protocols - 338

Salary Account Customers - 39 404

Companies Attracted - 1 345

### Loans to Customers

In 2021, despite a context of reduced liquidity in the market, there was an increase in the amount of credit granted, materialising a growth of 10.9% and setting at Kz 217 billion, compared to Kz 196 billion in 2020, which includes the granting of Kz 2,332 million in new loans.

This movement is justified by the increase in loans to Corporate Customers (15.9%) since there was a reduction in the Individuals segment of 22.3%. This reduction is directly related to the successful dynamics of loan recovery, positively impacting the reduction of impairment to Individuals by 5.7%. However, the Bank's focus on broadening and diversifying its Customer base bore fruit, reducing its exposure to consumer credit to Individuals. Currently, loans to Corporate Customers represent 90.58% of the total portfolio.

This performance of the loan portfolio demonstrates Banco Económico's positioning as a financier and partner of Angolan companies, a segment with a history of strong support from the Bank, fulfilling its mission as an important driver of Angola's economic activity.

In 2021, loans in Domestic Currency, which represents about 90.3% of the Bank's loan portfolio, grew by 53.7%, justified by loan operations that were converted from Foreign Currency into Domestic Currency during the year, while loans in Foreign Currency fell by 64.2%, partly due to the conversions and partly because of successful loan recovery processes that culminated in the settlement of irregular loan processes.

The quality of the loan portfolio showed an improvement, as the ratio of loans overdue for more than 90 days went from 44.4% in 2020 to 33% in 2021. This improvement is justified by the reduction of non-performing loan operations, as well as the restructuring of loan operations that took place during the year and which allowed the companies' liquidity requirements to be matched to their business capacity and to generate value to settle their loans. The developments explained in the previous paragraphs, led to an increase in the transformation ratio from 12.3% in 2020 to 16.60% in 2021.

### Direct Channels

The Bank has invested increasingly in the development of its multi-channel distribution platform. In 2021 this plan was maintained, with emphasis on the availability of new functionalities and some improvements, both in terms of means of payment and direct channels, and the start of the project to implement the new card platform (PEGC).

### New services and developments in 2021

Some new functionalities were implemented during 2021, with greater relevance in the regulatory projects promoted by EMIS and Banco Nacional de Angola. At the same time, in order to promote the digitalisation of processes and improve our Customers' experience, some new services were also launched.

In this context, the following are noteworthy:

- Online data update;
- Automatic SMS verification with "One-tap SMS verification with SMS User Consent API";
- Consultation of the amount of the Single Reference of Payments to the State - RUPE in real time;
- Real time consultation of credit card data and movements;
- Improvement in the functionality of International transfers in the channels;
- New Cards area in the channels;
- Card Protector on Multicaixa Express;
- Service for updating and synchronising Cus-

tomers and card data with EMIS;

- Credit and prepaid card management system - Way4 (in progress);
- Virtual host (in progress);
- Cardless withdrawal at POS (in progress); - Online payment gateway (in progress).

In addition, several projects have been initiated, to be completed during 2022, continuing the process of transforming **EconomicoNet** services and means of payment, aligned with the needs of Customers and Commercial Networks, implementing solutions that improve the user experience of the Bank's services.

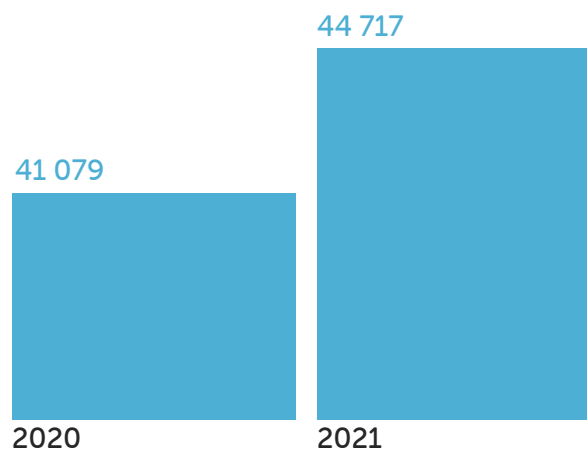
Channel	Segment	User
<b>EconomicoNet Corporate</b>	Corporate and Institutional	
<b>EconomicoNet</b>	Retail Customers	Customer
<b>EconomicoNet App</b>	All	
Consult@Cartão	Corporate and Institutional	Card Holder
<b>EconomicoNet Balcão</b>	All	Bank Employees

### Direct Channels in numbers

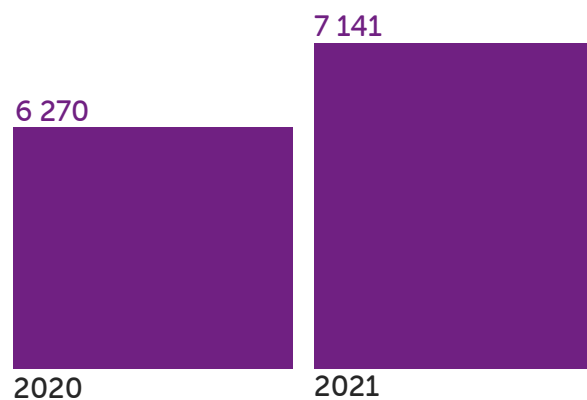
At the end of 2021, the Internet Banking service for Companies (EconomicoNet Corporate) reached 7 141 accumulated subscriptions, which represents a growth of 14% compared to December 2020, with transactional activity growing 21%, with approximately 257 935 financial transactions carried out, compared to 213 000 transactions executed in 2020.

In the EconomicoNet service (Internet Banking for Individuals), the number of subscriptions grew 9%, compared to the end of 2020, totalling 44,717 accumulated subscriptions. Transactional activity grew 25%, with the number of transactions executed reaching 329,685, compared to 264,595 in 2020.

#### EconomicoNet Customer | Subscriptions



#### EconomicoNet Corporate | Subscriptions



The penetration rate of EconomicoNet services has been growing, with Retail Customers decreasing from 20% to 19% from 2020 to 2021, while for Business and Institutional Customers it increases from 38% in 2020 to 40% in 2021.

### Payment Methods

In 2021, the growth trajectory regarding cards, ATMs and APTs/POSSs was maintained, thus continuing the strategic plan, which involves renewing the platform and processes and strengthening the offer, with the launch of new card products (Visa Pre-Paid, Multicaixa Crédito and Multicaixa Pré-Pago).

#### Means of payment in figures

- **Debit and credit cards**

Multicaixa debit cards had a growth of 10% in the number of cards and 31% in invoicing, which reached Kz 323 812 million.

With regard to VISA Credit Cards, the growth was 0.3% in the number of cards and 30% in transaction volume, reaching a total of Kz 24,430 million.

Service and Metrics	2020	2021	Δ 2020/21 #	%
Multicaixa Debit Cards   No. Cards	98 000	107 528	9 528	10%
Multicaixa Debit Cards   Billing Kz (millions)	247 893	323 812	75 919	31%
Visa Credit Cards   No. of Credit Cards	7 508	7 528	20	0,3%
Visa Credit Cards   Billing Kz (millions)	18 803	24 430	5 627	30%

- **Automatic Payment Terminal**

Regarding automatic payment terminals (APT) activity, it continued to grow, with the number of terminals increasing by 9% and the value of APT transactions by 4%.

Service and Metrics	2020	2021	Δ 2020/21 #	%
Automatic Payment Terminals   N°	4 875	5 314	439	9%
Automatic Payment Terminals   Invoices Kz (millions)	194 839	202 135	7 296	4%



- **ATMs | Teller Machines**

The Bank's Multicaixa ATM network has grown by one unit, to 98 ATMs, with the value of financial transactions having decreased by 2%, with a slight decrease in the Operationality Indicator (TOR).

Service and Metrics	2020	2021	Δ 2020/21	
			#	%
<b>Activity Indicators</b>				
Automatic teller machines - ATMs   No.	97	98	1	1%
Automated Teller Machines - ATM   Billing Kz (millions)	111 812	109 586	-2 226	-2%
<b>Quality of Service Indicators</b>				
Automated teller machines - ATM   Operational Ratio (TOR)	97,2%	96,2%	-1%	-
Automated Teller Machines - ATM   % Down Time for Lack of Notes	19,6%	29,3%	-10%	-





## Bancassurance

In 2021 the total production value for new and continued policies through the Banking channel is Kz 370 million, of which Kz 200 million correspond to new policies, which represents a growth of Kz 10 million in new captures compared to 2020. This growth is the result of galvanising the commercial dynamic through the launch of campaigns with adjusted prices and associated premiums.

	2021	2020	2019	2018	2017	Change % 2020-21
Penetration Rate	4%	4%	4%	8%	5%	
Sales volume	4 456	4 967	7 371	4 772	6 247	-10%

## Investment Banking

The main objective of the Investment Banking Department (DBI) is to provide the Bank with the skills and competences that allow it to offer its Customers a global, integrated and international quality range of specialised financial products and services

in the Corporate & Investment Banking (CIB) areas. Taking into consideration the adverse and challenging macroeconomic scenario in the Corporate & Investment Banking area, DBI focused its activity on supporting priority investment projects, as part of the government's strategy to diversify the economy and, consequently, reduce excessive dependence on the import of goods and services and contribute to the sustainability of the country's external accounts.

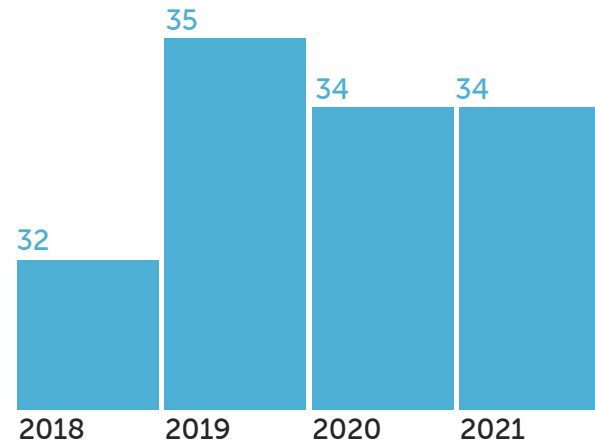
### Advisory and structured finance

Banco Económico has provided support to sectors considered crucial to the country's economic growth, specifically in the agriculture, agro-industry, livestock, fishery and fish farming, manufacturing and extractive sectors. In this way, it was possible to make financial resources available to the Angola's economy, having contributed to the dynamisation of the increase in domestic production and the satisfaction of domestic needs, by reducing imports and increasing exports. Banco Económico has always been committed to

State policies and programmes aimed at promoting national production, such as the Angola Investe Programme (PAI), launched in 2012, the Credit Support Programme, BNA Notice no. 4/2019 and Notice no. 7/2019 launched in 2019 and, lastly, BNA Notice no. 10/2020 launched in 2020.

Until 2021, the Investment Banking Directorate (DBI) maintains 34 active projects under the Angola Investe Programme (PAI) and the BNA Notices, with total funding of Kz 32.4 billion made available to the domestic economy. Although the Angola Investe Programme was discontinued in 2018, a significant part of the projects approved under the Programme secured with a public guarantee granted by the Credit Guarantee Fund (FGC) and with interest subsidies from the Ministry of Economy and Planning (MEP) are in progress.

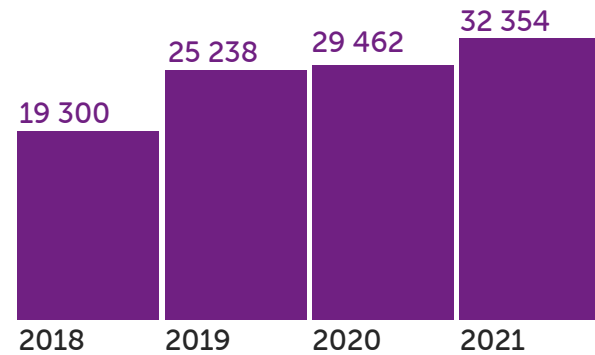
### Number of Active Projects



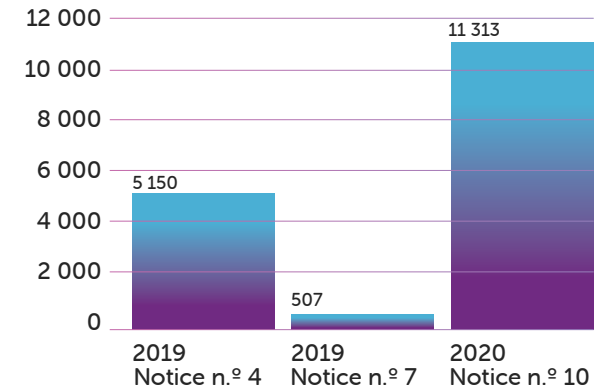
The slight reduction in the number of active projects between 2019 and 2021 resulted from the liquidation and maturity of some smaller projects, and it should be noted that new larger projects were also approved, hence the growth in approved amounts.

With the discontinuation of the IAP, Banco Económico, as at 31 December 2021 had 10 credits outstanding for disbursement following the aforementioned Notices, financed in various sectors of activity for a total amount of about Kz 17 billion, as illustrated in the charts to the side.

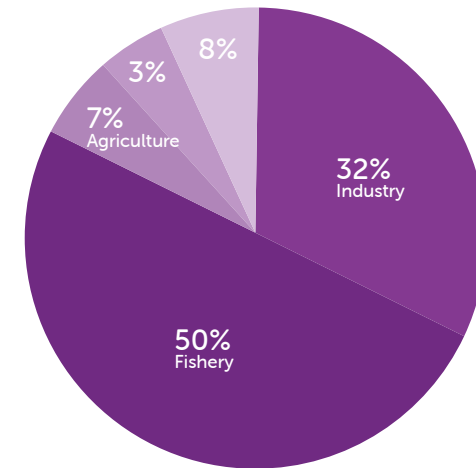
### Approved Numbers - Kz million



### Distribution by BNA Notice - Kz million



### Credits by Sector - BNA Notices



In order to make the financed projects more dynamic, the Bank has monitored their operational execution with the support of specialised external consultants and institutional monitoring with the government entities (BNA, MEP, FGC, as mentioned above, as well as with the National Institute of Support to Micro, Small and Medium Enterprises - INAPEM).

On the other hand, the Bank's major loans allocated to DBI were restructured and this department continues to be involved in negotiations with the various market banks on the syndicated loans in which the Bank participates.

The Investment Banking Department strengthened its support to the Bank's commercial areas, in a strategy of greater proximity to the needs of Customers and responsiveness to their expectations. In this way, the offer of credit products is always preceded by a careful assessment of the projects and of the profile of their promoters, in a balanced relationship in which the Customer must ensure the management, viability and sustainability of its business, and contribute capital of

so as not to depend exclusively on bank financing and to share the risks of the operation.

As a complement to its role as lender, Banco Económico acts as a partner and financial advisor to its Customers, establishing a medium and long-term relationship, aiming at the success of their business and ensuring compliance with the financial responsibilities assumed with the Bank and the other stakeholders of the project.

As the Credit Support Programme (PAC) is being restructured by the Ministry of the Economy and Planning, the Bank as a partner of the State is also creating the conditions to ensure its participation in the programme.

With a view to expanding the area of activity in more relevant projects, the Bank also prioritises sectors considered strategic for boosting the country's economic growth and development, as illustrated next.

### Strategic Sectors



The choice of the sectors indicated above was based on the opportunities offered by the Angolan market, such as the encouragement of renewable energy production, widening of the chain of action of some oil companies, the appearance and expansion of telecommunication companies, and the creation of structures and institutions that aim to encourage investors to operate in the mining sector.

### Capital Markets

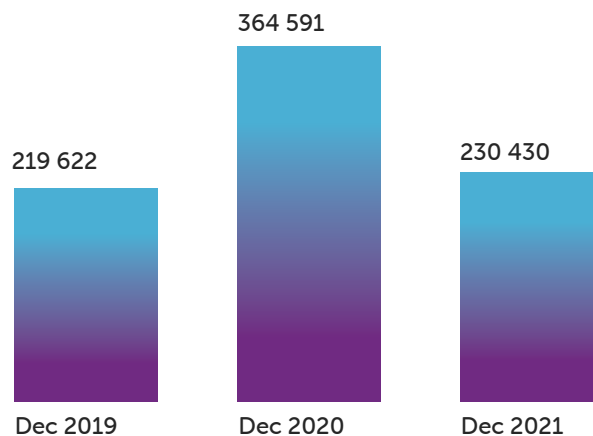
A DBI is the sponsor of this business area, providing the Bank's Customers with an integrated offer of Capital Markets services, both in the primary market (organisation of public and private offerings of fixed and variable income securities) and in the secondary market (intermediation of securities in an organised market). The Bank is duly registered

with the Capital Markets Commission (CMC) and accredited with BODIVA, as a Trading and Settlement Member since July 2016.

Through the Capital Markets area, DBI accompanied the main initiatives in the launch of the new Treasury Securities Exchange Market (MBTT), with the incorporation of public securities (Treasury Bonds and Bills) in the Securities Centre (CEVAMA), the launch of the electronic trading platform (SIMER) and then the migration to the new platform (CAPIZAR), integrating post-trading, settlement and custody services.

By 31 December 2021 Banco Económico has reduced the amount of securities under custody by about 37% compared to the amount reached in 2020, still slightly higher than the amount in 2019. In 2021, BODIVA experienced, for the first time, a reduction in turnover (17.73%), reversing the trend of exponential growth since its opening, thus contradicting the average annual growth recorded over the last 6 years of 143.64%.

### Assets in Custody



This decrease was caused by the appreciation of the Kwanza - as a result of economic agents, in the past, having sought to cover the risk of currency devaluation by investing in bonds indexed to the exchange rate (USD/ Kz) - and reduction in the number of trades. During 2021, BODIVA recorded 5,420 trades, a reduction of 1.67% compared to 2020, for a total of Kz 976 billion traded.

This trend was transversal to the market, with Banco

Económico carrying out intermediation operations in Public Debt Securities, on the BODIVA markets (primary and secondary), to a total value of Kz 23.82 billion, a reduction of 70.24% in relation to the previous year.

Compared to 2020, the number of accounts opened increased by 16%, to 288 accounts. Despite the reduction in the volume traded, the Bank managed to maintain the growth trend over the years.

However, it is important to note that the CMC and the BNA, following the provisions of Law no. 14/21 of 19 May on the General Regime of Financial Institutions (LRGIF), have defined the term and the terms and conditions for the transfer of securities and derivatives investment services and activities, currently provided by the Banking Financial Institutions (IFB), to the Non-Banking Financial Institutions (IFNB) linked to the Securities Market (MVM):

Brokerage Companies (SCVM) and Securities Distributors (SDVM).

In this sense, it was established that the Banking Financial Institutions (IFB) must transfer, until 31

December 2022, the services and activities of investment in securities and derivative instruments, provided in Article 3(1) of the Presidential Legislative Decree No. 5/2013 of 9 October. Thus, as from 1 January 2023, the licenses of the IFBs will be automatically revoked, regardless of whether they have carried out the transfer of their activities or not, which will imply the immediate cessation of all the services and activities they carry out in the securities market (MVM).

In light of this situation, the Bank is drawing up an action plan to ensure the continuity of the provision of these services and activities to its Customers, and an adequate transition of its assets under custody, within the legally established deadlines.

Analysing the type of business carried out by Banco Económico throughout the year, in terms of number of deals, there is a predominance of Treasury Bills (22%) and Treasury Bonds (78%). This happens because participants in Treasury Bill auctions, as these are short-maturity securities, hold the instruments until redemption (hold to maturity).

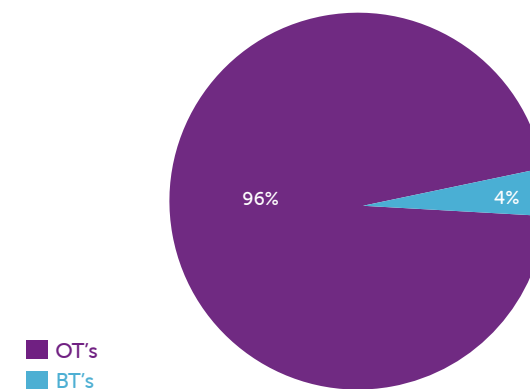
However, when we consider the distribution by amount traded, it is clear the predominance of Treasury Bonds, which represent 96% of the value traded on BODIVA.

Medium-term maturities were the most sought after, representing more than 90% of demand, and there was a greater number of business done by Customers classified as “Non-Institutional Corporate Customers”.

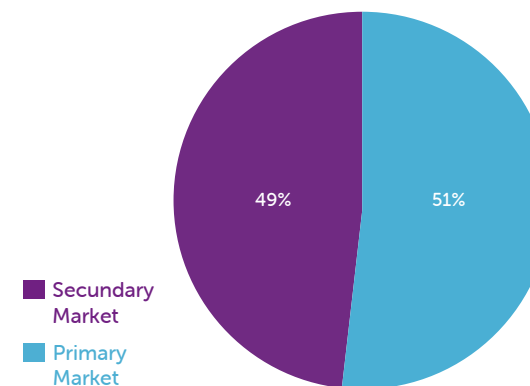
Banco Económico maintained its performance in the secondary securities market, despite dropping in the ranking to 14th place in 2021.

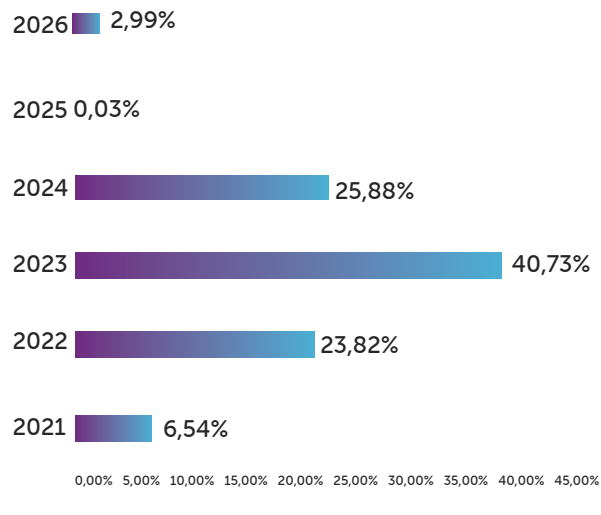
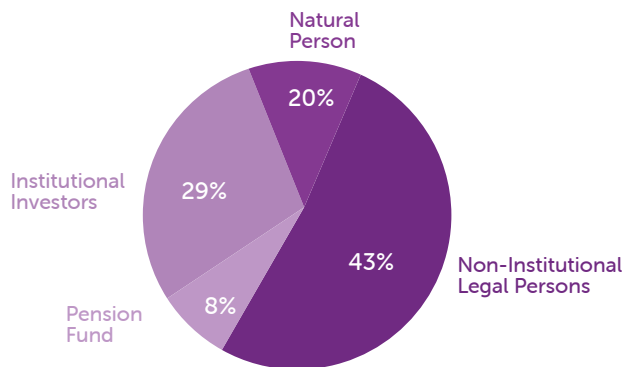
In the primary market, DBI was particularly attentive to new business opportunities on the Buy Side, deriving from the Privatisation Programme (PRO-PRIV), namely the identification, advisory and channelling of non-resident investors to acquire assets in Angola and, on the Sell Side, the presentation of proposals for the organisation and placement of public offerings of the companies undergoing privatisation, in consortium with other national and foreign financial intermediaries.

Volume of Business Deals – By Market



Number of Business Deals – By Market





## Asset Management

### Pension Funds - Economic SGFP

The mission of Económico Fundos de Pensões - Sociedade Gestora de Fundos de Pensões, S.A. (Económico SGFP) is to contribute to the future of the Participants and Beneficiaries of the Pension Funds under its management, guaranteeing the right to future benefits and a dignified retirement, through the prudent and efficient management of its contributions.

The activity of the Management Company is complementary to that of the Public Social Security, offering its associates, participants and beneficiaries the possibility of setting up autonomous assets (Pension Funds) which guarantee, in the future, the inalienable right of the human being to a retirement pension, at the end of their active life and at the end of their career of contribution to society.

Accordingly, Económico SGFP's complementary mission is to contribute to the progress of its associated companies, enhancing the value of their Employees and fostering the economic and social

development of the country, while respecting the rules of professional ethics and deontology.

The Company began trading in April 2009, is registered with the Angolan Insurance Regulatory and Supervisory Authority (ARSEG) since 2 March 2009, under no. 56143, and its main Shareholders are Banco Económico, S.A. (Controlling Shareholder) and GNB - Gestão de Ativos, SGPS, S.A. of the Novo Banco Group (Portugal).

In September 2018, at a General Meeting and to provide the Company with the financial means and solvency margin necessary to grow its activity, the Shareholders decided to increase its capital from Kz 105 million to Kz 1 000 million, by subscription reserved to the same Shareholders, fully paid up, and the current Acio-nist structure is as follows:

### • Ownership structure

At the General Meeting of July 7, 2021, it was decided to change the corporate governance of the Company, replacing the previous Executive Committee by an Executive Director with delegated powers from the Board of Directors, supported by two non-executive members (including the Chairman of the Board of Directors), who now ensures the day-to-day and operational management of the Company.

Shareholders	No. of Shares	Nominal Value	%
Banco Económico, S.A.	9 600	960 000 000	96%
GNB - Gestão de Ativos, SGPS, S.A.	370	37 000 000	3,7%
Individual Shareholders	30	3 000 000	0,3%
Total	10 000	1 000 000 000	100%

### • Pension Funds Managed

As at 31 December 2021, the Company managed five Pension Funds, two of which were open-ended and three closed-end:

Although the legislation on Pension Funds was created almost two decades ago, with the publication of the Pension Funds Regulation (Decree no. 25/1998 of 7 August), the implementation of Private Social Security in Angola has not been easy. In 2021, in a context of strong reduction of economic activity, the Pension Fund sector experienced many difficulties, since the financial and COVID-19 crises were reflected in new memberships of the

Funds - at corporate and individual level - and also in the constraints and delays of the associated companies in making their contributions.

Despite this, Económico SGFP continued its positive evolution, with sustained growth of its activity, in collaboration with its Members and Shareholders, consolidating its presence in the market. The values under management amounted, in December, to Kz 24,392 billion which compares with Kz 22,014 billion in 2020 (an increase of 11%). If we analyse the evolution of the last two-year period (2021/2019), we see an average annual growth of 30% of the funds under management, revealing

Pension Funds	Set-up Date	Transfer Date	Type of Fund	Pension Plan
Pension Fund 1-5-10 a Day	27/07/2001	01/12/2013	Open	Set Contribution
Ministry of Petroleum Workers' Pension Fund	03/01/2003	01/04/2014	Closed	Set Benefit
UNITEL Workers' Pension Fund	01/12/2007	01/02/2014	Closed	Set Contribution
ENE, PE, Workers' Pension Fund	21/05/2008	01/02/2014	Closed	Set Benefit
Pension Fund Besa Options	01/02/2010	-	Open	Set Contribution

the strong commercial and financial dynamics of Económico SGFP in a particularly challenging environment, as has been the case over the last two years.

#### • Changes in the Managed Funds Portfolios

The following table shows the evolution of the Funds' portfolios between 2019 and 2021:

Pension Funds	2019	2020	2021	CAGR <sup>21/19</sup>
Pension Fund Besa Options	2 335 183	3 418 384	3 944 585	30%
Pension Fund 1-5-10 a Day	124 045	1515 868	151 195	10%
ENE, PE, Workers' Pension Fund	2 962 101	4 294 541	3 026 655	1%
Ministry of Petroleum Workers' Pension		2 601 401	2 245 316	7%
UNITEL Workers' Pension Fund	7 021 866	11 547 903	15 024 410	46%
<b>Total</b>	<b>14 419 199</b>	<b>22 014 096</b>	<b>24 392 161</b>	<b>30%</b>

#### • Evolution of Management Fees

Over the last few years, Económico SGFP has achieved a positive evolution of its revenues, which are consistently maintained:

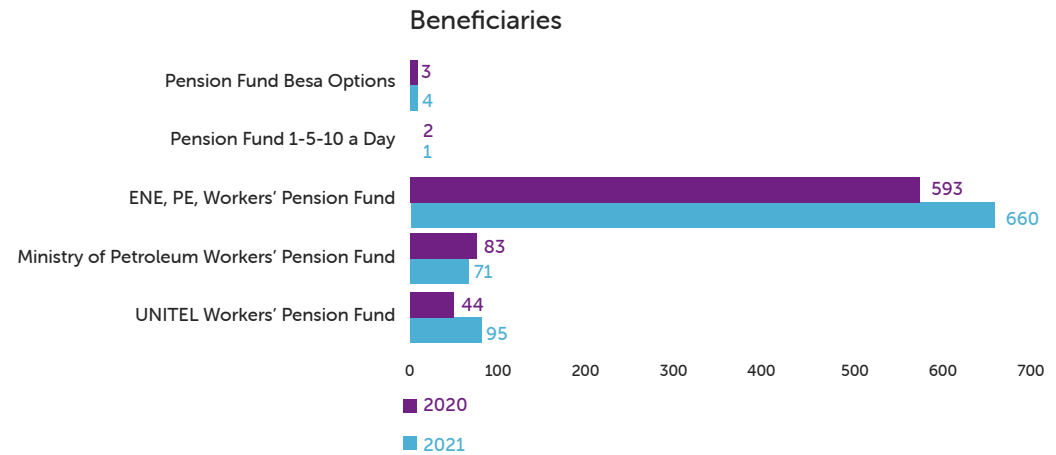
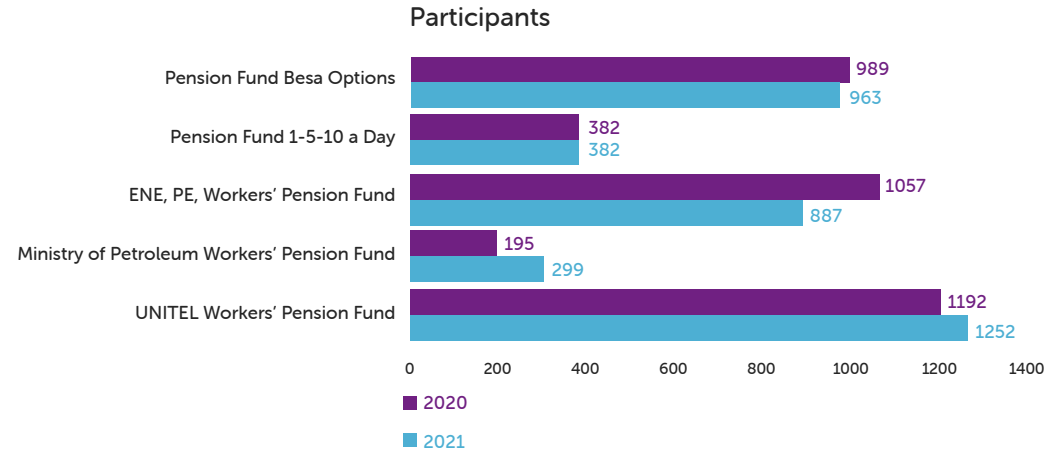
Pension Funds	2019	2020	2021	CAGR <sup>21/19</sup>
Pension Fund Besa Options	26 787	97 628	101 149	94%
Pension Fund 1-5-10 a Day	1 287	4 147	3 877	74%
ENE, PE, Workers' Pension Fund	94 300	146 298	88 790	-3%
Ministry of Petroleum Workers' Pension	18 174	22 328	15 828	-7%
UNITEL Workers' Pension Fund	66 416	149 146	155 760	53%
<b>Total</b>	<b>206 964</b>	<b>419 547</b>	<b>365 404</b>	<b>33%</b>



• **Change of Participants and Beneficiaries**

In terms of new memberships, the MINPET Fund (+104 participants) stands out, followed by the UNITEL Fund (+60), offsetting the reduction in the remaining Funds, particularly the ENE Fund (-170 participants).

This evolution reflects the profile of the active population of the respective associates: the MINPET Fund with a stabilized population, but which grew due to the aggregation of two Ministries (Petroleum and Geology and Mines, which gave rise to the Ministry of Mineral Resources and Petroleum); the Unitel Fund with a young and still growing population; and the ENE Fund with the largest growth in beneficiaries, as the participants reach retirement age.



## Investment Funds - Económico SGOIC

Económico Fundos de Investimento, S.A. - Sociedade Gestora de Organismos de Investimento Coletivo, (EFI-SGOIC) is a non-banking financial institution, authorised by the Minister of Finance by Executive Order of 7th January 2008, constituted on 14th March 2008 and which commenced its activity on 21st April of the same year. It is registered with the Commercial Registry of Luanda under no. 263-08 and has been registered with the Capital Market Committee since 21 April 2008 under no. 05/GSC-DJR/04-08.

The corporate object of Económico Fundos de Investimento SGOIC is the institution, organisation and management of Collective Investment Undertakings (investment, securities and real estate funds, real estate investment companies, among others), in accordance with the rules governing this activity. In terms of Real Estate Investment Funds, EFI-SGOIC's main mission is the management of its Customers' real estate assets, including promotion, commercialisation, renting, technical management and maintenance, and other activities covered by

applicable regulations, with a view to developing construction projects for buildings with different types, uses and dimensions.

In Angola, Económico SGOIC plays a relevant role in valuing real estate heritage, contributing to the economic and social development of the country, in compliance with the rules of ethics and code of conduct, offering a better quality of life and allowing it to enhance the value of its Customers' investments.

Económico SGOIC Shareholder structure is made up of three entities, two legal persons who are holders of qualifying holdings (one under Angolan law and another non-resident) and three natural persons. In its current Shareholder structure there are, as holders of qualifying holdings, Banco Económico, S.A. and GNB - Gestão de Ativos SGPS, S.A. (subsidiary of the Novo Banco Group, of Portugal, for the asset management area) and three individual Shareholders.

(Milhares de Kwanzas)

Shareholders	No. of Actions	Nominal Value	%
Banco Económico, SA	620	55,800	62%
GNB - Gestão de Ativos SGPS, SA	350	31,500	35%
Individual Shareholders	30	2,700	3%
<b>Total</b>	<b>1,000</b>	<b>90,000</b>	<b>100%</b>

### • Governance Model and Internal Control System

The Management Company has been adapting its corporate governance model and internal control system with the applicable regulations, the regulator's recommendations and the best National and International practices, relying on the support and experience of its main Shareholder.

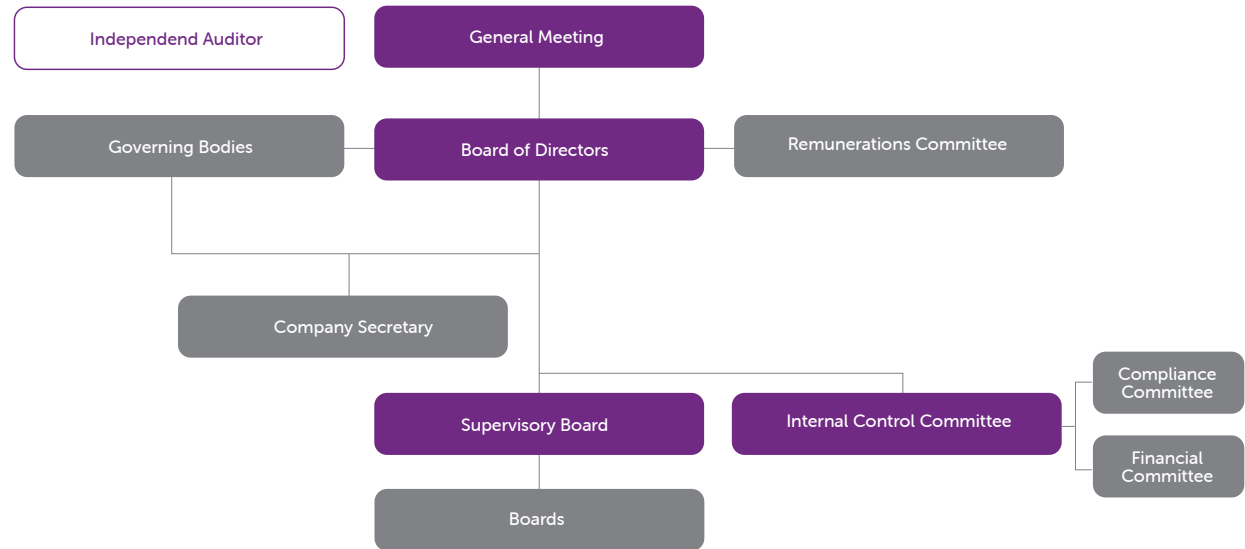
In this context, it is proposed to outsource/trade some areas of internal control to BE Shareholder, namely the Internal Audit and Risk Functions, taking into account its experience and the technical and human resources available to provide these services to its Affiliates.

In order to implement these functions, the EFI

SGOIC will make use of the counterpart areas of Banco Económico, creating Group synergies. It should be recalled that the Bank already ensures the operational services of the Management Company in the IT area.

The proposed model foresees the reinforcement of the competencies and functions of the Compliance Department, which will assume itself as the sponsor area of the ICS functions of the EFI-SGOIC.

Accordingly, the Company's organisation chart is as follows



#### • Real Estate Funds Management

Económico SGOIC has recognised experience of managing real estate investment funds (FII), having managed two Funds whose liquidation took place in the 2018 financial year:

- BESA Valorização - Closed Real Estate Investment Fund;
- BESA Património - Closed Real Estate Investment Fund.

The “BESA Valorização - Fundo de Investimento Imobiliário Fechado” was constituted on 10 August 2012 with a capital of USD 1 000 000 000 (one billion US dollars), represented by 50 000 Participation Units (UP) with a unit value of USD 20 000 and with Banco Económico as depositary.

The Fund, was subject to prudential management, privileging the completion of existing real estate projects and ensuring the regularization of the legal situation and the effective ownership of the properties already acquired. The Fund was subject to liquidation and partition, by public deed executed on 22 February 2018.

“BESA Património - Fundo de Investimento Imobiliário Fechado” was authorized by the CMC on 15 October 2008 and began its activity on 13 December of the same year, as a closed-end fund, with a duration of 5 years and with Banco Económico as depositary. Its capital was USD 100 000 000 (one hundred million US dollars), represented by 100 000 UP units with a unit value of USD 1 000. In 2013, by decision of the Assembly of Participants, it was decided to extend the term of the Fund for an additional period of 3 years. At the time of the extension, some Participants opted to redeem the value of the Units held, with a decrease in the number of Units initially issued.

On 17 August 2015, the CMC revoked the Fund’s authorisation and on 13 December 2016, communicated to the Management Company the beginning of the process of liquidation and sharing of its assets. Subsequently, on 9 May 2017, the CMC informed the CMC of its non-opposition to the Management Company assuming the function of Liquidation Entity of the Fund.

By public deed dated 14 July 2018, the Fund’s assets were transferred to INVESTPAR (formerly ENSA Group), the majority participant which became its sole beneficiary, having settled the “taps” to the other participants. By letter dated 20 July 2018, the Manager and Liquidator informed the CMC of the liquidation and parti-lha of the Fund.

#### • Wealth Management

The year 2021, similarly to 2020, was very challenging for real estate management, since the prices of real estate assets continued with a significant downward trend, penalising assets, due to the impact of the devaluation of assets and the sharp reduction in commercial activity, particularly transactions of purchase and sale of real estate. Seeking to diversify its activities and within the scope permitted by its corporate purpose and applicable regulations, EFI-SGOIC registered with the Regulator, for the management of autonomous assets of Customers, natural or legal persons, securities and real estate. Accordingly, on 1 January 2021, it signed a contract for the commercial, administrative and operational management of a set of real

estate assets owned by INVESTPAR - Investimento e Participações, S.A. (formerly Grupo ENSA - Investimentos e Participações. E.P.).

In this conjuncture, the Management Company sought to make the assets from the Liquidated Funds profitable and to meet the fixed costs of their detention by INVESTPAR, boosting the commercial rental segment (housing and offices), but adopting a prudent and conservative management, until their reversal.

In addition, the Management Company is negotiating with its main Shareholder, Banco Económico, a proposal to provide real estate asset portfolio management services, namely the portfolio of real estate received as payment in kind and not allocated to the Bank's operating activity. For this purpose, the Company has the necessary specialised technical and human resources to ensure a professional and efficient management and the desired profitability of these assets.

The services under way and proposed to the Bank,

as well as to other external entities, allow the market value of the real estate to be maintained and enhanced, ensuring its adequate maintenance and making possible its commercialisation or transfer to new Funds subject to CMC regulation, when it is possible to take that decision and in a more favourable market conjuncture.

The Management Company also intends to continue to expand its activity to the management of other types of Collective Investment Undertakings (CIUs), namely to Property Investment Funds (FIM) and Real Estate Investment Funds (FII). To this end, all commercial efforts are being made and all service proposals are being presented to potential Customers.

### **Business Strategy**

Notwithstanding the fact that the investment funds that were under management by the Company (Fundo BESA Valorização and Fundo BESA Património) have concluded their liquidation processes in 2018, and that to date the Company has no UCI under management (being in non-compliance

with the maximum period of 180 days provided for in the Legal Framework of Collective Investment Undertakings), the Board of Directors considers the assumption of continuity of operations to be adequate, given (i) its conviction of the continuation of the financial support of its Shareholders, (ii) the signing of the service provision contract with INVESTPAR, as well as (iii) the outlook for future business, namely through the implementation of the Business Plan approved at the General Meeting of June 2021 and the Restructuring Plan for the period 2021-2022 prepared by the Board of Directors.

The General Assembly held in June 2021 approved the EFI-SGOIC Business Plan, whose main objectives are:

**a) Resume the activity of OIC management:**

since there are still factors in the market that are adverse to the launch of real estate OICs, the Management Company will give priority to the launch of securities OICs, in articulation with its majority shareholder - Banco

Económico - as soon as its recapitalisation operation is concluded, in order to broaden and diversify the Bank's offer of products to its Customers;

**b) To enter into** a Management Contract **with Banco Económico** for Non-Productive Real Estate Assets (non-operational), along the same lines as the service currently provided to INVESTPAR.

In addition, at the request of the main Shareholder, the Board of Directors has drawn up a Restructuring Plan for the period 2021-2022, with the following objectives:

- To adapt the Company's cost structure to its current level of business, and for this to happen the main areas of cost saving and rationalisation will be: i) Human Capital; ii) Third-Party Supplies and Services and iii) Taxes, Provisions and Other Costs;
- To increase integration with the Shareholder Banco Económico, taking advantage of its experience and its technical and human resources;

- Outsourcing the activities that are outside its core business, namely the Risk Management and Internal Audit functions;
- To guarantee the continuity of the Company, ensuring its economic and financial viability with the support of the Shareholder Banco Económico



## 3.5 Human Capital

In 2020 and 2021, the Human Capital Department (HCD) was called upon to review and change its entire strategy in order to respond to COVID-19. The pandemic had a profound impact on the Bank at all levels, mainly because business and HR leaders had to change their priorities and adopt new ways of working in response to COVID-19.

The great challenge for HCD was the management of human resources in order to adapt the existing mechanisms so as not to negatively affect its Employees and, at the same time, contribute to their development and return to normal organisational functioning. We can state, however, that the pandemic became an impulse for organisational change, accelerating processes of technological



innovation, management and leadership, regulations and internal norms.

Therefore, the preparation of the proposal for the recapitalisation and restructuring process of Banco Económico was one of the factors that influenced the definition and execution of a challenging Strategic Plan whose structural activities have already started in 2021.

Thus, the guidelines were defined in view of the Bank's ambition with regard to the results it set out to achieve.

## Human Capital in 2021

In 2021, there was a 6.5% decrease in the number of Employees of the Bank, with a total of 924 Employees at the end of the year. In addition, Banco Económico is clearly committed to the qualification and training of its human capital, insofar as 48.9% have a university degree.

In 2021, there was a relative maintenance of the distribution of Employees, both by gender and nationality, with 55% of the Employees being male

and 98% Angolan. The Bank confirms its multiculturalism by integrating Employees from different countries.

## Reception and Integration

Reception and Integration are an integral part of the stages of the Employee's organisational socialisation process, with the objective of making them aware of the culture and values of the institution, as well as what is expected of them as part of the Bank.

"Reception" is understood as the first contact of the Employee as an effective member of the Bank, and it is at this stage that the Employee is introduced to the culture and values of the institution, starting his or her "Integration" process. The aim of the latter is for new Employees to acquire in-depth knowledge about their role and their position within the Bank, and this is naturally a longer and continuous process.

The Reception and Integration process is compulsory for all new Employees admitted to Banco

Económico and is divided into 3 main stages:

**Pre-entry:** Interaction with the new Employee between the moment when he/she accepts the proposal of Banco Económico and his/her effective entry.

**Induction:** Interaction with the Employee during his/her first days at Banco Económico, with a process of Reception him/her into the Bank and into the job.

**Integration:** Interaction with the Employee during his/her first 6 months of activity within Banco Económico.

The Human Capital Department is responsible for triggering a set of actions to ensure that the Reception and Integration of new Employees are carried out in accordance with the respective functional framework. In order to guarantee a process that is as close and personalised as possible, Banco Económico has defined three types of process:



**General:** Considers all Employees admitted to work in the Bank, with the exception of the Management Band and Employees who will be allocated to the other Provinces.

**Management Band:** Considers all Employees admitted to perform management functions, regardless of their area of activity.

**Other Provinces:** Considers all Employees hired to perform functions in the provinces, where Banco Económico has a presence through its branches.

In addition, and across all new Employees, the Reception and Integration process also includes a set of mandatory training courses on topics relevant to the performance of the respective functions and to training on issues crucial to the sustainability and good image of the Bank: FATCA, Anti-Money Laundering, Principles of Compliance, Operational Risk and Reputation, among others.

## Vocational Internship

Banco Económico is constantly looking for new talents and professionals capable of adding value to the Bank's activity. To this end, it provides Professional Internships that consist of a new Employee passing through various departments considered relevant to his or her function, with the following objectives: i) to promote better integration of the Employee; ii) to become acquainted with the business areas and consolidate their knowledge based on the Bank's reality and, iii) to learn about the practices, methodologies and procedures of commercial processes in the business and operational areas, based on the particularities of the market and the Bank.

The duration of the Professional Internship is variable, and is defined on the basis of the experience of the Employee, as well as the number of directions he/she is expected to go, this information being defined in the registration form of the Professional Internship.

## Performance Assessment

Banco Económico has a culture based on meritocracy. In this regard, the performance assessment process is of paramount importance, contributing to the development and growth of its Employees and, consequently, of its activity. The Bank has a sufficiently defined, solid and transparent performance assessment cycle.

The performance assessment process is particularly important, as it acts as a cornerstone for the personal and professional development of Employees, fosters their motivation and contributes to the assessment of the degree of achievement of the proposed objectives. In turn, the existence of motivated and duly trained Employees will promote the growth of Banco Económico's activity and income.

In order to ensure maximum transparency throughout this process, the Human Capital Department starts the Performance Evaluation Cycle by communicating it to all the Bank's Employees. This communication details the dates to be considered for each stage of the assessment, as well as any

changes to the skills to be assessed. Banco Económico has implemented a formal performance assessment process covering the whole Bank, called Performance Assessment Cycle.

## Challenges for 2022

For 2022, the Bank has already implemented the conditions that will allow it to consolidate its positioning, and strengthen Banco Económico culture, through:

- To foster a greater sense of inclusion and greater alignment of the Bank's way of being and doing things, through clear management;
- Develop skills that enable stronger and more robust leadership with one voice;
- To build a culture of excellent service, closer to its Customers, which strengthens its internal image and in the market.

In this sense, the mission of all those who work daily for Banco Económico is to create value, in the

long term, for its stakeholders.

The lessons learned from the pandemic of COVID-19, became a challenge for Banco Económico, fundamentally because of the way the work was carried out.

The challenge for leadership is to challenge the old norms and rethink the future of work and management by:

- Encourage a change in mentality with a focus on prosperity and based on vision, mission and values;
- Balancing the strong trend of task automation and digitalisation posed by the challenges of the hybrid or remote working model without discarding the humanisation of working models and processes.

Additionally, themes such as Diversity and Inclusion are a priority for the management of the main asset of Banco Económico.

The sustainable development of the business is a major priority and as such, investment in the deve-

lopment of Employees is part of the management strategy and implementation of a sustainable and structured process, through individual development plans, in a clear and objective career model, with incentives and attractiveness, allowing greater commitment from all.

On the other hand, digital transformation is increasingly urgent and investment in innovative, efficient and agile support tools and structures will continue to be the priority of Banco Económico as a way of efficiently responding to internal and external Customers by improving their experience with the Bank.

## 3.6 Marketing and Communication

In 2021, despite the pandemic context, Banco Económico followed up on the established Strategic Plan, reflected in the following activities of the Marketing and Communication Department:-  
Desenvolvimento do Plano de Comunicação de forma a assegurar o alinhamento de conceitos e a aplicação nos diferentes canais e suportes de comunicação:

- Development of the Communication Plan in order to ensure alignment of concepts and application in the different communication channels and media;
- To manage internal communication and other information directed at internal Customers, in order to strengthen the Bank's identity and internal culture and maximise productivity;



- Create partnerships with art consultants, involving them in the creation of exhibitions in order to make Banco Económico Gallery profitable;
- To reinforce the inclusion and commitment of Employees to the institution by ensuring the regularity in the production of the Somos Futuro Newsletter.

### Product and Service Campaigns

Product and service campaigns were launched with the aim of broadening and satisfying the target Customer segments, maintaining the level of resource-taking and positioning Banco Económico as a Bank of trust and reference in the market.

**DP Promotional** – With the launch of this campaign we present the new product as the best choice for those looking for a high profitability term deposit. To this end, we chose to communicate it on our digital platforms.

**DP Season's Greetings** - Aimed at generating notoriety, highlighting the main competitive advantages of the product, in order to meet the Customers'

desires by seeking profitable solutions with the target audience. This campaign was publicised on our digital communication platforms and also in the Branches and Business Centres.

**Salary Protocol** – Communication pieces were developed with unequivocal messages/information on the competitive advantages of the Salary Protocol with integrated and complete offers. The communication was the basis for the distribution of roll ups, leaflets and on our digital communication platforms.

**Car Insurance** - Through clear and emphatic communication, based on the real advantages of the product, we positioned it as the best insurance option for Customers and potential Customers. This campaign was present on our digital platforms.

### Events

In order to provide continuity and make the Auditorium and Gallery profitable, Banco Económico has created partnerships with art consultants, involving them in the conception and creation of exhibi-

tions, as a way of publicising the works produced by them, as well as strengthening the relationship between the Bank and the various galleries in the country.

The main objective is to contribute to art and culture, while at the same time offering a unique space to develop closer relations with the community, our Customers, suppliers, creating a space to develop a giving them opportunities to get to know the various exhibitions held by the Bank. In 2021 the following events were held:

**Exhibition "Between Monsters and Men - Thó Simões"** - An essay on life, the walk, the motivations and its dilemmas, in a "search of the intangible, of satisfaction, of moral ethical values and their inversions".

The artist has directed his gaze towards "us", through an exercise of observation and absorption - sometimes uncomfortable - of society and its surroundings. This exhibition was organised by MOVART.

**Extravagant Dissidence: Building Local Praxis** - Bringing together some 20 new works produced



Women day

over the past year by Osvaldo Ferreira, “Dissidência Extravagante: Construindo uma práxis local” proposes, through representation in painting, the emergence of a new status for the image of contemporary relations that are staged in the urban space of the Angolan capital. Exhibition organized by TINAWC.

### Internal Communication

A marketing strategy was created for internal communication so as to develop and execute projects with some prominence for all Banco Económico Employees. The main objective aims to strengthen the relationship between the Institution and the Employee, so as to increase the alignment, involvement and commitment of the Employees with the strategic corporate objectives. The actions carried out were:

**7th Anniversary of Banco Económico** - As a way of celebrating our achievement of remaining solid in an atypical year and of strengthening the inclusion and commitment of Employees to the institution, an internal celebration event was held, which consisted of the delivery of t-shirts, which represented the value of union in the celebration of the 7th Anniversary, gifts that represented the way to carry forward all the values of the last 7 years to the next ones, and a cupcake to all Employees, in order to blow out the candles in a single moment.

**African Women’s Day** – This internal action aimed to share with all female Employees several moments related to the empowerment of African women with a celebratory tone. This action involved the use of a Bank t-shirt with motivational phrases on female empowerment, the taking of a creative group photo, by Management/Agency wearing African accessories, sharing of photos on social networks with #hashtags identifying Banco Económico and simultaneous dissemination of the photos on the intranet.

### Partnerships

The development in the most varied sports is due, above all, to the evolution of the marketing strategies adopted, as well as the media coverage that the media have given to sport. Thus, we increasingly define sport as a territory in the marketing strategy.

We continued our policy of supporting the Tennis Club, as it is an institution with a high reputation. Thus we obtained brand exposure all around the club's premises.

#### ***Newsletter Somos Futuro (We are the Future)***

Banco Económico has developed an internal Newsletter with the name linked to our signature, "We are the Future", the main objective being to communicate with our Employees on various topics: economic knowledge, performance of the month, anniversaries, talents, cultural agenda and

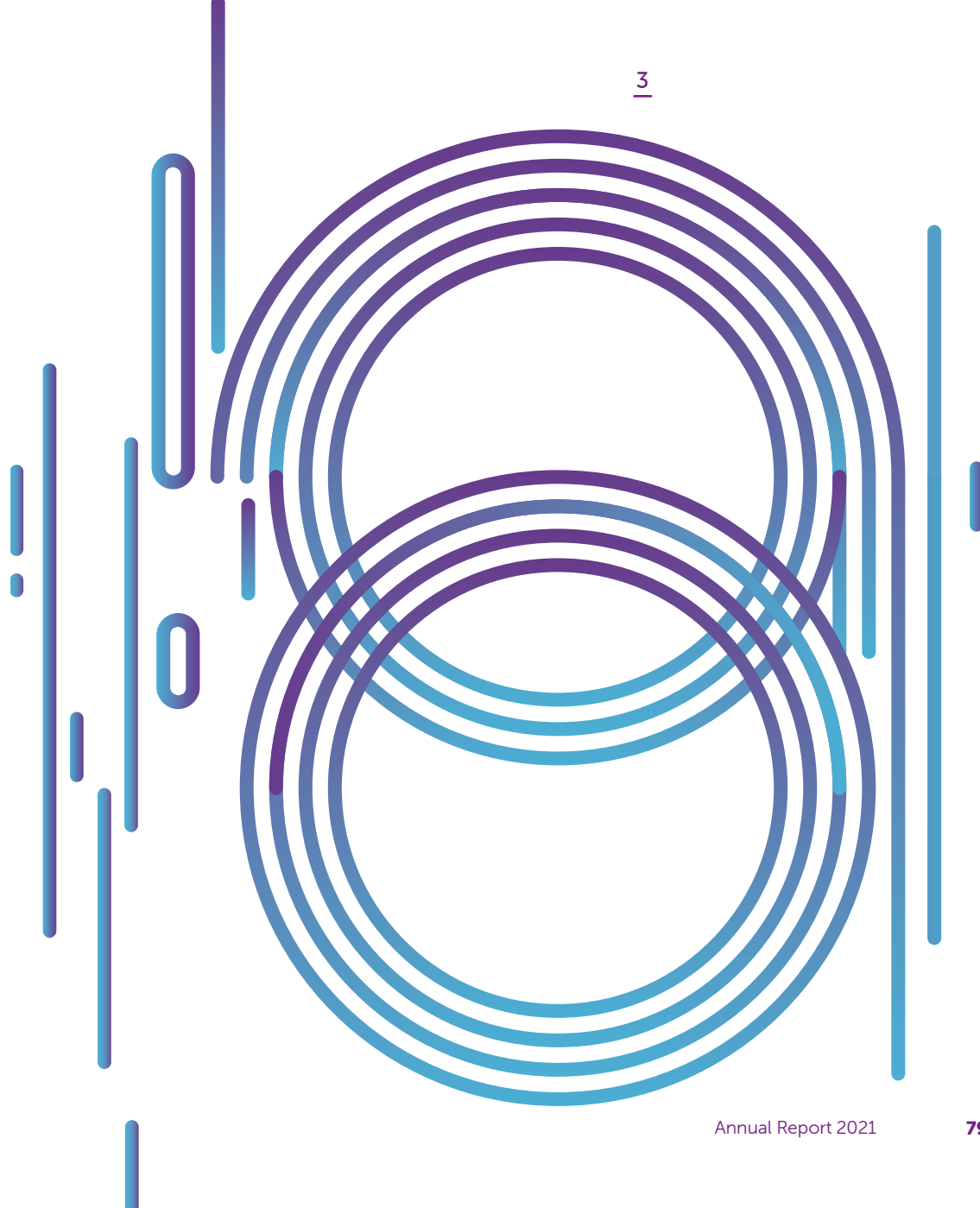
others. With this initiative we managed to maintain the periodicity and integrate Employees so that they can contribute to enriching and boosting the Bank's Newsletter.



## 3.7 Social Responsibility

Banco Económico's social mission is to create value for a sustainable future in Angola, for which reason we assume the motto: "We Always Invest in the Community". To this end, its organic structure includes a Social Responsibility Unit, in the Human Capital Department, whose mission is to create social value in the areas of Education, Health, Sports, Culture and Arts and the Environment, by developing internal and external actions, facilitating the good performance and social well-being of Employees, communities and institutions.

The year 2021 was atypical at world level, marked essentially by the COVID-19 pandemic, which led to an environment of contraction from both an economic and social point of view. Even so, within the scope of its mission of "Always Investing in the Community", externally, it was possible to carry out programmes and projects of a philanthropic nature and short and long-term sustainability, which allow



the generation of macro social transformation, and internally, projects that contributed to the well-being of Employees and their families, motivating them and raising their awareness for social causes.

These projects were developed in the areas of Health and Education (with greater emphasis), in a logic of continuity and containment. Their implementation resulted in the benefit of approximately 9,673 people, including society and Employees.

Investment in social projects in the aforementioned areas totalled Kz 282 million, split between the direct costs of the Bank and the Employees' contribution to the Solidarity Fund.

It is important to mention that we are a bank institution registered and authorised by the Ministry of Finance as a patron.

## External Social Responsibility

**Kz 140 Million invested | ~ 9,742 Beneficiaries**

### 1. Health and Education

- **Solidarity Action Cacuaco Municipal Hospital (HMC):**

Health | Material goods and voluntary action | ~ 50 people benefited

In the year 2021 it was possible to carry out a solidarity action in the paediatric wing of the HMC.

- **Blood Donor Campaign: "Drop by Drop Give Life to Those in Need"**

Health | Voluntary action | 43 volunteers | ~ 7,968 lives saved (until 2021)

Banco Económico, in partnership with the National Blood Institute, held 17 blood donation campaigns, 9 of which in Luanda and 1 in the other provinces, namely Zaire, Benguela, Lunda-Sul, Malanje, Huambo, Bié, Uíge and Bengo.

The blood donation campaign aims to:

i) Reduce the blood deficit in Angola's public hospitals and consequently reduce the mortality rate.

ii) Raise awareness and mobilise, creating volunteers (Employees and society in general), so that they become regular donors.

To date, 1,992 volunteers have participated, which constitutes approximately 7,968 lives saved.

- **Solidarity Action Angolan Institute for Cancer Control (IACC):**

Health | Food products and voluntary action | ~ 50 people benefited

In 2021 it was possible to carry out 1 action, the Solidarity Christmas in the paediatric wing of the IACC.



## Empowering to care

**Health & Education| Theoretical and practical training for professionals and parents | 126 teachers reached + ~40 parents oriented + 9.345 children benefited + 51.744 attendances + 13 institutions attended + 126 multipliers + 7 provinces reached**

This project is the result of a partnership between Banco Económico and the Kuzola Mona Child Development Centre, which aims to train teachers, guide parents and develop children with autistic spectrum disorders.

Empowering to Care is an external project of continuity and is already in its second year of existence. The governing principles of the project are framed and aligned with the Ministry of Education (MED), specifically with the National Institute for Special Education, the MED being the main partner and key to the purpose we have with the project.

MED is the bridge with the teaching professionals and Kuzola Mona will be the bridge with the trainers.

The objectives are also aligned with the National Development Plan and the National Policy for Special Education, reflected in the World Sustainable Development Goals.

Banco Económico is pleased to be the first financial institution in Angola to develop a project exclusively aimed at the social and school inclusion of children and young people with special development needs. The Capacitating to Care project was developed with this in mind. This project's mission is to transmit knowledge and professional training and family guidance, with respect to the prevention and rehabilitation of health disorders and child development, as well as to monitor and ensure the treatment of children.

The project has undoubtedly generated social transformation in the lives of education professionals, children, their families and Angolan society in general. Teachers and families were trained in numerous aspects of child development.

This project also made it possible to observe that this is indeed a fringe of our society that needs to

be worked on today, to improve the living conditions of these children and their families, contributing positively to their future, as well as to the future of Angola, so that everyone achieves the best and the best is multiplied.

## Education

**Education | Higher Education/Specialities | 81 National and International Scholarships | 81 people benefited**

In 2021, Banco Económico has continued the scholarships for higher education at National (internal) and International (external) level.

Cost previously made under the Solidarity Account.

Nature of the Grant	Training Area	Ages	2021	2021
Internal Bag	Newsstand	18 - 30	72	Kz 31.041.806
External Bag	Medicine	26 - 30	9	Kz 106.429.502
<b>Total</b>			<b>81</b>	<b>Kz 137.471.308</b>

## Sponsorship of Apprentices for Good

**Education | Primary Education Social Inclusion | 4 actions developed | 1,606 people benefited (until 2021)**

Banco Económico has embraced the social project "Aprendizes do Bem" since 2017, which aims to create strong social values in children and adults in the municipality of Cazenga, remove children from the street and consequently contribute to reducing child delinquency. In 2021, approximately 400 children participated in the initiation to 5th grade classes and 40 adults in the literacy classes.

## Internal Social Responsibility

**Kz 142 Million invested | 3 014 Beneficiaries**

### 1. Health

- **Wake up BE:**

Various | Awareness-raising for various themes | ~1,000 Collaborators

It is a programme aimed at the Employees of Banco Económico and encompasses a set of awareness-raising events on important dates: Africa Day, Children's Day, Pink October, Blue November and the Fight against HIV/Aids.

- **Health Protocols:**

### Health | 4 Cooperation Protocols | Employees and family members

It is with a view to contributing to the premise of domestic health and finance, that since 2016 the Bank has set up protocols in the area of health in favour of its Employees and their families, which allows them to enjoy medical care, at more advantageous prices.

- **Medical office:**

### Health | Health and Wellbeing | Management + Services | ~500 Employees

It aims to provide greater comfort in the workplace for Employees, with regard to preventive medicine, analysis, regular rapid tests and ways to ensure access to consultations for users of general medicine.

With the continuity of social benefits, efforts were made to give the bank an advantage. The major items underwent some budget adjustments, with the implementation of cost reduction initiatives that took place during the year, at a time when the world is beset by the COVID-19 pandemic.

### 2. Collective Internal Transport (CIT)

#### Social Benefit | Transport for Employees | 152 Beneficiaries

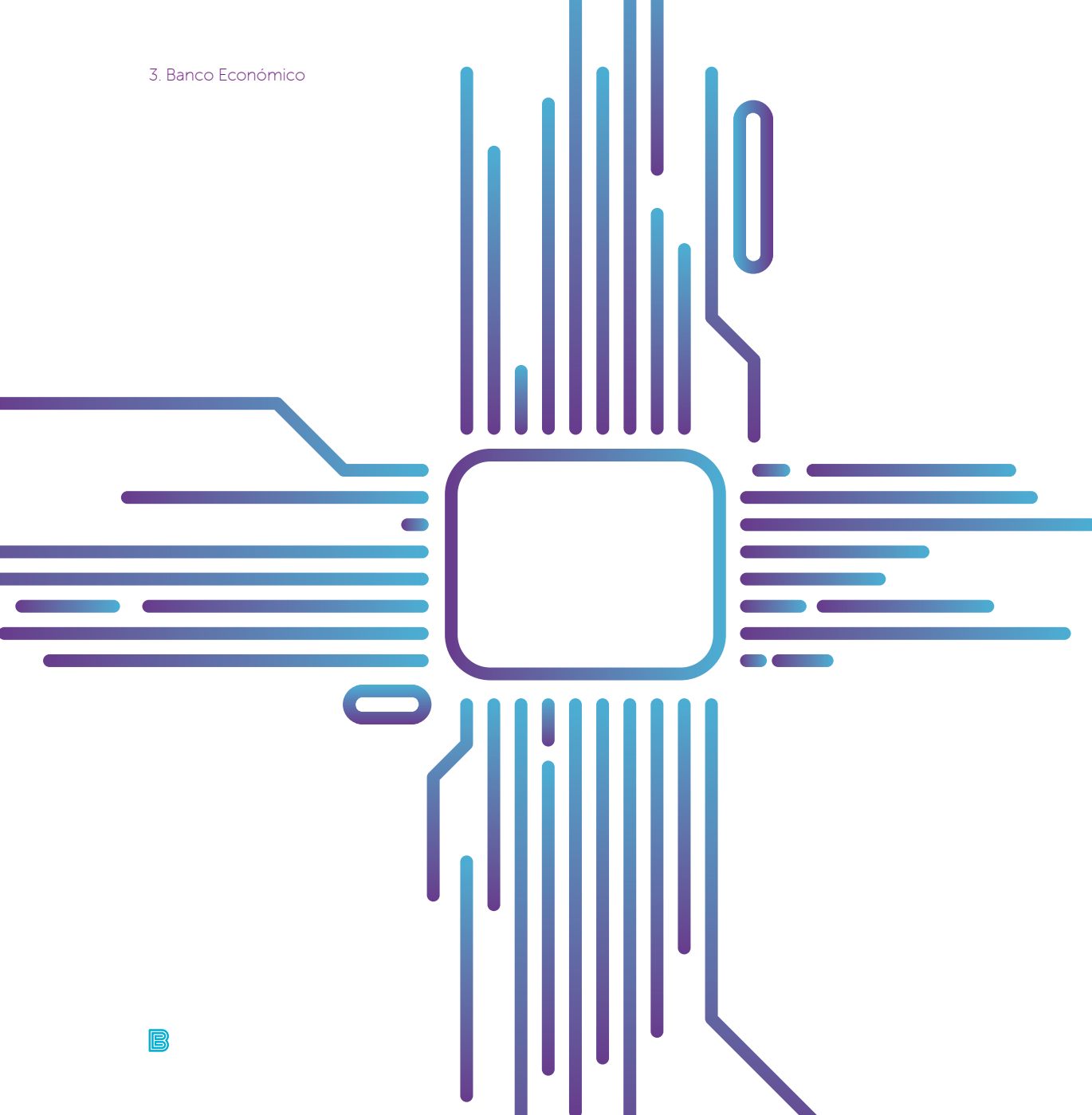
This has been the benefit that Banco Económico provides to its Employees that creates the greatest impact on its 152 users.

Currently TIC has 8 routes, namely: Benfica, Camama, Kilamba, Sequele, Patriota, Viana Vila, Ulengo Center and Zango.

## 3.8. Technology, transformation and innovation

Technology and digitalisation continue to form one of the main vectors of Banco Económico's business development strategy. Technological advances today occur at a great speed, increasingly fostering the emergence of new operating models, new ways of attracting and retaining Customers and the provision of innovative services and products through a unique, positive experience adapted to the specific needs of each segment.

Also in this context, it is important to highlight the need for the Bank to accompany the process of change and transformation of the Angolan banking sector, which now has the entry of new players and the implementation of more measures aimed at promoting financial inclusion, these two elements being accelerators of the digital transformation process in banking.



In this context, in 2021 Banco Económico continued the implementation of the initiatives listed in the annual plan of activities and aligned with the objectives of the current strategic cycle of the organisation, which in the technological field focused on the following areas:

## Information Technology (IT) Governance

Banco Económico has been promoting the strengthening and improvement of its Corporate Governance in some areas considered strategic, with the area of Information Technologies and Systems being considered fundamental in this process.

In order to face the constant challenges imposed by technological evolution and by the sector's transformation process, an alteration to the organisational model of the IT Management function was approved. Specifically, this change resulted in the allocation of more functions and responsibilities to the Information Technologies and Systems Department (DTSI), which now incorporates the

development and application support component, as well as the coordination of the entire portfolio of programmes, projects and initiatives through the new Project Management Office (PMO) function, thus allowing for more efficient, coordinated management aligned with the bank's strategic objectives.

In addition to more efficient management, we have to highlight the following gains:

- Adequacy of the level of accountability in IT project management and implementation processes;
- Cost reduction through the optimisation of resources, better team management, thus boosting gains in response times and project implementation;
- Better alignment between IT areas and strategic business initiatives;
- Better involvement of all IT competencies in the analysis and decision making on projects related to technological evolutions or imple-

mentation of new products and solutions;

- Better infrastructure management ensuring its suitability and capacity, enhanced by a more active and integrated participation in project teams and aligned with the requirements and needs of the business support applications;
- Greater rigour and control in the exercise of budgetary management more aligned with the strategic objectives set out in the business plan, with the existing capacity and with the business needs, thus enabling better optimisation of costs and the realisation of investments adjusted to the Bank's strategy.

## Efficiency and Reduction of Operational Risk

Banco Económico has been a pioneer in promoting initiatives aimed at improving the efficiency of the main business support processes through their digitalisation. This systematic effort enables substantial gains to be made in terms of productivity,

greater control, monitoring and identification of points of improvement, reducing structural costs and boosting mobility and remote work, which today seem to be a capacity that banks must have to ensure their activity in adverse contexts.

The new version of the Core Banking system brought significant gains in the application's performance, as well as in its interoperability capacity with the various peripheral systems through its modern Application Programming Interface of native services in combination with the Enterprise Service Bus implemented in the same context. This new capacity allows a significant boost to the integration and automation of processes, bringing simplicity, speed, security and contributing to a significant reduction in failures or operational errors of human origin.

### Strengthening, Modernisation and Adequacy of the Technological Infrastructure

The Bank's infrastructure has been maintained at

an acceptable and secure operational level. It is optimised to provide superior quality of service and support the relevant business operations.

To improve this quality and strengthen data security, the Bank started at the end of 2021 a project to modernise its infrastructure that incorporates intrinsic and high availability features.

Data security in infrastructure management is another key aspect, so Banco Económico implemented a new data safeguard solution in 2021 that allows for greater speed and recovery capacity in the event of disasters. With this new solution, the Bank has strengthened its resilience and data protection capacity to deal with the constant pressures of complexity and scale, also incorporating the agility and acumen required by the new challenges of the digital era, while maintaining compliance with legal and regulatory obligations.

### Business Support Projects

After successfully implementing, at the end of 2020, two major technological modernisation

projects - the new version of the Flexcube R12.4 Banking Core and the complete re-engineering of the Datawarehouse - it was necessary to devote redoubled attention to the process of stabilisation and resumption of regularity in operational terms. The first half of 2021 was entirely focused on the post-production monitoring of these two systems and the integration processes with the other applications and systems that interact with them.

At the same time, the activities of the Bank's teams were focused on implementing critical and legal compliance changes, functional improvements with an impact on the Customer, modernising and updating the business support systems with various upgrades of SW and HW versions, integrating strategic solutions to strengthen the payment systems and the offer of products and services through the channel platform.

Of the initiatives and projects started or implemented in 2021 it is important to highlight:

- SIFOX - Own Portfolio

To integrate into the SIFOX solution the securities of the own portfolio and the management processes, thus culminating the project to implement SIFOX as the tool of choice for managing the capital market business.

- **Resumption of the SAS KYC/AML Project:**

Restart of the project to implement the new tool to support the processes of Prevention of Money Laundering and Financing of Terrorism (ML/FT) and to strengthen the processes of identification, assessment and knowledge of Customers, which is expected to be completed in the 1st quarter of 2022.

- **New CIRC 3.0 Reports:**

Development carried out to implement the new package of regulatory requirements regarding the changes foreseen for regular reporting to the BNA's risk centre - CIRC.

- **Multichannel Platform - EconomicoNet:**

Following the strategy of evolving our channel platform, new functionalities were implemented and made available to provide our Customers with more tools to enable them to manage their finances in an increasingly autonomous and secure manner. Fully online data updates, information on the BE's portfolio of securities under custody for Customers with a more active investor profile and several real-time queries on the status and activity of credit and debit cards.

## Outlook for 2022

For Banco Económico, 2022 will continue to be a year of enormous challenges, motivated by the rapid and continuous technological evolution and by the need to continue to promote initiatives aimed at the rapid adjustment of the Bank's operating model in close alignment with the digital transformation process, making the Institution increasingly more agile, lighter, efficient and better prepared to adapt to the challenges of the future.

In this context, we highlight the main initiatives that will be monitored through the annual activity plan and the portfolio of technological projects in 2022:

- Improvement of operational efficiency through the continuous digitalisation, automation and integration of processes and procedures;
- Implement improvements to the Customer onboarding process and the self onboarding process;
- Continue to invest in the development of the channel platform (EconomicoNet) with the implementation of new offers of fully digital products and services;
- To establish strategic partnerships with fintechs and payment service providers to promote the widening of the offer of services to our Customers and Partners;
- Implement the new card management solution and promote the migration of the

current offer;

- Implement improvements to the commercial monitoring system and the objectives and incentives system;
- Strengthen the management information system by integrating the various sources for the Bank's reporting system through the Datawarehouse;
- Strengthening of data storage capacity and security;
- Migration of core systems to the New Oracle Reference Infrastructure.



# Internal Control System





## 4.1 Concept, Objectives and Guiding Principles

According to Notice no. 01/2022 of Banco Nacional de Angola, which replaces Notices nos. 01 and 02 of 2013, and Notice no. 10/2021, it is the responsibility of the Governing Body to define the objectives and principles underlying the Internal Control System (ICS), incorporating them into the Bank's strategy and policies and ensuring Compliance by all Employees.

The ICS, carried out by the Board of Directors and other Employees, is an integrated set of Policies and Processes of a permanent nature and transversal to the whole Institution, whose main objectives are to:

- Ensure the Bank's respect for and Compliance with legal and regulatory provisions;
- Ensure the efficient and profitable performance of the activities carried out and control of the risks involved;
- Guarantee the existence of rigorous, complete and quality financial and management information.

To ensure the quality and effectiveness of the ICS, in alignment with the defined objectives, the Bank seeks, on an ongoing basis, to ensure:

- The consolidation of the Risk Management System (RMS), through formalisation and continuous documentation of an integrated set of strategies, policies and processes, including controls and systems;
- The effectiveness and efficiency of the ICS monitoring processes;
- An adequate internal control environment, taking into account its code of conduct and defined policies;

- The efficiency of information and communication systems.

The Bank's Internal Control System operates on four main vectors:

- Prevention: ensuring that the Bank has the necessary mechanisms and procedures in place to avoid risk situations, or to reduce their probability of occurrence and severity;
- Detection: develop alerts that allow for the timely identification of any risk situations that may arise;
- Mitigation: to create contingency mechanisms that can control and minimise the negative impact arising from risk situations that may eventually occur;
- Monitoring: to ensure that there is follow-up on all activities under the supervision of the Internal Control area so as to guarantee quality control over them.

The effectiveness of internal control is a competitive advantage for the Bank, enhancing the tools that allow a quick and effective reaction to a changing environment. However, for the ICS to be fully efficient and effective, it is essential to apply and comply with the following guiding principles, which are aligned with BNA regulations and international best practices (e.g. Basel Committee):

- **Continuity:** to ensure the understanding of the risks inherent to the Bank's business and its factors, as well as the implementation of a Business Continuity Plan that ensures the business continuity and resilience of the Bank;
- **Universality:** to develop an internal control environment throughout the organisation and ensure that the strategy and general management policies are effectively disseminated and assimilated by the Employees;
- **Totality:** to identify, measure, control and mitigate all risks that may compromise the defined strategy, on an individual or aggregate basis, as well as to characterise, execute and monitor

the controls that mitigate them;

- **Appropriateness:** to adapt the ICS to the size, nature and complexity of the Bank's activity, its risk profile and degree of centralisation and delegation of powers. Additionally, ensuring that all Employees are able to perform effectively and efficiently the assigned functions and that they understand, share and promote, the ethical and professional principles that govern the Bank;
- **Independence:** establish a governance model that ensures an independent ICS, and that allows the Bank's results to be measured, assessed and reported to the Governing Body and collegiality in decision-making;
- **Segregation of Duties:** promote a clear segregation of duties between business, control and support areas. The segregation covers the differentiation of the resources allocated and the hierarchical and functional independence of the functions and of the elements that perform them, and is also mirrored in the life

cycle of the operations;

- **Timeliness:** respecting the rules and deadlines defined in all activities within the scope of internal control, with immediate reporting without any delay;
- **Homogeneity and Transparency:** to guarantee homogeneity and transparency in the application of the processes, through documentation/ formalisation of the procedures.

## 4.2 Governance Model

The governance model of the Bank's Internal Control System is based on the following structure:

<b>Board of Directors</b>	<b>Internal Control Committee</b>	<b>Risk Management Committee</b>	<b>Compliance Department</b>	<b>Risk Management Department</b>	<b>Audit Department</b>
He is responsible for business strategy and financial strength, key decisions on human resources, internal organisation, structure, governance practices, risk management and Compliance obligations.	Ensuring the formalisation of an effective and documented information system; supervising the formalisation and operationalisation of the Bank's accounting policies and practices; Review financial information for internal or external disclosure.	Responsible for supervising the implementation of the risk strategy by the institution and the performance of the risk management function on the internal control system.	It monitors Compliance with legal obligations and the internal policies and guidelines to which the Bank is subject.	Responsible for identifying, assessing, monitoring and reporting on all risks arising from the Bank's activity.	Its main objective is to evaluate the effectiveness, efficiency and suitability of the Internal Control System, considering the risk associated to each activity.

### Compliance Function

The Compliance Function is responsible for ensuring that Banco Económico and all the members of its governing bodies, directors and Employees scrupulously comply with all the legal, statutory, operational, ethical and conduct requirements applicable to them. Additionally, it must ensure compliance with the Bank's Compliance Policy, as well as evaluate the processes of prevention and detection of criminal activities, including the Prevention of Money Laundering and Financing of Terrorism. As part of its functions, it must also plan, develop and maintain an effective relationship with the regulatory entities.

### Internal Audit Function

The Internal Audit Function acts permanently and independently from any other function or unit, and its mission is to provide the Board of Directors with independent assurance on the quality and effectiveness of the internal control, risk management and governance processes and systems. The work

of the internal audit teams is based on the principles of Banco Nacional de Angola and on internal regulatory documents, namely: Code of Conduct, Internal Audit Regulations and Internal Audit Manual.

In this sense, the various functions, directorates, policies and procedures implemented by Banco Económico have contributed to a continuous improvement of the Bank's Internal Control System, which is duly aligned with the best international practices, as well as to the protection of the institution's value, solvency and reputation.

### Risk Management Function

The Risk Function aims to identify, assess, monitor and report all materially relevant risks to which Banco Económico is exposed, both internally and externally, so that they remain at adequate levels and do not negatively affect the Bank's financial situation. To this end, the Bank has a solid structure for risk prevention and control, comprising the Risk Committee, Treasury Committee, Control Committee, Credit Risk and Control Department, Com-

pliance Department, Internal Audit Department, Internal Control and Operational Risk Department and Risk Management Office.

### Foreign Exchange Control Office

In accordance with Instruction 7/2018, of 19 June, Banco Económico, under the guidance of the BNA, created the Foreign Exchange Control Office (GCC), as an independent structural body, with direct reporting to the Executive Committee (EC) through the respective Director of the portfolio. The Foreign Exchange Control function's main responsibility is to ensure strict Compliance with the foreign exchange legislation and regulations in force, ensuring that Banco Económico knows and complies with the foreign exchange legislation and regulations applicable, at all times, in the registration and processing of foreign exchange operations and the opening of non-resident foreign exchange accounts and that all processes are handled in accordance with the letter and spirit of the regulations, including their reporting to Banco Nacional de Angola (BNA).

## 4.3 Compliance Function

The Compliance Function is responsible for strengthening and monitoring the Bank's Internal Control System, as well as the processes of Prevention of Money Laundering and Combating the Financing of Terrorism and Proliferation of Weapons of Mass Distribution (PBC/ FT/PADM), ensuring the existence of policies and standards to mitigate risks associated with non-Compliance with the laws and regulations governing the Bank's activity.

The Bank promotes the implementation of a Compliance programme to ensure the dissemination of this culture based on the following principles:

- **Commitment** - On the part of all Employees and members of the Bank's Governing Bodies, to comply with the national and international legislation applicable to them, with an impact on its activity and that of its subsidiaries, as well as to monitor and control risks that result in the

contingency of incurring legal or regulatory sanctions;

- **Ethics** - The Bank's Employees and Governing Body base their professional performance by high standards of integrity and personal honesty, complying with all legal, regulatory and internal provisions in force;
- **Strategy** - Alignment of the Compliance policy with the Bank's strategy and long-term objectives;
- **Transparency** - The Bank has a set of codes, regulations, procedures and processes, duly disclosed, which conduct its relationship with Customers, Employees and stakeholders, to ensure the efficiency and quality of products and services provided;
- **Professionalism** - Employees must perform their duties with high levels of technical competence, in an efficient, neutral and discreet manner with absolute respect for the interests of Customers and the Bank;

- **Diligence** - Employees must act in a judicious and prudent manner, in accordance with the principle of risk sharing, giving priority to the strict interest of partners, Customers, suppliers and others;
- **Monitoring** - The Bank has an ongoing process to identify whether the pillars and the Compliance programme are working as planned.

### Main Activities in 2021

Taking into consideration the responsibilities attributed to the Compliance Department (DCOMPL), the summary of the main activities carried out in 2021 is presented:

#### a) Opening and Maintenance of Customer Accounts

The acceptance of a new Customer (onboarding) exposes the Bank to high reputational risks. Accordingly, for the prior identification and mitigation of these risks, the Bank implements Customer acceptance procedures adjusted to each business area,

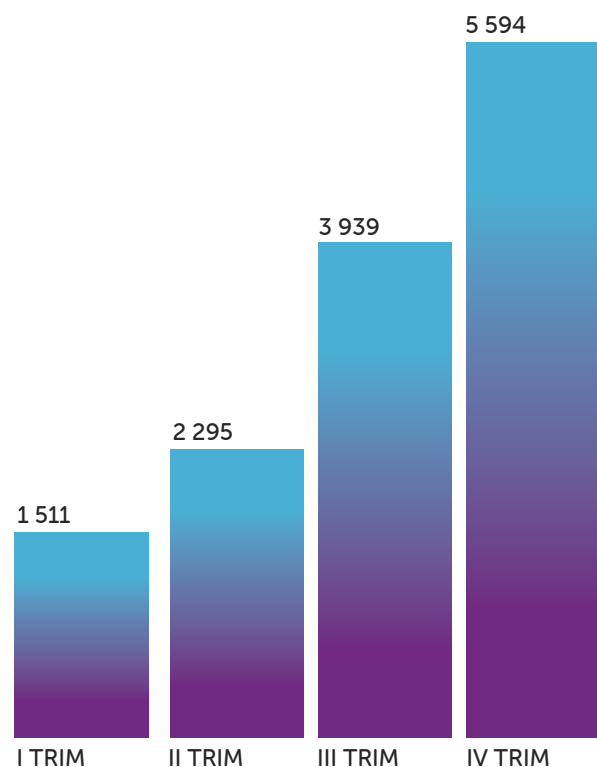
materialised by the various policies and regulations in force, applicable in the Angolan jurisdiction.

The Bank maintains a Client Acceptance process according to the type of Clients with whom it intends to initiate or maintain business relations, namely for purposes of Money Laundering and Terrorist Financing (ML/FT) risk. To be aligned with best practices in Compliance and AML, the Bank implemented various profiling and filtering tools, namely: Workflow, Online Compliance and Compliance Link, and more recently SAS AML, an internationally recognised quality tool which, once fully implemented, will enable the Bank's clients and transactions to be scrutinised and monitored in a comprehensive, integrated and automatic manner.

In this context, during the 2021 financial year, the Compliance Department handled a total of 13,339 account opening processes, with the peak recorded in the last quarter of the year when 5,596 accounts were opened (about 42% of the total accounts opened in the year).

Of these new Customers, 10 are Politically Exposed Persons (PEPs), i.e. high-risk Customers, whom the Bank decided to maintain the relationship with

**Processes for Opening Accounts in 2021**

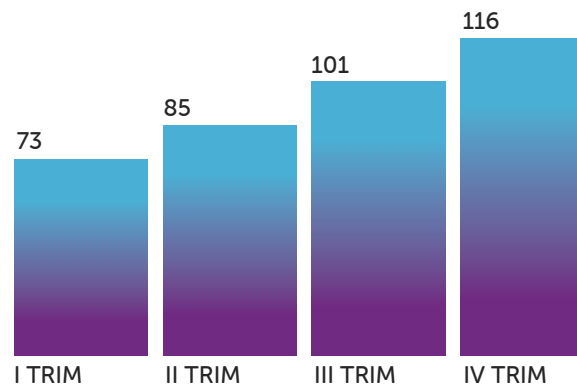


after carrying out the necessary diligence.

As a result of the analyses carried out by DCOMPL, 4,022 account opening processes (30% of the total) were returned to Individuals and Companies, due to the poor or incomplete filling in of Customer characterisation forms.

In 2021, 375 Customer account maintenance processes were processed, mostly justified by changes in the corporate structure (corporate Customers).

**Account Maintenance Processes in 2021**



**b) Monitoring Customers and Transactions**

To monitor Customers, the Bank has a set of analysis tools based on a risk-based approach, which allow the level of Customer risk to be reassessed in accordance with criteria defined for the purpose, namely profession, transactional profile considering the volume and type of transactions carried out in the last 6 months, product and service portfolio and geographical location.

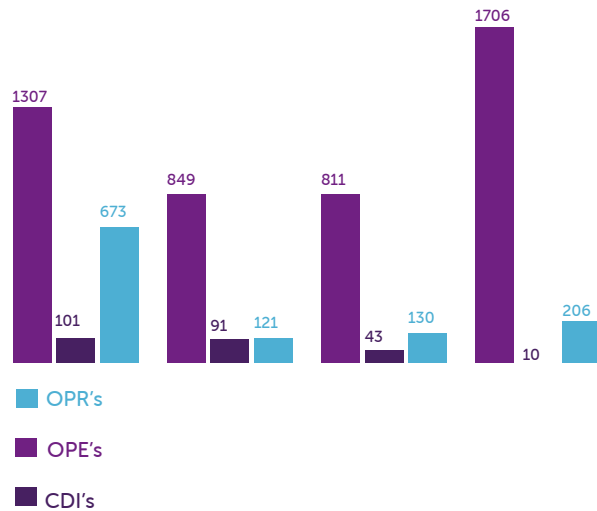
• **Workflow Transactions**

During 2021, the Compliance Department analysed a total of 5 487 transactions in the Workflow application, distributed as follows:

- Operations Issued (OPE): 85%.
- Orders for Payments Received (OPR): 10%.
- Import Documentary Credits (CDI): 5%

85 Due Diligences (EDD) were carried out on high-risk transactions in “Service Provision Contracts”, in line with local regulatory obligations and international best practices in the area of Trade Based

### Monitoring Transactions in Workflow



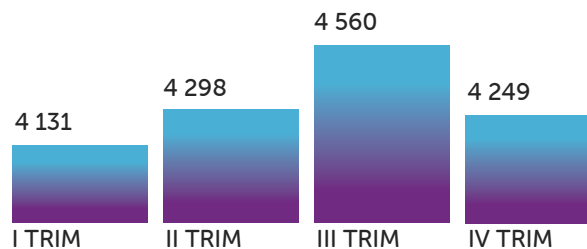
Money Laundering (TBML), which resulted in 9 unfavourable opinions whose motives were related to advance payments to tradings and offshores and situations of conflict of interest.

### • Transactions in Sanctions Screening

During 2021, and as part of its role in the transaction analysis and control process, the Compliance Department analysed the risk of 18,167 OPE and CDI transactions, and the execution of 440 transactions was refused, due to non-Compliance with legal requirements.

Throughout 2021, the Sanctions Screening application issued a total of 17,238 alerts to various transactions such as OPE and CDI. After due analysis of the flagged transactions, most were validated as false positives, but 13 transactions were not followed up.

### Monitoring of Transactions in Sanctions Screening



### c) Carryovers

The following reports were produced and submitted to the National Bank of Angola, the Financial Information Unit (UIF) and the other regulatory bodies as part of the monitoring of Compliance with reporting obligations:

- Annual Report of the Compliance Function;
- Bank's Anti-Money Laundering Risk Assessment Report;
- PBC/FT/PADM Report;
- Daily Report of Withdrawal and Deposit Transactions equal to or greater than the equivalent of USD 15 000 (fifteen thousand dollars);
- Annual Report on Corporate Governance and Internal Control System;
- FATCA Report.

## Main Developments and Objectives for 2022

To comply with the legal and regulatory norms on the Prevention of Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction (PBC/FT/PADM), the Compliance Department continued the Regulatory Project, which consists of documenting and formalising its internal regulations, with an impact on the Compliance function, namely: “Monitor transactions with related parties”; “Identify and monitor situations of conflicts of interest” and “Perform diligences to correspondent banks”.

At the level of the programme to strengthen the Compliance Risk Management function:

- The operational implementation of the SAS AML Project has begun, which will allow the robustness and automation of the evaluation and monitoring process of Clients and Transactions, through:
  - Assigning and monitoring the Customer’s level of risk;

- Evaluation of Customers’ transactional behaviour;
- Management of risk alerts and reporting.
- The Bank’s BC/FT and Sanctions risk assessment process was continued;
- The communication and awareness-raising plan on Compliance was approved, with the aim of fostering a culture of Compliance among all the Bank’s Employees and stakeholders.

At this time, the Compliance Department has selected the following as the main objectives to be pursued by 2022:

- Continue the training of Employees on internal control and AML;
- Reinforcement of the team by hiring qualified staff specialised in internal control, Compliance and AML;
- Improve/enhance IT systems to ensure better quality and automation in the preparation of management information;

- To create a confidential and independent whistle blowing channel where Employees, Customers and partners can report irregularities in a secure manner.

## 4.4 Internal Audit Function

The mission of the Internal Audit Department (DAI) is to ensure the autonomous and objective assessment of the effectiveness, efficiency and adequacy of the Bank’s Internal Control System, considering the risk associated to each activity.

The main responsibility of the Internal Audit Department is to provide the Board of Directors with an independent opinion on the Internal Control System.

The activities of the internal audit teams are based on the principles laid down, fundamentally, in Notice no. 10/2021, revised in the meantime by



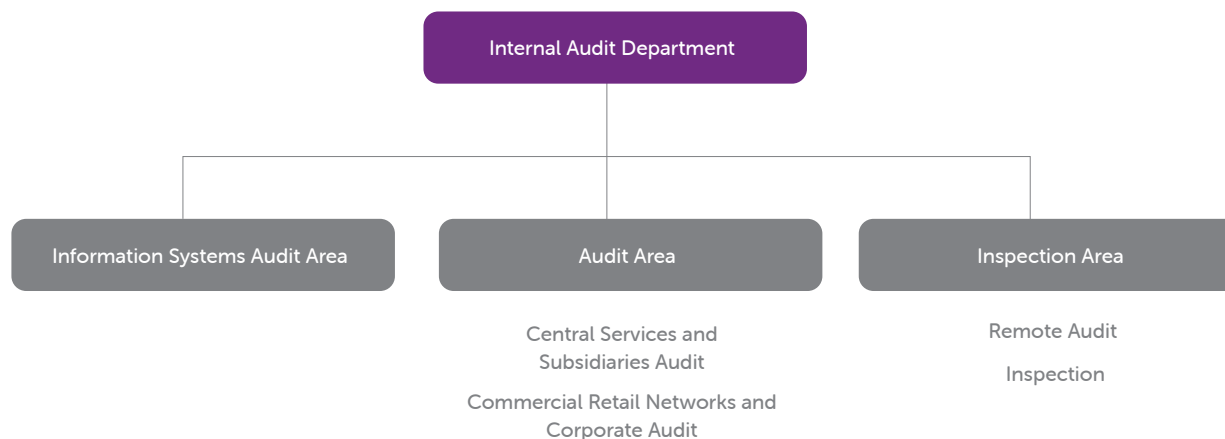
Notice no. 01/2022 of the BNA, and on the documents of the Bank's internal regulations, namely: Code of Conduct, Internal Audit Regulations, Policies, Rules of Procedure and Internal Audit Manual, the latter drawn up on the basis of the international standards for the professional practice of internal auditing issued by the Institute of Internal Auditors (IIA).

The Audit Department is organised through the following structure:

### Responsibilities of the Internal Audit Department

- Ensure an independent opinion on the Internal Control System to the Management Body;
- Periodically examine and assess whether the Internal Control System, outlined and implemented by those responsible for the Bank's various structures and activities, are adequate and ensure that:
  - i) Risks are properly identified and managed;

- ii) Management, financial and operational information is correct, reliable and timely;
- iii) Employees' actions are in compliance with the applicable policies, rules, procedures, laws and regulations;



- iv) Resources are purchased economically, are efficiently used and adequately protected;
  - v) The programmes, plans and objectives are successfully fulfilled;
  - vi) A quality approach and continuous improvement of the Bank's control processes are guaranteed;
  - vii) Legal and regulatory requirements are identified and properly addressed.
- Record, document and prepare information provision reports in an appropriate manner for all deficiencies detected;
  - Issue recommendations following the actions, with subsequent monitoring of corrective measures;
  - Include in its action the assessment of the risk management, compliance and quality of information provided to the Management Body functions;
  - Centralise the data and applications migration certification process;
  - Implement and maintain a programme for continuously improving its activity that ensures the functioning of the Internal Audit Function in accordance with professional internal audit standards, the regulatory requirements for the function and the alignment with the expectations of the Management Bodies and other interested parties;
  - Participate in the testing and implementation phase of various projects or initiatives adopted by the Bank..

## Main Activities in 2021

The year 2021 was undoubtedly an atypical year, full of challenges and constraints, caused by the persistence of the public health emergency caused by COVID-19 and by the adoption of a set of measures and temporary restrictions on activity and mobility, aimed at preventing and controlling the pandemic.

Banco Económico has defined a Contingency Plan geared towards the prevention and mitigation of the risks associated with the propagation of the virus, which focused on strategies/measures aimed at: a) ensuring the protection of the life and health of the Employees and their safety conditions through the provision of preventive information and adequate means of protection; and b) keeping the Bank's essential services in operation.

The Annual Audit Plan was executed in this challenging context, safeguarding the need to respond to legal obligations and planned activities, as well as unplanned activities, regardless of their origin, so as not to compromise the operational activity of the Bank.

Demonstrating the high levels of rigour, seriousness and demand that characterise the work of the DAI, a total of 78 audits and inspections were carried out in 2021, resulting in the production of just as many reports.

In this context, the degree of implementation of the proposed objectives was analysed, based on the information produced throughout the year:

Attributions	Operational Parameter	#	Operational Objectives	Type of indicator	Quantitative Metrics	State
Identify and promote best practices in risk prevention and mitigation.	Effectiveness	A1	Prepare reports for the Bank's management bodies, i.e. Annual Report of the Internal Control System; Audit and Inspection Reports; Follow-up Reports).	Realisation	100%	Concluded
		A2	Carry out follow-up actions   Evaluate the degree of implementation of the Action Plans described in the Internal Control Deficiencies Matrix 2020.	Result	100%	Concluded
		A3	Carry out follow-up actions   Evaluate the effectiveness and suitability of the policies instituted by the Bank, in light of the legal and regulatory framework in force.	Realisation	100%	Concluded
		A4	Carry out follow-up actions   Evaluate the degree of implementation of the recommendations resulting from AQA 2019.	Realisation	100%	Concluded
		A5	Carry out follow-up actions   Evaluate the degree of implementation of the recommendations of the roadmap on money laundering risks.	Realisation	100%	Concluded

Attributions	Operational Parameter	#	Operational Objectives	Type of indicator	Quantitative Metrics	State
Develop the Bank's internal audit, focusing on efficiency and effectiveness of operations and processes, trust and integrity of financial and operational information and Compliance with legislation, regulations, standards and procedures and contracts, particularly in the areas of greatest risk;	Efficiency	A6	Perform Audit Actions   18 Branches; 10 Business Centres.	Result	100%	Concluded
		A7	Perform Audit Actions   Compliance Risk Management   BC/FT/PADM Compliance and Prevention Function.	Result	100%	Concluded
		A8	Perform Audit Actions   Operational Risk Management   Foreign Operations.	Result	60%	Not Concluded
		A9	Perform Audit Actions   Market Risk Management   Securities, Exchange and Money Market Operations.	Result	100%	Concluded
		A10	Perform Audit Actions   Market Risk Management   Capital Markets Operations.	Result	100%	Concluded
		A11	Perform Audit Actions   Reputational and Operational Risk Management   Offering Products and Services to Customers.	Result	80%	Replanned
		A12	Perform Audit Actions   Credit Risk Management   Credit Recovery and Restructuring Operations.	Result	80%	Replanned
		A13	Perform inspections   Assess Compliance with requests for seizures, account blockages, distraints and value attachments.	Result	100%	Concluded
		A14	Perform inspections   Evaluate the effectiveness and Compliance with the activity plans of the Central Departments and their conformity with the regulations in force.	Realisation	100%	Concluded
		A15	Perform inspections   Evaluate the effectiveness and adequacy of Document Management.	Result	100%	Concluded
		A16	Perform inspections   Evaluate the effectiveness and Compliance with prudential reporting.	Realisation	60%	Not Concluded
		A17	Perform inspections   Evaluate adequacy of outsourced CIT and Courier activities.	Result	100%	Concluded
		A18	Perform follow-up actions   Evaluate the degree of Implementation of the Information Security roadmap.	Result	100%	Concluded
		A19	Perform information systems audits   Assess the suitability of the IT tools and applications used by the Bank to prevent and combat Money Laundering, Financing and Terrorism and the Proliferation of Weapons of Mass Destruction.	Result	0%	Replanned
		A20	Perform information systems audits   Assess employee access profiles to management information in the Bank's different applications.	Result	0%	Not Concluded

Attributions	Operational Parameter	#	Operational Objectives	Type of indicator	Quantitative Metrics	State
Ensure the effectiveness of the internal control system as well as contribute to its improvement	Quality	A21	Draw up the Annual Internal Audit Plan for 2021	Realisation		
		A22	No. of internal audits carried out during the year vs. approved plan	Result	100%	
		A23	Ratio (processes audited/critical processes)	Result		
		A24	Ratio (Action implemented / Recommendation made)	Result		

Audits of Business Centres (*)		
Report n.º	Código	Business Centres
RAB N.º 01	063	Catete
RAB N.º 02	082	Panguila
RAB N.º 03	087	Bairro Azul
RAB N.º 04	703	M'banza Congo
RAB N.º 05	400	Uíge
RAB N.º 06	066	Ndunduma
RAB N.º 07	062	Porto Pesqueiro
RAB N.º 08	451	Porto Amboim
RAB N.º 09	200	Benguela
RAB N.º 10	108	Dolce Vita
RAB N.º 11	450	Sumbe
RAB N.º 12	072	Bairro Operário
RAB N.º 13	700	Soyo
RAB N.º 14	702	Base do Kwanda
RAB N.º 15	850	Malange
RAB N.º 16	906	Luena
RAB N.º 17	401	N'Dalatando
RAB N.º 18	903	Menongue

Audits of Business Centres *		
N.º Report	Code	Business Centres
RCE N.º 01	974	Lubango
RCE N.º 02	972	Huambo
RCE N.º 03	973	Benguela
RCE N.º 04	967	Mulemba
RCE N.º 05	968	Zango
RCE N.º 06	965	Talatona
RCE N.º 07	969	Patriota
RCE N.º 08	962	Miramar
RCE N.º 09	966	Viana Park
RCE N.º 10	963	Sede

(\*) In addition to these interventions, during the period in question, the Internal Audit Department prepared and took steps with different areas of the Bank to clarify and respond to a total of 41 inspection actions.

## Outlook for 2022

The work carried out by the IAD aims to strengthen Banco Económico's Internal Control System. In this context, by 2022 it intends to extend its scope to the Subsidiaries and Affiliates that make up Banco Económico Group. The aim is to achieve a model of transversal application of the structural principles



and good international audit and internal control practices to all the Group's units, safeguarding their specific corporate and regulatory obligations, in an effort to continuously improve and strengthen the procedures in place.

## 4.5 Risk Management function

The objective of the Bank's Risk Function is to identify, assess, monitor and report all materially relevant risks to which the Bank is subject, both internally and externally, so that those remain at adequate levels that do not negatively affect the Bank's financial situation.

The Risk Department (RD), through monitoring the

risks to which the Bank is exposed, is responsible for supporting the Board of Directors in preparing, updating and implementing risk management operating policies and procedures, centralising the coordination of risk monitoring activities in the Bank.

The Risk Department, together with the control and support areas, forms part of a solid and comprehensive structure that the Bank has for the prevention and control of the risks to which it is exposed, comprising the following departments:

- Risk Management
- Compliance Department
- Internal Audit Department
- Foreign Exchange Control Office

And the following internal collegial bodies:

- Risk Committee
- Treasury Committee
- Risk Management Committee
- Internal Control Committee

Considering the size and scope of Banco Económico's activity, as well as the multidisciplinary reality associated with its activities, it is exposed to different types of risks, varying in nature, origin and type of impact on the Bank's activity. In this framework, the following risks are considered materially relevant:

- Market Risk
- Liquidity Risk
- Counterparty Risk
- Concentration Risk
- Credit Risk
- Operational Risk
- Reputational Risk.

The efficient management of the various risks inherent to the financial activity is essential for the development, profitability and sustainability of the Bank's business, ensuring Compliance with the legal requirements in force and the correct determination of own funds and liquidity, appropriate to the Bank's intended exposure, in accordance with

the previously approved risk profile.

The risk management function seeks to ensure:

- An aggregated view of all the risks to which the Bank is exposed;
- The implementation of measures that contribute to the Bank's efficiency, effectiveness, quality and risk reduction objectives;
- The development of a risk management environment throughout the organisation, ensuring that the overall risk management strategy and policies are effectively disseminated and assimilated by Employees;
- The identification, measurement, control and mitigation of all the risks inherent to the products and business areas, on an individual or portfolio basis, as well as the characterisation, execution and monitoring of the controls that mitigate them;
- Adaptation to the size, nature and complexity of the Bank's activity, its risk profile, degree of centralisation and delegation of powers;
- The creation of a governance model that

ensures an independent risk management system to assess, evaluate and report the results to the Board of Directors and to ensure collegiality in decision making;

- Compliance with the rules and deadlines defined within the scope of risk management and internal control activities;
- Homogeneity and transparency in the application of the defined processes, through documentation and formalisation of the procedures;
- Preparation of the annual report on the risk management system for the Board of Directors, with the knowledge of the Supervisory Body, issued with reference to 31 December of each year..

### Main activities in 2021

During 2021, the following activities within the scope of risk management, developed by the Risk Department, should be highlighted:

- Conducting the Internal Capital Adequacy

Assessment Process (ICAAP);

- Conducting the Internal Liquidity Adequacy Assessment Process (ILAAP);
- Implementation of the New CIRC, version 3.0;
- Monitoring of application errors and improvements to the New Core System;
- Participation in the Validation Committee of New Normative Processes;
- Participation in the Bank's Policy Validation Committee;
- Preparation of Quarterly Risk Monitoring Reports for the Governing Body and for the Committees and Specialised Committees.

Within the scope of the Monitoring Reports on the relevant risks to which Banco Económico is exposed, we highlight the following:

**Foreign Exchange Risk:** monitoring of the Bank's structural foreign exchange position and the impact of the restructuring of Novo Banco's subordinated debt and additional recapitalisation mea-

asures, on the balance sheet and on the profit and loss account.

**Liquidity Risk:** monitoring liquidity and the impact of the Bank's capitalisation operation, as a structural solution to increase the liquidity ratio (Net Assets/ Liabilities of the Bank).

**Market Risk (Interest Rate):** mitigate the high repricing risk by reducing the weight of non-performing or low-yielding assets on the Bank's balance sheet and by investing more in short-term and floating-rate assets.

**Counterparty Risk:** monitoring the Bank's exposure to counterparties and the mitigation of their concentration, after approval of the accounts and the completion of the recapitalisation operation, to ensure greater diversification of counterparties.

**Concentration Risk:** monitoring the concentration of Customer resources and the positive impact of the Recapitalisation Plan, through conversion into capital and other financial instruments, of the deposits of the Bank's biggest Customers, reducing the level of concentration of resources.

**Credit Risk:** monitoring of the credit portfolio, overall and by department, the exposure of the Top20 debtors, respective guarantees and collateral, recorded impairment, the ratio of overdue loans, coverage by the impairment set up and overdue loans.

**Operational and Reputational Risk:** monitoring of operational risk events with an impact on the Bank's functionality and the provision of services to Customers, as well as references in the media and the respective positive and negative reputational impact. We highlight, in this activity, in 2021:

- Risk Analysis and Regulation Controls: 91 processes mapped (70% of the Process Catalogue) and 33 processes validated in the Validation Committee.







# Risk Management Model



## 5.1 Overview

The Risk Management Model of Banco Económico is one of the components of the Internal Control System (ICS), comprising an integrated set of policies, procedures, limits, controls and systems, with the objective of identifying, assessing, monitoring and controlling the main risks to which the Bank is exposed, within the scope of its financial activities

Banco Económico has a solid and structured Risk Management Policy, which establishes a set of guiding principles to support the management and monitoring of materially relevant risks, in line with the regulatory guidelines issued by Banco Nacional de Angola, in particular the requirements set out in Notice no. 10/2021, revised in the meantime by Notice no. 01/2022, relating to the Risk Management Function and, on the other hand, in compliance with the risk management principles and best practices defined by the Basel Committee on Banking Supervision.

In order to define an adequate risk management strategy, the Bank outlined its risk profile, which corresponds to the risks and risk levels to which the Bank may be exposed to. The main drivers of the Bank's risk profile include its strategic positioning, its structural characteristics and its degree of risk acceptance.

The risk profile establishes the risk appetite and tolerance indicators for each of the Bank's risks. In addition, each of the Bank's areas responsible for risk management has an additional set of indicators, which are controlled and monitored on a regular basis.

The Bank's Risk Management Model allows for effective and efficient risk management, namely through:

- Standardisation and formalisation of requirements for the identification, evaluation, monitoring and control;
- Compliance with risk exposure policies and limits defined by the Bank;

- Response to the market context, through improved risk management and prevention, reducing losses related to unexpected risk.

The implementation of the Risk Management Model, and in particular of the Risk and Compliance Functions, enables integrated management of the various risks to which the Bank is exposed, directing the respective prevention and mitigation actions in an appropriate manner.

### Guiding Principles

In order to guide the implementation and operational execution of the Risk Management Model, Banco Económico has defined a set of guiding principles in line with the Basel Committee, the risk management guide of COSO - Committee of Sponsoring Organizations of the Treadway Commission, and the best market practices.

- 1. Universality:** develop a risk management environment throughout the organisation, ensuring that the general risk management strategy and

policies are effectively disseminated and assimilated by Employees;

**2. Totality:** identify, measure, control and mitigate all risks inherent to the Bank's products and business areas, on an individual or portfolio/ portfolio basis, as well as characterise, execute and monitor the controls that mitigate them;

**3. Adequacy:** adapt the Risk Management Model to the size, nature and complexity of the Bank's activity, ensuring that all Employees are able to perform the assigned functions effectively and efficiently and that they understand and promote the ethical and professional principles that govern the Bank;

**4. Independence:** establish a governance model that ensures an independent Risk Management Model, allowing to assess, evaluate and report its results to the Governing Body for decision making;

**5. Segregation of Functions:** promote a clear segregation of functions between the business and risk areas, covering the differentiation of the

resources allocated and the hierarchical and functional independence of the two functions and of the elements that perform them, being also reflected upon the operations' life cycle;

**6. Timeliness:** ensure that the activities within the scope of risk management and internal control comply with the defined rules and deadlines, with any delays being immediately reported;

**7. Homogeneity and Transparency:** ensure homogeneity and transparency in the application of the defined processes, by documenting / formalising procedures.

At the same time, the Bank defined a set of structural values with the objective of minimising its exposure to risk, namely:

- Conducting business with integrity and independence from other functions;
- Compliance with business objectives, growth projections and profitability;
- Communication with Clients in an objective, transparent and clear manner;

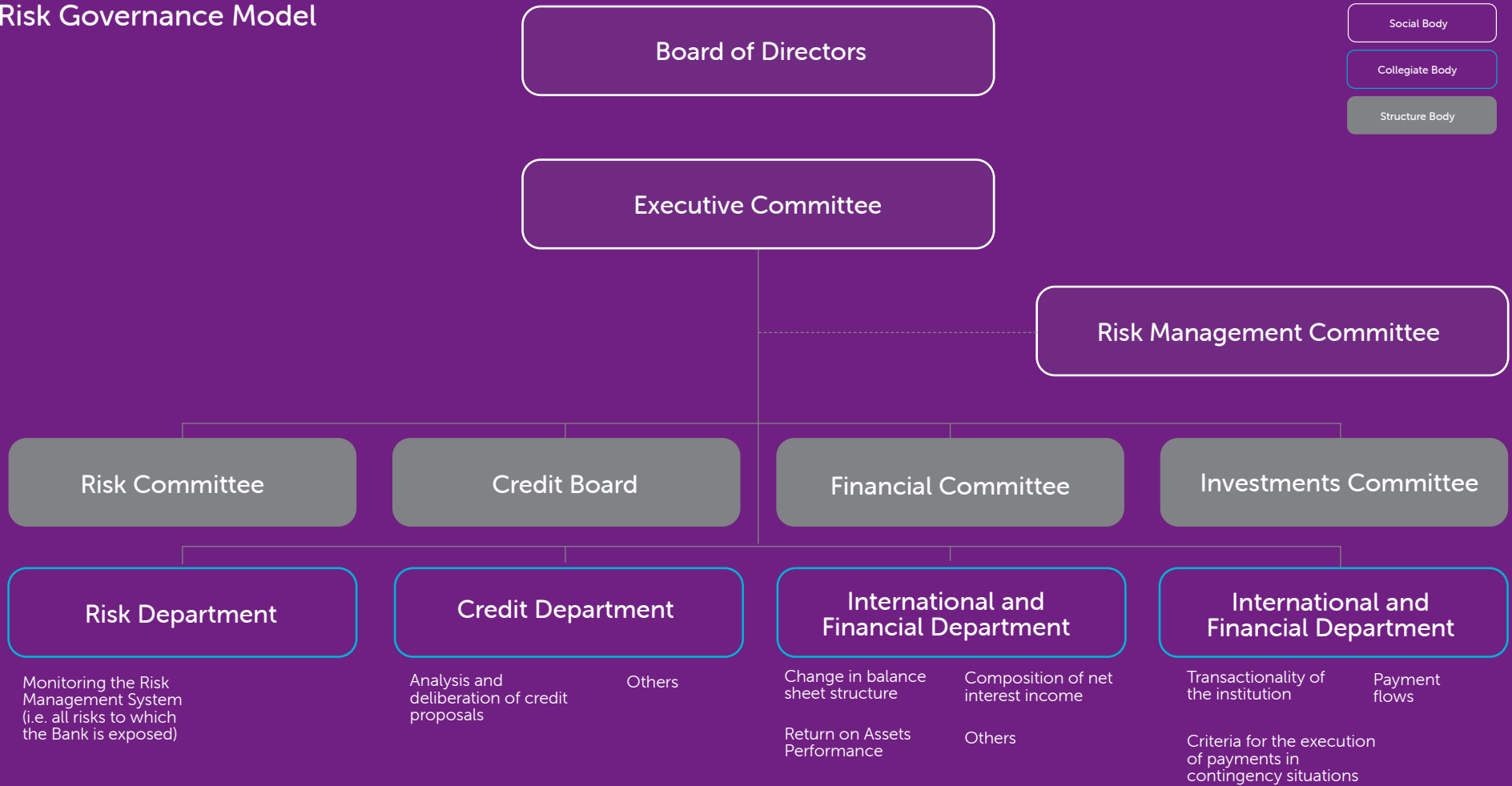
- Maintaining an open and cooperative relationship with regulators.

## Risk Governance Model

Based on the organic structure of Banco Económico, as well as on the need to ensure the correct implementation of the Risk Management Policy, the Bank outlined a risk management governance model, allowing for the participation of a diversified set of internal Bodies.

The recurring risk management and mitigation activities are the responsibility of all the Bank's Managers and other Employees, and are naturally supported by the mechanisms and functions of the Internal Control System.

## Risk Governance Model



## Risk Management Cycle

In order to ensure effective and efficient management of the risks to which the Bank is exposed, and in accordance with the adopted risk governance model, the Risk Management Cycle was defined, consisting of six (6) linear and mutually complementary activities:



### 1. Strategy

Definition of the Bank's strategy, objectives, and risk profile, as well as analysis of internal or external factors that may imply the need to revise the Risk Management Model.

*Intervening Parties: Executive Committee, Risk Committee, Risk Department, Financial and International Department*

### 2. Identification

Identification of needs for the design, implementation or alteration of the Risk Management Model, as well as identification of new sources and causes of risk arising from changes occurring in the context of the Institution.

*Intervening Parties: Risk Committee, Risk Management, Financial and International Department*

### 3. Assessment

Design and implementation of inherent and residual risk assessment methodologies. This phase also encompasses cost-benefit analysis or pre-

vious studies of the needs to review and design the Risk Management Model, based on its importance, complexity and implementation effort.

*Intervening Parties: Risk Department, Credit Department, Financial and International Department, Compliance Department*

### 4. Mitigation

Detailed design and documentation of the changes to be implemented to ensure the mitigation of the shortcomings detected. Planning, execution and implementation of the changes to the Risk Management Model previously designed.

*Intervening Parties: Risk Department, Credit Department, Financial and International Department, Compliance Department*

### 5. Monitoring

Monitoring the sub-components of the Risk Management Model, through the critical analysis of the internal and external evaluations carried out, and the follow-up of indicators and action plans defined to correct the shortcomings detected.

ted. This phase also includes the systematisation of the results obtained and the documentation of the opinion on the effectiveness and suitability of the Risk Management Model.

*Intervening Parties: Executive Committee, Risk Department, Credit Department, Financial and International Department, Compliance Department.*

## 6. Communication

Outlining of communication and training plans associated with the Risk Management Model and preparation of reports and opinions to report, internally and externally, the conclusions as to the adequacy and effectiveness of the Risk Management Model.

*Intervening Parties: Executive Committee, Risk Department*

Taking into account the size and scope of its operations, as well as the multidisciplinary reality associated with its activities, including those of its subsidiaries, Banco Económico is exposed to diffe-

rent types of risks, varying in nature, origin and type of impact on the Bank's activity.

In this sense, the following risks are considered materially relevant:

- Market Risk
- Liquidity Risk
- Counterparty Risk
- Concentration Risk
- Credit Risk
- Operational Risk
- Reputational risk

## 5.2 Market Risk

Market risk is the possibility of losses resulting from fluctuations in the market values of positions held by Banco Económico in foreign exchange products, interest rate products, shares and commodities.

Market Risk Management is a continuous process of identifying, assessing, monitoring and controlling the exposure arising from positions held in foreign exchange products, interest rate products, shares and commodities, with the objective of maintaining them within the regulatory limits and the internal limits defined by the Bank.

The Market Risk management process requires the observation of the nature of its main operations, the products and services offered, the degree of exposure and the search for alignment with best practices, standards and other applicable regulations.

### Market Risk Management Model

Market risk is managed through two distinct models, both of which are monitored regularly.

#### 1. Analysis of Positions Exposed to Risk

The analysis of positions consists of calculating the amounts exposed, by maturity intervals, to Market Risks. An analysis of the mismatch of assets and lia-

bilities that make up the balance sheet structure is carried out and the values at risk resulting from the:

- Unevenness of interest rates under the condition of remuneration of assets higher than remuneration of liabilities;
- Amounts at risk resulting from the repricing of assets and liabilities.

However, the monitoring and control of positions does not provide a complete picture of the real exposure to the various risk factors. For this reason, Banco Económico complements this measure with other market risk control tools, namely sensitivity analysis.

## 2. Sensitivity Analysis

The sensitivity analysis demonstrates the impact that the change of a certain risk factor generates on the results of Banco Económico.

Sensitivity analyses are a particularly important metric for managing Market Risk since small changes in risk factors can generate significant losses/gains in the Institution's results.

The purpose of this model is to assess the impacts on the Bank's current value or economic value of its positions and its return on possible changes in a set of market variables considered as risk factors.

These market variables with relevance for Banco Económico include:

- Interest Rates;
- Exchange Rates;
- Market Prices of Financial Instruments;
- Measures of Expansion and Contraction of the Monetary Supply..

## 3. Market Risk Management Process

The Market Risk management process can be defined in 4 steps:

- Identification of Risk Factors: The Finance and Markets Division (DFM) and the Risk Management Division (DR) are responsible for identifying the factors that create specific risks to which the Bank is exposed, in order to assess possible impacts on the

asset/liability structure resulting from changes or variations in these risk factors.

- Measurement of Market Risk: The Risk Department is responsible for monitoring and measuring market risk factors, using the models defined by the Bank. According to the type of instrument and the model adopted, the amount exposed to market risk is quantified and the defined limit is then assessed. The OR is responsible for the market information used in the models, as well as the accounting information.
- Adequacy with the established Risk Limits: the market risk limits are defined by the Risk Department and approved by the Executive Committee. Once the quantification of the risk exposure amounts is completed, it is compared with the internally defined limits, and through this analysis it is possible to conclude if the Bank is within the defined risk limits and redefine the future approach (i.e., assuming a greater risk, containment or corrective measures.

- Market Risk Report: The Risk Department is responsible for reporting on the evolution of the specific risks it monitors, and is also responsible for drawing up the Market Risk Report, on a monthly basis and reporting it to the Executive Committee.

## 5.3 Liquidity Risk

Liquidity risk is associated with the Bank's potential inability to fund its assets, i.e. the probability of a situation where there are insufficient funds (assets) to meet its obligations and liabilities (liabilities) to its Customers or other entities, within the contracted deadlines and dates.

Liquidity management is defined as the set of processes aimed at ensuring the Bank's ability to make payments, taking into account financial planning, risk limits and the optimisation of available resources. Liquidity management is one of the most

important activities for institutions operating in the financial market.

In this sense, Banco Económico has a liquidity management policy that is coherent with its financing structure, as well as a contingency policy capable of responding to moments of imminent rupture.

These policies set out the methodology for identifying, measuring and controlling liquidity risk so that the Bank can manage its exposure and reduce the probability of problems relating to lack of liquidity occurring.

### 1. Liquidity Optimisation

The Bank has sought to implement a set of measures to optimise cash flows, in order to mitigate the factors that potentiate Liquidity Risk:

- A more restrictive credit granting policy, adapted to the attraction of new Customer resources and the results of the recovery of overdue or delinquent credit;

- Improvement of credit quality, through the adoption of tighter credit risk assessment criteria, reducing the risk of default;
- Reinforcement of guarantees in the granting of loans, reducing net exposure;
- Use of more profitable investment alternatives with greater capacity to generate liquidity.

### 2. Liquidity Risk Management

The choice of the liquidity risk management models of Banco Económico is aligned with the legal framework of the financial system, as well as with the Bank's internal policies. The management of liquidity risk is carried out in Banco Económico using two different models: Cash Flows and Liquidity Indices.

#### Cash Flows

The Cash Flows model aims to identify the gaps or lags in the temporal cash flow of all assets and liabilities, according to the respective characteristics of



the operations. Cash flow analysis is used in assessing the Bank's liquidity, since it allows all assets and liabilities to be mapped over a given time horizon.

The Cash Flows of assets and liabilities are grouped in time bands, with the Bank ensuring that it has sufficient assets to cover the respective liabilities in each time band. In addition, the Bank performs adherence tests on the projections made in order to measure the adherence of the projection and take measures to converge the projected amounts with the actual liquidity and, consequently, increase the security of the forecasts.

### Liquidity Ratios

Liquidity Indices allow for comparative analyses between different periods or in relation to other institutions with the same profile. Banco Económico applies the following liquidity ratios:

- Minimum Mandatory Reserves
- Net Assets / Total Liabilities
- Net Assets / Short Term Liabilities

- $(\text{Cash and Cash Equivalents} + \text{Short-term Investments}) / \text{Short-term Liabilities}$
- Net Assets / Total Assets
- Credit/Deposits
- $\text{Interbank Money Market Funding} / \text{Total Funding}$ .

## 5.4 Counterparty Risk

Counterparty risk is the possibility of the occurrence of losses associated with non-compliance by the counterparty with its respective financial obligations in the contracted terms and which reduces the capacity of Banco Económico to settle its commitments, with a direct impact on the reduction of earnings or on its profitability.

Counterparty risk management consists of the process of identification and assessment of existing or

potential risks and their effective monitoring and control, conducted through policies, processes and limits consistent with the strategy and methodology defined by the Bank.

In this context, the Bank has established exposure limits and a methodology to control counterparty risk, considering possible negative impacts on its activity.

### 1. Counterparty Risk Management Model

At Banco Económico, counterparty risk is managed by means of methodologies and models consistent with the best market practices and compatible with the complexity of the institution's activities.

- Counterparty identification;
- Definition of the exposure limit;
- Risk management;
- Monitoring and reporting.

Additionally, the Bank has complementary tools to its Counterparty Risk management process, namely:

- Analysis of potentially adverse scenarios (Stress Tests);
- Contingency Plan.

## 5.5 Concentration Risk

Concentration risk is the exposure or group of exposures with the potential to produce significant losses (in relation to capital, total assets, or overall risk levels) that threaten the institution's ability to maintain its core operations.

In this way, the management of Concentration Risk consists of a set of processes for identifying and defining risk tolerance indicators, so as not to exceed the overall limit for each counterparty or portfolio.

The concentration of risk may have a considerable impact on the Bank's financial stability in cases where, for example, large Customers default or

deposits are mobilised on a massive scale for competitors.

### Support Processes

As a complement to the process of Concentration Risk management, the Bank also has other support processes, namely:

**Stress tests** - simulations applied to the portfolio of assets and liabilities in order to assess the potential effects on the Bank's financial conditions. Thus, the analysis of concentration scenarios is a fundamental aspect of risk management.

**Management Information** - To measure and monitor Concentration Risk, the Bank ensures the quality of management information, allowing the measurement of concentration levels, with the necessary detail on loan portfolios (Customer, contract, type of loan, interest rates, dates, amounts, BNA risk, rating, currency), deposit portfolios (Customer, contract, type of deposit, interest rates, dates, amounts, currency) or other relevant Balance Sheet information.

**Contingency Plan** - For the occurrence of one-off or chronic crises of concentration risk, Banco Económico is prepared to implement its Contingency Plan. This plan shall be activated when the limits on concentration management are not complied with.

Prudence in managing Concentration Risk includes procedures, which in an organised and methodical manner, maintain concentration levels below the defined limits, or solutions that compensate for possible defaults on concentration risks.

The actions to be taken, if the concentration levels are above the defined limits, are: reducing exposure to risk through the sale of credit; freezing credit granting to segments where there is higher concentration; stimulating the sale of credit to the remaining segments and increasing the Bank's equity.

## 5.6 Credit Risk

Credit risk is associated with the possibility of a Financial Institution (FI) incurring financial losses as a result of borrowers' failure to meet contractual obligations in their respective credit operations.

The objective of Credit Risk management is to maximise the results generated by the FI, maintaining exposure to this risk at levels considered desirable and acceptable, in accordance with the growth objectives defined for its business and complying with the regulatory requirements to which it is subject.

### 1. Credit Risk Management

The credit process in the Bank respects a set of rules and principles of segregation of powers and involves the following activities:

- **Credit Application/Concession**

- The Bank's Commercial Departments begin the process by filling in a credit proposal that will be submitted for analysis and review by the Credit Department (CD). This request must contain all the necessary and updated information on the Customer, the characterisation of the operation and quantitative and qualitative information on the operation;
- Prior to any submission to the Credit Division, the Commercial Divisions are also responsible for carrying out a pre-assessment of the Customer's repayment capacity as well as assessing the Customer's repayment history in relation to other loans in the Bank.

- **Credit Risk Analysis**

The Credit Division is responsible for the Bank's credit risk analysis, with a team of analysts specialised in the assessment and analysis of

credit applications. The credit analysis process includes the following steps:

- To analyse all relevant information submitted by the Commercial Departments;
- Analyse the Customer information managed by the BNA through the CIRC;
- Ensure that the Client's mandatory documentation is in the file and up to date;
- To request additional information from Commercial Directions, whenever necessary for decision making.

Credit risk analysis is supported by risk assessment models specifically developed for each credit segment. For this purpose, the Bank's credit analysts regularly perform the following analyses:

- Risk assessment of debtor companies at least once a year;
- Risk assessment of private debtors with more than USD 0.5M, or the equivalent in

Kwanzas, with a minimum frequency of one year;

- Evaluation of guarantees with a minimum periodicity of one year. .

The Credit Risk Management Model is duly aligned with the regulations on impairment of the BNA. This model attributes each loan a certain rating, based on Customer information and the respective operation, collected through qualitative and quantitative analysis questionnaires.

Risk Weighting	Risk Level	Rating
1 – 2	Insufficient	G
2 – 3	Very Weak	F
3 – 4	Weak	E
4 – 5	Medium - Low	D
5 – 6	Medium	
6 – 7	Medium - High	C
7 – 8	Good	B
8 – 9	Very Good	A

Each analysed variable is assigned a score and a global risk weight. The evaluation is characterised into different groups ranging from “Insufficient” to “Very Good”. The average risk of the operations is calculated on a scale of 1 to 10, based on the average risk of each variable and the weighting of the variables.

#### • Decision Making

- The decision to approve or reject the credit proposal is made by the Bank’s Credit Committee, which is composed of the Credit Division, Commercial Divisions and Executive Committee;
- After its analysis, the Credit Department issues one of the following recommendations:
  - to deliver a favourable opinion under the proposed conditions,
  - to deliver an unfavourable opinion under the proposed terms,
  - giving a favourable opinion, but with restrictions or proposing new conditions.

#### • Follow-up

- The overall credit portfolio should be maintained in accordance with the strategy of exposure limits, diversification and coverage by guarantees and provisions;

- Each operation, Customer or group of Customers is monitored individually with a view to monitoring the evolution of the probability of receiving expected future cash flows and the adoption of measures to minimise the probability of the occurrence of losses arising from an unfavourable evolution of the Customer’s financial situation;
- The guarantees received are periodically reassessed and exposure to risk is recalculated due to fluctuations in the value of the guarantees. In addition, all Employees have the duty to inform the Bank of any factor that might indicate default or a reduction in the Customer’s capacity to fulfil its commitments to the Bank;
- The Bank monitors signs of default by its Customers, such as defaults at the Bank, devaluation of guarantees, the existence of overdrafted cheques, changes in the social context that may negatively impact the Customer’s ability to repay. e.

- **Recovery**

- The Bank guarantees a process for monitoring overdue credit through the credit recovery area. This area must manage a Customer's liabilities, including all operations and overdue credit, as well as assess the potential for recovering outstanding amounts through renegotiation or enforcement of existing guarantees;
- The Bank rigorously defines the characteristics of renegotiation and loan restructuring operations, ensuring that there is no situation of default on the date of review of the contracts that could mean an increase in risk with an impact on the level of provisions;
- In turn, after the recovery, renegotiation or restructuring of a credit operation, the Credit Department keeps the operation under surveillance.

## 5.7 Operational Risk

Operational risk is the probability of the occurrence of negative impacts on results or capital, resulting from losses due to failures or inadequacy of internal processes, people, systems, internal or external fraud or the inoperability of structures.

Operational Risk also includes Information Systems Risk, which corresponds to the possible occurrence of negative impacts resulting from the inadequacy of the information systems to the Bank's needs with regard to processing, security, control, availability and continuity.

### Guiding Principles

The Bank adopts the following guiding principles in the management of Operational Risk:

- Development of an operational risk culture;

- Regular identification of operational risks to which the Bank's products, activities, processes and systems are exposed;
- Development and implementation of policies, processes and procedures for operational risk management;
- Development, implementation and maintenance of an Operational Risk Management model integrated in the Bank's risk management processes, which ensures the principles of risk identification, assessment, monitoring, control and mitigation, which is approved and periodically reviewed by the Board of Directors;
- Implementation of a regular process of monitoring the Operational Risk profile and exposure to losses;
- Development of processes and procedures aimed at controlling and mitigating the operational risks incurred;
- Evaluation of the severity and frequency of occurrence of each of the risks related to

each of the Bank's processes, identifying opportunities for improvement for the processes most exposed to the identified risk;

- Establishment of procedures and controls to ensure the effectiveness and performance of tasks, the integrity of information and compliance with regulatory requirements;
- Definition of contingency plans that guarantee the completion of all operational processes in cases of extreme situations. .

At Banco Económico, Operational Risk is managed by means of methodologies and models consistent with the best market practices and compatible with the complexity of the institution's activities, based on the following principles:

**Identification** - The Bank ensures the identification and measurement of the presence of Operational Risk events inherent to products, activities, operations, processes and systems in order to ensure that the inherent risks and incentives are properly understood. Additionally, the Bank recalls and sto-

res events that resulted in an effective financial loss for future analysis and improvement of procedures.

**Monitoring and Reporting** - The Bank implements a process of regular monitoring of risk profiles, material exposures to losses, detection of suspicious behaviour (which are investigated in a timely and rigorous manner), as well as implementing appropriate reporting mechanisms to support proactive operational risk management. The monitoring process is carried out in order to evaluate the efficiency of the approach to operational risk, identify weak points at management level and improve the robustness of the control environment.

**Control and Mitigation** - The Bank ensures the development of a control environment based on appropriate policies, processes, systems and internal controls, as well as implementing risk mitigation processes and procedures. Based on confirmed or potential fraud situations, controls are strengthened to prevent the recurrence of these events.



## 5.8 Reputational Risk

Reputational risk is defined as the probability of the occurrence of events with a negative impact on the Bank's results or capital, resulting from an unfavourable perception of the institution's image by Customers, counterparties, shareholders, investors and regulators.

Reputation risk management consists of the process of identifying and assessing existing or potential risks and their effective monitoring and control, conducted through policies, processes and limits consistent with the strategy and methodology defined by the Bank.

### Guiding Principles

The Bank adopts the following guiding principles in the management of Operational Risk:

- Identification of the risk arising from the negative perception of the Bank by its stakeholders and quantitative and qualitative assessment of its potential effect;
- Monitoring relationships maintained with Customers and the transactions recorded in the business reports produced by the Departments;
- Creation and implementation of mechanisms to mitigate the impact of reputational risks;
- Registration and control of variables that characterise the Bank's reputation, ensuring its compliance with the established tolerance level and mitigating potential deviations in a timely manner;
- Risk prevention through monitoring the relationships maintained with Customers and the transactions recorded through the activity reports produced by the other Structure Organs (SBs).



## 5.9 Solvency

The main objective of Banco Económico's internal capital management process is to ensure compliance with the strategic objectives defined by the Governing Body as regards capital adequacy, respecting and ensuring compliance with the rules for calculating risk-weighted assets, own funds and ensuring compliance with the solvency levels and other prudential limits established by the supervisory entities, namely Banco Nacional de Angola (BNA), and by the regulations in force.

The definition of the strategy to be adopted in terms of capital management is the responsibility of the Executive Committee of the Board of Directors and is integrated in the global definition of the Bank's objectives.

Since 2016, in order for Angola to be ever closer to what are the best international practices, the BNA identified in its Notice No. 2/2016, the need to consider new risk categories in the calculation of the solvency ratio, as well as to redefine the charac-

teristics of financial instruments considered in the calculation of regulatory own funds.

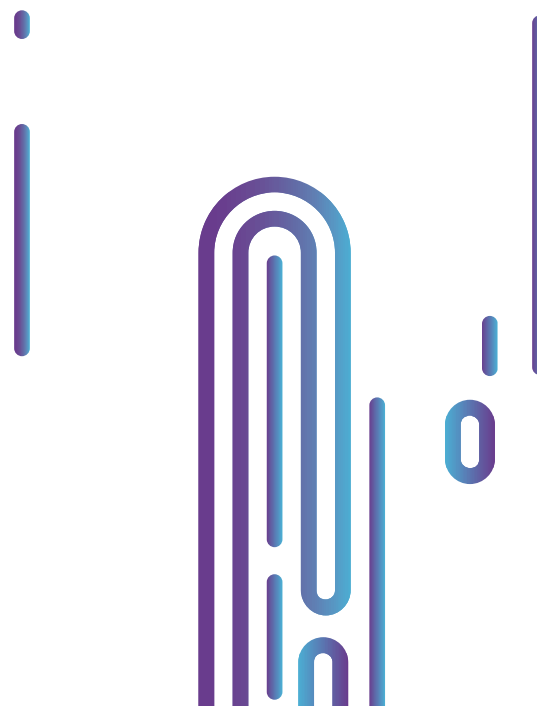
The capital ratios of Banco Económico are calculated on the basis of the rules stipulated in Notices Nos. 2/2016 and 3/2016 and BNA Instruction 12/2016 of 08 August, which define the criteria for access to the activity of credit institutions and determine the prudential requirements to be observed by them, particularly with regard to the calculation of the ratios.

### Calculation of Solvency Ratio

Banco Económico, as a financial institution under the supervision of Banco Nacional de Angola, shall maintain regulatory own funds consistent with its activity and operations, ensuring a ratio of never less than 10% (ten per cent) - Regulatory Solvency Ratio. The Regulatory Solvency Ratio (RSR) shall reflect the relationship between the Regulatory Own Funds (RAF) and the Regulatory Capital Requirements (RFPR), in accordance with the following formula:

$$\text{RSR} = (\text{FPR} / \text{FPR requirements}) \times 10\%$$

Under the said rules, the capital ratios of Banco Económico, as at 31 December 2020 and 31 December 2021, were as follows:

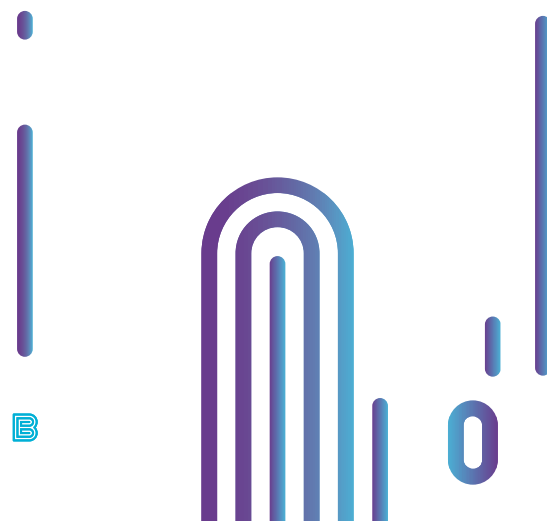




BNA Measures			
Basis of Calculation		31-12-2021	31-12-2020
Regulatory Solvency Ratio (RSR)	(FPR/FPR requirements) x 10% (percentage value)	-27,7%	-21,8%
Regulatory Own Funds (RCF)	Basic own funds + Complementary own funds (value in thousand Kwanzas)	-399 768	-387 107
	FPR requirement for credit and counterparty credit risk (in thousands of Kwanzas)	98 162	107 940
Regulatory Capital Requirements (RPR)	FPR requirement for market risk and counterparty credit risk in the trading book (value in thousand Kwanzas)	29 145	47 400
	FPR requirement for operational risk (value in thousands of Kwanzas)	16 797	21 857
	FP Base	-463 466	-636 230
	Core Tier 1 Ratio	-32,2%	-35,9%

The Solvency Ratio (or total equity ratio) on 31 December 2021 stood at -27.7% (versus -21.8% in 2020) and the Core Tier 1 Ratio stood at -32.2% (versus -35.9% in 2020). Both ratios are negative due to the significant reinforcement of impairments associated to the Asset Quality Assessment ("AQA") programme promoted by the BNA, causing the Bank's Own Funds to be significantly negative.

The improvement in the Core Tier 1 ratio between 2021 and 2020 was due to the fact that the Bank had already recorded a positive result in 2021, which contributed to the improvement in Tier 1 Capital. This improvement had no counterpart in the evolution of Regulatory Own Funds since, through the restructuring of the subordinated loan with Novo Banco, the value of this subordinated liability that integrates Complementary Own Funds was substantially reduced.





# Financial Information



# 6.1 Separate Financial Information

## Balance Sheet Analysis

	mKz			mUSD		
	31-12-2021	31-12-2020	Variation	31-12-2021	31-12-2020	Variation
Cash and deposits at central banks	91 117 804	163 592 711	-44%	164 182	251 835	-35%
Cash at other credit institutions	20 858 571	80 719 674	-74%	37 584	124 260	-70%
Investments at central banks and other credit institutions	42 453 933	56 268 285	-25%	76 496	86 619	-12%
Financial assets at fair value through profit of loss	1 531 032	1 409 690	9%	2 759	2 170	27%
Financial assets at fair value through other comprehensive income	152 751	162 718	-6%	275	250	10%
Investments at amortised cost	129 013 362	200 812 363	-36%	232 464	309 130	-25%
Customer loans	68 067 530	80 192 857	-15%	122 648	123 449	-1%
Non-current assets held for sale	3 328	1 118 848	-100%	6	1 722	-100%
Other tangible assets	41 812 682	43 712 082	-4%	75 341	67 290	12%
Intangible assets	8 424 240	8 257 236	2%	15 179	12 711	19%
Investments in associates and jointly controlled entities	2 252 199	2 252 374	0%	4 058	3 467	17%
Current income tax assets	1 511 061	1 508 739	0%	2 723	2 323	17%
Other assets	871 086 369	953 113 836	-9%	1 569 579	1 467 223	7%
Asset Transfer. Op._GENSA	583 689 638	668 202 570	-13%	1 051 729	1 028 631	2%
Deferred Impairment	260 000 000	260 000 000	0%	468 485	400 244	17%
Other	27 396 731	24 911 266	10%	49 365	38 348	29%
<b>Total Assets</b>	<b>1 278 284 862</b>	<b>1 593 121 414</b>	<b>-20%</b>	<b>278 262</b>	<b>462 714</b>	<b>-4%</b>

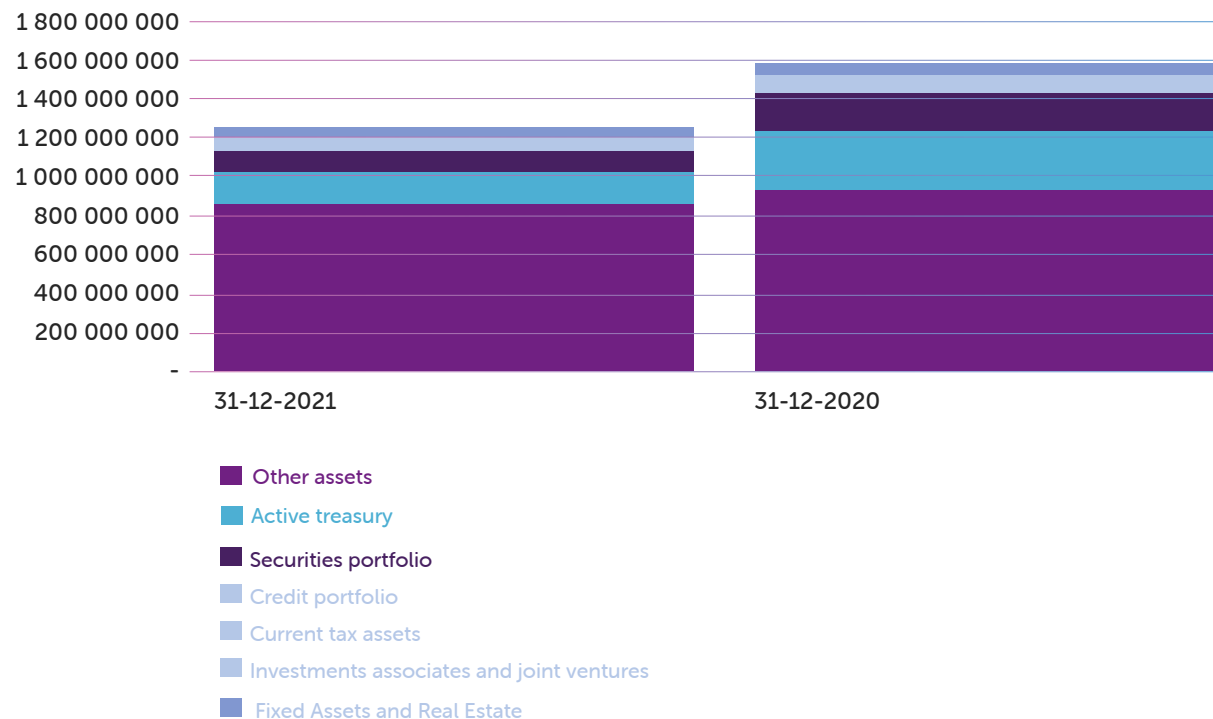
	mKz			mUSD		
	31-12-2021	31-12-2020	Variation	31-12-2021	31-12-2020	Variation
Deposits from central banks and other credit institutions	262 316 318	280 134 793	-6%	472 658	431 239	10%
Deposits from Customers and other loans	1 303 985 454	1 589 389 247	-18%	2 349 604	2 446 705	-4%
Financial liabilities held for trading	-	217 230	-100%	-	334	-100%
Subordinated liabilities	63 698 032	249 122 324	-74%	114 775	383 499	-70%
Provisions	3 728 463	5 078 451	-27%	6 718	7 818	-14%
Other liabilities	99 568 424	97 500 055	2%	179 409	150 092	20%
Asset Transfer. Op._GENSA	83 418 076	82 618 693	1%	150 308	127 183	18%
Others	16 150 348	14 881 362	9%	29 101	22 908	27%
<b>Liabilities</b>	<b>1 733 296 691</b>	<b>2 221 442 100</b>	<b>-22%</b>	<b>472 658</b>	<b>431 239</b>	<b>10%</b>

	mKz			mUSD		
	31-12-2021	31-12-2020	Variation	31-12-2021	31-12-2020	Variation
Share Capital	72 000 000	72 000 000	0%	129 734	110 837	17%
Fair value reserves	29 700	29 700	0%	54	46	17%
Other reserves	28 141 757	28 141 757	0%	50 708	43 321	17%
Retained earnings	(728 492 143)	(590 694 828)	23%	(1 312 643)	(909 315)	44%
Net Income	173 308 857	(137 797 315)	-226%	312 279	(212 125)	-247%
<b>Own Funds</b>	<b>(455 011 829)</b>	<b>(628 320 686)</b>	<b>-28%</b>	<b>129 734</b>	<b>110 837</b>	<b>17%</b>

As of 31 December 2021, Banco Económico recorded net assets amounting to Kz 1 278 285 million, representing a variation of (-20%) compared to 2020. This variation essentially resulted from the decrease in the captions Cash and Deposits at the BNA (RO) (-44%), Deposits in Other Credit Institutions (-68%) due to the outflow of liquidity and the exchange rate effect due to the appreciation of the kwanza against the resources in Foreign Currency.

The portfolio of Investments and Financial Assets stood at Kz 130,697 million, corresponding to a decrease of 35% compared to December 2020. The BE maintained a stable portfolio in 2021 with a variation of +9%, resulting from the acquisition of new bonds. In contrast, there was a decrease in Financial Assets at Fair Value through Other Comprehensive Income (-6%) and in Investments at Amortised Cost (-36%), justified by securities that were repaid on maturity.

### Assets Analysis



## Credit Portfolio

In December 2021, loans granted, despite the context of reduced liquidity at market level, registered a growth of 10.78%, amounting to Kz 217 729 million against Kz 195 505 million in 2020. On the other hand, there was a reinforcement of impairment for the Bank's historical credit portfolio (+25%) generating a reduction in net credit (-10%).

(thousands of Kwanzas)

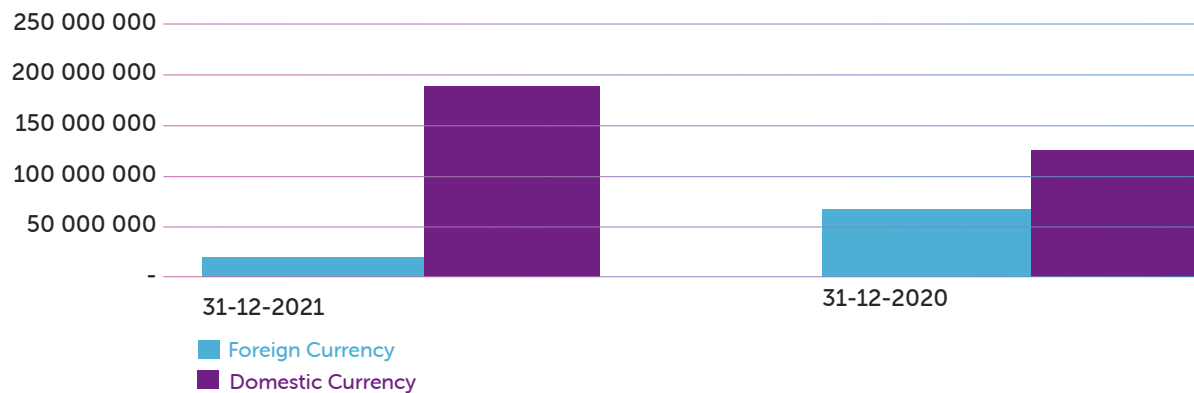
	31-12-2021	31-12-2020
<b>Active Loans and Advances</b>		
Companies		
Loans	87 934 662	77 330 403
Current account credit	5 195 815	8 790 845
Overdrafts	41 722 868	1 746 149
Financial leasing	1 037 522	8 434 706
Retail Customers		
Housing	6 850 975	8 631 606
Consumption and others	2 354 838	3 704 984
	<b>145 096 679</b>	<b>108 638 693</b>
<b>Overdue Loans and Advances</b>		
Companies		
Loans	54 492 258	66 941 038
Current account credit	1 369 051	1 313 036
Overdrafts	2 352 071	1 867
Financial leasing	2 228 853	4 701 060
Retail Customers		
Housing	5 324 967	5 556 711
Consumption and others	5 865 185	8 352 881
	<b>71 632 384</b>	<b>86 866 593</b>
<b>Total Gross Credit</b>	<b>216 729 063</b>	<b>195 505 286</b>
<b>Total impairment</b>	<b>(148 661 533)</b>	<b>(115 312 429)</b>
<b>Total Net Credit</b>	<b>68 067 530</b>	<b>80 192 857</b>

The Corporate Customers segment contributed the most and represented, on 31 December 2021, 90.58% of the Bank's credit portfolio, with an increase compared to 2020 of 15.91%. However, this increase is also influenced by the capitalisation of outstanding interest at the restructuring date of some individually significant operations.

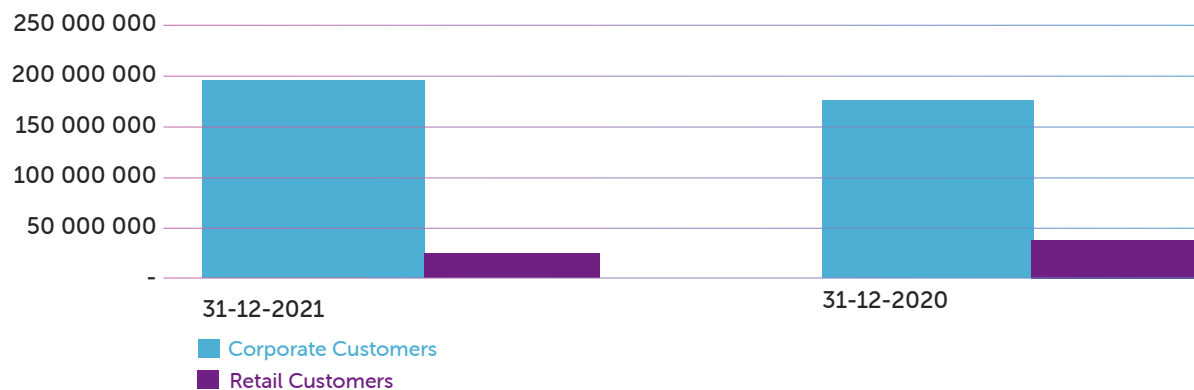
For Retail Customers, 2021 was a year marked by a reduction in their activity (-22.28%), related to the dynamics of credit recovery defined with a positive impact on the reduction of impairment by (5.56%).

The loan portfolio in Domestic and Foreign Currency, represent 90% and 10% of total loans, respectively, and during the year there was a reduction (-64%) in Foreign Currency loans, justified by the Currency conversion of individually significant loans and by the loan recovery processes settled.

Credit by Currency



Credit by Customer Segment



## Credit Rating

Credit rating showed a significant improvement over the previous year, measured by the indicator of Loans Past Due by over 90 days, which dropped from 93% in 2020 to 57% in 2021. This positive evolution resulted from the restructuring of relevant operations in the loan portfolio, adjusting the financial charges to the companies' capacity to generate liquidity, by the reduction in the levels of default which stabilised, as well as by the greater rigour in monitoring the loan portfolio and in the selection of Customers.

The Bank reinforced the prudential coverage levels of credit through the constitution of impairments, presenting coverage ratios of 70% for the Companies segment in 2021 (61% in 2020) and 58% for the Individuals segment (48% in 2020), materialising the difficulties experienced by the economy as a result of the economic contraction triggered by the Pandemic. On average, the total coverage of the Bank's loan portfolio in 2021 was 69%, an increase of 10% compared to 2020.

(thousand of Kwanzas)

Credit Quality	31-12-2021	31-12-2020
<b>Total Credit</b>		
Companies	196 333 098	169 259 104
Retail Customers	20 395 965	26 246 182
	<b>216 729 063</b>	<b>195 505 286</b>
<b>Total Impairments</b>		
Companies	136 798 279	102 751 109
Retail Customers	11 863 254	12 561 320
	<b>148 661 533</b>	<b>115 312 429</b>
<b>% Corporate Hedging</b>	<b>70%</b>	<b>61%</b>
<b>% Retail Customers Hedging</b>	<b>58%</b>	<b>48%</b>
<b>% Total Hedging</b>	<b>69%</b>	<b>59%</b>



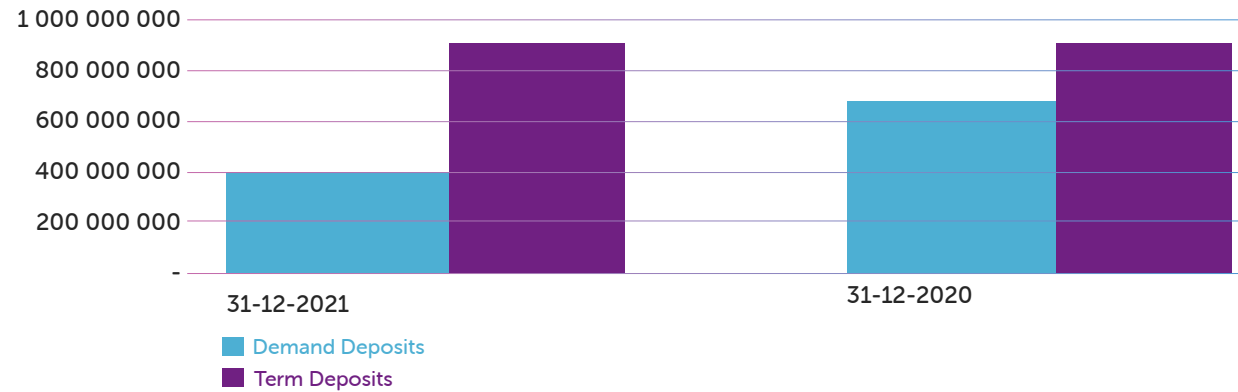
## Customer Deposits

The Bank's deposits suffered a reduction of about 18% in relation to the previous year, which is explained, in part, by the exchange rate appreciation of the Kwanza against foreign currencies, which has a special impact on the Bank, since about 80% of Customer deposits are denominated in Foreign Currency.

On the other hand, it was noted that term deposits fell by approximately 2%, a negligible reduction in absolute value - from Kz 924 240 million to Kz 906 111 million - but with an increase of 20% in Foreign Currency due to the increase in demand deposits, demonstrating Customer confidence in the Bank's resilience.

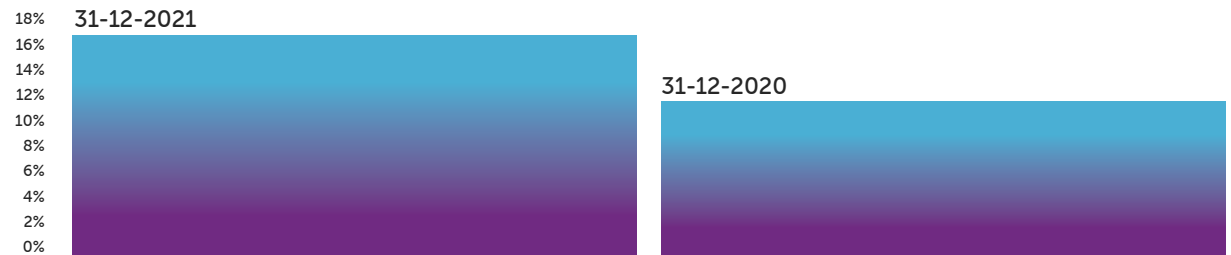
In 2021, Customers continued to trust Banco Económico to make their savings and investments. The new term deposit contracts constituted in 2021 totalled approximately Kz 61 billion with a maturity of between 3 and 12 months.

Customer Deposits



The increase in loans and the reduction in deposits translated into an increase in the Bank's transformation ratio from 12% in 2020 to 17% in 2021.

Transformation Ratio

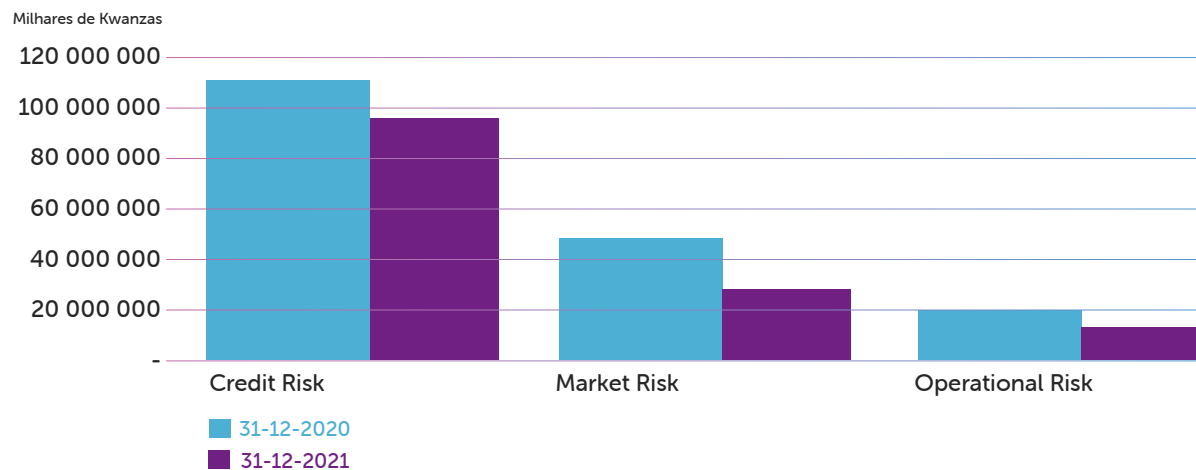


## Own Funds

	mKz		mUSD	
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
<b>Risk Assets</b>	<b>144 104 288</b>	<b>177 297 455</b>	<b>259 656</b>	<b>272 932</b>
Credit Risk	98 162 284	107 940 223	176 875	166 163
Market Risk	29 145 376	47 400 232	52 516	72 968
Operational Risk	16 796 628	21 957 000	30 265	33 801
<b>Regulatory Capital</b>	<b>-399 767 736</b>	<b>-387 485 298</b>	<b>-720 327</b>	<b>-596 495</b>
Level 1	-463 465 768	-636 607 622	-835 102	-979 993
Level 2	63 698 032	249 122 324	114 775	383 499
Deductions	0	0	0	0
<b>Regulated Solvency Ratio</b>	<b>-27,74%</b>	<b>-21,86%</b>	<b>-27,74%</b>	<b>-21,86%</b>

### • Risk Assets

The Bank presents a reduction in risk assets, with emphasis on the evolution of market and credit risk, which result, respectively, from the significant reduction in the Bank's securities portfolio and the significant reinforcements of impairment on Customer loans, which occurred in 2021.



- **Regulatory Capital and Solvency Ratio**

Despite the ongoing Recapitalisation process, on 31 December 2021 the Bank still has negative equity, which will remain so until the measures provided for in the RRP are implemented, which is expected to occur during 2022.

After this date, the Board of Directors is convinced that the shareholders' equity of Banco Económico will be fully restored and will allow compliance with the regulatory ratios in force, including the solvency ratio.

### **Subordinated Liabilities**

Within the scope of the implementation of the Bank's Recapitalisation and Restructuring Plan, the restructuring of the subordinated loan was agreed with Novo Banco. As a result of the negotiations carried out with this counterparty, a 75% write-off of the outstanding debt and the rescheduling of the remaining instalments were agreed.

This restructuring operation allowed the Bank to recognise a gain of Kz 107,812 million under Other

Operating Income.

After the restructuring of the subordinated debt, the operation was worth USD 115 million, with a maturity date of 31 August 2023, and the interest rate remained at 5%.



## Income Analysis

	mKz			mUSD		
	31-12-2021	31-12-2020	Variation	31-12-2021	31-12-2020	Variation
Interest and similar income	20 043 866	23 472 896	-15%	36 116	36 134	0%
Transfers of Assets ENSA Group	20 043 866	23 472 896	-15%	36 116	36 134	0%
Other	-	-	0%	-	-	0%
Interest and similar expenses	(50 356 208)	(58 630 000)	-14%	(90 735)	(90 255)	1%
Other	(46 661 486)	(55 699 965)	-16%	(84 078)	(85 744)	-2%
Transfers of Assets ENSA Group	(3 694 722)	(2 930 036)	26%	(6 657)	(4 510)	48%
<b>Financial margin</b>	<b>(30 312 342)</b>	<b>(35 157 103)</b>	<b>14%</b>	<b>(54 619)</b>	<b>(54 121)</b>	<b>1%</b>
Income from services and fees	12 120 943	12 215 276	-1%	21 840	18 804	16%
Expenses with services and fees	(1 544 520)	(1 461 125)	6%	(2 783)	(2 249)	24%
Income from securities trading	38 245	(222 171)	-117%	69	(342)	-120%
Derivatives Trading Results	-	(217 230)	-100%	-	(334)	-100%
Foreign exchange income - Other	181 994 746	(271 594 571)	-167%	327 930	(418 093)	-178%
Foreign exchange income - ENSA Group	(86 976 996)	178 656 619	-149%	(156 721)	275 024	-157%
Other operating income	104 996 870	255 467 428	-59%	189 190	393 266	-52%
<b>Banking income</b>	<b>180 316 946</b>	<b>137 687 123</b>	<b>31%</b>	<b>324 907</b>	<b>211 955</b>	<b>53%</b>
Staff costs	(16 476 289)	(16 807 226)	-2%	(29 688)	(25 873)	15%
Third party supplies and services	(10 653 304)	(11 143 091)	-4%	(19 196)	(17 154)	12%
Depreciation and amortisation for the year	(3 357 310)	(2 719 828)	23%	(6 049)	(4 187)	44%
Provisions net of cancellations	534	(51 690)	-101%	1	(80)	-101%
Impairment on other financial assets, net of reversals and recoveries	20 824 840	(19 280 848)	-208%	37 524	(29 681)	-226%
Impairment on loans and advances to customers, net of reversals and recoveries	(10 675 432)	12 523 341	-185%	(19 236)	19 278	-200%
Impairment on other assets, net of reversals and recoveries	13 193 942	(238 233 189)	-106%	23 774	(366 736)	-106%
Income from associates and joint ventures	134 930	228 093	-41%	243	351	-31%
<b>Profit before tax</b>	<b>173 308 857</b>	<b>(137 797 315)</b>	<b>-226%</b>	<b>312 279</b>	<b>(212 125)</b>	<b>-247%</b>
Income tax	-	-	0%	-	-	0%
Current	-	-	0%	-	-	0%
Deferred	-	-	0%	-	-	0%
<b>Net income for the year</b>	<b>173 308 857</b>	<b>(137 797 315)</b>	<b>-226%</b>	<b>312 279</b>	<b>(212 125)</b>	<b>-247%</b>

## Net Interest Income and Complementary Margin

	mKz			mUSD		
	31-12-2021	31-12-2020	Variation	31-12-2021	31-12-2020	Variation
<b>Interest and similar income</b>						
Credit interest	7 835 112	7 412 781	6%	14 118	11 411	24%
Interest on cash balances and investments in credit institutions	205 521	1 667 397	-88%	370	2 567	-86%
Interest on securities	12 003 233	14 392 719	-17%	21 628	22 156	-2%
Other interest and similar income	-	-		-	-	
	<b>20 043 866</b>	<b>23 472 896</b>	<b>-15%</b>	<b>36 116</b>	<b>36 134</b>	<b>0%</b>
<b>Interest and similar costs</b>						
Interest from central banks resources	188 358	965 296	-80%	339	1 486	-77%
Interest on Customer deposits	37 187 134	42 183 150	-12%	67 006	64 937	3%
Interest from subordinated liabilities	9 119 104	12 377 638	-26%	16 431	19 054	-14%
Interest from leases	166 890	173 880	-4%	301	268	12%
Other interests and similar costs	3 694 722	2 930 036	26%	6 657	4 510	48%
	<b>50 356 208</b>	<b>58 630 000</b>	<b>-14%</b>	<b>90 735</b>	<b>90 255</b>	<b>1%</b>
<b>Net Interest Income</b>	<b>(30 312 342)</b>	<b>(35 157 103)</b>	<b>-14%</b>	<b>(54 619)</b>	<b>(54 121)</b>	<b>1%</b>
Income from services and fees	12 120 943	12 215 276	-1%	21 840	18 804	16%
Expenses with services and fees	(1 544 520)	(1 461 125)	6%	(2 783)	(2 249)	24%
Results from financial assets and liabilities carried at fair value through profit and loss	38 245	(222 171)	-117%	69	(342)	-120%
Derivates trading results	-	(217 230)	-100%	-	(334)	-100%
Other operating income	104 996 870	255 467 428	-59%	189 190	393 266	-52%
<b>Complementary Margin</b>	<b>115 611 538</b>	<b>265 782 179</b>	<b>-57%</b>	<b>208 316</b>	<b>409 145</b>	<b>-49%</b>
<b>Proceeds from banking activity</b>	<b>85 299 196</b>	<b>230 625 075</b>	<b>-63%</b>	<b>153 698</b>	<b>355 024</b>	<b>-57%</b>

In 2021, Banco Económico showed a slight increase (6%) in the value of interest earned on its loans, amounting to Kz 7 835 million. On the other hand, there was a significant reduction (-17%) in interest from public debt securities justified by the repayment of some relevant operations and the absence of reinvestment in these assets.

At the same time, the Bank maintained its efforts to attract liquidity and the consequent remuneration of its Customers, notwithstanding the maturity of some operations and the exchange rate appreciation of the kwanza having led to a 12% reduction in the cost of deposits, to Kz 37,187 million. Similarly, the cost of subordinated liabilities fell (-26%) due to the decrease in the stock of debt to Novo Banco, as a result of the repayment of overdue instalments and the positive exchange rate effect.

Despite the improvement in absolute value, net interest income continued negative in 2021 (Kz 30 312 million) given the Bank's heavy and rigid funding structure, but mainly due to the reduced weight of productive assets in its balance sheet. It should be noted that the Bank, in 2021 and 2020,

did not recognise any interest income on the asset receivable from INVESTPAR, even though the same provides for a remuneration of 7%, this conservative procedure being justified by the existing uncertainty about the recoverability of this asset.

In 2021, the Bank's complementary margin continued to record a positive value, amounting to Kz 115,612 million, although much lower than the previous year (-57%), influenced by the strong positive effect, recognised in 2020, in the amount of Kz 260,000 million, relating to the deferral of credit impairments, implementing one of the RRP measures approved by BNA.

Also 2021, there was an extraordinary gain related to the restructuring of subordinated liabilities with Novo Banco, another measure provided for in the RRP, a transaction in which the Bank recognised positive results amounting to Kz 107. 812 million.

## Developments in Commissioning

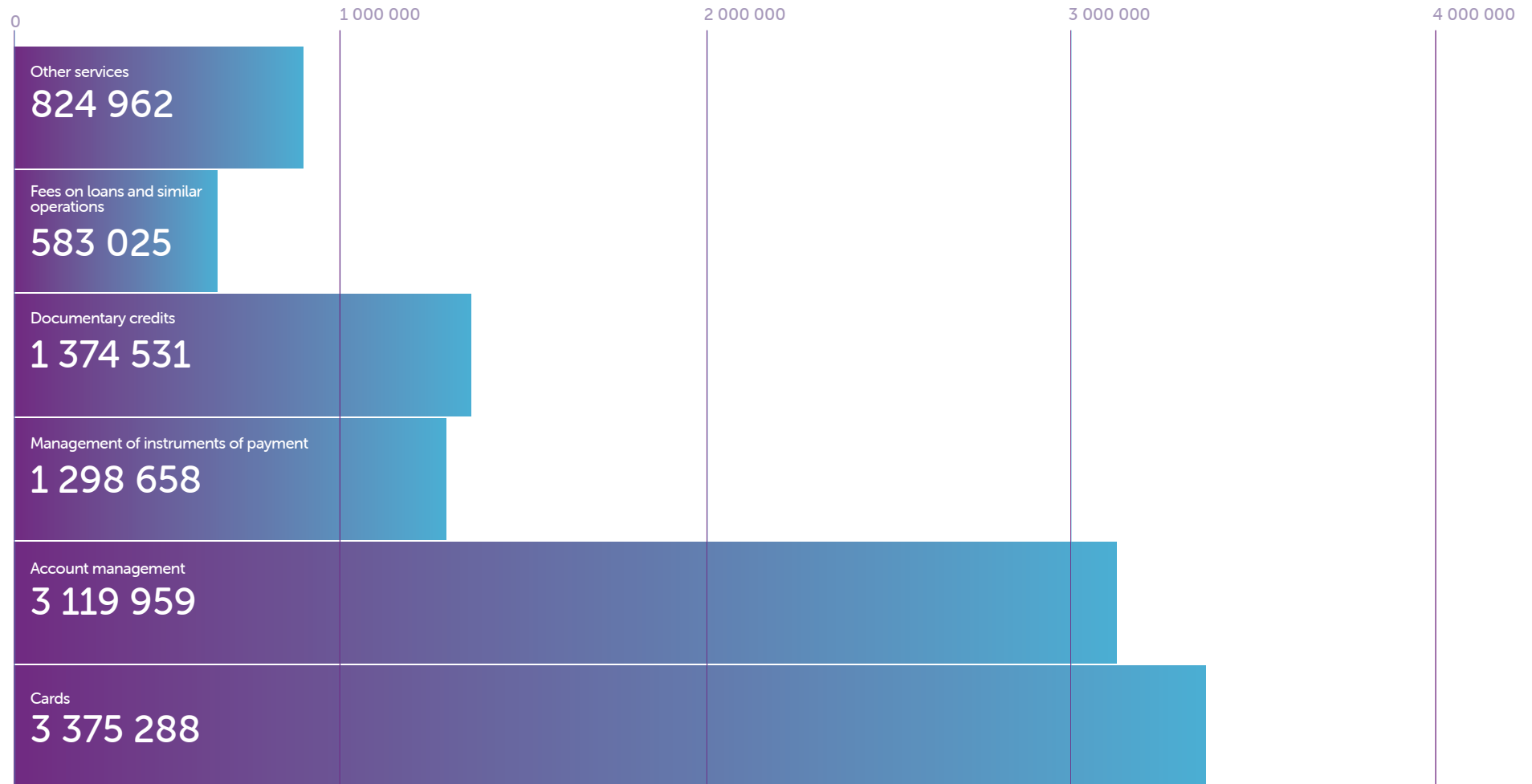
During 2021, there was a decrease in the Bank's commissioning with a significant decrease (-51%) in documentary credit operations as a result, on the one hand, of the liberalisation of the foreign exchange market allowing companies alternative forms of importing, and on the other, of the economic contraction associated with the Pandemic.

On the other hand, there was a significant increase (+145%) in commissions associated with account management, as a result of the revision of Customer tariffs and the operational improvements provided by the entry into production of the new version of the Bank's core application, which improved the effective collection of the commissions established in the price list.

The costs of services and commissions are stable compared to the previous period.

	mKz			mUSD		
	31-12-2021	31-12-2020	Variation	31-12-2021	31-12-2020	Variation
<b>Income from services and fees</b>	<b>12 120 943</b>	<b>12 215 276</b>	<b>-1%</b>	<b>21 840</b>	<b>18 804</b>	<b>16%</b>
Cards	3 879 121	3 699 626	5%	6 990	5 695	23%
Account Management	3 119 959	1 275 060	145%	5 622	1 963	186%
Management of Instruments of Payment	2 268 233	2 500 197	-9%	4 087	3 849	6%
Documentary Credits	1 374 531	2 787 797	-51%	2 477	4 292	-42%
Fees on Loans and Similar Operations	583 025	534 604	9%	1 051	823	28%
Securities Transactions	414 627	775 899	-47%	747	1 194	-37%
Guarantees Provided	94 547	95 444	-1%	170	147	16%
Bancassurance	35 006	67 133	-48%	63	103	-39%
Earnings from Services Provided to the State	29 329	68 662	-57%	53	106	-50%
Other Services	322 565	410 854	-21%	581	632	-8%
<b>Expenses with services and fees</b>	<b>(1 544 520)</b>	<b>(1 461 125)</b>	<b>6%</b>	<b>( 2 783)</b>	<b>( 2 249)</b>	<b>24%</b>
Managing Payment Instruments	( 969 575)	(1 004 436)	-3%	( 1 747)	( 1 546)	13%
Cards	( 503 833)	( 439 140)	15%	( 908)	( 676)	34%
Other Services	( 71 112)	( 17 549)	305%	( 128)	( 27)	374%
	<b>10 576 423</b>	<b>10 754 151</b>	<b>-2%</b>	<b>19 057</b>	<b>16 555</b>	<b>15%</b>

## Net Fees by Type — 31-12-2021





## Structural Costs

	mKz			mUSD		
	31-12-2021	31-12-2020	Variation	31-12-2021	31-12-2020	Variation
Staff costs	16 476 289	16 807 226	-2%	29 688	25 873	15%
Third-party supplies and services	10 653 304	11 143 091	-4%	19 196	17 154	12%
Depreciations and amortisations for the year	3 357 310	2 719 828	23%	6 049	4 187	44%
<b>Structural costs</b>	<b>30 486 903</b>	<b>30 670 145</b>	<b>-1%</b>	<b>54 933</b>	<b>47 214</b>	<b>16%</b>

During 2021, when the Board of Directors of Banco Económico approved the annual budget and was preparing the Recapitalisation and Restructuring Plan (RRP) and its main strategic lines, it assumed a position of business continuity, but trying, whenever possible, to achieve efficiencies and savings in the Bank's cost structure, although this is a very challenging process given the context of high inflation in the country.

As a result of this cost containment effort, by 2021 we can see nominal reductions in personnel costs (-2%) and in supplies of services and third parties (-3%) which, compared with the high inflation registered during the year, translate into very signi-

ficant real reductions.

The evolution in external supplies and services resulted from the policy of renegotiating contracts for specialised services followed by the Bank, but maintaining crucial support in the development of its activity, namely in terms of implementing processes that support compliance with new regulatory demands and at the technological level of its core and peripheral systems.

## Impairments

It was found that during 2021, the Bank recorded a reinforcement of impairment for loans and advances to Customers as a result of the deterioration of its financial conditions also influenced by the macroeconomic and pandemic context.

At the same time, the Bank reversed significant impairments for other financial assets, mostly explained by the improvement of Angola's sovereign rating and the consequent reduction of the impairment rate for exposures to the Angolan State, of which we highlight Public Debt Securities.

Regarding impairments for other assets, their positive behaviour in 2021 reflects the fact that it was not necessary to create additional impairments for the assets of the operation carried out with INVESTPAR (former ENSA Group), after the significant reinforcement made in 2020.



# Strategy and Expected Developments for 2022

## 7.1 Background

The year 2021, in continuity with 2020, was very conditioned by the COVID-19 pandemic with significant repercussions on the Angolan and world economy. Accordingly, Banco Económico continued to develop working methods adjusted to the new normal, with the creation of internal biosecurity mechanisms to minimise the possibility of contagion among Employees and Customers. The Bank also invested in tools and in the implementation of new teleworking processes, in order to keep the banking operation in full operation and preserve the levels and quality of the services provided to Customers, ensuring the maintenance of the integrity of the ecosystem of human capital, Customers and Partners.

As is public knowledge, in view of the negative results recognised in previous years due to the application of Banco Nacional de Angola's regulations to the revaluation of Angolan banking assets (AQA), Banco Económico, welcoming the Regulator's guideli-

nes, structured and presented capitalisation and restructuring measures enabling the adequacy of its prudential capital and solvency ratios, ensuring continuity and stability in its operation.

In this context, in October 2021, the Recapitalisation and Restructuring Plan (RRP) was drawn up, approved by the Regulator in December of the same year, whose implementation and operationalisation is currently underway, which will create the conditions for Banco Económico to once again present a robust balance sheet, complying with current regulatory requirements and which will support and enhance the Bank's turnaround process.

According to the Plan, the implementation of a significant part of the measures considered in the recapitalisation and restructuring process is expected to take place during 2022, creating the conditions for Banco Económico to approach the Angolan banking market with all the conditions for success, as a differentiated and innovative financial agent, taking into account its accumulated experience, its commercial team dedicated and committed to its Customers, leveraged by specialised support areas

and with wide experience in providing an efficient and quality service.

In this context, the Board of Directors of Banco Económico maintained its commitment to the implementation of the Strategic Restructuring Plan, creating conditions for the achievement of synergies between its teams and for an increase in operational efficiency, with the aim of achieving, in the short term, the conditions of capital, solvency and liquidity that allow the Bank to serve its Customers increasingly better.

By concentrating its efforts on the market segments with the greatest potential, lowering its risk profile, and adapting the cost structure to the new dimension, the new strategy aims to review Banco Económico's positioning in order to adapt to the new trends in banking and Customers.

## Challenges of Human Resources Management

In the framework of the new strategy, the Bank elected as main challenges in Human Resources:

- To have human capital aligned with strategic objectives, through clear activity plans and effective goal systems;
- To provide a good organisational environment through the implementation of studies and surveys involving the entire organisation, in preparation for leadership to foster proximity between all functional bands
- Investing in the development of Employees and developing leaders of the future, promoting continuous improvement processes at the level of the learning process in a professional context, namely in the implementation of mentoring programmes, investment in comprehensible and effective career and succession plans that meet reality and prepare Employees for a sustainable future;

- Adequately measuring the results for a decision-making process increasingly aligned with the human capital management policies to assess the return on the actions implemented.

In this sense, Banco Económico drew up a complete, sustainable and extensive Training Plan for all Employees in 2021, whose practical application will begin in 2022.

## Social and Corporate Responsibility

Banco Económico assumes itself as a financial institution with a high level of social responsibility towards the country. In this sense, it has defined in its strategy a strong strand in the field of social and corporate sustainability, framed in the National Development Plan (NDP) and the Sustainable Development Goals (SDGs) published by the United Nations (UN).

The Human Resources Department - Social Responsibility Unit is responsible for creating social

values for a sustainable future, through the development of projects and programmes of a social nature, both internal and external, which facilitate the good performance and social well-being of its Employees and their families, communities and institutions, with health, education, environment, culture and arts as the pillars of intervention. These projects are funded by the Solidarity Fund (in which BE Employees are participants) in conjunction with the Bank.

In 2022, the Bank will maintain its efforts to make a positive contribution to Angolan society, continuing the initiatives already undertaken in previous years.

## 7.2 Our Strategy

The main strategic business objectives of Banco Económico are:

- Focus on segments with greater potential for value creation;
- Reducing the risk profile;
- Adjusting the cost structure to the new dimension of the Bank;
- Strengthening internal processes (Risk/Credit, Operations, Systems).

To ensure the solidity of the Recapitalisation Plan, Banco Económico is also committed to implementing the Restructuring Plan, the second of which aims to address the strong trends in the banking sector in Angola, in the post-pandemic period, namely the greater focus on specific segments (to the detriment of “universal” banks), reducing exposure to risk and increasing operational efficiency.

The Restructuring Plan thus follows three main principles arising from the Recapitalisation Plan:

- Alignment to the Bank’s new balance sheet structure after recapitalisation.
- Alignment with the Bank’s existing competencies and competitive advantages.
- Strengthening its credibility and image for potential new investors.

With its implementation, Banco Económico will be able to enhance its Mission: to contribute to the development of the Angolan economy and its human capital.

Among other objectives, the Bank intends to become a benchmark in contributing to the increase in the bank usage rate, in supporting the economic recovery of Angola by granting responsible credit, in contributing to around 1,000 jobs, direct and indirect, and in implementing a corporate governance and risk management system in line with the best regulatory practices.



To become a reference in banking in Angola, Banco Económico will implement a Restructuring Plan based on 7 macro-initiatives:

1



Develop the key segments

2



Launch digital offer to capture mass-market

3



Leverage distribution

4



Improve corporate governance and internal controls

5



Optimize operational and organizational structure

6



Surgically develop capabilities and use cases of Advance Analytics

7



Launch a change management program adapted to the new context

These 7 macro-initiatives will unfold into 20 initiatives, which in turn will include various activities and milestones, to which the Bank will carry out a strict control of execution.

The implementation of these initiatives will result in a strategic shift of Banco Económico, becoming more focused on the segments where it has greater skills and diversifying its profile of resources with a low-cost focus on retail banking and on the “low mass market” (unbanked).

We believe that a more focused approach will have a positive contribution to the Bank’s differentiation and will allow it to attract new investors. This approach will support the development of a new offer that responds more efficiently to the needs of our clients, allowing the Bank to reinforce its competitive advantages to attract more and better business in the future.

Accordingly, Banco Económico’s focus in the Corporate segment will consist of consolidating its position of close relationship with the Top Corporate and Institutional segments, also focusing

on support for SMEs in more resilient sectors and which are in the development priorities of the Angolan Executive.

As regards the Individuals segments, Banco Económico will also remain a market reference in the Private segment, complementing it with a bet on the diversification of deposits through a digital solution for the Retail segment (bank Customers) and which also serves to capture the low mass market (unbanked).

The optimisation of the operational and organisational structure is also a priority for Banco Económico to become a more efficient Bank, in terms of the cost of serving its Customers with quality.

In cost reduction, the Bank identified a number of areas where improvements will have a significant impact, as a result of a more efficient business, aligning the Bank's cost structure with the sector.

Five priority vectors of intervention were identified for the rationalisation of costs with external services. These initiatives were qualified as critical for intervention by the Bank's Executive Committee, which

set up a working group to ensure the detail and implementation of these savings.



BE is implementing an ambitious **cost reduction plan**

✓ **Rationalisation of insurance costs**

Rationalise Health insurance, work accidents, leasing, property risk

✓ **Rationalisation of IT Services**

It is necessary to define and implement measures to rationalise costs with IT services

✓ **Rationalisation of the Branch Network**

Need to implement plan to rationalise costs with branches

Potential for rationalisation of ~500 M Kz

✓ **Rationalisation of Transport of valuables**

Necessary to define and implement initiatives to rationalise costs with transportation of valuablest

✓ **Rationalisation of PC's with disengagement of "inactive" Employees**



In operational efficiency, Banco Económico will introduce measures to simplify internal processes that minimise bureaucracy and thus reduce Customer response times to the best standards in Angola.

To ensure the above-mentioned measures, Banco Económico also undertakes to reinforce skills in key areas of the Bank. This reinforcement will be made in key positions and will cover business areas (Business Development and Companies) and support areas (Finance and Markets, Credit and Risk).

Additionally, to ensure maximum commitment to the transformation plan and also to accelerate its implementation, Banco Económico will also create the position of Chief Transformation Officer (CTO), a department that will be responsible for controlling, implementing and reporting on the evolution of the Bank's Transformation Plan.

## Business Model

Banco Económico, the fifth largest bank in Angola in terms of turnover, is historically a healthy Bank, with a sustainable business model and a strong participation in the Private and Corporate segments.

At its inception, BE inherited from Banco Espírito Santo Angola (BESA) a strong exposure to the real estate sector, a sector that in Angola has been in deep crisis since 2015. Recognising this exposure and risk, it sought to resolve the situation through the sale of a set of real estate assets to INVESTPAR (formerly ENSA Group).

The default by INVESTPAR on payments on this transaction, together with the suspension of the associated sovereign guarantee, resulted in the need to reduce the value of the Bank's assets. As a consequence, BE no longer meets two regulatory requirements, the solvency ratios and the foreign exchange exposure limit, as a result of the impairment enhancements that had to be recognised for these exposures, identified under the Asset Quality Assessment (AQA) Programme, promoted by BNA in 2019.

In 2020 and 2021 BE, in close collaboration with the BNA, among other institutional entities, worked on the definition of its Recapitalisation and Restructuring Plan (RRP). However, the COVID-19 pandemic adversely impacted the execution of the Plan,

whose implementation has been underway since the date of its approval by the BNA, in December 2021.

Banco Económico inherited from the legacy of BESA a strong Premium positioning where the Corporate and Private segments stand out. These segments represent 77% of resources, as well as the bulk of banking income. It is precisely in these business segments that Banco Económico's value proposal of products and services stands out.

Despite the economic climate and the deferral of the recapitalisation, the commercial dynamism efforts have made it possible to maintain the competitiveness of the offer, to defend the market share of ~13% of deposits. This positioning is influenced by the Angolan financial system's ~17% market share of deposits in Foreign Currency.

BE's presence is established through a combination of branches, corporate centres, posts, Umoxi (Affluent), Private, Institutional and Top Corporate Oil & Gas centres in 17 provinces of the country.

Figura 4. Cobertura Geográfica BE



**76**  
Service points around the country

**10**  
Corporate Centres

**1**  
Private Banking Centre

**59**  
Branches

**3**  
UMOXI Centres

**4**  
Customs offices

**98**  
ATMS

**~40**  
Managers to provide a personalised service to our Corporate and SME Customers

Banco Económico is a universal bank with a business model that offers a wide range of financial products and services. Although it has a comprehensive value proposition, BE's positioning is more geared to serving Top Corporate, Institutional and Private Clients.

BE also stands out for its important Trade Finance legacy being the first Angolan bank to be a member of the International Chamber of Commerce (ICC).

The Investment Banking Division (DBI) is also renowned in Angolan banking for its experience and expertise.

Additionally, the Bank upholds its commitment to the continuous digitalisation of processes, which will enable efficiency gains and cost reductions to be made, ensuring improvements in service levels, both for external and internal Customers.



### Payments and receipts

Local currency payments (KZ)  
International payments (FC) APTs  
(No., average volume)  
Transport and cash handling



### Solutions for Employees

Protocol Employees EconómicoNet  
Services Home loans  
Pension Fund Insurance Employees

### Insurance Banking (Bancassurance)

Banco Económico holds a 21% stake in Tranquilidade - Corporação Angolana de Seguros S.A. which has been operating in Angola since 2011 in the non-financial life and non-life branches, with the distribution of its products ensured through the Bank's channels.



### Treasury management

Access to foreign exchange market  
Securities - Bonds  
Securities - Treasury Bills Net  
Corporate Treasury



### Financial Applications

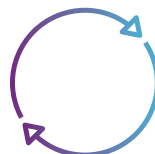
Immediate/Monthly Income Term  
Deposits in KZ Term Deposits in USD  
Exchange Rate Protection/Valuation

In line with the objective of strengthening its value proposition, the Restructuring Plan envisages initiatives to adapt the Bancassurance offer to the specific needs of the distinct business segments.



### Specialised financial services

Income collection and taxation  
Leasing  
Insurance  
BI - Corporate Finance  
BI - Capital Markets



### Trade Finance

Import and Export C.D. including  
Stand-by LCs Import and Export  
Documentary Collections  
International Guarantees issued  
and received

To foster the Bancassurance market potential the Bank intends to leverage its privileged relationship with Tranquilidade, but is also opportunistically exploring new agreements with competitive insurers/brokers in the market.

To enhance the Bancassurance offer, the Bank expects to strengthen its collaboration with insurers, to launch new products, ensure protocols and SLAs are defined and to reinforce commercial incentives to sell insurance.

## Investment Banking

The main objective of the Investment Banking Division (DBI) is to provide the Bank with the necessary skills and competences enabling it to offer its Customers a comprehensive, integrated and world-class range of specialised financial products and services in the Corporate & Investment Banking (CIB) areas, including the following main business areas

- Advisory and Structured Financing to companies and investment projects, on an individual basis or in syndicated credit modality;
- Capital Markets, including organisation and underwriting of offers for distribution of securities and intermediation in regulated markets.

For 2022, considering the regulatory imperative arising from the application of the General Regime of Financial Institutions, the Bank will proceed with the restructuring of the DBI, through the autonomisation of the Capital Markets area, including services and investment activities in securities, which will have to move to an autonomous entity (Sociedade

Distribuidora de Valores Mobiliários (SDVM) under the tutelage of the Capital Markets Commission (CMC). This project must be completed by the end of 2022, when all services, including custody of securities for the Bank's clients, will have to migrate.

In this context and leveraging on the recapitalisation and the new possibilities opened up by its new balance sheet, BE will focus on this business area, boosted by the Executive's economic agenda, namely by stimulating the stock market through the privatisation of companies and their listing on BODIVA, opening up its capital to institutional investors, small investors and the public in general, as well as stimulating the domestic debt market by issuing corporate debt as a growing alternative to bank credit.

In operational terms, with the implementation of the capital markets application (SIFOX) and the integration with EconomicoNet, together with the commercial areas, it is intended to strengthen the attraction of new intermediation and custody clients, guaranteeing an increase in revenues by increasing the client base of individuals, companies

and institutions (insurance companies, funds and other collective investment bodies).

With the new balance sheet after recapitalisation, Banco Económico will experience a significant and consolidated turnaround in financial results over the next few years. This increase will come from three relevant impacts:

- The reduction of funding costs, through the implementation of a programme to optimise interest rates on term deposits.
- The restoration of liquidity, which will enable normal banking activity to be encouraged;
- The conservative assumption that the ambitious cost reduction programme will only have an impact from 2022 onwards, although there have already been significant impacts in 2021 in reducing costs with external supplies and services.

## Strategic Objectives of the Operational Support, Accounting and Technological Support and Development Areas of the ICS

Banco Económico considers it critical to become a reference in banking in Angola, namely in Corporate Governance and Credit Risk Management, contributing to the solidity of the banking system. In addition, the strengthening of governance and risk functions brings advantages at various levels:

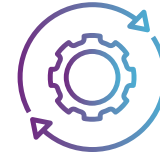
- Increased levels of transparency and quality of the Bank
- Increased investor confidence
- Increased operational efficiency

## Corporate Governance

Banco Económico's Corporate Governance has been successively improved, and the Bank believes it can take even more solid steps to become an example in Angolan banking. To this end, in 2022 it will address three major areas where it believes that strengthening existing skills will bring additional gains.



Strengthen the responsibilities of the Management and Supervisory bodies



Strengthen AML mechanisms



Strengthen the role of the Chief Risk Officer



### Risk appetite

Definition of the bank's risk level based on its objectives



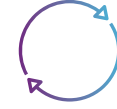
### Concession

Process of decision making on credit granting



### Monitoring

Process of monitoring the evolution of the risks of credit granted



### Recovery

Process which addresses credit recovery mechanisms

Update and formalize policies and processes

Reflect risk appetite in business objectives

Adapt credit committees to risk level

Adapt credit committees to risk level

Strengthen risk management skills in granting, monitoring and recovery

Strengthen collateral evaluation system

Strengthen Customer rating/scoring system

## Credit Risk Management

In relation to credit risk management, the Bank aims to strengthen the credit area by looking at the process in a more holistic manner - from redefining the Bank's risk appetite, to credit granting, monitoring and recovery. Some of the proposed initiatives will impact the aforementioned processes.

In addition, the Bank will review its credit risk reduction mechanisms by strengthening the "3 lines of defence", involving more strongly the Business Units, Risk Management and Internal Audit in the identification, measurement, mitigation and monitoring of processes associated with credit risk.





# Approval of the Board of Directors

## 8.1 Proposed Appropriation of Profits

The Board of Directors is responsible for the preparation, integrity and objectivity of the separate and consolidated financial statements and other information contained in this report. In line with the best Corporate Governance practices, the Board of Directors declares that it is not aware of any circumstance that hinders its belief that:

- The Bank and its subsidiaries have internal accounting and administrative control systems to ensure that their assets are safeguarded and that their operations and transactions are carried out and recorded in accordance with the standards and procedures adopted.
- The separate and consolidated financial sta-

tements for the financial year ending on 31 December 2021 and 2020, audited and prepared in accordance with the regulations in force in Angola, give a true and appropriate view of the Assets, Liabilities, Own Funds, Income and Cash Flows, in separate and consolidated terms.

- The Management Report faithfully describes the business evolution, performance and the financial position in separate and consolidated terms, for the financial years 2021 and 2020.

Under the terms of its statutory competence, the Board of Directors presents to the General Meeting the proposal for the incorporation of the results of the 2021 financial year in the amount of 173 308 857 thousand Kwanzas for retained earnings.

Due to INVESTPAR's failure to comply with the agreed payment plan (renegotiated in the meantime), namely with the payment of the first instalment scheduled for 31 December 2018, BE, together with the BNA, has since that date, initiated a set of interactions for the assessment of sanitation

alternatives, while successive worsening of the Bank's economic, financial and operational conditions were observed.

With a view to regularising this situation, the Bank focused its efforts on drawing up a Restructuring and Recapitalisation Plan ("PRR") to regularise the situation referred to above, which was approved by the BNA on 21 December 2021. The measures contained in the RRP are better detailed in Notes 37 of the Notes to the Individual Financial Statements.

It is also important to mention the relevant developments on the implementation of the RRP measures considered necessary to recapitalise and make the Bank profitable, of which we highlight the following:

- Restructuring of the subordinated debt with Novo Banco, which took place at the end of 2021, with the Bank having agreed with Novo Banco a debt forgiveness in the amount of 75% of the maturing debt;
- A General Meeting of Shareholders was held on 15 February 2022, at which the Recapitali-



sation and Restructuring Plan was presented, and received a good rating from the Shareholders, approving part of the measures in the RRP provided for therein, namely: i) the issue of Perpetual Participation Securities, ii) the issue of Convertible Bonds;

iii. Approval by the Ministry of Finance, for the issue of the Perpetual Participation Bonds, having occurred on 1 April 2022, which is conditioned to the presentation of the provisional management report and accounts for 2021, as soon as possible;

iv. Obtaining a significant part of the agreements of the future Shareholders, committing themselves to the conditions of the RRP, and voluntarily subscribing the instruments that will make up the new equity of Banco Económico;

v. Approval by the Capital Market Commission on 24 June 2022 for the issue of the TPPs.

Banco Económico understand that, in view of the above, the continuity of the operations of the Bank is the best conviction of the Board of Directors, given the (i) evolution and progress already recorded in the implementation of the Recapitalisation and Restructuring Plan (PRR) since its approval by the BNA, in December 2021, (ii) the majority adherence to the Plan by Eligible Depositors and (iii) our full commitment to the implementation of the RRP, with the support of the sector regulator (BNA), the capital market supervisor (CMC) and other institutional counterparties intervening in it.

Luanda, 30 June 2022

**The Board of Directors**





# Financial Statements and Opinions December 2021

# Contents

## Financial Statements and Opinions December 2021

### *Financial Statements*

158

159

160

161

162

188

199

192

200

### *Appendix to the Financial Statements*

203

195

163

217

196

163

217

197

220

# Contents

## Financial Statements and Opinions December 2021

221	231	237
223	231	238
226	232	239
229	234	240
230	234	241
	236	241

# Contents

## Financial Statements and Opinions December 2021

243	284
243	298
243	299
246	301
252	
258	

## Financial Statements

### Separate Balance Sheet as at 31 December 2021 and 31 December 2020

(thousands of Kwanzas)

	Notes	31-12-2021	31-12-2020
Cash and deposits with Central Banks	4	91 117 804	163 592 711
Deposits in Other Credit Institutions	5	20 858 571	80 719 674
Investments at Central Banks and Other Credit Institutions	6	42 453 933	56 268 285
Financial assets at fair value through profit or loss	7	1 531 032	1 409 690
Financial assets at fair value through other comprehensive income	8	152 751	162 718
Investments at amortised cost	9	129 013 362	200 812 363
Customers loans	10	68 067 530	80 192 857
Non-current assets held for sale	11	3 328	1 118 848
Other tangible assets	12	41 812 682	43 712 082
Intangible assets	13	8 424 240	8 257 236
Investments in associates and jointly controlled entities	14	2 252 199	2 252 374
Current tax assets	15	1 511 061	1 508 739
Other assets	16	871 086 369	953 113 836
Assets Transfer Op. ENSA Group		583 689 638	668 202 570
Deferred Impairment		260 000 000	260 000 000
Other		27 396 731	24 911 266
<b>Total assets</b>		<b>1 278 284 862</b>	<b>1 593 121 414</b>
<b>Liabilities and equity</b>			
Deposits from central banks and other credit institutions	17	262 316 318	280 134 793
Customer deposits and other loans	18	1 303 985 454	1 589 389 247
Financial liabilities held for trading	21	-	217 230
Subordinated liabilities	19	63 698 032	249 122 324
Provisions	20	3 728 463	5 078 451
Current tax liabilities	15	-	-
Other liabilities	21	99 568 424	97 500 055
Assets Transfer Op. ENSA Group		83 418 076	82 618 693
Other		16 150 348	14 881 362
<b>Total liabilities</b>		<b>1 733 296 691</b>	<b>2 221 442 100</b>
Share capital	22	72 000 000	72 000 000
Fair value reserves	23	29 700	29 700
Other reserves	23	28 141 757	28 141 757
Retained earnings	23	(728 492 143)	(590 694 828)
Net income for the year		173 308 857	(137 797 315)
<b>Shareholders' Equity</b>			
Total equity		(455 011 829)	(628 320 686)
<b>Total liabilities and shareholders' equity</b>		<b>1 278 284 862</b>	<b>1 593 121 414</b>

## Separate Statement of Profit and Loss

For the years ended on 31 December 2021 and 2020

		(thousands of Kwanzas)	
	Notes	31-12-2021	31-12-2020
Interest and similar income			2420 043 86623 472 896
Other		20 043 866	23 472 896
Transfers of Assets ENSA Group		-	-
Interest and similar charges	24	(50 356 208)	(58 630 000)
Other		(46 661 486)	(55 699 965)
Assets Transfer Op. ENSA Group		(3 694 722)	(2 930 036)
<b>Net Interest Income</b>		<b>(30 312 342)</b>	<b>(35 157 103)</b>
Income from services and fees	25	12 120 943	12 215 276
Expenses with services and fees	25	(1 544 520)	(1 461 125)
Income from securities trading	26	38 245	(222 171)
Derivatives Trading Results	26	-	(217 230)
Foreign exchange gains and losses- Other	27	181 994 746	(271 594 571)
Foreign exchange gains and losses - ENSA Group	27	(86 976 996)	178 656 619
Other operating income	28	104 996 870	255 467 428
<b>Baking Income</b>		<b>180 316 946</b>	<b>137 687 123</b>
Staff costs	29	(16 476 289)	(16 807 226)
Third-party supplies and services	30	(10 653 304)	(11 143 091)
Depreciation and amortisation in the year	12 e 13	(3 357 310)	(2 719 828)
Provisions, net of cancellations	31	534	(51 690)
Impairment on other financial assets, net of reversals and recoveries	31	20 824 840	(19 280 848)
Impairment on customer loans, net of reversals and recoveries	31	(10 675 432)	12 523 341
Impairment on other financial assets, net of reversals and recoveries	31	13 193 942	(238 233 189)
Income from associates and joint ventures	14	134 930	228 093
<b>Pre-tax earning from ongoing operations</b>		<b>173 308 857</b>	<b>(137 797 315)</b>
Income tax			
Current	15	-	-
Deferred		-	-
<b>Post-tax earning from ongoing operations</b>		<b>173 308 857</b>	<b>(137 797 315)</b>
Earnings from discontinued and/or to be discontinued operations		-	-
<b>Individual net profit for the period</b>		<b>173 308 857</b>	<b>(137 797 315)</b>
		Average number of ordinary shares issued	
Basic earnings per share (in Kwanzas)	32	2,41	(1,91)
Diluted earnings per share (in Kwanzas)	32	2,41	(1,91)

## Statement of Comprehensive Income

As at 31 December 2021 and 2020

	(thousands Kwanzas)	
Notes	31-12-2021	31-12-2020
Individual net profit for the year	173 308 857	(137 797 315)
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss:		
Fair value reserve	-	-
Gross Value	-	-
Fiscal impact		
Revaluation reserves of tangible fixed assets	-	-
Gross value		
Fiscal impact	-	-
Items that will be reclassified subsequently to profit or loss for the year:		
Financial assets at fair value through other comprehensive income		-29 700
Changes in fair value		-29 700
Transfer to income statement on disposal		
Transfer to results for impairment recognised in the period		
Fiscal impact		
	-	29 700
<b>Income not included in the profit and loss statement</b>	<b>-</b>	<b>29 700</b>
<b>Individual comprehensive income for the year</b>	<b>173 308 857</b>	<b>(137 767 615)</b>



## Statement of Changes in Equity

Separate Statement of Changes in Equity as at 31 December 2021 and 31 December 2020

(thousands of Kwanzas)

Note	Capital	Emission premiums	Own shares	Fair value reserves	Reserves and Retained Earnings		Total	Individual net profit for the year	Total Own Funds
					Other Retained earnings				
Balance as of 1 January 2020	72 000 000	-	-	-	28 141 757	(59 511 388)	(31 369 631)	(531 183 440)	(490 553 071)
Application Result in Reserves	-	-	-	-	-	(531 183 440)	(531 183 440)	531 183 440	-
Other comprehensive income									0
Changes in fair value net of tax	-	-	-	29 700	-	-	29 700	-	29 700
Actuarial Atuariais	-	-	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-	-	-
Net Profit for the Year	-	-	-	-	-	-	-	(137 797 315)	(137 797 315)
Balance on 31 December 2020	72 000 000	-	-	29 700	28 141 757	(590 694 828)	(562 523 371)	(137 797 315)	(628 320 686)
Application Result in Reserves	-	-	-	-	-	(137 797 315)	(137 797 315)	137 797 315	-
Other comprehensive income									-
Changes in fair value net of tax	-	-	-	-	-	-	-	-	-
Actuarial Deviations	-	-	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-	-	-
Net Profit for the Year	-	-	-	-	-	-	-	173 308 857	173 308 857
Other Movements	-	-	-	-	-	-	-	-	-
Balance on 31 December 2021	72 000 000	-	-	29 700	28 141 757	(728 492 143)	(700 320 686)	173 308 857	(455 011 829)

## Cash-Flow Statement

Separate Cash-Flow Statement as at 31 December 2021 and 31 December 2020

Description	Notes	31-12-2021	31-12-2020
<b>Cash flow from operating activities</b>			
Interest, fees and similar income		41 093 642	48 379 431
Interest, fees and other similar costs paid		-39 086 902	-50 841 050
Payments to employees and suppliers		-28 095 854	-28 116 059
<b>Cash flow before changes in operating assets and liabilities</b>		<b>-26 089 114</b>	<b>-30 577 678</b>
(Increase)/Decrease in operating assets and liabilities:			
Investments at central banks and other credit institutions		13 608 831	49 126 111
Financial assets at fair value through profit or loss		-393 239	5 802 551
Financial assets at fair value through other comprehensive income		0	0
Investments at amortised cost:			
Debt securities		64 897 439	26 437 648
Customer loans		-18 075 725	-9 063 332
Non-current assets held for sale		1 115 520	-849
Deposits from central banks and other credit institutions		-17 352 479	5 182 234
Customer deposits and other loans		-97 845 747	-91 692 737
Non-current liabilities held for sale		0	0
Other assets		-723 144	-6 785 869
Other liabilities		14 454 123	9 245 133
<b>Net cash flows of operating activities before income taxes</b>		<b>-66 403 535</b>	<b>-42 326 787</b>
Income tax			
<b>Net cash flow from operating activities</b>		<b>-66 403 535</b>	<b>-42 326 787</b>
<b>Cash flow from investment activities</b>			
Dividends received		0	0
Acquisition of other tangible assets, net of sales		-323 499	-1 911 869
Acquisition of intangible assets, net of sales		-1 158 974	-2 489 085
Acquisition of interests in subsidiaries, associates and joint ventures, net of sales		0	0
<b>Net cash flow from investing activities</b>		<b>-67 886 008</b>	<b>-46 727 741</b>
<b>Cash flow from financing activities</b>			
Increase /(Decrease) in share capital		0	0
Dividend distribution		0	0
Payments related to lease liabilities		-294 848	-390 927
Issue of subordinate liabilities, net of repayments and acquisitions		-44 829 176	-29 232 180
Return paid related to subordinated liabilities		-9 119 104	-12 377 638
<b>Net cash flow from financing activities</b>		<b>-122 129 136</b>	<b>-88 728 486</b>
<b>Cash and cash equivalents</b>		<b>-122 129 135</b>	<b>-88 728 486</b>
Cash and cash equivalents at beginning of period		245 521 822	293 855 338
Effects of exchange rate changes on cash and cash equivalents		-11 277 329	40 394 970
Cash and cash equivalents at end of period		112 115 358	245 521 822
<b>Cash and cash equivalents</b>			
Cash and deposits with central banks	4	91 225 080	164 448 321
Cash and deposits with other financial institutions	5	20 890 278	81 073 501
		<b>112 115 358</b>	<b>245 521 822</b>

## *Appendix to the Financial Statements*

### Note 1

# Introductory Note

Banco Económico, S.A. (hereinafter also referred to as “Bank” or “BE”) is a universal commercial bank which operates and has its registered office in Angola, at Rua do 1º Congresso, No. 8, Ingombota, Luanda. It has all the necessary authorisations from the competent Angolan authorities, including that granted by Banco Nacional de Angola (“BNA” or “Central Bank”).

BE assumed its new name on 29 October 2014, following the restructuring measures ordered by BNA. BE resulted from the renaming of Banco Espírito Santo Angola S.A., which was originally founded in August 2001 and began operations on

24 January 2002. BE has always been a privately owned banking institution established under Angolan law and its company objective is universal banking on the terms and within the scope allowed by law. From its inception until 19 July 2019, BE assumed itself to be a private capital banking institution under Angolan law, however after July 2019 BE became a majority public capital institution by virtue of the execution of Lektron Capital’s participation through the Sonangol Group.

### Note 2

# Accounting Policies

## 2.1 Basis of preparation

Within the scope of the provisions of Banco Nacional de Angola’s Notice no. 5/2019 of 30 August, Banco Económico’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements relate

to the individual activity of the Bank as at 31 December 2021.

IAS/IFRS require these statements to be prepared before or disclosed in conjunction with the consolidated financial statements.

The IFRS include accounting rules issued by the International Accounting Standards Board (IASB) and the interpretation guidelines issued by the International Financial Reporting Interpretation Committee (IFRIC), and its predecessor bodies, effective for the financial year beginning on 1 January 2021.

The financial statements are expressed in thousands of Kwanzas, rounded to the nearest thousand, except where another unit is indicated, and have been prepared in accordance with the principle of historical cost, with the exception of assets and liabilities recorded at fair value, namely financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, despite the material uncertainty disclosed in Note 37, related with the materialisation of the restructuring and recapitalisation measures, were prepared on a

going concern basis, considering the efforts being implemented by the Bank's management and the expectation of their materialisation.

The preparation of financial statements in accordance with IFRS requires the Bank to make judgments and estimates and uses assumptions that affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Changes in such assumptions or differences between these assumptions and reality may have an impact on the actual estimates and judgements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Bank's financial statements as at 31 December 2021 were approved by the Board of Directors on 30 June 2022. Their final approval is still subject to the agreement of the General Meeting, being the Board of Directors expectation that they will be approved without significant changes.

The accounting policies used by the Bank in its preparation are consistent with those reported in previous years.

The BNA, the Angolan Banking Association ("ABANC") and the Bank's Board of Directors are of the opinion that the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") for the Angolan economy to be considered hyperinflationary as at 31 December 2018 and 2017 are not met and, consequently, it was decided not to apply the provisions of that Standard to the financial statements on those dates, as well as any effects on results.

## 2.2 Foreign currency transactions

Foreign currency transactions are converted into functional currency (Kwanza) using the exchange rate in force on the date of the transaction. The monetary assets and liabilities denominated in foreign currency are converted into functional currency using the exchange rate in force on the balance sheet date. The exchange differences that

result from currency conversion are acknowledged in results. The non-monetary assets and liabilities denominated in foreign currency and recorded at the historic cost are converted into functional currency using the exchange rate in force on the date of transaction. Non-monetary assets and liabilities recorded at fair value are converted into the functional currency at the exchange rate in effect on the date on which the fair value is determined and recognised against profit/loss, except for those recognised in financial assets at fair value through other comprehensive income.

Monetary assets and liabilities denominated in foreign currency are converted into Kwanzas at the average exchange rate published by BNA on the date of the balance sheet. Costs and income relating to exchange rate differences, realised or potential resulting from the conversion are recognised in the income statement.

The exchange rates against the currencies relevant to the Bank's activity on 31 December 2021 and 2020 were as follows:

Currency	31-12-2021	31-12-2020
USD – American Dollar	554,981	649,604
EUR – Euros	629,015	798,429

## 2.3 Loans to Customers

Loans and advances to Customers include loans and advances originated by the Bank, which are not intended to be sold in the short term. Loans and advances to Customers are initially recorded at fair value and subsequently at amortised cost net of impairment. The associated transaction costs/income are part of the effective interest rate of these financial instruments recognised in Net interest income. The interest component is recognised separately in the respective accounts of the statement of financial position, with the respective income being accrued at the effective rate, except in situations of default exceeding 90 days, in which

case the recognition of interest is suspended until its settlement.

Additionally, the commissions charged for credit operations are represented in the credit margin, according to the period of life of the operations.

Loans and advances to Customers are derecognised from the Statement of Financial Position when (i) the contractual rights of the Bank relating to the respective cash flows have expired, (ii) the Bank has transferred substantially all risks and rewards of ownership, (iii) although the Bank has retained part, but not substantially all the risks and benefits associated with holding them, control over the assets has been transferred, or (iv) when there are no realistic prospects of recovering the loans, on a stand.

## 2.4 Financial Instruments

### I. Classification of financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model used in managing the asset as well as the characteristics of its cash flows.

IFRS 9 includes 3 main categories of financial asset classification: measured at amortised cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

The Bank recognises accounts receivable and payable, deposits, debt securities issued and subordinated liabilities on the date they are originated. All other financial instruments are recognised on the transaction date, which is the moment from which the Bank becomes an integral part of the contract, and are classified considering their underlying intention in accordance with the categories described below.

The classification of financial assets is based on two determination criteria, namely: (i) the contractual cash flow characteristics of the financial asset and (ii) the entity's business model for managing its financial assets.

A financial asset or liability is initially measured in the balance sheet at fair value plus transaction costs directly attributable to the acquisition or issue, except if they are items recorded at fair value through profit or loss in which the transaction costs are immediately recognised as costs for the year.

In accordance with IFRS13, fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. At the date of contracting or commencement of a transaction the fair value is generally the value of the transaction.

#### **Business model assessment**

The business model reflects the way the Bank manages its assets from a cash flow generation perspective, i.e. whether the assets are managed (i) with the intention of receiving the contractual

cash flows or (ii) with the intention of receiving the contractual cash flows and the cash flows resulting from the sale of those assets. For these two types of portfolios, the Bank must assess and test whether the cash flows of the financial instrument correspond solely to payments of principal and interest on the principal amount outstanding, that is, whether the contractual cash flows are consistent with a basic loan contract, in which interest is generally the consideration for the time value of money. However, in such a contract, interest may also include consideration for other basic lending risks, for example liquidity risk, and other costs, for example administrative costs, associated with holding a financial asset for a specified period. In addition, interest may include a profit margin that is consistent with a host credit agreement if the contractual terms have risk exposures or volatilities inconsistent with a host credit agreement, which determines that the financial instrument should be classified and measured at fair value through profit or loss.

If none of the above situations are met, financial assets are recognised at fair value through profit

or loss, as is the case of securities held for trading, which are managed with the objective of being sold in the short term.

The information to be considered in this assessment includes: (i) The policies and objectives established for the portfolio and the practical operation of those policies, including how management's strategy focuses on receiving contractual interest, maintaining a specific interest rate profile, matching the assets to the liabilities that fund them or realising cash flows through the sale of assets; (ii) How the performance of the portfolio is evaluated and reported to the Bank's management bodies; (iii) The assessment of risks affecting the performance of the business model (and the financial assets managed within that business model) and how these risks are managed; (iv) How the remuneration of the business managers depends on the fair value of the assets under management or the contractual cash flows received; (v) The frequency, volume and timing of sales in prior periods, the reasons for such sales, and expectations about future sales. However, information on sales should be considered in isolation but as part of an overall assessment of how the Bank

establishes objectives for managing financial assets and how cash flows are obtained.

### **Valuation of contractual cash flows in respect of exclusive receipt of principal and interest (SPPI)**

In this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the consideration for the time value of money, the credit risk associated with the amount outstanding, other risks and costs associated with the activity (for example, liquidity risk and administrative costs), as well as a profit margin. When assessing the contractual cash flows regarding the receipt of principal and interest, the Bank considers the contractual terms of the instrument, which includes analysing the existence of situations in which they can modify the timing and amount of cash flows so that they do not comply with this condition.

In the assessment, the Bank will consider: (i) Contingent events that will modify the timing and amount of cash flows; (ii) Features that result in leverage; (iii) Prepayment and maturity extension clauses; (iv)

Clauses that may limit the right to claim cash flows in relation to specific assets (e.g. contracts with clauses that prevent access to assets in the event of default); (v) Features that may modify the compensation for the time value of money (e.g. periodic resetting of interest rates).

A contract with the possibility of prepayment is consistent with the SPPI criterion if the prepayment amount represents unpaid principal and interest amounts of the principal amount outstanding, which may include reasonable compensation for the prepayment. In addition, a prepayment is consistent with the SPPI criterion if the financial asset is acquired or originated at a premium or discount to its contractual par value, the prepayment represents the contractual par amount plus accrued (but unpaid) interest, which may include reasonable compensation for the prepayment, and the fair value of the prepayment is insignificant at initial recognition.

The Bank classifies and values its debt instruments at:

#### **a. Investments at amortised cost**

A financial asset will be measured at amortised cost if it is held within the scope of the business model whose objective is solely to collect contractual cash flows and which give rise, on defined dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI solely payments of principal and interest).

These financial assets are recognised at cost upon initial recognition and subsequently measured at amortised cost, using the effective interest rate method.

Interest is calculated using the effective interest rate method and recognised in Net interest income. Impairment losses are recognised in the income statement when identified.

#### **b. Financial assets at fair value through other comprehensive income (FVOCI)**

UA financial asset will be measured at fair value through other comprehensive income if it is held within the scope of the business model whose objective is to earn contractual cash flows and sell

financial assets and the contractual cash flows fall within the SPPI scope.

Financial assets at fair value through other comprehensive income are initially recognised at fair value, including transaction costs or gains and are subsequently measured at fair value. Changes in fair value are accounted for against other comprehensive income until the assets are sold or impairment losses are recognised, when they are recognised in the income statement. On disposal of the financial assets at fair value through other comprehensive income, the accumulated gains or losses recognised in other comprehensive income are recognised under “Net gains / (losses) from financial assets at fair value through other comprehensive income” in the income statement.

Equity instruments are instruments that meet the definition of capital from the perspective of the issuer, i.e. they are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the net assets of the issuer, such as shares. Investments in equity instruments are nor-

mally classified as held for trading and accounted for at fair value through profit or loss. If the business model and consequently the purpose of acquiring the set of investments is to hold them in the portfolio indefinitely for appreciation, they should be recognised in the category of financial assets at fair value through other comprehensive income and cannot be reclassified subsequently in the trading portfolio (irrevocable condition). Changes in fair value and the result of the sale of these securities are accounted for in other comprehensive income and are not subsequently recognised in profit or loss.

#### **c. Financial assets at fair value through profit or loss (FVPL)**

A financial asset will be measured at fair value through profit or loss if it does not fall into the above categories.

These assets are valued daily at fair value, taking into consideration the credit risk of the counterparties in the operations. In the case of bonds and other fixed income securities, the book value includes the amount of accrued and uncollected interest. Gains

and losses resulting from changes in fair value are recognised under “Net gains / (losses) from financial assets and liabilities at fair value through profit or loss” in the income statement .

#### **d. Financial liabilities**

A financial instrument is classified as a financial liability when there is a contractual obligation for settlement to be made by delivering cash or another financial asset, independently from its legal form.

Non-derivative financial liabilities include deposits from credit institutions and Customers, loans, debt securities and other subordinated liabilities.

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. Interest is accrued over the period of the transactions and recognised in Net interest income. The gains and losses calculated on the repurchase of other financial liabilities are recognised under Net gains / (los-



ses) from assets and liabilities at fair value through profit or loss when incurred.

The Bank classifies its financial liabilities as measured at amortised cost, and the fair value of these liabilities is disclosed in these notes to the financial statements.

IFRS 9 introduced a new requirement for financial liabilities designated at fair value, at option, to separate the component of change in fair value that is attributable to the entity's credit risk and to present it in Other comprehensive income (or OCI), rather than in profit or loss.

## II. Initial recognition and subsequent measurement

### a. Recognition and measurement at amortised cost

The amortised cost of a financial asset or liability is the amount at which a financial asset or liability is initially recognised, less principal receipts and plus or minus the cumulative amortisation arising from the difference between the initially recognised

amount and the maturity amount, less reductions due to impairment losses..

### b. Recognition and measurement at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a current transaction between market participants at the measurement date or, in its absence, the most advantageous market to which the Bank has access to perform the transaction at that date. The fair value of a liability also reflects the Bank's own credit risk. When available, the fair value of an investment is measured using its quoted market price in an active market for that instrument. A market is considered active if there is sufficient frequency and volume of transactions to provide a price quotation on a constant basis.

If there is no quoted price in an active market, the Bank uses valuation techniques that maximise the use of observable market data and minimise the use of unobservable market data. The valuation

technique chosen incorporates all the factors that a market participant would take into account to calculate a price for the transaction. .

### c. Identification and measurement of impairment

In addition to the analysis of impairment on loans and advances to Customers, at each balance sheet date an assessment is made as to whether there is objective evidence of impairment for all the other financial assets not carried at fair value through profit or loss.

In accordance with IFRS 9, the Bank assesses periodically whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition. For debt securities, when this event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets, that can be reasonably estimated.

Regarding investments at amortised cost, the impairment losses correspond to the difference between the book value of the asset and the present value of the estimated future cash flows (considering the recovery period) discounted at the original effective interest rate of the financial asset and are booked against results. These assets are presented in the balance sheet net of impairment. If a variable interest rate asset, the discount rate to be used to determine the respective impairment loss is the current effective interest rate determined under the rules of each contract. Also in relation to investments at amortised cost, if in a subsequent period the amount of the impairment loss decreases, and this decrease can be objectively related to an event which occurred after the recognition of the impairment, this is reversed against the results of the year.

Where there is evidence of impairment on financial assets at fair value through other comprehensive income, the cumulative potential loss recognised in reserves, corresponding to the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously

recognised in profit or loss, is transferred to profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the income statement up to the acquisition cost if the increase is objectively related to an event occurring after the impairment loss was recognised.

### III. Transfer between categories

The Bank will only transfer financial assets if there is a change in the entity's business model for managing its financial assets. These transfers are made based on the fair value of the assets transferred, determined on the transfer date. The difference between this fair value and the respective nominal value is recognised in the income statement until maturity of the asset, based on the effective interest rate method. The amount in other comprehensive income existing at the transfer date is also recognised in the income statement based on the effective interest rate method. Under IFRS 9, changes in business model are not expected to occur frequently.

### IV. Derecognition

Financial assets are derecognised from the balance sheet when (i) the contractual rights to receive their cash flows have expired, (ii) the Bank has transferred substantially all risks and rewards of ownership or (iii) although the Bank has retained part but not substantially all of the risks and rewards of ownership, control over the assets has been transferred.

## 2.5 Impairment losses

A IFRS 9 introduced the concept of expected credit losses, which differs significantly from the concept of incurred losses set out in IAS 39, thus anticipating the recognition of credit losses in the financial statements of institutions. In this way, in determining ECL, macroeconomic factors are taken into consideration, the changes in which impact the expected losses. This concept of expected losses should be applied to all financial assets except financial assets measured at fair value through profit or loss and equity instruments measured at fair value through equity.

The Bank applies the expected loss concept of IFRS 9 to financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, off-balance sheet exposures, other receivables, financial guarantees and credit commitments not valued at fair value.

The expected credit risk loss is a probability-weighted estimate of the present value of credit losses. This estimate results from the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future macroeconomic scenarios, discounted at the interest rate of the financial instruments.

According to the standard, there are two methods for calculating impairment losses: (i) individual analysis and (ii) collective analysis.

The assessment of the existence of impairment losses in individual terms is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually

significant, the Bank assesses, at each balance sheet date, the existence of objective evidence of impairment. It should be noted that loans above 0.25% of own funds are considered individually significant for stage 2 and 3 Customers, while for stage 1 Customers the criteria of 1% of own funds is used.

For the remaining segments of the loan portfolio, the Bank performs a collective analysis for the calculation of impairment losses. The collective impairment model is in the consolidation phase, as its implementation was concluded by the Bank with some limitations, which are being improved by the Bank.

The main constraints in determining the amount of impairment losses for the loan portfolio with reference to the date of 31 December 2021 and 2020 were as follows:

- **Recovery of History:** taking into account the new requirements for marking stages defined by the Bank, a process of historical marking was developed based on the information and quality of data from January 2015 to Decem-

ber 2020, having excluded from the Bank's historical credit portfolios the credit operations that were sold, since they are operations with a different credit risk profile from the remaining current composition of the credit portfolio;

- **Guarantees:** the Bank is in the process of verifying and validating the information on guarantees/collateral considered active by the Bank in that module, and in the calculation of impairment the information reported by the Bank was used as the most reliable information on guarantees/collateral associated with the loan portfolio. The updating of the information will allow the Bank to significantly improve the quality of information on guarantees and their management;
- **Staging:** the Bank presents an additional risk in the model due to some triggers being manually scheduled by the analyst;
- **Loss given default (LGD):** the Bank, is not yet including the effect of recovery costs incurred in the recovery process, the information regarding restructured operations is limited because

the model does not include collateral recoveries (they are deducted directly from EAD after internal Haircut).

It should be noted that due to the aforementioned limitations, the Bank is developing a project to resolve the aforementioned limitations. As a result, on 31 December 2021, the Bank did not update the risk parameters, maintaining the consistency with 31 December 2020.

The instruments subject to impairment calculation are divided into three stages (stages) taking into consideration their credit risk level, as follows:

**Stage 1:** no significant increase in credit risk since the moment of initial recognition. In this case, the impairment will reflect expected credit losses resulting from default events that may occur in the 12 months following the reporting date;

**Stage 2:** instruments in which it is considered that there has been a significant increase in credit risk since initial recognition, but for which there is not yet objective evidence of impairment. In this case, impairment will reflect the expected credit losses

resulting from default events that may occur over the expected residual life of the instrument;

**Stage 3:** instruments for which there is objective evidence of impairment as a result of events that resulted in losses. In this case, the amount of impairment will reflect the expected credit losses over the expected residual life of the instrument.

With the exception of financial assets acquired or originated with impairment (referred to as POCI), impairment losses, depending on the stage classification of the operation, should be estimated through a loss allowance at an amount equal to:

12-month expected loss for credit risk, i.e. estimated total loss resulting from default events of the financial instrument that are possible within 12 months after the reporting date (called Stage 1);

or expected loss for credit risk to maturity, i.e. total estimated loss from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3). A provision for an expected loss through credit risk to maturity is required for a financial instrument if the credit risk on that financial

instrument has increased significantly since initial recognition or if the financial instrument is impaired.

Although the standard does not define the concept of default, the Bank, in its Impairment Policy, chose to update its internal definition of default, introducing a set of criteria in order to reflect a more prospective model in terms of recognition of expected losses relative to financial assets, where it is only necessary to meet one of the criteria for an operation to be classified in default. A given transaction/Client will no longer be marked in default if it no longer meets the respective entry criteria and after the respective quarantine period has elapsed.

The IFRS 9 impairment calculation is complex and requires management decisions, estimates and assumptions, particularly in the following areas:

Assessment of whether there has been a significant increase in risk since the time of initial recognition; and Incorporation of forward-looking information in the estimated loss (ECL) calculation.

**Calculation of ECL**

ECL are weighted estimates of credit losses determined as follows:

- financial assets with no sign of impairment at the reporting date: the present value of the difference of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets with signs of impairment at the reporting date: the difference between the gross carrying amount and the present value of estimated cash flows;
- undrawn credit commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is realised and the cash flows that the Bank expects to receive; and
- financial guarantees: the value of the expected payments to be reimbursed minus the amounts the Bank expects to recover..

The Bank's approach to the determination of impairment losses for loans subject to collective analysis has as inherent concept the definition of homogeneous segments considering the quality of its assets and the characteristics of credit risk/Client. Thus, the Bank ensures that for the purposes of analysis of these exposures and determination of risk parameters (PD and LGD), they present similar risk characteristics. The creation of these segments has assumptions of statistical materiality for each segment (in order to allow estimating the respective risk profile) and of the relevance or adequacy of this segmentation to the various processes relating to credit risk management in the Bank.

The Bank, in accordance with IFRS 9, has developed the ECL lifetime for financial assets as the present value of the difference between the cash flows to which the entity is entitled under the contract, and the cash flows that the entity expects to receive. For assets that are not in default, this principle is equivalent.

The Bank has defined the 12-month ECL as the part of the ECL lifetime that represents the expected cre-

dit losses that result from default events that may occur in the 12 months after the reporting date. For assets in default, the ECL lifetime is obtained through the loss amount given default, depending on the time passed since the asset went into default.

**Significant increase in credit risk**

The stage 2 classification is based on the observation of a significant increase in the level of credit risk. Since the standard does not determine how this significant increase should be measured.

The Bank does not yet have rating and scoring models with the necessary maturity, the stage 2 classification is made based on objective triggers observed based on the available information.

The triggers for significant increase in credit risk are detected through automatic processes, based on information resident in the Bank's information systems. In the case of public debt securities, the Bank considers that a change of two levels in the rating, published by the Moody's rating agency, is evidence of a significant deterioration in the debtor's credit capacity (contamination effect of all the public debt

securities), considering this criterion for the classification of all the exposure in stage 2.

### Inputs in the measurement of ECL

The main inputs used for measuring ECL on a collective basis include the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Discount Rate (DR);
- Credit Conversion Factors (CCF); and
- These parameters are obtained through internal statistical models and other relevant historical data, adjusted to reflect forward-looking information.

DPs are estimated on the basis of a certain historical period and are calculated on the basis of statistical models. These models are based on internal data comprising both quantitative and qualitative factors. If there is a change in the degree of counterparty or exposure risk, the associated PD estimate is also changed.

The degrees of risk are a highly relevant input for determining the PD associated with each exposure. The Bank collects performance and default indicators on its credit risk exposures with analysis by type of client and product.

LGD is the magnitude of loss expected to occur if the exposure goes into default. The Bank estimates LGD parameters based on historical recovery rates after counterparties have defaulted. The LGD models consider the associated collateral and time in default.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in exposure after the reporting date. The Bank derives the EAD values from the counterparty's current exposure and potential changes to the current value allowed under contractual terms, including. For financial commitments and guarantees, the EAD value considers both the credit value used and the expectation of the potential future value that may be used in accordance with the contract (CCF).

### Forward-looking information

According to this new model recommended by IFRS 9, the measurement of expected losses also requires the inclusion of forward-looking information with the inclusion of future trends and scenarios, namely macroeconomic data. Forward-looking information has not been considered in all risk parameters of the expected loss calculation (LGD and EAD). In this scope, the estimates of expected credit impairment losses now include multiple macroeconomic scenarios whose probability will be assessed considering past events, the current situation and future macroeconomic trends.

In this framework, the Bank used a linear regression model to capture the impact of macroeconomic factors with significant influence on the probability of default.

### Financial assets impaired

A financial asset is impaired when one or more events that have a negative impact on the estimated future cash flows of the financial asset have occurred. Financial assets that are credit-impaired are

referred to as stage 3 assets. The Bank has adopted the internal definition of non-performing loans as the criteria for identifying stage 3 loans. The internal definition of non-performing loans is governed by objective and subjective criteria and is used for the Bank's credit risk management.

#### **Purchased or originated impaired financial assets (POCI)**

Financial assets classified as POCI are treated differently since they are in an impaired condition. For these assets, the Bank at the time of their initial recognition in Stage 3, records the asset at the net value of the expected loss.

On subsequent measurement, an ECL is always calculated with a PD lifetime and its variations are recorded against results. The associated interest is calculated by applying the effective interest rate to the net book value of the asset.

#### **Recognition of impairment losses**

The Bank recognises impairment losses for expected credit losses on financial instruments as follows: Financial assets at amortised cost: impairment losses on financial assets at amortised cost reduce the book value of these financial assets against the respective item in the income statement;

Debt instruments at fair value through other comprehensive income: impairment losses for these instruments are recognised in the income statement against other comprehensive income (they do not reduce the carrying amount of these financial assets);

Payables: Impairment losses associated with payables are recognised as a liability, under Provisions for payables against results.

#### **Reversal of impairment**

The analysis and subsequent determination of individual impairment of a Customer with impairment recorded in previous periods may only result in a reversal if the impairment is related to the occur-

rence of an event after initial recognition (e.g. improvement in the quality of the Customer's rating or strengthening of guarantees). The amount of the reversal cannot be greater than the accumulated impairment amounts previously recorded.

#### **Write-off of financial instruments**

Considering the economic nature of the impairment model, which is based on the requirements of the International Accounting Standards and the requirements set out in Notice No. 11/2014 issued by the BNA, which states that loans may be transferred to an off-balance sheet account when the institution considers that, based on available information, the loan in question will be unrecoverable.

In this way the Bank has defined a set of criteria that will be used to identify Customers who, according to this perspective, should be subject to write-offs. Write-off is defined as the derecognition of a financial asset from the Bank's balance sheet. It should be noted that risk contracts and contracts with the Bank's Employees are not subject to write-off.

## 2.6 Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be made by delivering cash or another financial asset to another party, independently from its legal form, showing a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instruments' issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Income from equity instruments (dividends) are recognised when the right to receive this income is established and are deducted to equity

## 2.7 Other tangible assets, excluding leases (which are in Note 2.12)

### Recognition and measurement

Other tangible assets are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the goods.

### Subsequent costs

Subsequent costs are recognised as a separate asset only if it is probable that future economic benefits will result. Expenditure on maintenance and repair is recognised as a cost as it is incurred, in accordance with the accrual principle.

### Depreciation

Depreciation of tangible assets is calculated on a straight-line basis, over the following periods of expected useful life: When there is an indication that an asset may be impaired, IAS 36 - Impairment of

Assets requires that its recoverable amount is estimated and an impairment loss shall be recognised when the net book value of the asset exceeds its recoverable amount. Impairment losses are recognised in the income statement, and are reversed when the facts that gave rise to them cease to exist.

The recoverable amount is determined as the greater of its net selling price and value in use which is based on the net present value of future cash flows arising from the continuing use and ultimate disposal of the asset. As mentioned in Note 2.12, this heading includes assets under right of use arising from lease contracts.

### Derecognition

- a. The carrying amount of an item of property, plant and equipment shall be derecognised: on disposal;
- b. When no future economic benefits are expected from its use or disposal.



The gain, or loss, arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised. The gains/losses shall be classified as “Other results”.

## 2.8 Intangible assets

### Software

The costs incurred with the acquisition of software from third parties are capitalised, as are the additional expenses borne by the Bank necessary for its implementation. These costs are amortised on a straight-line basis over the estimated useful life of the software, which is between 6 and 12 years.

### Expenditure on research and development projects

Costs that are directly associated with the development of identifiable specific software applications and that will probably generate economic benefits beyond one year, are recognised as intangible assets.

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

### Impairment

The recoverable value of intangible assets is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable amount and the book value. Impairment losses identified are recognised in the income statement, and are subsequently reversed through the income statement if the estimated losses decrease, in a later period. The recoverable amount is determined based on the estimated revenues in the Bank’s Business Plan, being these cash flows discounted at a discount rate of the Angolan State issues for the considered period of years of the future flows.

	Number of years
Buildings	8 a 50
Transport	3 a 5
Furniture and materials	4 a 8
Machinery and tools	4 a 5
Computer equipment	4 a 8
Indoor facilities	1 a 10
Security equipment	1 a 8
Improvements to leasehold properties	5 a 8

## 2.9 Repurchase agreements

Securities sold with a repurchase agreement (repos) for a fixed price or for a price which is the same as the sale price plus interest inherent to the maturity of the operation are not known from the balance sheet. The corresponding liability is recorded under amounts payable to other credit institutions or to Customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Securities purchased under agreements to resell (reverse repos) at a fixed price or at the purchase price plus a lender’s return 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 purchase and resale price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent under borrowing agreements are not derecognised from the balance sheet but are classi-

fied and valued in accordance with the accounting policy described in Note 2.4 Securities received under borrowing agreements are not recognised in the balance sheet.

## 2.10 Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for in the Bank's individual financial statements using the equity method of accounting less any impairment losses.

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to variability of returns from its involvement with this entity and can take possession of them through the power it holds over the relevant activities of that entity (de facto control).

Associates are entities over which the Bank has significant influence, but not control over its financial and operating policies. The Bank is presumed to have significant influence when it holds the power to exercise more than 20% of the associate's voting rights. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is presumed that the Bank

does not have significant influence, except where such influence can be clearly demonstrated.

The existence of significant influence by the Bank is normally demonstrated in one or more of the following ways:

- a. Representation on the Board of Directors or equivalent governing body;
- b. Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- c. Material transactions between the Bank and the subsidiary;
- d. Exchange of management personnel; and
- e. Provision of essential technical information.

### Impairment

The recoverable value of investments in subsidiaries and associates is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable amount of the investments in subsidiaries or associated companies and their book value. Impairment

losses identified are recognised in the income statement and are subsequently reversed through the income statement if the estimated losses decrease, in a later period.

## 2.11 Non-current assets held for sale and discontinued operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with their respective liabilities that include at least a non-current asset) and discontinued operations are classified as held for sale when it is intention to sell the referred assets and liabilities and the assets or groups of assets are available for immediate sale and its sale is highly probable (within a year). The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable (within one year).

Immediately before classification as held for sale, the measurement of all non-current assets and all assets and liabilities included in a disposal group, is

performed in accordance with the applicable IFRS. After their reclassification, these assets or groups of assets are measured at the lower of cost and fair value less costs to sell.

Discontinued operations and subsidiaries acquired exclusively for the purpose of selling in the short term are consolidated until they are sold.

The Bank also classifies as non-current assets held for sale, properties held for credit recovery, which are initially measured at the lower of their fair value net of selling costs and the book value of the loan at the date when the property was given away or judicially auctioned.

Fair value is based on market value (level 2), which is determined based on the expected sale price obtained through periodic valuations performed by the Bank.

The subsequent measurement of these assets is made at the lower of their book value and the corresponding fair value, net of selling costs, and they are not subject to depreciation. If there are unreali-

sed losses, these are recorded as impairment losses against results for the year.

## 2.12 Leases

In accordance with IFRS 16: (i) in the position of lessee, the standard introduces a single model for accounting, with the recognition of right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments; (ii) in the position of lessor, the accounting remains identical to existing accounting policies, and leases can be classified as finance leases or operating leases.

The Bank has adopted IFRS 16 using the Modified Retrospective approach, therefore there has been no impact on the net position as there are no differences between the right to use the asset and the lease liability at the time of initial recognition on 1 January 2019.

### Rental definition

The Bank assesses whether a contract is, or contains, a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to use an identified asset (the underlying asset) for a certain period of time in exchange for consideration.

At the inception or revaluation date of a contract containing a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component based on their individual relative price. However, for leases in which the entity is a lessee, it has elected not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

### As a Tenant

From the lessee's perspective, the Bank leases a number of properties used for the Bank's branches and central services. As a lessee, the Bank previously classified leases as either operating leases or finance leases, based on the overall assessment

of whether the lease transfers substantially all the risks and rewards associated with ownership of the underlying assets. The Bank presents right-of-use assets under "other tangible assets", i.e. in the same line item as the underlying assets of the same nature it owns, presenting the lease liabilities under "other liabilities" in the Balance Sheet.

The Bank recognises a right-of-use asset and a lease liability at the commencement date of the lease.

#### **Assets under right of use**

Assets under right-of-use are initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liability. Assets under right of use are depreciated from the inception to the end of the useful life of the underlying asset, or to the end of the lease term if shorter.

#### **Lease liabilities**

Lease liabilities are initially measured at the present value of lease payments to be paid over the lease term, discounted at the implicit lease rate or, if the rate cannot be readily determined, the Bank's incremental funding rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made.

It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be paid under a residual value guarantee, or if appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

#### **Determining the lease term of contracts**

The Bank has applied judgment to determine the lease term of certain contracts, in which it is in the position of lessee, and which include renewal and termination options. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if reasonably certain to be exercised, or any periods covered by an option to terminate the lease if reasonably certain not to be exercised. This assessment will impact the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognised.

#### **As a landlord**

When the Bank acts as lessor, at the inception of the lease it determines whether it should be classified as an operating lease or a finance lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If the lease transfers

substantially all the risks and rewards incidental to ownership of the underlying asset, it is classified as a finance lease; if not, it is classified as an operating lease. As part of this evaluation, the Bank considers several indicators, such as whether the lease is for the greater part of the economic life of the asset.

Financial leasing contracts are recorded in the balance sheet as loans granted for the value equivalent to the net investment made in the leased assets, together with any estimated unguaranteed residual value. Interest included in the rentals charged to Customers is recorded as income while repayments of principal, also included in the rentals, is deducted from the value of the loan granted to Customers. The recognition of interest reflects a constant periodic rate of return on the lessor's remaining net investment.

If a contract contains both lease and non-lease components, the Bank will apply IFRS 15 to allocate the contractual amounts.

The Bank recognises that and payments made by the Bank under operating lease contracts are recorded as costs in the periods to which they relate, when applicable.

## 2.13 Taxes

Income tax recognised in the income statement includes current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised in equity, which implies its recognition in equity. Deferred taxes recognised under equity stemming from the revaluation of assets at fair value through other comprehensive income and cash flow hedging derivatives are subsequently recognised in the income statement at the moment the gains and losses that originated them are recognised in the income statement.

### Current Tax

Current tax corresponds to the amount determined in relation to taxable income for the period, using the tax rate in force or substantially approved by the authorities on the balance sheet date, and any

adjustments to tax payable in respect of previous years.

Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

With the publication of Law no. 19/14, of 22 October, which came into force on 1 January 2015, the Industrial Tax is subject to provisional assessment in a single instalment to be made in the month 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 Investment Tax ("CIT"), regardless of the existence of taxable income in the year.

According to the legislation in force, industrial and other tax returns may be subject to revision and correction by the tax authorities within five years of the year to which they relate.

Law 26/20 of 20 July has increased the rate of Business Income Tax for activities in the banking sector from 30% to 35%. On the other hand, the referred Law creates rules with relevant impacts on the determination of taxable profit, such as: (i) exclusion from the tax relevance in the calculation of taxable profit of income and costs with unrealised exchange differences; (ii) provisions constituted on guaranteed loans, except in the uncovered part, will no longer be accepted as deductible costs. The assumptions for the application of the above rules in determining taxable profit are described in Note 3.5.

### Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of goodwill, which is not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the future.

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

The Bank, in accordance with IAS 12 - Income Taxes, offsets deferred tax assets and liabilities whenever: (i) it has a legally enforceable right to set off current tax assets and current tax liabilities; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which

the deferred tax liabilities or assets are expected to be settled or recovered.

With the amendment of the Industrial Tax Code, for the purposes of calculating the estimated tax, the following assumptions were adopted in accordance with the understanding and information available as at 31 December 2020: Unrealised exchange rate variations:

- Potential changes associated with securities, Credits and other assets, denominated in foreign currency without associated settlements during the year.
- Potential changes associated to subordinated liabilities.

Impairment losses recognized during the year in the amount exceeding the net credit amount from real guarantees obtained the assumptions made by the Bank in determining income tax for the year and deferred taxes are still subject to confirmation by the General Tax Authority.

Deferred taxes are calculated based on the tax rates expected to be in force on the date of reversal of the temporary differences, which correspond to the rates approved or substantially approved on the statement of financial position date. Therefore, for the years ended 31 December 2020 and 2019, deferred tax was, in general terms, calculated based on a rate of 35% and 30%, respectively.

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

### Capital Investment Tax (CIT)

○ Presidential Legislative Decree no. 2/14, of 20 October, in force since 19 November, revised and introduced several legislative amendments to the CIT Code, following the Tax Reform project. The CIT is generally levied on income from the Bank's financial investments, with the rate varying between 5% and 15%.

Additionally, under the terms of the Industrial Tax Code, the CIT itself is not accepted as a deductible expense for the purposes of calculating taxable

income (article 18), and, on the other hand, income subject to CIT will be deducted from taxable income. Special Contribution on Foreign Exchange Transactions on Current Invisibles.

### Special Contribution on Foreign Exchange Transactions on Current Invisibles

A The Special Contribution on Foreign Exchange Transactions on Current Invisibles, whose legal regime is established in Law no. 3/2018 of 1 March - General State Budget Law 2018, is levied, at a rate of 10%, on transfers made under foreign technical assistance or management service provision contracts, governed by the provisions of the respective Regulation, approved by Presidential Decree no. 273/11, of 27 October, amended by Presidential Decree no. 123/13, of 28 August. With the entry into force of the law approving the General State Budget for the year 2021 (Law no. 42/20 of 31 December), the CEOCIC was abolished.

### Taxes on wealth

#### Urban Property Tax ("UPT") / Property Tax ("PT")

Eln 2020, the Urban Property Tax ("UPT") was in force until August 8, since, on that date, the new Property Tax Code ("PTC"), approved by Law no. 20/20, of July 9, came into force. In this context, until August 8, 2020, the UPT was levied at a rate of 0.5% on the asset value of the Bank's own real estate intended for the development of its normal activity (greater than Kz 5,000), being considered the asset value the higher of the assessed value of the real estate and the acquisition value. In turn, with the entry into force of the new PTC, three scales of rates are provided for urban property (0,1%, Kz 5 000 000 and 0,5% above Kz 5 000 000, for properties with patrimonial value up to Kz 5 000 000, between Kz 5 000 000 and Kz 6 000 000 and above Kz 6 000 000, respectively) and specific rates applicable to land for construction (0,6%) and rural property (sum of hectares).

Regarding the properties leased by the Bank, as lessee, until August 8, 2020, the UPT Code was in force, under which the Bank withholds the tax due,

at the effective rate of 15%, on the payment or delivery of rents related to leased properties. The new PT Code, approved by Law 20/20 of 9 July, did not foresee any changes to the rule in question.

### **SISA and PT on Gratuitous or Onerous Transfers of Real Estate Assets**

Under the terms of Legislative Decree no. 230, of 18 May 1931 and the amendments introduced by Law no. 15/92, of 3 July and Law no. 16/11, of 21 April, the SISA is levied on all acts which involve the perpetual or temporary transfer of property of any value, kind or nature, whatever the denomination or form of the title (v.g, acts which imply the transfer of improvements to rural or urban property, the transfer of real estate property through donations with contributions or pensions or the transfer of real estate property through donations), at a rate of 2%. The SISA remained in force until 8 August 2020, having been revoked, in respect of the part concerning the transfer of immovable property, with the approval of the Property Tax Code ("PTC"), by Law no. 20/20, of 9 July. Pursuant to the PTC, Property Tax on the free or remunerated transfer of immo-

vable property is levied at a rate of 2% on the free or remunerated transfer of the right of ownership or parcels of this right, namely the usufruct, surface right and easement, including acquisitions by *usu-capiao*, on immovable property.

### **Other taxes**

#### **Value Added Tax ("VAT")**

The Value Added Tax ("VAT") Code, approved by Law No. 7/19 ("Law 7/19"), published in the Official Gazette on 24 April 2019, and amended by Law No. 17/19 of 13 August 2019, has introduced a new consumption tax into Angolan legislation, which came into force on 1 October 2019. In effect, the VAT revoked and replaced the Consumption Tax that until then was in force in the Angolan legal system.

The Bank, as a taxpayer registered with the Tax Department of Large Contributors, has been subject to the general VAT system since the introduction of VAT, and is obliged to comply with all the rules and reporting obligations laid down in this area.

As a general rule, commissions and expenses charged for services provided by the Bank (in lieu of Stamp Duty) are subject to VAT at a rate of 14%.

The remaining financial intermediation operations are exempt from VAT, to which Stamp Duty will continue to be applied, when due.

In this sense, since the Bank is a taxpayer that carries out both taxed and exempt transactions, it also has restrictions on the right to deduct VAT paid to suppliers, so the Bank deducts the tax by applying the methods provided for in current legislation - except VAT on expenses expressly excluded from the right to deduct. In accordance with current legislation, the periodic VAT returns may be subject to review and correction by the tax authorities within five years of the year to which they relate. The Bank is also subject to indirect taxes, namely customs duties, stamp duty, consumption tax and other taxes.

#### **Tax substitution**

Within the scope of its activity, the Bank assumes the role of substitute taxpayer, making withholding tax for third parties, which is subsequently delivered to the State. Investment Income Tax ("IIT")

In accordance with Presidential Legislative Decree No. 2/14 of 20 October, the Bank withholds IIT at



the rate of 10% on interest on term deposits paid to Customers.

### Stamp Duty

In accordance with Presidential Legislative Decree 3/14 of 21 October, the Bank is responsible for the payment and delivery of Stamp Duty due by its Customers on the majority of banking operations (e.g. financing, collection of interest on financing, among others), and the Bank proceeds with the payment of the tax, in accordance with the rates established in the Stamp Duty Table.

### Industrial Tax

In accordance with the provisions of Article 67 of Law 19/14 of 22 October, amended by Law 26/20 of 20 July, the provision of services of any nature provided by taxpayers with effective management or permanent establishment in Angola are subject to taxation by withholding at a rate of 6.5%.

In turn, in accordance with the provisions of articles 71 and following of Law no. 19/14, of 22 October, amended by Law no. 26/20, of 20 July, the provision of services of any nature provided by taxpayers without head office, effective management or per-

manent establishment in Angola, which carry out service provision activities of any nature without effective management or permanent establishment in Angola, are subject to Business Income Tax, by withholding at source, at a rate of 15%. In the case of payments for services made to entities resident in Portugal and the United Arab Emirates, there is the possibility of applying Double Taxation Agreements ("DTA") and, as such, it may be possible to apply a lower rate of withholding tax.

## 2.14 Employee benefits

### Provision for holiday pay and holiday bonus

The General Labour Law determines that the amount of holiday allowances payable to Employees in a given year is a right acquired by them in the immediately preceding year. Consequently, the Bank records in the accounts for the year the amounts relating to holidays and holiday allowances payable in the following year, and untaken holidays payable if the Employee leaves.

### Credit to Employees

In accordance with IFRS 9 - Financial Instruments, all financial instruments should be recorded at fair value when they are recognised in the Statement of Financial Position. The Bank calculates the fair value of loans and advances to Employees and, for this purpose, determines the market interest rate that the Bank is using at the moment that the loan is granted to the Employee. Since the market interest rate is higher than the one the Employee has, the fair value of his credit will be lower than its nominal value, so its value on the Statement of Financial Position has to be adjusted to reflect the fair value (at the date of granting).

Considering the provisions of IAS 19 - Employee Benefits this benefit (below market interest rate) should be part of the Employee's remuneration. Therefore, the amount resulting from the difference between the nominal value (amount disbursed) and the fair value of the loan is recognised under the other assets heading (against the reduction in the value of the loan granted) and is then recognised in the income statement under the staff costs heading during the shorter of (i) the duration of the loan or

(ii) the number of years between the loan granting date and the legal date when the Employee retires.

### Short-term Employee benefits

Short-term Employee benefits are recognised as a cost when the related service has been rendered. A liability is recognised for the amount expected to be settled if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the Employee and this obligation can be reliably estimated. Variable remuneration paid to Employees and directors The Bank attributes variable remuneration to its Employees and directors as a result of their performance (performance bonuses). The variable remuneration paid to Employees and directors is charged to the income statement in the year to which it relates.

### Pensions - defined contribution plan

For defined contribution plans, the liability related to the benefit attributable to the Bank's Employees is recognised as an expense in the year when due.

Prepaid contributions are recognised as an asset if a refund or reduction of future payments is available.

## 2.15 Provisions

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

The measurement of provisions takes into account the principles defined in IAS 37 regarding the best estimate of the expected cost, the most probable outcome of the actions in progress and taking into account the risks and uncertainties inherent to the process.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate, being reversed against results in the proportion of the payments that are not probable.

Provisions are derecognised through their use for the obligations for which they were initially set up or in cases where these are no longer observed.

## 2.16 Revenue

### Recognition of Interest

Results referring to interest from asset and liability financial instruments measured at amortised cost are recognised under interest and similar income or interest and similar charges (net interest income), using the effective interest rate method. Interest at the effective rate on financial assets at fair value through other comprehensive income is also recognised in Net interest income as well as on financial assets and liabilities at fair value through profit and loss.

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

In determining the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (for example, prepayment options) 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 and loss. Interest and similar income includes interest income arising from financial assets for which an impairment loss was recognised.

Interest on financial assets classified in Stage 3 is calculated using the effective interest rate method applied to the net book value.

When the asset ceases to be included in Stage 3, interest is calculated on the basis of the gross balance sheet value.

For originated or acquired credit-impaired financial assets (POCIs) the effective interest rate reflects the expected credit losses in determining the expected future cash flows receivable from the financial asset.

#### **Recognition of income from services and commissions**

Income from services and commissions is recognised as revenue from contracts with Customers to the extent that the performance obligations are

satisfied: (i) Fees and commissions earned on the execution of a significant act, such as fees on loan syndication, are recognised in profit or loss when the significant act has been completed; (ii) Fees and commissions earned as services are provided are recognised in profit or loss in the year to which they relate; (iii) Fees and commissions that are an integral part of the effective interest rate of a financial instrument are recognised in profit or loss using the effective interest rate method.

#### **Dividend recognition**

Dividends (income from equity instruments) are recognised when the right to receive their payment is established.

### **2.17 Results from financial operations**

The results from financial operations include gains or losses generated by financial assets and liabilities at fair value through profit and loss, namely from the trading portfolios and other assets and liabilities at fair value through profit and loss, including embe-

ded derivatives and dividends associated to these portfolios.

These results also include the gains/losses obtained on the sales of financial assets at fair value through other comprehensive income and investments at amortised cost. Changes in the fair value of derivative financial hedging instruments and hedged instruments, when applicable to fair value hedge relationships, are also recognised here.

### **2.18 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 "Deposits with banks".

### **2.19 Financial Guarantees and Commitments**

Financial guarantees are contracts that oblige the Bank to make specific payments in order to reimburse the holder for a loss incurred because a debtor fails to meet a payment. Commitments are

firm commitments to provide credit under pre-terminated conditions. Liabilities arising from financial guarantees or commitments given to provide a loan at an interest rate below market value are initially recognised at fair value, with the initial fair value being amortised over the lifetime of the guarantee or commitment. Subsequently the liability is recorded at the higher of the amortised value and the present value of any expected settlement payment.

## 2.20 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of treasury shares held by the Bank.

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

If the earnings per share are changed as a result of an issue at premium or discount or other event that

changes the potential number of ordinary shares or as a result of changes in accounting policies, the earnings per share for all presented periods are adjusted retrospectively.

## Note 3 Main Estimates and Judgements used in preparing the Financial Statements

IFRS establish a series of accounting treatments and require the Board of Directors to make judgements

The main accounting estimates and judgements used in the application of the accounting principles by the Bank are presented in this Note, with the purpose of improving the understanding of how their application affects the reported results of the Bank and its disclosure. A broad description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Because in many cases there are alternatives to the accounting treatment chosen by the Board of Directors, the Bank's reported results would differ if a different treatment were chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present the Bank's financial position and results fairly, in all material respects.

### 3.1 Impairment of financial assets held for sale and fair value through other comprehensive income

The Bank reviews its financial instruments periodically in order to assess the existence of impairment losses, as described in the accounting policy described in Note 2.

The evaluation process in order to determine if an impairment loss should be recognised is subject to diverse estimates and judgements. This process includes factors such as probability of default, risk ratings, value of associated collateral, recovery rates and estimates of both the timing and future cash flows. Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the income statement of the Bank. In the case of public debt securities, the Bank follows directive no. 13/DSB/DRO/2019, considering for the purpose i) Probability of default (PD) at 12 months for the rating notation of Angola published in the Moody's study applicable to the year in question; and ii) Loss given default ("LGD") asso-

ciated with the sovereign default events verified, as indicated in that study.

### 3.2 Fair value of derivatives and other financial assets and liabilities valued at fair value

Fair values are based on listed market prices if available; otherwise fair value is determined either by dealer price quotations (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions, time value, yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value. Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results from the ones reported.

### 3.3 Impairment losses on loans and advances to Customers

The Bank reviews its loan portfolios periodically in order to assess the existence of impairment losses, as described in the accounting policy described in Note 2.3 and 2.4.

The process of evaluating the loan portfolio in order to determine if an impairment loss should be recognised is subject to numerous estimates and judgements. This process includes factors such as the probability of default, risk ratings, value of collateral associated to each transaction, recovery rates and estimates of both the future cash flows and timing of collection, as alternative methodologies and/or the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the income statement of the Bank.<sup>4</sup> allows adequately reflecting the risk associated to its portfolio of loans and advances to Customers, taking into account the rules defined by IFRS 9.

### 3.4 Impairment losses on other financial assets at amortised cost

The Bank reviews its financial assets periodically in order to assess the existence of impairment losses. This process includes factors such as the probability of default, risk ratings and the probability of recovery assigned by the Bank.

Alternative methodologies, assumptions and estimates could result in a different level of impairment losses with a consequent impact in the income statement of the Bank.

It should be noted that for the GENSA Asset Transfer Operation, the Bank uses the difference between the book value of the operation and its recoverable value to calculate impairment.

### 3.5 Income taxes

The Bank is subject to an Industrial Tax, being considered a Group A payer.

Income tax is recognised in the profit and loss for the period, except where the transactions giving

rise to it have been carried in other shareholders' equity items. In these situations, the corresponding tax is also reflected against equity, not affecting the result for the year.

The calculation of the current tax estimate for the year ended 31 December 2021 was calculated in accordance with Law 26/20, of 20 July, being the applicable tax rate of 35%, while tax returns are subject to review and correction by the tax authorities for a period of five years, which may extend to ten years, and may result, due to different interpretations of tax law, in possible corrections to the taxable income. In turn, tax losses determined in a given year, as provided for in the Industrial Tax Code, may be deducted from the taxable profits of the following 5 years.

In order to determine the global amount of income tax, it was necessary to make certain interpretations and estimates. There are several transactions and calculations for which the determination of taxes payable is uncertain during the normal business cycle, with emphasis on the aspects set out in

Note 2.12, resulting from the new wording of Law no. 26/20, 20 July, namely (i) costs/income with potential/realised currency valuations, (ii) costs/income with potential/realised currency valuations, (iii) costs/income with potential/realised currency valuations, and (iv) the income tax payable. There are several transactions for which the determination of taxes payable is uncertain during the normal business cycle, namely, (i) costs/income with potential/realised currency valuations, (ii) costs with impairment losses on credits with guarantee and (iii) costs with property tax, as well as the assumptions made by the Bank in determining income tax for the year and deferred taxes, which are still subject to ratification by the Autoridade Geral Tributária.

Deferred taxes are calculated based on the tax rates expected to be in force on the date of reversal of the temporary differences, which correspond to the approved or substantially approved rates on the balance sheet date. Therefore, for the years ended 31 December 2020 and 2019, deferred tax was, in general terms, calculated based on a rate of 35% and 30%, respectively.

According to the understanding of the Board of Directors on the requirements set out in IAS 12, deferred tax liabilities should be recognised in full, whereas the recognition of a deferred tax asset should only be recognised if it is certain that future taxable income will be sufficient to allow the benefit of the loss to be realised. In this sense, the Bank, calculated deferred tax assets up to the limit of the deferred tax liabilities, having these amounts been presented in the financial statements in an offsetting way.

Other interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the year or in an analysis of their recoverability.

### 3.6 Rentals

The relevant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the last reported financial statements, except for the new judgements related to

accounting as a lessee for leases under IFRS 16.

For contracts in which it is in the position of lessee and which include extension and termination options, the Bank determines the lease term as the non-cancellable period during which it has the right to use an underlying asset, together with the periods covered by an option to extend the lease if there is a reasonable certainty of exercising that option and the periods covered by a termination option if there is a reasonable certainty of not exercising that option. The assessment of whether or not the Bank will exercise such options will impact the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognised.

In measuring lease liabilities the Bank discounts payments using its incremental borrowing rate.

Accordingly, the Bank used as the discount rate, at the transition date, as an approximation the interest rate on 3-year non-adjustable treasury bonds (23%) for non-indexed rents, while for indexed rents it used the interest rate on 7-year indexed treasury bonds (5.50%).

### 3.7 Impairment of non-financial assets

Determining the recoverable amount of these assets (tangible and intangible fixed assets, real estate, among others) involves projections of future cash flows (essentially net interest income, income, personnel costs and other operating expenses) and, in other cases, obtaining valuations from expert appraisers. These projections involve a high level of uncertainty and volatility and are particularly sensitive to macroeconomic conditions and regulatory aspects.

### 3.8 Provisions

Provisions require a high level of judgment, both in terms of their recognition (probability of outflow of resources) and in terms of the determination of the best estimate of the amounts necessary to settle the corresponding liability. To this end, the Bank uses legal advisors and these estimates are reviewed regularly.

Estimates used are based on the best information available during the preparation of financial state-

ments and are based on the best knowledge of past and present events. Although future events are neither controlled by the Company nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the date of these financial statements, will be recognised in net income, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", using a prospective methodology.

## Note 4 Cash and Deposits with Central Banks

The amount of this account, is composed of:

Description	(thousands Kwanzas)	
	31-12-2021	31-12-2020
<b>Treasury</b>		
Amounts in treasury		
In Angolan currency	4 016 974	9 780 956
In United States Dollars	360 243	1 377 318
In other currencies	170 692	1 117 683
Amounts in transit		
In local currency	199 983	1 071 199
In other currencies	-	50
	<b>4 747 892</b>	<b>13 347 206</b>
<b>(BNA):</b>		
In local currency	44 061 941	87 327 848
In other currencies	42 415 247	63 773 267
	<b>86 477 188</b>	<b>151 101 115</b>
Impairment losses	(107 276)	(855 610)
	<b>91 117 804</b>	<b>163 592 711</b>





The Cash and deposits with the Central Bank account represents the balances from the mandatory minimum reserves system in force in Angola on the Balance Sheet date and consists of non-interest-bearing deposits at the BNA.

On 31 December 2021, these reserves are established in accordance with Directive no. 05/DMA/2021, Directive no. 07/DMA/2021, and BNA Instruction no. 02/2021, while on 31 December 2020, the mandatory reserves were established in accordance with the provisions of Instruction no. 16/2020 and Directive no. 04/DMA/2020.

Compulsory reserves are made up in Angolan Currency and in Foreign Currency according to the respective denomination of the liabilities that form their basis of incidence.

In this context, the BNA, through its letter 480/DSB/21, of 11 August 2021, granted authorisation for non-compliance with the respective requirements in the component required by Directive no. 07/DMA/2021 in Foreign Currency (5% increase between 2020 and 2021).

2021	Basis Assessment	Calculation	Domestic currency	Foreign currency
	Central Government, Local Government and Municipal Administration	Daily	22%	100%
Other sectors	Weekly	22%	22%	

2020	Basis Assessment	Calculation	Domestic currency	Foreign currency
	Central Government, Local Government and Municipal Administration	Daily	22%	100%
Other sectors	Weekly	22%	17%	

With reference to 31 December 2021, the Bank is not complying with the requirements in Foreign Currency as permitted by the BNA, although it is the Bank's expectation that with the implementation of the recapitalisation measures, this situation will be regularised (See note 37).

Compliance with the required reserves, for a given weekly observation period, is achieved by taking into account the average value of Customer deposit balances, among others, with the Bank during that period.

According to Directive 07/DMA/21, the obligatory reserves in Foreign Currency can be met with a)

Treasury Bonds in Foreign Currency belonging to the own portfolio of the Banking Financial Institution, registered in SIGMA, referring to the special issue of 10 December 2015, up to 50% of the effective demandability; and b) Balance of the deposit account in Foreign Currency, opened at Banco Nacional de Angola on behalf of each Banking Financial Institution, less the corresponding 100% (one hundred percent) of the deposits on behalf of the Central Government kept in the books of the Banking Financial Institution.

Although the Bank has no securities from the special issue referred to above, the Bank considers that the Foreign Currency securities held as per Note 9,

are eligible for compliance with the required reserves with reference to 31 December 2021.

The total amount due amounts to Kz 267,579,504 thousand, 39% of which is being honoured with Treasury Bonds in Foreign Currency.

It should be noted that the Bank has changed its impairment policy, recognising, as from 2020, impairment of cash and cash equivalents with Banco Nacional de Angola, in accordance with IFRS 9.

The movements occurring in impairment losses are detailed as follows:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Opening balance	855 610	-
Charge for the year	-	855 610
Reversals	(748 334)	-
Foreign exchange changes	-	-
	<b>107 276</b>	<b>855 610</b>

The amount regarding the impairment reduction results from the reduction of the gross exposure to mandatory reserves with the National Bank of Angola, combined with the reduction of the credit risk of the Angolan State through the upgrade of its rating and in line with the policy described in note 2.4.



## Note 5

# Deposits with other Credit Institutions

The amount of this account, is composed of:

The decrease in Cash and Deposits at Other Credit Institutions, in other currencies, was due to two combined effects: (i) the Bank's outflow of liquidity, resulting from the Bank's Recapitalisation and Restructuring process, which led to an outflow of Customers' funds (Note 18) and (ii) the exchange rate effect resulting from the appreciation of the Kwanza against foreign currencies, which decreased the value of these assets in Angolan currency.

The amount deposits in Other credit institutions refers to operations pending settlement at the balance sheet date and sent for collection in the first working days after the reference date.

The amount for impairment reduction results from the reduction of gross exposure in Demand Deposits in Other Credit Institutions, combined with the reduction of credit risk of Angola through the upgrade of the public debt. The movements occurred in impairment losses are detailed as follows:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Demand deposits:		
Em other currencies	20 149 628	80 535 700
	20 149 628	80 535 700
Other assets		
Clearance of checks and other papers	30 200	34 938
Other operations pending settlement	710 450	502 863
	740 650	537 801
<b>Deposits with other credit institutions</b>	<b>20 890 278</b>	<b>81 073 501</b>
Impairment losses	(31 707)	(353 827)
<b>Total deposits with other credit institutions</b>	<b>20 858 571</b>	<b>80 719 674</b>

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Opening balance	353 827	145 358
Charge for the year	-	208 469
Reversals	(322 120)	-
Foreign exchange changes	-	-
	<b>31 707</b>	<b>353 827</b>

The amount of impairment reduction results from the reduction of exposure to deposits in other institutions, together with the reduction of credit risk of some counterparties and in line with the policy described in Note 2.5.

## Note 6

# Loans and Advances to Central Banks and other Credit Institutions

The amount of this account, is composed of:

Description	(thousands Kwanzas)	
	31-12-2021	31-12-2020
<b>Loans and advances to local credit institutions</b>		
Interbank money market	-	10 718 091
	-	10 718 091
<b>Applications in foreign credit institutions</b>		
Interbank money market	43 289 243	46 472 559
	43 289 243	46 472 559
<b>Loans and advances to credit institutions</b>	<b>43 289 243</b>	<b>57 190 650</b>
Impairment losses	(835 309)	(922 365)
<b>Total Loans and advances to credit institutions</b>	<b>42 453 933</b>	<b>56 268 285</b>

The amount of loans and advances to credit institutions includes accrued interest receivable calculated on the Balance Sheet date.

As at 31 December 2021 and 2020, loans and advances to central banks and other credit institutions are broken down by residual maturities as follows:

(thousand Kwanzas)		
Description	31-12-2021	31-12-2020
Up to 3 months	32 189 730	57 190 650
3 months to one year	11 099 513	-
	<b>43 289 243</b>	<b>57 190 650</b>

Loans and advances to central banks and other credit institutions abroad as at 31 December 2021, earned interest at the weighted average rate of 0.10% (2020: 0.34%). These are the rates in markets where the Bank operates. At year end, the Bank had no money market applications in the country (2020: 5.18%).

The movements occurred in impairment losses in Loans and advances to central banks and to other credit institutions are detailed as follows:

(thousands Kwanzas)		
Description	31-12-2021	31-12-2020
Opening balance	922 366	2 560 523
Charges for the year	835 309	923 140
Reversals	(922 365)	(2 560 523)
Foreign exchange changes	-	(774)
	<b>835 310</b>	<b>922 366</b>

It should be noted that the Bank determines the impairment of financial counterparties based on the external rating disclosed by the rating agencies, adjusting the level of risk attributed to the maturity of the operations in relation to each reference date.

## Note 7

# Financial Assets at Fair Value through Profit or Loss

The amount of this account, is composed of:

(thousands Kwanzas)		
Description	31-12-2021	31-12-2020
<i>Financial assets at fair value through profit or loss</i>		
<b>Debt instruments</b>		
Public debt	1 531 032	1 409 690
	<b>1 531 032</b>	<b>1 409 690</b>

During 2021, the Bank maintained a stable portfolio, the variation being due to the acquisition of a number of new bonds.

As at 31 December 2021 and 2020, the breakdown of Financial assets at fair value through profit or loss by residual maturity is as follows:

(thousands Kwanzas)		
Description	31-12-2021	31-12-2020
Up to 1 year	950 102	-
From 1 to 5 years	580 930	1 409 690
	<b>1 531 032</b>	<b>1 409 690</b>

In accordance with IFRS 13, financial assets measured at fair value through profit or loss are measured according to the valuation levels described in Note 35. At 31 December 2021 and 2020, all assets were classified as level 2 in accordance with the fair value hierarchy. At 31 December 2021 and 2020, financial assets at fair value through profit or loss had the following characteristics:

(thousands Kwanzas)

31-12-2021										
Entity	Quantity	Average weighted interest rate	Fair value at acquisition	Accrued interest	Foreign Exchange changes	Nominal Value	Currency	Market value unitary	Changes in Fair Value	Total Value
<i>Public Debt Securities</i>										
Non-indexed treasury bonds with fixed	rate15 100	16,25%	1 493 794	99 378	-	1 510 000	AOA	101 393	(62 140)	1 531 032
	15 100								(62 140)	1 531 032

(thousands Kwanzas)

31-12-2021										
Entity	Quantity	Average weighted interest rate	Fair value at acquisition	Accrued interest	Foreign Exchange changes	Nominal Value	Currency	Market value unitary	Changes in Fair Value	Total Value
<i>Public Debt Securities</i>										
Indexed treasury bonds with fixed rate	14 555	16,27%	1 439 000	70 180	-	1 439 000	AOA	96 853	(99 490)	1 409 690
	14 555								(99 490)	1 409 690

## Note 8

# Financial Assets at Fair Value through other Comprehensive Income

The amount of this account, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<i>Financial assets at fair value through other comprehensive income</i>		
Equity instruments		
Acquisition cost	123 051	133 018
Variations Fair Value	29 700	29 700
	<b>152 751</b>	<b>162 718</b>

At 31 December 2021 and 2020, financial assets at fair value through other comprehensive income have the following characteristics:

Detailed by entity

Entity	Currency	% of capital	Acquisition value	Changes at fair value	(thousand Kwanzas)	
					Book value 31-12-2021	Book value 31-12-2020
EMIS (Shares)	AOA	2,58%	98 298	29 700	127 998	133 271
EMIS (Supplementary benefits)	AOA	n.a	7 147	-	7 147	7 147
BVDA (Shares)	USD	n.a	-	-	-	-
SWIFT (Shares)	EUR	n.a	17 606	-	17 606	22 300
			<b>123 051</b>	<b>29 700</b>	<b>152 751</b>	<b>162 718</b>

## Note 9

# Investments at Amortised Cost

The amount of this account, is composed of:

(thousand Kwanzas)		
Description	31-12-2021	31-12-2020
<i>Investments at amortised cost</i>		
<b>Debt instruments</b>		
Public debt	130 956 494	224 681 954
	<b>130 956 494</b>	<b>224 681 954</b>
Impairment	(1 943 132)	(23 869 591)
	<b>129 013 362</b>	<b>200 812 363</b>

At 31 December 2021 and 2020, the Bank recorded under the heading Investments at amortised cost - Public debt instruments, securities in the net amount of Kz 16,175,263 thousand (2020: Kz 12,397,754 thousand) resulting from recognition at fair value at the initial moment, which presented contractual conditions objectively below normal market conditions at the date of their entry into the Bank's assets.

The initial fair value calculation was based on a model adopted in the Asset Quality Assessment ("AQA") exercise, corresponding to the discount of future cash flows based on the risk-free interest rate (the United States of America bonds were considered for the residual maturity closest to the residual maturity, source U. S. Department of the Treasury, plus the Angola risk premium (source information provided by the author Aswath Damodaran) adjusted by the inflation difference between Angola and the United States of America (source Monetary Fund).S. Department of the Treasury), added of Angola's risk premium (source information made available by the author Aswath Damodaran) adjusted of the inflation difference between Angola and the United States of America (source Monetary Investment Fund - World Economic Outlook).

Additionally, during 2021, as well as in 2020, a set of securities totalling USD 100 million reached maturity, which were used to settle an instalment of the subordinated liability with Novo Banco, with the remainder being used for foreign exchange and liquidity operations.

At 31 December 2021 and 2020, the breakdown of Investments at amortised cost by residual maturities is as follows:

(thousand Kwanzas)		
Description	31-12-2021	31-12-2020
Up to 3 months	-	2 482 744
3 months to 1 year	56 592 674	72 268 309
1 to 5 years	57 768 164	133 577 682



(thousand Kwanzas)			
31-12-2021			
	Stage 1	Stage 2	Total
<b>Balance at 31 of December 2019</b>	<b>3 313 913</b>	-	<b>3 313 913</b>
Charge for the year	4 515 507	16 008 068	20 523 576
Reversals	(755 609)	-	(755 609)
Uses (disposals)	(7 073 811)	7 073 811	-
Foreign exchange changes		787 712	787 712
<b>Balance at 31 of December 2020</b>	<b>-</b>	<b>23 869 591</b>	<b>23 869 591</b>
Charge for the year	-	-	-
Reversals	(14 580 254)	(5 079 334)	(19 659 588)
Reclassifications	18 686 696	(18 686 696)	-
Foreign exchange changes	(2 163 309)	(103 562)	(2 266 871)
<b>Balance at 31 of December 2021</b>	<b>1 943 132</b>	<b>(0)</b>	<b>1 943 132</b>

The movements in impairment losses on investments at amortised cost are detailed as follows:

In 2020, the Bank recorded an additional impairment allocation due to the increase of the Probability of Default (PD) intrinsic to the downgrade of Angola's rating from B3 to Caa1. Additionally, because the Bank considers that this rating downgrade is an event of significant increase in credit risk (stage 2), it determined the expected loss until maturity of the operations instead of the previous expected loss for the 12-month period. The accu-

mulated effects of these situations supported the significant reinforcement of impairment losses in 2020.

However, in 2021, Angola's rating was upgraded from Caa1 to B3, leading to the reversal of the impairment that occurred last year.

It should be noted that the risk parameters considered by the Bank result from the latest Moody's study available as at 31 December 2021, in accordance with Note 2.5.

At 31 December 2021 and 2020, Investments at amortised cost have the following characteristics:



(thousand Kwanzas)

31-12-2021											
Entity	Quantity	Average Interest rate	Amortised cost	Accrued interest	Exchange variation	Nominal value	Moeda	Unitary market value	Gross value	Impairment	Total value 31-12-2021
<b>Bonds in local currency</b>											
Fixed-rate non-indexed treasury bonds	486 160	5,41%	15 426 459	2 176 123	-	48 616 000	AOA	35 715	17 602 582	(261 187)	17 341 395
<b>Foreign currency bonds</b>											
Fixed-rate non-indexed	20 000	5,71%	110 996 200	2 357 713	-	110 996 200	USD	5 583 598	113 353 913	(1 681 946)	111 671 967
	<b>506 160</b>					<b>159 612 200</b>		<b>5 619 313</b>	<b>130 956 495</b>	<b>(1 943 133)</b>	<b>129 013 362</b>

(thousand Kwanzas)

31-12-2020											
Entity	Quantity	Average Interest rate	Amortised cost	Accrued interest	Exchange variation	Nominal value	Moeda	Unitary market value	Gross value	Impairment	Total value 31-12-2020
<b>Bonds in local currency</b>											
Fixed-rate non-indexed treasury bonds	9 256 110	13,64%	23 972 106	1 985 123	-	57 572 466	AOA	2 316	25 957 230	(4 519 509)	21 437 721
<b>Foreign currency bonds</b>											
Fixed-rate non-indexed	30 000	5,34%	194 881 200	3 843 524	-	194 973 300	USD	5 979 155	198 724 724	(19 350 082)	179 374 642
	<b>9 286 110</b>					<b>252 545 766</b>		<b>5 981 471</b>	<b>198 724 724</b>	<b>(23 869 591)</b>	<b>200 812 363</b>

## Note 10

# Loans and Advances to Customers

The amount of this account, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Active loans and advances</b>		
To corporate Customers		
Loans	87 934 662	77 330 403
Current account loans	38 143 317	8 790 845
Overdraft facilities	8 775 365	1 746 149
Financial leasing	1 037 522	8 434 706
To retail Customers		
Housing	6 850 975	8 631 606
Consumer credit and other	2 354 838	3 704 984
	<b>145 096 679</b>	<b>108 638 693</b>
<b>Overdue loans and advances</b>		
To corporate Customers		
Loans	54 492 258	66 941 038
Current account loans	1 369 051	1 313 036
Overdrafts facilities	2 352 071	1 867
Financial leasing	2 228 853	4 701 060
To retail Customers		
Housing	5 324 967	5 556 711
Consumer credit and other	5 865 185	8 352 881
	<b>71 632 384</b>	<b>86 866 593</b>
<b>Gross loans</b>	<b>216 729 063</b>	<b>195 505 286</b>
Accumulate impairment	(148 661 533)	(115 312 429)
	<b>(148 661 533)</b>	<b>(115 312 429)</b>
	<b>68 067 530</b>	<b>80 192 857</b>

The Current internal loans heading, Companies - Loans includes the amount of 32 882 375 thousand kwanzas and 87 048 989 thousand kwanzas and the Overdue internal loans heading, Companies - Loans includes the amount of 3 795 608 thousand kwanzas, referring to credit operations restructured during the year that meet the requirements for classification as POCL, for which impairment has been recognised in the amount of 99 666 815 thousand kwanzas. However, for the sake of simplicity the amounts associated with these operations are disclosed on a gross basis under the heading "Gross Loans".

The staggering of loans to Customers by maturity dates as at 31 December 2021 and 2020 is as follows:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Up to 3 months	52 633 360	43 690 484
3 months to 1 year	4 004 164	9 327 344
1 to 5 years	99 510 138	65 529 532
More than 5 years	60 581 400	76 957 926
	<b>216 729 063</b>	<b>195 505 286</b>

The movements occurring in impairment losses shown under assets as corrections to credit values were as follows:

	(thousand kwanzas)	
	31-12-2021	31-12-2020
<b>Opening Balance</b>	<b>115 312 429</b>	<b>127 050 821</b>
Charge for the year	36 501 721	31 919 234
Uses	-	(44 935 983)
Reversals	(772 670)	(16 355 167)
Exchange rate differences and other	(2 379 948)	17 633 524
	<b>148 661 533</b>	<b>115 312 429</b>

Loans to Clients were entirely granted to entities based in Angola and the breakdown by type of rate is as follows:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Fixed rate	175 566 810	146 457 663
Variable rate	41 162 253	49 047 623
	<b>216 729 063</b>	<b>195 505 286</b>

The distribution of loans and advances to Customers by currency of concession is as follows:

(thousands Kwanzas)			(thousands Kwanzas)		
2021			2020		
Angola			Angola		
Analysis	Exposure	Impairment	Analysis	Exposure	Impairment
Individual	171 448 497	127 763 123	Individual	158 849 287	99 908 581
Coletiva	45 280 565	20 898 410	Coletiva	36 655 999	15 403 848
	<b>216 729 063</b>	<b>148 661 533</b>		<b>195 505 286</b>	<b>115 312 429</b>

The distribution of credit and impairment presents the following composition by situation and segment:

Segment	Exhibition year 2021						Imparity year 2021					
	Exhibition total	Credit in Stage 1	Of which cured	Of which restructured	Credit in Stage 2	Of which restructured	Credit in Stage 3	Of which restructured	Imparity total	Credit in Stage 1	Credit in Stage 2	Credit in Stage 3
Employees	3 769 279	3 614 570	-	-	154 709	-	0	-	162 073	129 268	32 805	0
Companies	194 049 733	18 027 812	-	-	2 926 308	1 257 617	173 095 613	146 910 997	133 697 592	850 115	727 796	132 119 681
Government	4 554 240	0	-	-	9 181	-	4 545 059	2 986 373	3 100 688	0	22	3 100 666
Private Customers	14 355 811	1 742 028	-	-	1 094 837	437 432	11 518 947	1 113 147	11 701 181	78 781	324 369	11 298 031
<b>Total</b>	<b>216 729 063</b>	<b>23 384 410</b>			<b>4 185 034</b>	<b>1 695 049</b>	<b>189 159 619</b>	<b>151 010 516</b>	<b>148 661 533</b>	<b>1 058 164</b>	<b>1 084 991</b>	<b>146 518 378</b>

The distribution of credit and impairment shows the following composition by default and impairment by Stages, allocated to each segment:

Segment	Exhibition year 2020						Imparity year 2020					
	Exhibition total	Credit in Stage 1	Of which cured	Of which restructured	Credit in Stage 2	Of which restructured	Credit in Stage 3	Of which restructured	Imparity total	Credit in Stage 1	Credit in Stage 2	Credit in Stage 3
Employees	4 369 237	4 224 623	-	-	144 614	-	0	-	177 027	147 278	29 749	0
Companies	163 782 160	20 091 150	-	-	5 927 495	131 570	137 763 516	55 870 763	97 966 226	724 820	1 789 853	95 451 553
Government	10 025 715	5 416 143	-	-	12 976	-	4 596 597	2 986 373	4 784 883	1 256 908	30	3 527 945
Private Customers	17 328 174	3 865 341	-	-	1 000 706	864 511	12 462 127	869 509	12 384 293	207 423	307 831	11 869 039
<b>Total</b>	<b>195 505 286</b>	<b>33 597 256</b>			<b>7 085 791</b>	<b>996 081</b>	<b>154 822 239</b>	<b>59 726 645</b>	<b>115 312 429</b>	<b>2 336 429</b>	<b>2 127 463</b>	<b>110 848 537</b>

Credit and impairment presents the following composition by year of concession:

Exposure year 2021									Impairment 2021								
Exposures with no significant increase in risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and that are not credit impaired (Stage 2)			Credit-impaired exposures (Stage 3)			Exposures without a significant increase in credit risk since initial recognition (Stage 1)			Exhibitions with a significant increase in credit risk since recognition and that are not credit impaired (Stage 2)			Credit-impaired exposures (Stage 3)		
≤ 30 days	> 30 days ≤ 90 days (1)	> 90 days (1)	≤ 30 days (2)	> 30 days ≤ 90 days	> 90 days	≤ 30 days (3)	> 30 days ≤ 90 days (3)	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
3 614 570	-	-	38 204	100 105	16 401	0	0	0	129 268	-	-	6 676	22 410	3 718	0	0	0
18 027 812	-	-	2 541 398	303 813	81 097	104 981 654	1 092 372	67 021 586	850 115	-	-	665 821	49 718	12 257	82 917 744	514 952	48 686 985
0	-	-	9 181	-	-	-	-	4 545 059	0	-	-	22	-	-	-	0	3 100 666
1 742 028	-	-	919 370	85 471	89 996	424 171	38 213	11 056 563	78 781	-	-	242 175	38 846	43 348	429 917	36 479	10 831 635
23 384 410	-	-	3 508 152	489 389	187 494	105 405 825	1 130 586	82 623 208	1 058 164	-	-	914 693	110 974	59 324	83 347 661	551 432	62 619 286

Exposure year 2020 Impairment year 2020																		
Segment	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)			Credit-impaired exposures (Stage 3)			Exhibitions without increase significant increase in credit risk from initial recognition (Stage 1)			Exposures with significant increase in credit risk since recognition and that are not credit impaired (Stage 2)			Credit-impaired exposures (Stage 3)		
	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Collaborators	4 224 623	-	-	41 105	103 509	0	0	0	147 278	-	-	8 239	21 509	0	0	0	0	0
Companies	20 091 150	-	-	1 670 922	4 246 141	10 432	37 736 389	26 517 835	73 509 292	724 820	-	-	556 331	1 231 815	1 707	26 068 512	19 266 401	50 116 640
State	5 418 143	-	0	12 966	10	-	0	4 596 597	1 256 908	-	0	30	0	-	-	-	0	3 527 945
Private	3 865 341	-	-	963 608	36 798	300	115 588	79 242	12 267 297	207 423	-	-	298 652	9 109	70	78 750	72 379	11 717 910
<b>Total</b>	<b>33 597 256</b>	<b>-</b>	<b>0</b>	<b>2 688 602</b>	<b>4 386 458</b>	<b>10 732</b>	<b>37 851 977</b>	<b>26 597 077</b>	<b>90 373 186</b>	<b>2 336 429</b>	<b>-</b>	<b>0</b>	<b>863 253</b>	<b>1 262 433</b>	<b>1 777</b>	<b>26 147 262</b>	<b>19 338 780</b>	<b>65 362 495</b>

(1) This field includes loans with overdue instalments of principal or interest for more than 30 days, for which the presumption of a significant increase in credit risk has been rebutted.  
 (2) This field includes loans with instalments of principal or interest overdue for less than 30 days, for which the institutions believe that there has been a significant increase in credit risk.

Grant year	Employees			Companies			Number of operations	Government Amount	Impartiality constituted	Private Customers Number of operations	Private Customers Amount	Impartiality constituted	Number of operations	Total	
	Number of operations	Amount	Impartiality constituted	Number of operations	Amount	Impartiality constituted								Amount	Impartiality constituted
Previous Years	387	1 507 396	107 866	570	46 763 136	31 566 552	20	723 667	434 200	1 184	11 245 201	10 781 530	2 161	60 239 400	42 890 148
2017	45	274 298	6 902	176	4 204 852	1 712 400	8	3 780 658	2 648 136	258	273 694	121 698	487	8 533 503	4 489 136
2018	112	709 105	17 438	200	36 961 781	26 756 184	0	0	0	403	246 616	66 890	715	37 917 501	26 840 513
2019	148	630 550	12 053	230	27 448 762	17 587 051	3	49 914	18 351	569	1 138 765	111 580	950	29 267 991	17 729 035
2020	68	539 653	15 092	313	10 654 078	1 751 698	0	0	0	580	900 736	518 431	961	12 094 467	2 285 221
2021	15	108 277	2 722	147	68 017 123	54 323 706	1	0	0	325	550 801	101 052	488	68 676 201	54 427 480
<b>Total</b>	<b>775</b>	<b>3 769 279</b>	<b>162 073</b>	<b>1 636</b>	<b>194 049 733</b>	<b>133 697 592</b>	<b>32</b>	<b>4 554 240</b>	<b>3 100 688</b>	<b>3 319</b>	<b>14 355 811</b>	<b>11 701 181</b>	<b>5 762</b>	<b>216 729 063</b>	<b>148 661 533</b>

Detail of the amount of credit and impairment, individually or collectively, by segment:

Year 2021	Employees		Companies		Government		Private Customers		Total	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Individual impairment	0	0	162 341 825	119 887 044	4 504 326	3 082 336	9 562 068	6 907 438	176 408 219	129 876 818
Collective impairment	3 769 279	162 073	31 707 908	13 810 548	49 914	18 351	4 793 743	4 793 743	40 320 844	18 784 715
<b>Total</b>	<b>3 769 279</b>	<b>162 073</b>	<b>194 049 733</b>	<b>133 697 592</b>	<b>4 554 240</b>	<b>3 100 688</b>	<b>14 355 811</b>	<b>11 701 181</b>	<b>216 729 063</b>	<b>148 661 533</b>

Year 2020	Employees		Companies		Government		Private Customers		Total	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Individual impairment	-	-	141 202 689	89 442 371	9 974 509	4 784 763	9 938 038	6 702 845	161 115 235	100 929 979
Collective impairment	4 369 237	177 027	22 579 471	8 523 855	51 207	120	7 390 136	5 681 448	34 390 051	14 382 450
<b>Total</b>	<b>4 369 237</b>	<b>177 027</b>	<b>163 782 160</b>	<b>97 966 226</b>	<b>10 025 715</b>	<b>4 784 883</b>	<b>17 328 174</b>	<b>12 384 293</b>	<b>195 505 286</b>	<b>115 312 429</b>

Detail of the amount of credit and impairment, individually or collectively, by sector of activity:

Year 2021	Individual impartiality		Collective impartiality		Total	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Real estate and rental activities	2 862 455	1 051 904	935 848	622 484	3 798 303	1 674 388
Agriculture, Animal Production	98 141 358	79 532 325	586 567	529 770	98 727 926	80 062 095
Accommodation and Catering	7 392 684	5 304 090	28 995	13 940	7 421 679	5 318 030
Wholesale and Retail Trade	27 478 565	19 251 962	2 804 713	1 220 280	30 283 277	20 472 242
Other Service Activities						
Collective	19 244 947	14 447 601	5 154 441	4 837 500	24 399 388	19 285 101
Individuals	5 955 265	1 481 977	15 589 911	939 422	21 545 176	2 421 399
Health and welfare	0	0	5 804 298	5 644 079	5 804 298	5 644 079
Others	15 332 945	8 806 959	9 416 070	4 977 241	24 749 015	13 784 200
<b>Total</b>	<b>176 408 219</b>	<b>129 876 818</b>	<b>40 320 844</b>	<b>18 784 715</b>	<b>216 729 062</b>	<b>148 661 533</b>

Year 2020	Individual impartiality		Collective Impartiality		Total	
	Total exposure	Impartiality	Total exposure	Impartiality	Total exposure	Impartiality
Real estate and rental activities	2 755 843	1 260 038	1 403 657	767 676	4 159 499	2 027 714
Agriculture, Animal Production	70 311 937	52 712 428	553 572	216 891	70 865 509	52 929 319
Accommodation and Catering	7 392 694	4 329 902	50 006	22 126	7 442 700	4 352 028
Wholesale and Retail Trade	30 671 854	18 112 918	5 206 185	1 685 028	35 878 040	19 797 946
Other Service Activities						
Collective	26 222 816	13 601 589	5 380 098	1 784 930	31 602 915	15 386 519
Individuals	7 390 136	5 681 448	19 005 853	6 879 353	26 395 988	12 560 801
Health and welfare	7 102 914	146 912	178 855	76 979	7 281 769	223 891
Others	9 267 043	5 084 746	2 611 824	2 949 466	11 878 866	8 034 212
<b>Total</b>	<b>161 115 236</b>	<b>100 929 979</b>	<b>34 390 050</b>	<b>14 382 450</b>	<b>195 505 286</b>	<b>115 312 429</b>

Composition of loans to Customers and Composition of overdue loans without impairment, by Stage:

Credit to customers	Outstanding credit associated with overdue loans	Year 2021 Stages of default			Total
		Stage 1	Stage 2	Stage 3	
<b>Non-impaired loans</b>					
Based on individual analysis	2 545 037	0	0	2 223 215	4 768 252
On the basis of collective analysis	0	0	0	0	0
<b>Sub Total</b>	<b>2 545 037</b>	<b>0</b>	<b>0</b>	<b>2 223 215</b>	<b>4 768 252</b>
<b>With impairment attributed on the basis of individual analysis</b>					
Overdue loans and interest	149 671 133	0	0	21 968 833	171 639 966
Impairment	-113 461 765	0	0	-16 415 053	-129 876 818
<b>Sub Total</b>	<b>36 209 368</b>	<b>0</b>	<b>0</b>	<b>5 553 780</b>	<b>41 763 148</b>
<b>With impairment attributed on the basis of collective analysis</b>					
Overdue loans and interest	34 362 899	44 439	82 799	5 830 706	40 320 843
Impairment	-14 216 718	-2 696	-35 170	-4 530 130	-18 784 714
<b>Sub Total</b>	<b>20 146 181</b>	<b>41 743</b>	<b>47 629</b>	<b>1 300 576</b>	<b>21 536 129</b>
<b>Total</b>	<b>58 900 586</b>	<b>41 743</b>	<b>47 629</b>	<b>9 077 571</b>	<b>68 067 529</b>

Credit to customers	Outstanding credit associated with overdue loans	Year 2020 Stages of default			Total
		Stage 1	Stage 2	Stage 3	
<b>Non-impaired loans</b>					
Based on individual analysis	113 241	0	57	253 282	366 580
On the basis of collective analysis	0	0	0	0	0
	113 241	0	57	253 282	366 580
<b>With impairment attributed on the basis of individual analysis</b>					
Overdue loans and interest	118 492 430	82 883	123 051	42 050 292	160 748 656
Impairment	-70 797 871	-16 200	-56 485	-30 059 423	-100 929 979
	47 694 559	66 682	66 566	11 990 869	59 818 676
<b>With impairment attributed on the basis of collective analysis</b>					
Overdue loans and interest	27 842 459	286 908	644 497	5 616 186	34 390 050
Impairment	-8 572 670	-14 870	-108 073	-5 686 837	-14 382 450
<b>Sub Total</b>	<b>19 269 790</b>	<b>272 037</b>	<b>536 424</b>	<b>-70 651</b>	<b>20 007 600</b>
<b>Total</b>	<b>67 077 590</b>	<b>338 720</b>	<b>603 048</b>	<b>12 173 500</b>	<b>80 192 857</b>

Composition of loans to Customers and Composition of overdue loans without impairment, by range of days past due:

Loans and advances to Customers	Receivable amount due in respect of overdue credit	Year 2021 Class of non-compliance					Total
		Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
<b>Loans and advances without impairment</b>							
Based on individual analysis	2 545 037	0	0	0	5 255	2 217 960	4 768 252
Based on collective analysis	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>2 545 037</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 255</b>	<b>2 217 960</b>	<b>4 768 252</b>
<b>With impairment attributed on the basis of individual analysis</b>							
Overdue loans and interests	149 671 133	64 680	0	2 922 020	13 991 399	4 990 734	171 639 966
Impairment	-113 461 765	-36 281	0	-2 230 918	-9 232 778	-4 915 077	-129 876 818
<b>Sub Total</b>	<b>36 209 368</b>	<b>28 399</b>	<b>0</b>	<b>691 102</b>	<b>4 758 621</b>	<b>75 658</b>	<b>41 763 148</b>
<b>With impairment attributed on the basis of collective analysis</b>							
Overdue loans and interests	34 362 899	67 971	120 788	404 832	3 772 342	1 592 011	40 320 843
Impairment	-14 216 718	-11 159	-65 622	-300 901	-2 705 479	-1 484 835	-18 784 714
<b>Sub Total</b>	<b>20 146 181</b>	<b>56 812</b>	<b>55 166</b>	<b>103 931</b>	<b>1 066 863</b>	<b>107 176</b>	<b>21 536 129</b>
<b>Total</b>	<b>58 900 586</b>	<b>85 212</b>	<b>55 166</b>	<b>795 033</b>	<b>5 830 739</b>	<b>2 400 794</b>	<b>68 067 529</b>



Loans and advances to Customers	Receivable amount due in respect of overdue credit	Year 2020					Total
		Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
<b>Loans and advances without impairment</b>							
Based on individual analysis	113 241	57	247 936	0	5 346	0	366 580
Based on collective analysis	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>113 241</b>	<b>57</b>	<b>247 936</b>	<b>0</b>	<b>5 346</b>	<b>0</b>	<b>366 580</b>
<b>With impairment attributed on the basis of individual analysis</b>							
Overdue loans and interests	118 492 430	111 772	10 743 591	1 571 492	29 756 050	73 320	160 748 656
Impairment	-70 797 871	-31 205	-6 948 597	-1 032 145	-22 049 442	-70 719	-100 929 979
<b>Sub Total</b>	<b>47 694 559</b>	<b>80 567</b>	<b>3 794 994</b>	<b>539 348</b>	<b>7 706 608</b>	<b>2 601</b>	<b>59 818 676</b>
<b>With impairment attributed on the basis of collective analysis</b>							
Overdue loans and interests	27 842 459	407 208	547 399	629 219	3 760 848	1 202 916	34 390 050
Impairment	-8 572 670	-55 522	-93 524	-315 788	-4 532 608	-812 338	-14 382 450
<b>Sub Total</b>	<b>19 269 790</b>	<b>351 686</b>	<b>453 876</b>	<b>313 432</b>	<b>-771 760</b>	<b>390 578</b>	<b>20 007 600</b>
<b>Total</b>	<b>67 077 590</b>	<b>432 310</b>	<b>4 496 805</b>	<b>852 780</b>	<b>6 940 194</b>	<b>393 179</b>	<b>80 192 857</b>

Breakdown of restructured credit, by type (due and past due) and by Stage:

Restructured credit	Year 2021			
	Not yet due	Credit In arrears	Total	Impairment
<b>Companies</b>	133 619 595	14 549 019	148 168 614	-115 482 347
<b>Sub Total</b>	<b>133 619 595</b>	<b>14 549 019</b>	<b>148 168 614</b>	<b>-115 482 347</b>
<b>Government</b>	2 386 222	600 151	2 986 373	-2 171 564
<b>Sub Total</b>	<b>2 386 222</b>	<b>600 151</b>	<b>2 986 373</b>	<b>-2 171 564</b>
<b>Retail Customers</b>				
Consumption	191 093	0	191 093	-405 347
Housing	591 376	0	591 376	-30 880
Other purposes	580 732	187 379	768 110	-737 610
<b>Sub Total</b>	<b>1 363 200</b>	<b>187 379</b>	<b>1 550 579</b>	<b>-1 173 837</b>
<b>Total</b>	<b>137 369 017</b>	<b>15 336 548</b>	<b>152 705 566</b>	<b>-118 827 749</b>

Restructured credit	Year 2020			Impairment
	Loans and advances		Total	
	Not yet due	In arrears		
<b>Companies</b>	43 338 713	12 663 620	56 002 333	-41 422 289
<b>Sub Total</b>	<b>43 338 713</b>	<b>12 663 620</b>	<b>56 002 333</b>	<b>-41 422 289</b>
<b>Government</b>	2 533 198	453 175	2 986 373	-2 534 318
<b>Sub Total</b>	<b>2 533 198</b>	<b>453 175</b>	<b>2 986 373</b>	<b>-2 534 318</b>
<b>Retail Customers</b>				
Consumption	207 472	0	207 472	-156
Housing	675 982	0	675 982	-3 430
Other purposes	669 502	181 064	850 567	-74 604
<b>Sub Total</b>	<b>1 552 956</b>	<b>181 064</b>	<b>1 734 020</b>	<b>-78 191</b>
<b>Total</b>	<b>47 424 867</b>	<b>13 297 859</b>	<b>60 722 726</b>	<b>-44 034 798</b>

During 2021, there was a significant increase in restructured loans that result from the restructuring of individually significant operations in the Bank's portfolio, which, when renegotiated, capitalised interest due on that date, for which the corresponding impairment losses were recognised.

Composition of loans and advances to companies and individuals, by stage of impairment:

Loans and advances to Customers	Year 2021			Total
	Stages of non-compliance			
	Stage 1	Stage 2	Stage 3	
Companies	18 027 812	2 926 308	173 095 613	194 049 733
<b>Sub Total</b>	<b>18 027 812</b>	<b>2 926 308</b>	<b>173 095 613</b>	<b>194 049 733</b>
<b>Retail Customers</b>				
Consumption	581 852	65 331	132 494	779 676
Housing	108 952	748 046	2 241 071	3 098 069
Other purposes	1 051 224	281 460	9 145 382	10 478 067
<b>Sub Total</b>	<b>1 742 028</b>	<b>1 094 837</b>	<b>11 518 947</b>	<b>14 355 811</b>
<b>Total</b>	<b>19 769 840</b>	<b>4 021 145</b>	<b>184 614 560</b>	<b>208 405 544</b>

Loans and advances to Customers	Year 2020			Total
	Stages of non-compliance			
	Stage 1	Stage 2	Stage 3	
Companies	20 091 150	5 927 495	137 763 516	163 782 160
<b>Sub Total</b>	<b>20 091 150</b>	<b>5 927 495</b>	<b>137 763 516</b>	<b>163 782 160</b>
<b>Retail Customers</b>				
Consumption	274 556	38 144	106 597	419 297
Housing	1 660 374	718 671	2 016 496	4 395 541
Other purposes	1 930 411	243 891	10 339 033	12 513 336
<b>Sub Total</b>	<b>3 865 341</b>	<b>1 000 706</b>	<b>12 462 127</b>	<b>17 328 174</b>
<b>Total</b>	<b>23 956 490</b>	<b>6 928 201</b>	<b>150 225 642</b>	<b>181 110 334</b>



Details of the fair value of the guarantees underlying the loan portfolio of the Corporate, Construction and Real Estate and Housing segments:

Measure applied	Year 2021											
	Companies				Property development construction				Housing			
	Property		Other real guarantees		Property		Other real guarantees		Property		Other real guarantees	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 50 MAOA	3	26 627	74	363 445	3	39 091	11	21 556	142	2 271 334	500	4 122 903
>= 50 MAOA and < 100 MAOA	-	-	11	764 046	1	56 165	-	-	10	763 548	16	1 104 798
>= 100 MAOA and < 500 MAOA	54	11 082 546	56	13 634 614	45	14 744 578	0	0	9	1 941 973	13	3 133 000
>= 500 MAOA and < 1,000 MAOA	16	10 917 073	13	8 131 847	1	502 944	2	1 279 955	0	0	8	6 097 412
>= 1,000 MAOA and < 2,000 MAOA	-	-	10	14 506 121	0	0	1	1 071 135	-	-	2	3 369 158
>= 2,000 MAOA and < 5,000 MAOA	1	2 694 173	5	14 670 421	0	0	4	15 931 637	-	-	2	6 873 863
>= 5,000 MAOA	2	36 283 240	8	114 624 872	8	146 239 455	4	48 358 475	-	-	-	-
<b>Total</b>	<b>76</b>	<b>61 003 659</b>	<b>177</b>	<b>166 695 367</b>	<b>58</b>	<b>161 582 233</b>	<b>22</b>	<b>66 662 757</b>	<b>161</b>	<b>4 976 856</b>	<b>541</b>	<b>24 701 134</b>

Measure applied	Year 2020											
	Companies				Property development construction				Housing			
	Property		Other real guarantees		Property		Other real guarantees		Property		Other real guarantees	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 50 MAOA	2	1 900	70	358 032	4	39 211	-	0	142	2 301 407	501	4 123 257
>= 50 MAOA and < 100 MAOA	1	63 656	13	880 431	1	56 338	-	0	9	669 881	17	1 127 453
>= 100 MAOA and < 500 MAOA	54	10 949 920	65	15 869 749	45	14 790 001	-	0	10	2 046 146	14	3 068 857
>= 500 MAOA and < 1,000 MAOA	16	10 938 843	15	9 386 520	1	504 493	-	0	-	-	8	6 118 096
>= 1,000 MAOA and < 2,000 MAOA	-	-	6	8 432 753	-	0	1	1 071 135	-	-	3	4 911 246
>= 2,000 MAOA and < 5,000 MAOA	1	2 702 473	6	18 342 317	-	0	6	21 721 879	-	-	2	6 886 724
>= 5,000 MAOA	3	63 908 998	8	115 296 667	8	146 641 706	4	51 957 825	-	-	-	0
<b>Total</b>	<b>77</b>	<b>88 565 790</b>	<b>183</b>	<b>168 566 468</b>	<b>59</b>	<b>162 031 749</b>	<b>11</b>	<b>74 750 838</b>	<b>161</b>	<b>5 017 434</b>	<b>545</b>	<b>26 235 633</b>

Financing-Guarantee ratio of the Corporate, Construction and Real Estate and Housing segments:

Segment / Ratio	Year 2021			Impairment
	Credit Stage 1	Credit Stage 2	Credit Stage 3	
<b>Companies</b>				
Without associated guarantee	10 639 418	2 424 846	47 749 546	37 481 068
< 50%	119 938	73 013	27 827 307	21 707 051
>= 50% and < 75%	5 692 163	0	56 310 534	41 810 335
>= 75% and <100%	1 464 956	427 521	18 317 680	12 900 935
>= 100%	35 042	370	7 392 533	5 303 982
<b>Construction and property development</b>				
Without associated guarantee	76 295	558	2 219 288	1 221 773
< 50%	-	-	475 238	369 055
>= 50% and < 75%	-	-	0	0
>= 75% and <100%	-	-	353 716	117 283
>= 100%	-	-	0	0
<b>Housing</b>				
Without associated guarantee	2 677 813	402 886	2 078 639	2 292 515
< 50%	2 225 264	112 929	640 285	686 195
>= 50% and < 75%	360 456	169 541	199 685	238 859
>= 75% and <100%	198 541	147 601	91 812	52 264
>= 100%	-	-	0	0
<b>Total</b>	<b>23 489 887</b>	<b>3 759 266</b>	<b>163 656 261</b>	<b>124 181 313</b>



Segment / Ratio	Year 2020			Impairment
	Credit Stage 1	Credit Stage 2	Credit Stage 3	
<b>Companies</b>				
Without associated guarantee	623 633	2 296 811	86 188 648	64 572 013
< 50%	118	86 043	19 032 381	14 258 140
>= 50% and < 75%	7 102 914	0	7 821 955	6 089 831
>= 75% and <100%	1 739 248	727 579	19 618 604	8 735 014
>= 100%	2 504 110	0	1 497	2 615
<b>Construction and property development</b>				
Without associated guarantee	121 127	2 768 885	1 171 274	2 021 900
< 50%	-	-	669 113	383 515
>= 50% and < 75%	-	-	0	0
>= 75% and <100%	0	-	309 482	1 971
>= 100%	-	48 175	58 931	0
<b>Housing</b>				
Without associated guarantee	4 521 152	745 113	2 034 755	2 404 494
< 50%	2 558 387	56 743	402 040	377 118
>= 50% and < 75%	-	-	223 054	106 349
>= 75% and <100%	325 415	-	39 609	1 296
>= 100%	-	-	0	0
<b>Total</b>	<b>27 496 104</b>	<b>6 729 351</b>	<b>137 571 342</b>	<b>98 954 256</b>



Details of the fair value and net book value of the property received as payment in kind or execution of a debt, by type of property and by age:

Type of property	31-12-2021			31-12-2020		
	Number of properties	Fair Value of asset	Net value accounting	Number of properties	Fair Value of asset	Net value accounting
<b>Plot of land</b>						
Urban	4	8 591 583	3 637 423	3	3 688 513	2 976 171
Rural	1	989 684	465 816	1	670 005	465 816
<b>Buildings under construction</b>						
Housing	1	6 394 484	6 394 484	1	6 148 012	6 148 012
Other						
<b>Buildings constructed</b>						
Commercial						
Housing	5	9 890 081	6 177 009	4	4 991 855	4 401 574
Other						
<b>Other</b>						
<b>Total</b>	<b>11</b>	<b>25 865 832</b>	<b>16 674 732</b>	<b>9</b>	<b>15 498 385</b>	<b>13 991 573</b>

Time elapsed since action / execution	31-12-2021				Total
	< 1 year	>= 1 years and < 2,5 years	>= 2,5 years and < 5 years	>= 5 years	
<b>Plot of land</b>					
Urban	-	3 637 423	-	-	3 637 423
Rural	-	465 816	-	-	465 816
<b>Buildings and construction</b>					
Housing	6 394 484	-	-	-	6 394 484
<b>Buildings constructed</b>					
Housing	6 177 009	-	-	-	6 177 009
<b>Total</b>	<b>12 571 493</b>	<b>4 103 239</b>	<b>-</b>	<b>-</b>	<b>16 674 732</b>

Time elapsed since action / execution	31-12-2020				Total
	< 1 year	>= 1 year and < 2.5 years	>= 2,5 years and < 5 years	>= 5 years	
<b>Plot of land</b>					
Urban	-	2 976 171	-	-	2 976 171
Rural	-	465 816	-	-	465 816
<b>Buildings under construction</b>					
Commercial					
Housing	6 148 012	-	-	-	6 148 012
Other					
<b>Buildings constructed</b>					
Commercial					
Housing	4 401 574	-	-	-	4 401 574
<b>Total</b>	<b>10 549 586</b>	<b>3 441 987</b>	<b>-</b>	<b>-</b>	<b>13 991 573</b>

Disclosure of risk factors associated with the segmental impairment model:

Segment	Impairment 31-12-2021				Impairment 31-12-2020			
	Probability of default (%)		Loss given default (%)	Probability of default (%)	Probability of default (%)		Loss given default (%)	
	Stage 1	Stage 2			Stage 1	Stage 2	Stage 3	Stage 3
Employees	2,76%	13,30%	100,00%	91%	2,75%	13,30%	100,00%	91%
Companies	8,60%	27,96%	100,00%	59%	8,60%	27,96%	100,00%	59%
Government	0,52%	0,52%	100,00%	45%	0,52%	0,52%	100,00%	45%
Private Customers	7,79%	25,50%	100,00%	91%	7,79%	25,50%	100,00%	91%
<b>Average</b>	<b>4,92%</b>	<b>16,82%</b>	<b>100,00%</b>	<b>71,50%</b>	<b>4,91%</b>	<b>16,82%</b>	<b>100,00%</b>	<b>71,50%</b>

Incorporation of prospective information:

	2022	2023	2024	2025	2026
<b>Inflation rate Lag 2 Y</b>					
Base case scenario	17%	15%	10%	7%	7%
<b>LUIBOR rate O/N Lag 1 Y</b>					
Base case scenario	22%	22%	22%	22%	22%
<b>USD/AOA Exchange Rate of Change Lag 1 Y</b>					
Base case scenario	3%	0%	0%	0%	0%
<b>Log Consumer Price Index</b>					
Base case scenario	5,84	5,90	5,96	6,02	6,08
<b>MA 12M Oil Prices USD</b>					
Base case scenario	59	60	61	62	63



## Note 11

# Non-current Assets held for Sale

The amount of this account, is composed of:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Non-current assets held for sale</b>		
Properties	-	1 111 691
Equipment	3 328	7 157
	<b>3 328</b>	<b>1 118 848</b>

In 2021, occurred the sale of a property, which was in the final stage of sale at the close of 2020, which occurred in the 1st quarter of 2021. The related down payment received was recognised in other liabilities (Note 21) in the amount of Kz 2,310,000 thousand.

In accordance with the Bank's policy, the amount recorded under assets results from the lower of i) the book value of the loan at the time of the pay-

ment in kind process and ii) the appraised value of the property net of selling costs. Accordingly, the Bank recognised a gain on the sale transaction as per Note 28.

In addition, the Equipment item is composed of vehicles and machinery recovered under the scope of credit leasing operations, which are not an integral part of the Bank's facilities, nor are they intended for the pursuit of its corporate object, having their origin in donations in compliance with credit agreements.

The movement in non-current assets held for sale during the financial year 2021 is as follows:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Opening balance</b>	<b>1 118 848</b>	<b>6 308</b>
Received	3 328	7 157
Sales	(1 118 848)	(6 308)
Other operations (Transfers)	-	1 111 691
<b>Closing balance</b>	<b>3 328</b>	<b>1 118 848</b>

## Note 12

# Other Tangible Assets

The amount of this account at 31 December 2021 and 2020, is composed of:

	(thousand Kwanzas)	
Description	31-12-2021	31-12-2020
<b>Real estate</b>		
For own use	44 750 797	44 732 897
Improvement works on rented properties	2 347 430	2 347 430
	<b>47 098 227</b>	<b>47 080 328</b>
<b>Equipment</b>		
Computer equipment	4 208 200	3 955 448
Indoor facilities	1 707 324	1 743 115
Furniture and materials	1 858 156	1 858 156
Security equipment	2 004 552	2 004 552
Machinery and tools	823 248	718 738
Transport material	1 477 144	2 096 750
	<b>12 078 625</b>	<b>12 376 759</b>
<b>Property, plant and equipment in progress</b>		
Properties	12 762	31 319
Equipment	417 821	463 064
	<b>430 582</b>	<b>494 383</b>
<b>Assets under right of use</b>		
Properties	2 626 396	2 515 745
	<b>2 626 396</b>	<b>2 515 745</b>
<b>Impairment</b>	(609 504)	(641 294)
	<b>61 624 327</b>	<b>61 825 921</b>
<b>Accumulated depreciation</b>		
Charges for the year	(2 365 340)	(2 179 598)
Accumulated charge for previous years	(18 113 839)	(16 154 716)
For transferred assets	667 533	220 476
	<b>(19 811 645)</b>	<b>(18 113 839)</b>
<b>Total other tangible assets</b>	<b>41 812 682</b>	<b>43 712 082</b>

The heading Other tangible assets includes own service properties whose legalisation processes are still underway, and no adjustments are expected as a result of the completion of these processes. The value of real estate assets not legalised as at 31 December 2021 is Kz 2,409,970 thousand (2020: Kz 2,361,418 thousand), and corresponds to 14 of 45 properties allocated to the Bank's activity.

The balance Other tangible assets - assets under right of use corresponds to the impact of the adoption of IFRS 16 as well as to the movement occurred during the period, as mentioned in Note 2.12.

To point out the significant variation associated to transport material due to a significant write-off of totally depreciated and discontinued vehicles. This movement is related to the accumulated depreciation item "related to transferred assets" as it corresponds to the value of fully depreciated write-offs.

The movements in the heading, during the year 2021 and 2020, are presented as follows:

(thousands Kwanzas)						
Fixed Assets as at	01-01-2021	Acquisitions/ Appropriations	Disposals/ Write-offs	Transfers	Impairment	Balance 31-12-2021
<b>Property</b>						
Self-service	44 732 898	-	(1 635)	19 534	-	44 750 797
Works on rented property	2 347 430	-	-	-	-	2 347 430
	47 080 328	-	(1 635)	19 534	-	47 098 227
<b>Equipment</b>						
IT equipment	3 955 448	254 253	(1 500)	-	-	4 208 201
Indoor installations	1 743 115	4 074	(39 991)	126	-	1 707 324
Furniture and material	1 858 156	-	-	(924)	-	1 857 232
Safety equipment	2 004 552	-	-	-	-	2 004 552
Machines and tools	718 738	103 712	-	798	-	823 248
Transport equipment	2 096 750	67 365	(686 970)	-	-	1 477 144
	12 376 759	429 404	(728 462)	-	-	12 077 701
<b>Fixed assets in progress</b>						
Property	31 319	977	-	(19 534)	-	12 762
Equipment	463 064	-	(45 243)	-	-	417 821
	494 383	977	(45 243)	(19 534)	-	430 582
<b>Assets under right of use</b>						
Property	2 515 745	481 645	(370 994)	-	-	2 626 396
	2 515 745	481 645	(370 994)	-	-	2 626 396
	62 467 216	912 026	(1 146 333)	-	-	62 232 907
<b>Accumulated amortisation and impairment</b>						
<b>Buildings</b>						
Own service	(6 883 496)	(927 414)	-	-	-31 790	(7 779 120)
Leasehold improvements	(2 152 865)	(86 390)	-	-	-	-(2 239 255)
	(9 036 363)	(1 013 803)	-	-	31 790	(10 018 375)
<b>Equipment</b>						
IT equipment	(2 237 940)	(449 221)	1 025	-	-	(2 686 136)
Interior installations	(1 473 150)	(67 723)	39 991	-	-	(1 500 882)
Furniture and equipment	(1 479 243)	(124 653)	-	-	-	(1 603 896)
Safety equipment	(1 838 378)	(28 167)	-	-	-	(1 866 545)
Machines and tools	(525 365)	(70 064)	-	-	-	(595 429)
Transport equipment	(1 396 606)	(239 894)	627 441	-	-	(1 009 058)
	(8 950 681)	(979 722)	668 458	-	-	(9 261 945)
<b>Assets under right of use</b>						
Property	(768 090)	(371 815)	-	-	-	(1 139 905)
	(768 090)	(371 815)	-	-	-	(1 139 905)
	(18 755 134)	(2 365 340)	668 458	-	31 790	(20 420 225)
	43 712 082	(1 453 314)	(477 876)	-	31 790	41 812 682

(thousand Kwanzas)						
Fixed Assets as at	01-01-2020	Acquisitions/ Appropriations	Disposals/ Write-offs	Transfers	Impairment	Balance 31-12-2020
<b>Property</b>						
Self-service	44 649 092	95 547	(11 741)	-	-	44 732 898
Works on rented property	2 234 924	21 383	-	91 123	-	2 347 430
Other	-	-	-	-	-	-
	<b>46 884 016</b>	<b>116 930</b>	<b>(11 741)</b>	<b>91 123</b>	<b>-</b>	<b>47 080 328</b>
<b>Equipment</b>						
IT equipment	2 781 103	275 373	(55 193)	954 165	-	3 955 448
Indoor installations	1 737 102	6 451	(438)	-	-	1 743 115
Furniture and material	1 826 560	31 596	-	-	-	1 858 156
Safety equipment	1 994 039	10 513	-	-	-	2 004 552
Machines and tools	577 965	140 773	-	-	-	718 738
Transport equipment	1 625 978	665 927	(195 155)	-	-	2 096 750
Other	-	-	-	-	-	-
	<b>10 542 747</b>	<b>1 130 633</b>	<b>(250 786)</b>	<b>954 165</b>	<b>-</b>	<b>12 376 759</b>
<b>Fixed assets in progress</b>						
Works on rented property	-	-	-	-	-	-
Property	119 439	3 004	-	(91 123)	-	31 319
Equipment	713 872	599 769	-	(850 577)	-	463 064
Other	-	-	-	-	-	-
	<b>833 311</b>	<b>602 772</b>	<b>-</b>	<b>(941 700)</b>	<b>-</b>	<b>494 383</b>
<b>Assets under the right of use</b>						
Property	1 870 812	644 933	-	-	-	2 515 745
	<b>1 870 812</b>	<b>644 933</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 515 745</b>
	<b>60 130</b>	<b>8872 495 268</b>	<b>(262 527)</b>	<b>103 588</b>	<b>-</b>	<b>-62 467 216</b>
<b>Accumulated depreciation</b>						
<b>Buildings</b>						
Own service	(6 602 364)	(915 273)	1 615	-	632 526	(6 883 496)
Work on leased buildings	(2 037 841)	(115 024)	-	-	-	(2 152 865)
Others	-	-	-	-	-	-
	<b>(8 640 206)</b>	<b>(1 030 298)</b>	<b>1 615</b>	<b>-</b>	<b>632 526</b>	<b>(9 036 363)</b>
<b>Equipment</b>						
IT equipment	(2 045 409)	(247 724)	55 193	-	-	(2 237 940)
Interior installations	(1 394 439)	(78 839)	128	-	-	(1 473 150)
Furniture and equipment	(1 354 605)	(124 638)	-	-	-	(1 479 243)
Safety equipment	(1 810 534)	(27 844)	-	-	-	(1 838 378)
Machines and tools	(484 038)	(41 327)	-	-	-	(525 365)
Transport equipment	(1 330 868)	(229 276)	163 538	-	-	(1 396 606)
Other	-	-	-	-	-	-
	<b>(8 419 893)</b>	<b>(749 647)</b>	<b>218 858</b>	<b>-</b>	<b>-</b>	<b>(8 950 681)</b>
<b>Assets under right of use</b>						
Properties	(368 438)	(399 652)	-	-	-	(768 090)
	<b>(368 438)</b>	<b>(399 652)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(768 090)</b>
	<b>(17 428 537)</b>	<b>(2 179 596)</b>	<b>220 473</b>	<b>-</b>	<b>632 526</b>	<b>(18 755 134)</b>
	<b>42 702 350</b>	<b>715 323</b>	<b>(42 053)</b>	<b>103</b>	<b>5886325</b>	<b>2643 712 082</b>

In terms of impairment, the movement in the year 2021, due to valuations of the Bank's properties, can be presented as follows:

(thousand Kwanzas)					
	31-12-2020	Charge for the year	Reversals	Transfers	31-12-2021
Real estate	641 294	-	(31 790)	-	609 504
	<b>641 294</b>	<b>-</b>	<b>(31 790)</b>	<b>-</b>	<b>609 504</b>

(thousand Kwanzas)					
	01-01-2020	Change for the year	Reversals	Transfers	31-12-2020
Real estate	1 273 820	-	(632 526)	-	641 294
	<b>1 273 820</b>	<b>-</b>	<b>(632 526)</b>	<b>-</b>	<b>641 294</b>

During 2021, the Bank reversed impairment on properties in the amount of Kz 31,790 thousand as a result of the revision of its outlook for the generation of future economic benefits.

## Note 13

# Intangible Assets

The amount of this account at 31 December 2021 and 2020, is composed of:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Intangible assets</b>		
<b>Purchased from third parties</b>		
Automatic data processing system	10 595 536	9 702 893
Others	651 946	385 615
	<b>11 247 482</b>	<b>10 088 508</b>
<b>Accumulated amortisation</b>		
Charges for the year	(991 970)	(540 233)
Accumulated charge for previous years	(1 831 272)	(1 291 039)
	<b>(2 823 242)</b>	<b>(1 831 272)</b>
	<b>8 424 240</b>	<b>8 257 236</b>

It should be noted that the main acquisitions that occurred in 2021 correspond to the customisation of the reporting system resulting from the migration of the core system that occurred in 2020.

Changes in intangible assets, during the year 2021 and 2020, are presented as follows:

	(thousand Kwanzas)					
	Balance on 01-01-2021	Acquisitions/ Charge for the year	Disposals/ Write-offs	Transfers	Impairment	Balance on 31-12-2021
<b>Intangible assets</b>						
<b>Purchased from third parties</b>						
Automatic data processing system	9 702 893	878 554	-	14 091	-	10 595 538
Other - ongoing	385 615	280 421	-	(14 091)	-	651 945
	<b>10 088 508</b>	<b>1 158 974</b>	-	-	-	<b>11 247 482</b>
<b>Accumulated amortisation</b>						
Automatic data processing system	(1 831 272)	(991 970)	-	-	-	(2 823 242)
	<b>(1 831 272)</b>	<b>(991 970)</b>	-	-	-	<b>(2 823 242)</b>
<b>Impairment</b>	-	-	-	-	-	-
	<b>8 257 236</b>	<b>167 004</b>	-	-	-	<b>8 424 240</b>

	(thousand Kwanzas)					
	01-01-2020	Acquisitions/ Charges for the year	Disposals/ Write-offs	Transfers	Impairment	Balance on 31-12-2020
<b>Intangible assets</b>						
<b>Purchased from third parties</b>						
Automatic data processing system	5 214 710	611 939	(1 440 951)	5 317 195	-	9 702 893
Others	3 811 485	1 994 913	-	(5 420 783)	-	385 615
	<b>9 026 195</b>	<b>2 606 852</b>	<b>(1 440 951)</b>	<b>(103 588)</b>	-	<b>10 088 508</b>
<b>Accumulated amortisation</b>						
Automatic data processing system	(2 717 812)	(540 232)	1 426 773	-	-	(1 831 272)
	<b>(2 717 812)</b>	<b>(540 232)</b>	<b>1 426 773</b>	-	-	<b>(1 831 272)</b>
<b>Impairment</b>	-	-	-	-	-	-
	<b>6 308 383</b>	<b>2 066 620</b>	<b>(14 179)</b>	<b>(103 588)</b>	-	<b>8 257 236</b>

The Intangible assets Automatic data processing systems includes the amount of Kz 4,672,809 thousand (2020: Others - In Progress in the amount of Kz 4,025,566) relating to the implementation of a new core banking system that went live in October 2020.

## Note 14

# Investments in subsidiaries and associates

The amount of this account, is composed of:

(thousand Kwanzas)

31-12-2021	Nº of shares	Share capital	Direct Shareholding	Nominal value Kz	Cost of holding	Reserves	Profit / loss assignable to BE	Balance sheet value
ECONÓMICO FUNDOS DE INVESTIMENTO	1 000	90 000	62%	55 800	55 800	1 165 455	(327 499)	911 744
ECONÓMICO FUNDOS DE PENSÕES	10 000	1 000 000	96%	962 000	962 000	53 241	327 325	1 340 455
Tranquilidade Angola, S.A.	1 050	747 790	21%	157 035	363 876	845 661	135 104	712 365
					<b>1 381 676</b>	<b>2 064 357</b>	<b>134 930</b>	<b>2 964 564</b>
Perdas por Imparidade								(712 365)
								<b>2 252 199</b>

(thousand Kwanzas)

31-12-2020	Nº of shares	Share capital	Direct Shareholding	Nominal value Kz	Cost of holding	Reserves	Profit / loss assignable to BE	Balance sheet value
ECONÓMICO FUNDOS DE INVESTIMENTO	1 000	90 000	62%	55 800	55 800	1 294 120	(130 465)	1 239 243
ECONÓMICO FUNDOS DE PENSÕES	10 000	1 000 000	96%	962 000	962 000	(178 505)	229 265	1 013 131
Tranquilidade Angola, S.A.	1 050	747 790	21%	157 035	363 876	582 196	129 293	720 107
					<b>1 381 676</b>	<b>1 697 811</b>	<b>228 093</b>	<b>2 972 481</b>
Impairment losses								(720 107)
								<b>2 252 374</b>

It should be noted that in 2020 the Bank sold 2% of its holding in Económico Fundos de Investimento in order for the company to comply with the minimum number of shareholders, with the Bank maintaining the company as a strategic investment with a qualified holding.

In terms of impairment, in 2020, the Bank updated the impairment relating to the participation in Tranquilidade Angola maintaining the participation with a null value even taking into account its value update considering the accounting through the equity method. During 2019, the Bank recorded impairment in the amount of the full book value of the participation in Tranquilidade Angola, arising from the existence, in the Independent Auditor's Report, of a material uncertainty of the operational continuity of the Company due to the inspection carried out by the General Tax Administration to the financial years of 2015 and 2016.

It is the understanding of the Bank that its liability

is limited to its share capital participation, therefore no provisions have been made for potential liabilities arising from its position as Shareholder.

In terms of impairment, the movement in the year 2021 and 2020, due to valuations of the Bank's properties, can be presented as follows:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Opening balance</b>	720 107	633 921
Charge for the year	(7 742)	86 186
Reversals	-	-
Foreign exchange differences	-	-
<b>Closing balance</b>	<b>712 365</b>	<b>720 107</b>



In summary, the following table shows the main data of the Financial Statements of the above mentioned affiliated companies.

(thousand Kwanzas)					
Financial indicators of affiliates					
31-12-2021	Assets	Liabilities	Share capital	Reserves	Income
ECONÓMICO FUNDOS DE INVESTIMENTO	1 590 581	171 659	90 000	1 879 766	(550 844)
ECONÓMICO FUNDOS DE PENSÕES	1 657 956	261 649	1 000 000	55 344	340 964
Tranquilidade Angola, S.A.	21 318 528	15 900 427	747 790	4 026 959	643 351
	<b>24 567 065</b>	<b>16 333 735</b>	<b>1 837 790</b>	<b>5 962 069</b>	<b>433 471</b>

(thousand Kwanzas)					
Financial indicators of affiliates					
31-12-2020	Assets	Liabilities	Share capital	Reserves	Income
ECONÓMICO FUNDOS DE INVESTIMENTO	2 217 884	248 118	90 000	2 087 290	(207 524)
ECONÓMICO FUNDOS DE PENSÕES	1 426 268	370 923	1 000 000	(185 556)	240 901
Tranquilidade Angola, S.A.	20 329 403	16 165 898	747 790	2 772 364	643 351
	<b>23 973 555</b>	<b>16 784 939</b>	<b>1 837 790</b>	<b>4 674 098</b>	<b>676 728</b>

The financial indicators of the subsidiaries, presented in the table with reference to 31 December 2021 are preliminary data and have not yet been approved by the respective Boards of Directors and the respective independent auditor's reports obtained.

## Note 15 Taxes

The current tax assets and liabilities recognised in the balance sheet at 31 December 2021 and 2020 can be analysed as follows:

(thousand Kwanzas)		
	31-12-2021	31-12-2020
<b>Current tax assets</b>		
Current income tax	1 511 061	1 508 739
<b>Current tax assets</b>	<b>1 511 061</b>	<b>1 508 739</b>
<b>Current tax liabilities</b>		
Current income tax	-	-
Others	-	-
<b>Current tax liabilities</b>	<b>-</b>	<b>-</b>

Note that the amount of tax on current results in 2021 and 2020 includes the provisional settlement of tax on 2019 results, amounting to 1 450 599 thousand kwanzas. This tax settlement was made through the use of tax credits that were recorded under the heading Other assets (Note 16), however, since there were no taxable profits at the end of the fiscal years 2019 to 2021, a new tax credit was requested so that the Bank could use that amount.

The reconciliation of the tax rate, in what concerns the amount recognised in the income statement, can be analysed as follows:

Description	(thousand Kwanzas)			
	31-12-2021		31-12-2020	
	%	Value	%	Value
<b>Profit before tax</b>		<b>173 308 857</b>		<b>(137 797 315)</b>
Income excluded from taxation	-7%	(12 541 852)	58%	(80 524 236)
Capital (gains) / losses for tax purposes versus accounting	-	-	-	-
Tax benefits on income from public debt securities	-	-	-	-
Interest on loans (holders of capital or shareholder loans)	-	-	0%	-
Provisions not foreseen	2%	4 105 655	-20%	27 723 448
Non-deductible (Income)/Costs	49%	85 533 802	-5%	7 209 241
Change of estimates	-	-	-	-
Changes to rates and taxable base resulting from the Reform of the Business Tax	-	-	-	-
Other	-	-	-	-
Taxable Profit	-	-	-	-
Tax Loss	-	250 406 462	-	(183 388 862)
Tax losses carried forward	-	(709 533 115)	-	(526 144 253)
Taxable amount	-	-	-	-
Tax rate	-	-	-	-
Tax assessed based on the tax rate	-	-	-	-
<b>Tax charge for the year</b>		<b>-</b>		<b>-</b>

The income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State until 31 December 2012, whose issue is regulated by the Direct Public Debt Framework Law (Law no. 16/02, of 5 December), as well as by Regulatory Decrees nos. 51/03 and 52/03, of 8 July, enjoy exemption from all taxes. This is complemented by the provisions of Article 23.1 c) of the Industrial Tax Code (Law 18/92 of 3 July), in force until 31 December 2014, which expressly states that income from any Angolan public debt securities is not considered income for the purposes of determining the Industrial Tax payable.

Income from public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, after 31 December 2012 is subject to Capital Gains Tax, as defined in paragraph k) of number 1 of article 9 of Presidential Legislative Decree no. 2/2014 of 20 October. Income taxed under Capital Gains Tax is not subject to Business Tax, as set forth in article 47 of the Business Tax Code (Law no. 19/14 of 12 October).



This way, in determining the taxable profit for the periods ended on 31 December of each of the dates in question, such income was deducted from the taxable profit.

Likewise, the cost calculated with the liquidation of the Capital Duty is excluded from the costs accepted for tax purposes for the calculation of taxable income, as provided for in article 18, number 1, paragraph a) of the Portuguese Industrial Tax Code.

At 31 December 2021 and 2020, the deferred tax assets recognised in the financial position, present the following composition:

Description	(thousand Kwanzas)					
	Assets		Liabilities		Net	
	31-12-2021	31-12-2020	31-12-2021	31-12-2020	31-12-2021	31-12-2020
Potential exchange rate variation	0	-57 566 134	0	-57 566 134	0	0
Impairment for the year not accepted	0	5 603 820	0	5 603 820	0	0
Generated tax losses	0	51 962 314	0	51 962 314	0	0
<b>Deferred tax assets / (liabilities)</b>	-	-	-	-	-	-

During the year ended 31 December 2021 and 2020, with the publication of Law no. 26/20, of 20 July - Law amending the Industrial Tax Code, new rules were introduced in determining taxable income, namely (i) the exclusion of the tax relevance of income and costs with unrealised exchange differences in the calculation of taxable income, and (ii) the non-acceptance as deductible costs of the provisions constituted on secured loans, except for the part not covered.

As at 31 December 2021, the Bank recognised deferred tax liabilities relating to potential positive exchange rate changes in the amount of Kz 28,653,625 thousand (2020: Kz 57,566,134 thousand) and the recognition of deferred tax assets relating to “unacceptable impairment for the year” related to credit with guarantees and “tax

losses generated” in the year, in the amount of Kz 7,123,397 thousand (2020: Kz 5 603 820 thousand) and Kz 21 530 227 thousand (2020: Kz 51 962 315 thousand), respectively, given the existence of sufficient taxable temporary differences related to the same tax authority that are expected to reverse in the same period as the expected reversal of the deductible temporary difference. For the same reason, the Bank offset these deferred tax assets and liabilities.

## Note 16

# Other Assets

The amount of this account, is composed of:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Deferred impairments	260 000 000	260 000 000
Other debtors	14 153 515	14 981 492
Properties	17 397 562	14 701 749
Administrative public sector	1 464 750	1 418 095
Deferred expenses	2 946 172	2 941 606
Other operations pending settlement	194 973	123 848
Imposto a recuperar	203 751	54 097
Other assets	3 129 181	3 197 429
Other assets - Grupo ENSA	1 583 508 673	1 824 928 612
	<b>1 882 998 578</b>	<b>2 122 346 927</b>
Impairment losses - Grupo ENSA	(999 819 035)	(1 156 726 042)
Impairment losses - others	(12 093 174)	(12 507 049)
	<b>(1 011 912 209)</b>	<b>(1 169 233 091)</b>
	<b>871 086 369</b>	<b>953 113 836</b>

### 16.1 Operation with the ENSA Group

The present value under the heading of Other assets - ENSA Group essentially relates to the operation of transfer of economic rights on Assets occurred in 2014. The referred amount is Kz 1,552,400,528 thousand, in terms of princi-

pal and accrued interest (2020: Kz 1,790,521,145 thousand). This value is broken down between Kz 1,351,402,877 thousand in terms of Capital and Kz 200,962,026 thousand in terms of Current Interest, being in 2020, respectively, Kz 1,555,295,550 thousand and Kz 235,225,594 thousand. For a better understanding of the operation as a whole (see Note 37). Additionally, this heading shows recorded amounts referring to advances to real estate, in the amount of Kz 29,350,528 thousand (2020: Kz 32,756,956 thousand) and an impairment value in the amount of Kz 999,819,035 thousand (2020: Kz 1,156,726,042 thousand). Additionally, the decrease in Other Assets - ENSA Group in 2021 results mainly from the currency revaluation in the amount of Kz 241,528,738 thousand (Note 37).

The amount in USD determined, under the AQA exercise, took into consideration the valuation of the real estate assets assigned and real estate assets associated with credits assigned to that entity, with reference to 31 December 2018, as described in Note 37. However, there are limitations on the AQA result, namely:

- a) The contracts with the ENSA Group are in force, despite the current breach, and it is not known under what terms they may be amended to give rise to the sale underlying the assessment made under AQA.
- b) There are no contracts at the present date that justify the reversion of the real estate assets to the Bank.
- c) The eventual realisation of the sales could take place under significantly different conditions to those considered in the AQA conclusions report, taking into account the time that could elapse between the valuation date considered in the exercise and the eventual sale of the same by the Bank.
- d) The AQA Report of Findings identifies relevant limitations on the respective assets, namely:
  - (i) No external balance confirmation procedures with the ENSA Group;
  - (ii) Failure to take into account any balances that other entities may have receivable

from the ENSA Group within the scope of the transfer of assets signed between IFB and the ENSA Group, namely the amounts receivable by BNA arising from the transfer of the Bank's contractual position to BNA;

- (iii) Failure to obtain the necessary and adequate support to validate the ownership of the properties belonging to the ENSA Group.
- (iv) Failure to accurately validate that the external valuations carried out by independent expert valuers and the internal property valuation analyses of the Bank's internal valuation services, included only portions of the projects selected for analysis, and that these had not been sold as at the date of completion of the findings report.
- (v) Non-availability of external valuations carried out by independent expert valuers for the totality of the fractions. In these cases, although the valuations carried out by the Bank's internal valuation services based on

market research were considered, they were not duly formalised.

Notwithstanding, the above mentioned limitations, the Bank believes that the indicators obtained from the AQA Conclusions Report represent the best estimate of impairment losses for these assets with reference to 31 December 2021.

## 16.2 Deferred impairments

Under the implementation of the Bank's Recapitalisation and Restructuring Plan ("RRP"), described in detail in note 37, the Bank recorded an asset in the amount of Kz 260,000,000 thousand, relating to the deferral of impairments for a period of 5 years, as presented by BNA in the RRP, whose amortisation will start in 2022 as described in note 37.

## 16.3 Others Assets

The amount relating to real estate includes a set of properties delivered for credit settlement through payment in kind, as well as properties no longer allocated to the banking activity, including a set of properties whose legalization processes are still in progress, not being expected adjustments resulting

from the completion of these processes. The value of real estate under these conditions recognised in the other assets heading at 31 December 2021 was Kz 5 758 841 (2020: Kz 4 052 898). The increase occurred in 2021, resulted from the completion of two new processes of payment in kind, whose registration procedures are in progress.

The amount presented in the table above related to Other debtors corresponds essentially to:

- Amounts receivable from the State under the Angola Investe programme, of Kz 2 507 076 thousand (2020: Kz 1 816 980 thousand) with impairment of Kz 1 445 616 thousand (2020: Kz 1 068 331 thousand);
- Amounts referring to advances for the constitution of the company BESA Congo Brazzaville, in the amount of Kz 2,963,719 thousand (2020: Kz 3,686,875 thousand), which advance is 100% impaired as there is no expectation of recovery by the Bank.

- The amount of Kz 3,995,257 thousand referring to IUC delivered to AGT with 100% impairment as there is no expectation of recovery by the Bank;
- Amounts of Kz 2,452,482 thousand (2020: Kz 2,400,656 thousand) settled by the Bank within the scope of the detected frauds, awaiting settlement by the entities involved. For these amounts the Bank recognised an impairment loss of Kz 2,383,318 thousand (2020: Kz 2,383,318 thousand) as there is no expectation of recovering the full amount. In terms of impairment, the detail and movement relating to the year 2021 is presented as follows:

Impairment detail:

Description	31-12-2021			31-12-2020		
	Gross Exposure	Impairment	Net exposure	Gross Exposure	Impairment	Net exposure
Differed impairment	260 000 000	0	260 000 000	260 000 000	0	260 000 000
Other debtors	14 153 515	-11 465 790	2 687 725	14 981 492	-11 899 336	3 082 156
Properties	17 397 562	0	17 397 562	14 701 749	0	14 701 749
Administrative public sector	1 464 750	-491 384	973 366	1 418 095	-470 713	947 382
Differed expenses	2 946 172	0	2 946 172	2 941 606	0	2 941 606
Other operations pending settlement	194 973	0	194 973	123 848	0	123 848
Taxes to recover	203 751	0	203 751	54 097	0	54 097
Other assets	3 129 181	-136 001	2 993 181	3 197 429	-136 001	3 061 428
Other assets - ENSA Group	1 583 508 673	-999 819 035	583 689 638	1 824 928 612	-1 156 727 042	668 201 570
	<b>1 882 998 578</b>	<b>-1 011 912 209</b>	<b>871 086 369</b>	<b>2 122 346 927</b>	<b>-1 169 233 091</b>	<b>953 113 836</b>

Impairment movement:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Opening balance</b>	<b>1 169 233 091</b>	<b>678 488 605</b>
Charge for the year	581 881	237 641 004
Uses	-	-
Reversals	(12 981 656)	(148 507)
Transfers	-	19 627 871
Foreign exchange change	(144 921 106)	233 624 118
<b>Closing balance</b>	<b>1 011 912 209</b>	<b>1 169 233 091</b>

The significant amount in appropriations, in 2020, arises from the return of the operation contracted on 20 March 2017, arising from the settlement of the financing granted through the payment in kind of receivables from the transmission operation and

sale of assets to the ENSA Group, amounting to Kz 256 963 million. In 2021, the relevant amount of reversals is due to the exchange revaluation of impairment, considering the assumptions in paragraph 16.1, and the advances made against liabilities, as presented in Note 21.

The amount relating to exchange rate variation includes the effect of Kz 97,446,047 thousand (2020: Kz 232,620,603 thousand associated with receivables from the transmission and sale of assets to GENSA..

## Note 17

# Deposits from Central Banks and other Credit Institutions

The amount of this account, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<u>Interbank money market operations</u>		
Term deposits of central banks		
In local currency	259 462 680	256 962 619
Term deposits and loans from credit institutions		
In foreign currency	-	17 311 335
	259 462 680	274 273 954
Interest payable	7 659	7 537
	7 659	7 537
<u>Obligations in the payment system</u>		
<u>Relations between agencies</u>		
Cheque clearing and other papers	112 838	52 600
Other operations pending settlement	2 733 142	5 800 702
	2 845 980	5 853 303
	<b>262 316 318</b>	<b>280 134 793</b>

The amount arises mainly from the fact that in 2020, the National Bank of Angola, made the return of the donation made in 2017, in which BE settled a set of financing granted by the National Bank of Angola, through the delivery of receivables from the operation of transfer of assets to the ENSA Group, in a total amount of Kz 256,963 million (note 16 and 37).

It is important to highlight the reduction at the level of loans from credit institutions in Foreign Currency, resulting from the overdraft through the liquidation of the subordinated liabilities that occurred at the beginning of 2021 (see note 19), date on which the overdrafts were regularised.

In terms of geographic market, it is presented as follows:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Domestic</b>		
Deposits	259 470 339	256 962 619
Other deposits	2 845 978	5 853 302
	<b>262 316 317</b>	<b>262 815 921</b>
<b>Foreign</b>		
Deposits	2	17 318 871
	<b>2</b>	<b>17 318 871</b>
	<b>262 316 318</b>	<b>280 134 793</b>

The breakdown of Resources from central banks and other credit institutions by residual maturities as at 31 December 2021 and 2020 is as follows:

	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Up to 3 months	262 316 318	280 134 793
	<b>262 316 318</b>	<b>280 134 793</b>

## Note 18

# Customer Deposits and other Loans

The amount of this account, is composed of:

(thousand Kwanzas)			
Description	Currency	31-12-2021	31-12-2020
<b>Sight deposits</b>			
	AOA	133 377 433	125 687 140
	EUR	2 595 623	5 787 461
	USD	261 878 269	533 643 291
	Others	22 986	31 135
		<b>397 874 310</b>	<b>665 149 028</b>
<b>Term deposits</b>			
	AOA	123 426 538	142 942 238
	EUR	9 116 985	28 846 496
	USD	773 567 621	752 451 484
		<b>906 111 144</b>	<b>924 240 219</b>
		<b>1 303 985 454</b>	<b>1 589 389 247</b>

The Bank discontinued the products associated with term deposits indexed to the exchange rate of the United States dollar, and at the close of 2020

this component was integrated under the heading of Term Deposits in National Currency, amounting to Kz 7,155,539 thousand.

The staggering of the resources of Customers and other loans by residual maturities at 31 December 2021 and 2020, is as follows:

(thousand Kwanzas)		
Description	31-12-2021	31-12-2020
<b>Payables on demand</b>	<b>397 874 310</b>	<b>665 149 028</b>
<b>Long-term payables</b>		
Up to 3 months	275 442 152	262 612 422
3 months to 1 year	617 397 216	634 763 266
1 to 5 years	13 266 178	26 344 873
Over 5 years	5 599	519 658
	<b>906 111 144</b>	<b>924 240 219</b>
	<b>1 303 985 454</b>	<b>1 589 389 247</b>

At 31 December 2021 and 2020, term deposits, showed the following average interest rates.

Description	Currency	31-12-2021	31-12-2020
<b>Term deposits</b>			
	AOA	11,79%	12,55%
	EUR	1,04%	1,00%
	USD	2,79%	2,95%

## Note 19 Subordinated Liabilities

The amount of this account, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Subordinated loan</b>		
Non-perpetual bonds	63 698 032	249 122 324
	<b>63 698 032</b>	<b>249 122 324</b>

This loan, contracted with Novo Banco, in the amount of USD 424,860 thousand, with a rate of 5%, with quarterly payments, maturing in 2024, resulted from the BNA resolution of 4 August 2014, however at the end of 2021, and within the scope of the implementation of the Bank's Recapitalisation and Restructuring Plan, Banco Económico agreed with Novo Banco to restructure the subordinated loan, taking into consideration a 75% forgiveness on the maturing debt, originating a gain of

Kz 107,812 million, as per Note 28.

It is also important to mention that after the restructuring, the subordinated debt was left with a value of USD 115 million and a maturity date of 31 August 2023, with the interest rate remaining at 5%.

The amount of interest payable at 31 December 2021 is Kz 34,884 thousand (2020: Kz 2,363,501 thousand), corresponding to the restructuring agreement made, which included the settlement of the debt due by the end of 2021.

It should be noted that the Bank, in 2020, presented a delay in the settlement of the first tranche of the subordinated corresponding to 20% of the initial capital, the outstanding amount having been settled in January 2021.

## Note 20 Provisions

The amount of this account, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Provisions for probable liabilities:</b>		
Provisions for indirect credit	268 486	823 162
Provisions for legal contingencies	740 982	1 304 557
Provisions for tax contingencies	2 109 983	2 131 192
Provisions for suppliers	448 604	659 133
Provisions for various risks	160 407	160 407
	<b>3 728 463</b>	<b>5 078 451</b>

The balance of this heading is intended to cover certain contingencies duly identified, arising from the Bank's activity, and is reviewed at each reporting date in order to reflect the best estimate of the amount and respective probability of payment.

As at 31 December 2021, the balance of the legal contingencies item in the amount of Kz 740,982 thousand (2020: Kz 1,304,864 thousand) is mainly explained by the fine imposed by the Ministry of the Environment in the amount of Kz 600 million. The reduction is explained by the reversal of the provision for legal proceedings in Court in the total

amount of Kz 575 million.

The balance Provisions for indirect loans refers to the provision determined within the scope of the application of the credit impairment model used by the Bank on the off-balance sheet liabilities related to loans and advances to Customers, as established in Note 2.3. and whose breakdown can be analysed in greater detail in Note 33.

In terms of provisions, the movement in the year 2021, is presented as follows:

(thousand Kwanzas)			
Description	Provisions for indirect credit	Other provisions for risks and charges	Total
<b>Balance as at 31 December 2019</b>	<b>8 168 237</b>	<b>5 680 297</b>	<b>13 848 534</b>
Charge for the year	610 168	633 755	1 243 923
Reversals	(9 092 591)	(582 065)	(9 674 656)
Uses	-	(1 758 385)	(1 758 385)
Transfers	-	-	-
Foreign exchange differences and other corrections	1 137 348	281 687	1 419 035
<b>Balance as at 31 December 2020</b>	<b>823 162</b>	<b>4 255 289</b>	<b>5 078 451</b>
Charges for the year	-	737 132	737 132
Reversals	(220 650)	(737 665)	(958 315)
Uses	-	(672 311)	(672 311)
Transfers	-	-	-
Foreign exchange differences and other corrections	(334 026)	(122 468)	(456 494)
<b>Balance as at 31 December 2021</b>	<b>268 486</b>	<b>3 459 976</b>	<b>3 728 463</b>

## Note 21

# Other Liabilities

The amount of this account, is composed of:

(thousand Kwanzas)		
Description	31-12-2021	31-12-2020
Grupo ENSA	83 418 076	82 618 693
Tax expenses payable	3 758 611	3 822 885
Operations pending settlement	6 462 313	3 551 627
Lease liabilities	2 828 095	3 439 260
Supplier evaluation	1 494 129	2 523 998
Accrued employee benefits charges	1 607 201	1 543 593
Others	-	-
	<b>99 568 424</b>	<b>97 500 055</b>
Others - Financial liabilities held for trading	<b>99 568 424</b>	<b>97 717 285</b>

The amount shown in the ENSA Group account is mainly related to the liabilities arising to the Bank as a result of the Transfer of economic rights over Assets. These amounts essentially refer to settlements occurred in the assigned credits and the corresponding interest payable calculated at the net rate of 7%. For a better understanding of the operation as a whole (see Note 37).



It is important to mention that the increase in value associated with the Operations awaiting settlement account, results from the value of prepaid credits having increased in 2021 compared to 2020 generating this increase in operations awaiting financial settlement.

The value recorded as provisions for Employee benefit expenses corresponds to responsibilities acquired by the Employees on 31 December 2021 regarding holidays and holiday subsidies.

During the year 2020, the Bank derecognised, against Other operating income, a set of settlements associated with documentary credits with maturity over 5 years, under the heading Operations awaiting settlement, in the amount of Kz 4,057,403 thousand, as the Bank considers that such liabilities are extinguished at this date.

On the other hand, the Lease liabilities heading, in the amount of Kz 2,828,095 thousand (2020: Kz 3,439,260 thousand) corresponds to the present value of lease payments to be settled during the lease term, as described in Note 2.12.

The staggering of lease liabilities by residual maturities at 31 December 2021 and 2020, is as follows:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Up to 1 year	716 740	314 522
1 to 5 years	414 050	819 681
More than 5 years	1 697 304	2 305 056
	<b>2 828 094</b>	<b>3 439 259</b>



## Note 22

# Share Capital

### Ordinary sharest

As at 31 December 2021 and 2020, the Bank's share capital of Kz 72,000 million was represented by 72,000,000 ordinary shares, with a unit value of Kz 1,000 and, with a counter value of USD 9.90 at the date of issue, fully subscribed and paid up by different Shareholders, as per the list below:

Description	(thousand Kwanzas)			
	31/12/2021		31-12-2020	
	% of share capital	Capital value	% of share capital	Capital value
Sonangol E.P.	46,98%	33 825 600	46,98%	33 825 600
Sonangol Vida, S.A.	16,00%	11 520 000	16,00%	11 520 000
Sonangol Holding, Lda.	7,40%	5 328 000	7,40%	5 328 000
<b>Grupo Sonangol</b>	<b>70,38%</b>	<b>50 673 600</b>	<b>70,38%</b>	<b>50 673 600</b>
Geni, Novas Tecnologias, S./	19,90%	14 328 000	19,90%	14 328 000
Novo Banco, S.A.	9,72%	6 998 400	9,72%	6 998 400
Lektron Capital, S.A.	0,00%	0	0,00%	0
	<b>100%</b>	<b>72 000 000</b>	<b>100%</b>	<b>72 000 000</b>

On 19 July 2019, Sonangol E.P. notified Banco Económico that Lektron Capital, S.A. had delivered shares representing 30.98% of the Bank's capital, as payment for the loan contracted by Lektron with Sonangol E.P., thereby raising its stake in Banco Económico to 46.98% and Sonangol Group to 70.38% (Note 37).

## Note 23

# Reserves, Retained Earnings, other Comprehensive Income

### Legal reserve

This account is fully constituted by the Legal reserve, which may only be used to cover accrued losses or for Share capital increases.

Applicable Angolan legislation requires that the legal reserve should be credited annually with at least 10% of the annual net profit, until its concurrence with the value of the share capital.

## Fair value reserves

Fair value reserves represent gains and losses relating to the change in fair value of financial assets at fair value through other comprehensive income. The amount of this reserve is presented net of deferred taxes, having the value of Kz 29,700 thousand.

(thousands Kwanzas)

	Fair value reserves		Other reserves and retained earnings		
	Financial assets at fair value through other comprehensive income	Total fair value reserve	Legal reserve and other reserves	Retained Earnings	Total other reserves and retained earnings
<b>Balance as at 1 January 2020</b>	-	-	28 141 757	(59 511 388)	(31 369 631)
Application result in reserves	-	-	-	(531 183 440)	(531 183 440)
Fair value through other comprehensive income	29 700	29 700	-	-	-
<b>Balance as at 31 December 2020</b>	<b>29 700</b>	<b>29 700</b>	<b>28 141 757</b>	<b>(590 694 828)</b>	<b>(562 553 071)</b>
Application results in reserves	-	-	-	(137 797 315)	(137 797 315)
Fair value through other comprehensive income	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>29 700</b>	<b>29 700</b>	<b>28 141 757</b>	<b>(728 492 143)</b>	<b>(700 350 386)</b>

## Note 24

# Net Interest Income

The amount of this account, is composed of:

Description	31-12-2021			31-12-2020		
	Assets / liabilities at fair value through profit or loss	Assets/ liabilities at amortised cost	Total	Assets / liabilities at fair value through profit or loss	Assets / liabilities at amortised cost	Total
(thousand Kwanzas)						
<b>INTEREST AND SIMILAR INCOME</b>						
Interest and similar income - Grupo ENSA	-	-	-	-	-	-
Interest on cash balances and investments in credit institutions	-	205 521	205 521	-	1 667 397	1 667 397
Interest on financial assets at fair value through profit or loss	271 897	-	271 897	306 983	-	306 983
Interest on financial assets at amortised cost	-	11 731 336	11 731 336	-	14 085 736	14 085 736
Credit interest	-	7 835 112	7 835 112	-	7 412 781	7 412 781
<b>Interest and similar income - other</b>	<b>271 897</b>	<b>19 771 970</b>	<b>20 043 866</b>	<b>306 983</b>	<b>23 165 914</b>	<b>23 472 896</b>
	<b>271 897</b>	<b>19 771 970</b>	<b>20 043 866</b>	<b>306 983</b>	<b>23 165 914</b>	<b>23 472 896</b>
<b>INTEREST AND SIMILAR CHARGES</b>						
Interest and similar income - Grupo ENSA	-	(3 694 722)	(3 694 722)	-	(2 930 036)	(2 930 036)
Interest from Customer deposits	(58 665)	(37 128 469)	(37 187 134)	(691 321)	(41 491 829)	(42 183 150)
Interest on deposits from central banks and other credit institutions	-	(188 358)	(188 358)	-	(965 296)	(965 296)
Interest from subordinated liabilities	-	(9 119 104)	(9 119 104)	-	(12 377 638)	(12 377 638)
Interest on leases	-	(166 890)	(166 890)	-	(173 880)	(173 880)
Interest and similar charges - other	(58 665)	(46 602 821)	(46 661 486)	(691 321)	(55 008 643)	(55 699 964)
	<b>(58 665)</b>	<b>(50 297 543)</b>	<b>(50 356 208)</b>	<b>(691 321)</b>	<b>(57 938 679)</b>	<b>(58 630 000)</b>
<b>NET INTEREST INCOME</b>	<b>213 232</b>	<b>(30 525 574)</b>	<b>(30 312 342)</b>	<b>(384 338)</b>	<b>(34 772 765)</b>	<b>(35 157 103)</b>

The Bank's margin during 2021 and 2020 should be analysed in its two main components: (i) the margin of the GENSA operation; (ii) the remaining margin of the Economic Bank.

In the component associated with the GENSA operation, it can be seen that the Bank, since 2020, adopting a conservative stance, has not recorded income associated with the Operation given that it is in Stage 3 and without financial settlements since the restructuring in 2017, however the Bank continues to record the remuneration costs of the liabilities recovered, having the same conservative stance for its assets and liabilities associated with the GENSA operation.

In the component associated to the Bank's recurrent operation, we note a reduction in relation to the previous year at the level of income, with the approximate value at the close of 2021 being Kz 20,043,866 thousand (2020: Kz 23,473,896 thousand). This reduction is related to the decrease in the portfolio of securities at amortised cost originating a reduction in the income generated. In terms of costs, there was a substantial reduction in

interest from Customers and interest from subordinated liabilities due to the discontinuation of the commercialisation of indexed deposits and the restructuring of subordinated liabilities, respectively.

It should also be noted that the Bank has recorded as impairment for loan interest income in Stage 3 the amount of Kz 13,235,314 thousand (2020: Kz 19,604,985 thousand).

The Interest from loans and advances to Customers headings include the positive amount of Kz 613,029 thousand (2020: Kz 1,656,703 thousand) related to commissions and other income accounted in accordance with the effective interest rate method.

The Interest from leases heading refers to the interest cost related with lease liabilities recognised under the implementation of IFRS 16, as described in the accounting policies (Note 2.12).

## Note 25 Income from Services and Fees

The amount of this account, in separate terms, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Income from services and fees</b>		
Cards	3 879 121	3 699 626
Account management	3 119 959	1 275 060
Managing payments instruments	2 268 233	2 500 197
Documentary credits	1 374 531	2 787 797
Fee and loans and similar instruments	583 025	534 604
Operações Sobre títulos	414 627	775 899
Guarantees provided	94 547	95 444
Bancassurance	35 006	67 133
Earnings from services provided to the State	29 329	68 662
Other services	322 565	410 855
	<b>12 120 943</b>	<b>12 215 276</b>
<b>Expenses with services and fees</b>		
Managing payment instruments	(969 575)	(1 004 436)
Cards	(503 833)	(439 140)
Other Services	(71 112)	(17 549)
	<b>(1 544 520)</b>	<b>(1 461 125)</b>
	<b>10 576 423</b>	<b>10 754 151</b>

With regard to income from commissions and services, during the year 2021, there was a significant decrease in income associated with documentary credits, due to the decrease related to the purchasing power at a global level, which originated a negative impact at the level of the corporate and industrial sector, which was offset by the increase in commissions associated with account management, which grew due to two factors: (i) the collection of unpaid account management values for past periods due to non-provisioning of the account; (ii) revision of the price list. In turn, the costs of services and commissions are stable in relation to the previous period.

## Note 26

# Income from Financial Operations

The amount of this account, is composed of:

Description	31-12-2021			31-12-2020		
	Income	Costs	Total	Income	Costs	Total
<b>Bonds and other fixed-income securities</b>						
Of public issuers	38 245	-	38 245	-	(222 171)	(222 171)
	<b>38 245</b>	<b>-</b>	<b>38 245</b>	<b>-</b>	<b>(222 171)</b>	<b>(222 171)</b>

This account records the potential gain or loss on the sale of securities recorded in the financial assets portfolio at fair value through profit or loss, arising from the trading of securities recorded in that investment portfolio.

In addition, the Bank carried out an exchange rate forward, resulting in a loss in 2020 of Kz 217 million, as presented in the following table:

Description	31-12-2021			31-12-2020		
	Income	Costs	Total	Income	Costs	Total
<b>Fair value through profit or loss - Derivatives</b>						
Derivatives	-	-	-	-	(217 230)	(217 230)
	-	-	-	-	(217 230)	(217 230)

## Note 27 Foreign Exchange Results

The amount of this account, is composed of:

Description	31-12-2021	31-12-2020
<b>Foreign exchange gains and losses</b>		
Foreign exchange revaluation	191 192 836	(281 921 923)
Exchange transactions	(9 198 090)	10 327 352
	<b>181 994 746</b>	<b>(271 594 571)</b>
Foreign exchange gains and losses - Grupo ENSA	(86 976 996)	178 656 619
	<b>95 017 750</b>	<b>(92 937 952)</b>

This heading includes the results arising from the exchange revaluation of monetary assets and liabilities expressed in Foreign Currency in accordance with the accounting policy described in Note 2.17. The exchange results for 2021 and 2020 are essentially related to the exchange revaluation of assets and liabilities in the balance sheet, denominated in Foreign Currency, as a result of the devaluation of the Kz against other currencies, namely the Euro and the Dollar. The exchange revaluation originates essentially from the calculation of values with the operation of transfer of assets to the ENSA Group referred to in Note 37.

It should be noted that the exchange effect of the revaluation of receivables from the economic rights transfer operation on Assets in 2021 (see Note 37), includes Kz -202,361,529 thousand in terms of Equity and Kz -34,263,569 thousand in terms of Interest receivable, being in 2020 in terms of Equity Kz 357,953,834 thousand and Kz 60,608,238 thousand in terms of Interest receivable. It should also be noted that the Bank, due to the discontinuation of indexed deposits, did not have costs with the exchange revaluation associated with these pro-

ducts (2020: Kz 6,057,599 thousand).

As a result of the exchange rate effect associated to the operation of transfer of economic rights on assets, the Bank is on 31 December 2021 and 2020 in non-compliance with Notice no. 14/2019 regarding the foreign exchange position limit, namely the fact that the Bank cannot exceed an overall foreign exchange position of 2.5% of its Regulatory Own Funds. It should be noted that this non-compliance results from the devaluation of the Kwanza against the Dollar, currency in which the Bank is largely exposed as a result of the operation mentioned above, as mentioned in Note 37.

## Note 28

# Other Operating Income

The amount of this account, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Other operating income / (costs)</b>		
Subordinated debt restructuring	107 812 166	-
Direct and indirect taxes	(2 808 024)	(1 734 640)
Levies and donations	(78 327)	(774 506)
Others	71 055	(2 023 425)
Deferred impairments	-	260 000 000
	<b>104 996 870</b>	<b>255 467 428</b>

In 2021, we highlight i) the gain with the restructuring of subordinated liabilities, in which, within the scope of the implementation of the Bank's Recapitalisation and Restructuring Plan, Banco Económico agreed with Novo Banco to restructure the subordinated loan, taking into consideration a 75% forgiveness of the maturing debt, originating a gain of Kz 107,812,166 thousand, as described in Note 19.

At 31 December 2020, the Bank recorded a gain related to Deferred Impairment, in the amount of Kz 260 000 000 thousand, as described in Note 16 - Assets. This record is framed in the measures approved in the Bank's Recapitalisation and Restructuring Plan as referred in Note 37.

At 31 December 2021 and 2020, the tax heading includes, respectively, the amounts of Kz 1,219,248 thousand and Kz 648,543 thousand, related to IIT supported by the Bank on the income from its financial assets, as well as Kz 1,277,470 thousand and Kz 485,310 thousand related to VAT supported.

In terms of Other, the settled value of the contributions to the Deposit Guarantee Fund (FGD) in the amount of Kz 666,065 thousand (2020: Kz 180,349 thousand) should be highlighted.



## Note 29 Staff Costs

The amount of this account is composed of:

(thousand Kwanzas)		
Description	31-12-2021	31-12-2020
Wages and salaries		
Remunerations	11 550 595	11 004 520
Holiday allowance	947 651	836 638
Christmas allowance	828 605	832 525
Meal allowance	510 594	577 558
Variable Remuneration	221 682	1 383 934
	<b>14 059 127</b>	<b>14 635 175</b>
Mandatory social charges	1 059 814	1 299 200
Other costs	1 357 349	872 851
	<b>2 417 163</b>	<b>2 172 051</b>
	<b>16 476 289</b>	<b>16 807 226</b>

Personnel Costs showed a stable value compared to 2020, due to the fact that the Bank is undergoing a restructuring process, leading to a more careful control of costs. In the same sense, there was a very significant cut in variable remuneration. As a result of the application of IAS 19, regarding loans

to Employees at December 31st, 2021 and 2020, the effect on net interest income and staff costs amounted to Kz 173,841 thousand and Kz 195,220 thousand, respectively.

The number of Employees of the Bank, considering permanent and fixed-term contract Employees, is broken down by professional category as follows:

Description	31-12-2021	31-12-2020
Number of employees		
Managerial functions	75	80
Leadership functions	163	174
Specific functions	275	303
Administrative functions and others	411	433
	<b>924</b>	<b>990</b>

As mentioned in Note 2.14, the Bank has a defined contribution plan, i.e., it attributes a percentage or fixed amount, to all the participants included in the plan, which will be monetized until the reimbursement time foreseen by law. This cost is recognised as staff costs. It does not require any actuarial study, as happens in the defined benefit.

The participants in the pension plan of Banco Económico, at the reporting date are 804 active (2020: 823), with no retirees in the plan and the Bank con-

tributed to the Fund Kz 212,049 thousand (2020: Kz 417,450 thousand).

## Note 30 Third Party Supplies and Services

The amount of this account is composed of:

(thousand Kwanzas)		
Description	31-12-2021	31-12-2020
IT services	2 411 361	1 938 638
Insurance	1 706 915	1 841 705
Communications and shipping	929 652	959 419
Cash transport	969 516	1 232 657
Consulting and auditing	774 738	1 247 799
Security and surveillance	565 136	669 243
Consumables	437 001	458 872
Maintenance and repair	383 163	473 778
Rents and leases	345 360	487 274
Water, power and fuels	249 201	230 670
Cleaning services	130 346	130 919
Travel and representation	121 712	124 884
Publicidade e publicações	85 489	433 102
Legal fees and costs	44 371	77 239
Other costs	1 499 343	836 891
	<b>10 653 304</b>	<b>11 143 091</b>

In comparison with the same period of the previous year, the Supplies of third party services account fell by 4%, essentially due to price revision and the containment implemented in the context of the Bank's restructuring. The main highlights of this contention, were associated to: (i) Consulting and auditing, arising from the conclusion of the implementation process of the Bank's new core and reporting system; (ii) transportation of valuables, arising from the decrease in cash flow generated by our Clients. In the opposite direction, we have the following highlights: (i) IT services, due to developments arising from the Bank's new core and reporting system..

## Note 31

# Provisions and Impairment

The values associated to Provisions and Impairment showed the following movements during the year:

(thousand Kwanzas)

Description	Note	Charge for the year	Reversals	Adjustment Stage 3	Impact on results of 2021	Change for the year	Reversals	Adjustment Stage 3	Impact on results of 2020
Cash and cash equivalents at central banks	4		-748 334	-	748 334	(855 610)	-	-	(855 610)
Availability in ICO's		5322 120	-	-	322 120	(208 469)	-	-	(208 469)
Loans and advances to other credit institutions	6	(835 309)	922 365	-	87 056	(923 140)	2 560 523	-	1 637 384
Investments at amortised cost	9		-19 659 588	-	19 659 588	(20 523 576)	755 609	-	(19 767 966)
Investments in associates and joint ventures	14	-	7 742	-	7 742	(86 186)	-	-	(86 186)
<b>Impairment on other financial assets</b>		<b>(513 189)</b>	<b>21 338 029</b>		<b>-20 824 840</b>	<b>(22 596 980)</b>	<b>3 316 132</b>	<b>-</b>	<b>(19 280 848)</b>
Customers loans	10	(36 501 721)	772 670	24 832 969	(10 896 082)	(31 919 234)	16 355 167	19 604 986	4 040 919
Provisions for guarantees and other commitments	20	-	220 650	-	220 650	(610 168)	9 092 591	-	8 482 423
<b>Impairment on loans and advances</b>		<b>(36 501 721)</b>	<b>993 320</b>	<b>24 832 969</b>	<b>( 10 675 432)</b>	<b>(32 529 402)</b>	<b>25 447 758</b>	<b>19 604 986</b>	<b>12 523 341</b>
Impairment on other assets	16	(581 881)	12 981 656	-	12 399 776	(237 641 004)	148 507	-	(237 492 497)
Impairment on Tangible Assets	12	-	31 790	-	31 790	-	632 526	-	632 526
Impairment on Property	16	-	762 376	-	762 376	(1 373 218)	-	-	(1 373 218)
<b>Impairment on other assets net of cancellations</b>		<b>(581 881)</b>	<b>13 775 823</b>	<b>-</b>	<b>13 193 942</b>	<b>(239 014 222)</b>	<b>781 033</b>	<b>-</b>	<b>( 238 233 189)</b>
Provisions for other risks and charges	20	(737 132)	737 665	-	534	(633 755)	582 065	-	(51 690)
<b>Provisions net of cancellations</b>		<b>(737 132)</b>	<b>737 665</b>	<b>-</b>	<b>534</b>	<b>(633 755)</b>	<b>582 065</b>	<b>-</b>	<b>( 51 690)</b>

## Note 32

# Earnings per Share

### Basic earnings per share

In accordance with Note 2.18, basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year, thus excluding own shares held by the Bank.

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
<b>Net income attributable to the bank's shareholders</b>	<b>173 308 857</b>	<b>(137 797 315)</b>
(-) Remuneration of perpetual bonds	-	-
(+) Gains and losses recorded in reserves	-	-
<b>Adjusted net profit attributable to the bank's shareholders</b>	<b>173 308 857</b>	<b>(137 797 315)</b>
Weighted average number of ordinary shares issued (thousands)	72 000 000	72 000 000
Weighted average number of own shares in portfolio (thousands)	-	-
<b>Weighted average of ordinary shares in circulation (thousand)</b>	<b>72 000 000</b>	<b>72 000 000</b>
<b>Basic earnings per share attributable to the bank's shareholders</b>	<b>2,41</b>	<b>(1,91)</b>

### Diluted earnings per share

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion to shares would decrease earnings per share. At 31 December 2021 and 2020, the diluted earnings per share, considering the effect of treasury shares, are null.

## Note 33

# Guarantees and other Commitments

The amount of this account, is composed of:

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Guarantees and endorsements provided	4 053 966	3 495 098
Guarantees and endorsements received	(129 123 086)	(124 257 821)
Commitments to third parties	386 151 237	453 460 696
Third-party commitments	123	(19 412 480)
Liabilities related to the provision of banking services	99 219 092	137 896 169
Amounts received in deposits	(7 122 491)	(18 839 112)
<b>Other guarantees and commitments</b>	<b>353 178 842</b>	<b>432 342 550</b>

Guarantees and endorsements provided are banking operations that include exposures that are subject to the calculation of impairment loss in accordance with the Impairment model defined by the Bank and in accordance with the requirements of IFRS 9. However, the component of credit limits although incorporated in the previous table as

Commitments assumed to third parties the impairment is recorded in Note 10 - Loans and advances to Customers, being in 2021 the amount of Kz 6,514 thousand (2020: Kz 23,674 thousand).

In October 2020, the Bank's core banking system migrated to a new version, which now supports the accounting of liabilities represented by the unused amounts of credit limits granted to Customers, since in the previous version of the respective core system the accounting of these liabilities was performed manually. However, there were some limitations arising from the migration of information, and it was found that, for the unused credit limits migrated to the new core system, these were not always being correctly accounted for, and that some of these limits were no longer in force on the current date.

As the migration took place on the date referred to above, it was not possible to correct the faults detected until the preparation of this report. In this context, the Bank started a work of review of all credit limits, in order to make the data reliable. Given the above, the Bank expects that the difficul-

ties detected will be regularised in 2022, allowing these amounts to be incorporated in the calculation of impairment. The amount of limits, included in the Commitments undertaken with third parties account, and subject to the limitations previously mentioned, amount to Kz 374,019,775 thousand (2020: Kz 385,315,298 thousand).

At 31 December 2021 and 2020, these exposures as well as the associated impairment were as follows:

Year 2021	Separate Analysis		Consolidated Analysis		Total	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Guarantees and endorsements	-	-	4 044 757	100 969	4 044 757	100 969
Commitments to third parties	2 258 154	47 314	377 379 233	120 203	379 637 388	167 517
<b>Total</b>	<b>2 258 154</b>	<b>47 314</b>	<b>381 423 990</b>	<b>221 173</b>	<b>383 682 145</b>	<b>268 486</b>

(thousand Kwanzas)

Year 2020	Separate Analysis		Consolidated Analysis		Total	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Guarantees and endorsements	2 397 600	60 331	1 097 498	24 880	3 495 098	85 211
Commitments to third parties	29 286 781	562 610	400 499 584	175 341	429 786 365	737 952
<b>Total</b>	<b>31 684 381</b>	<b>622 941</b>	<b>401 597 082</b>	<b>200 221</b>	<b>433 281 463</b>	<b>823 162</b>

(thousand Kwanzas)

The breakdown by stage of guarantees, sureties given and commitments to third parties at 31 December 2021 and 2020 is presented below:

(thousand Kwanzas)								
Year 2021	Exposure 31-12-2021				Impairment 31-12-2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Guarantees and endorsements	4 044 757	-	0	4 044 757	100 969	0	0	100 969
Commitments to third parties	3 989 169	0	1 628 444	5 617 613	73 833	0	93 684	167 517
<b>Total</b>	<b>8 033 926</b>	<b>0</b>	<b>1 628 444</b>	<b>9 662 370</b>	<b>174 802</b>	<b>0</b>	<b>93 684</b>	<b>268 486</b>

(thousand Kwanzas)								
Year 2021	Exposure 31-12-2021				Impairment 31-12-2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Guarantees and endorsements	4 053 967	0	0	4 053 967	100 969	0	0	100 969
Commitments to third parties	376 724 272	0	1 628 444	378 352 716	73 833	0	93 684	167 517
<b>Total</b>	<b>380 778 238</b>	<b>0</b>	<b>1 628 444</b>	<b>382 406 683</b>	<b>174 802</b>	<b>0</b>	<b>93 684</b>	<b>268 486</b>

Guarantees and sureties are banking operations that do not involve the mobilisation of funds by the Bank, documentary credits are irrevocable commitments by the Bank, on behalf of its Customers, to pay / have paid a specified amount to the supplier of a given good or service, within a stipulated period, against presentation of documents relating to the dispatch of the goods or provision of the service. The condition of irrevocability consists in the fact that its cancellation or alteration is not

feasible without the express agreement of all the parties involved.

Commitments to third parties (revocable and irrevocable) are contractual agreements to extend credit to the Bank's Customers (for example, unused credit lines) which, in general, are contracted for fixed periods of time or with other expiration requisites, and normally require the payment of a commission. Substantially all credit granting com-

mitments in force require that Customers maintain certain requirements verified at the time they were contracted.

Notwithstanding the particularities of these commitments, the assessment of these operations obeys to the same basic principles of any other commercial operation, namely the solvency, of the Customer, of the underlying business. Since it is expected that the majority of these operations

will expire without being used, the amounts indicated do not necessarily represent future cash requirements.

The financial instruments accounted as Guarantees and other commitments are subject to the same approval and control procedures applied to the loan portfolio, namely regarding the adequacy of the provisions made, as described in the accounting policy presented in Note 3.3 the maximum credit exposure is represented by the nominal value that could be lost related to contingent liabilities and other commitments undertaken by the Bank in the event of default by the respective counterparties, without taking into consideration potential recoveries or collaterals.

The Bank provides custody, asset management, investment management and advisory services involving decisions to buy and sell various types of financial instruments. For certain services provided, objectives and levels of return are established for the assets under management. In addition, the liabilities shown in off-balance sheet accounts related to the provision of banking services are as follows:

As part of its fiduciary activity, the Bank provides custody for Customers' securities. Recognition in off-balance sheet accounts is described in the accounting policy in Note 2.19.

Description	(thousand Kwanzas)	
	31-12-2021	31-12-2020
Deposit and safeguard of assets	99 747 506	136 665 226
Amounts received for collection	0	940 689
Other liabilities from services provided	(528 414)	290 254
	<b>99 219 092</b>	<b>137 896 169</b>

## Note 34 Transactions with Related Parties

A related party is a person or entity related to the entity that is preparing its financial statements.

Related party is understood to mean:

- a) A person or a close family member is related to a reporting entity if he or she has control or joint control of the reporting entity, has significant influence over the reporting entity or is a member of key management personnel of the reporting entity or of a parent company of that reporting entity;
- b) An entity is related to a reporting entity if any of the following conditions are met:

- (i) The entity and the reporting entity are members of the same group (which implies that parent, subsidiary and fellow subsidiaries are related to each other);
- (ii) An entity is an associate or joint venture of the other entity (or is an associate or joint venture of a member of a group to which the other entity belongs);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity represents a joint venture of the third party entity and the other entity is an associate of the third party entity;
- (v) The entity is a post-employment benefit plan in favour of Employees of the reporting entity or of an entity related to the reporting entity. If a reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- (vi) The entity is controlled or jointly controlled

by a person identified in (a);

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

The value of the Bank's transactions with subsidiaries and associates at 31 December 2021 and 2020, as well as the respective costs and income recognised in the period under review, are summarised as follows, on an individual basis:





At 31 December 2021 and 2020, the overall amount of the Bank's assets and liabilities that relate to transactions with Shareholders, other than those referred to above, is summarised as follows:

	Subsidiaries		Associates		Total
	Económico Fundos Investimento	Económico Fundos Pensões	Total	Tranquilidade Angola	
(thousand Kwanzas)					
<b>31 December 2021</b>					
Assets	-	-	-	-	-
Liabilities	(1 442 051)	( 274 361)	(1 716 412)	(13 555 634)	(15 272 046)
Income	( 191)	( 156)	( 347)	( 545)	( 892)
Costs	52 619	13 498	66 117	1 430 168	1 496 285
Guarantees	-	-	-	(3 575 949)	(3 575 949)
<b>31 December 2020</b>					
Assets	439	28	466	42	509
Liabilities	(2 088 867)	( 160 485)	(2 249 352)	(13 564 270)	(15 813 622)
Income	-	-	-	-	-
Costs	55 417	1 369	56 787	1 455 659	1 512 446
Guarantees	846	-	846	-	846

It should be noted that the variation in liabilities to Novo Banco, S.A. is due to the devaluation of the kwanza against the dollar.

The costs with remunerations and other benefits attributed to the Bank's key management personnel (short and long term) are presented as follows:

	Shareholders					Key management personnel			Other related parties *	Total
	Grupo Sonangol	Lektron Capital, S.A.	GENI, S.A.	Novo Banco, S.A.	Total	Board of directors	Other staff and similars	Total		
<b>31 December 2021</b>										
Assets	-	-	-	-	-	365 068	-	365 068	219 226 106	219 591 174
Availability in ICO	-	-	-	-	-	-	-	-	-	-
ICO Applications	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	365 068	-	365 068	219 226 106	219 591 174
Liabilities	( 109 712)	-	-	(63 732 916)	(63 842 628)	(1 185 721)	( 615 811)	(1 801 532)	(121 819 350)	(187 463 510)
Customer resources	( 109 712)	-	-	-	( 109 712)	(1 185 721)	( 612 384)	(1 798 106)	(121 819 350)	(123 727 168)
Subordinated liabilities	-	-	-	(63 732 916)	(63 732 916)	-	-	-	-	(63 732 916)
Income	367	-	-	-	367	10 134	6 015	16 149	43 120 929	43 137 446
Financial margin	-	-	-	-	-	9 993	3	9 996	43 007 238	43 017 234
Commissions	367	-	-	-	367	141	6 012	6 153	113 692	120 212
Costs	-	-	-	(9 184 048)	(9 184 048)	( 52 045)	( 23 360)	( 75 405)	(16 945 100)	(26 204 553)
Financial margin	-	-	-	(9 184 048)	(9 184 048)	( 52 045)	( 23 360)	( 75 405)	(16 945 100)	(26 204 553)
Commissions	-	-	-	-	-	-	-	-	-	-
Guarantees	-	-	-	-	-	-	-	-	-	-

	Shareholders					Key management personnel			Other related parties *	Total
	Grupo Sonangol	Lektron Capital, S.A.	GENI, S.A.	Novo Banco, S.A.	Total	Board of directors	Other staff and similars	Total		
<b>31 December 2021</b>										
Assets	-	-	-	-	-	408 856	-	408 856	163 908 682	164 317 538
Availability in ICO	-	-	-	-	-	-	-	-	-	-
ICO Applications	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	408 856	-	408 856	163 908 682	164 317 538
Liabilities	( 310 421)	-	-	-	(310 421)	(1 379 969)	( 869 880)	(2 246 849)	(205 448 384)	(208 005 655)
Customer resources	( 310 421)	-	-	-	( 310 421)	(1 379 969)	( 866 454)	(2 243 423)	(205 448 384)	(208 002 229)
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-
Income	168	-	-	-	168	11 475	17 723	29 197	23 718 658	23 748 024
Financial margin	-	-	-	-	-	11 325	9 352	20 677	23 443 283	23 463 961
Commissions	168	-	-	-	168	150	8 370	8 520	275 375	284 063
Costs	-	-	-	-	-	( 45 982)	( 18 246)	( 64 228)	(21 268 975)	(21 333 203)
Financial margin	-	-	-	-	-	( 45 982)	( 18 246)	( 64 228)	(21 268 975)	(21 333 203)
Commissions	-	-	-	-	-	-	-	-	-	-
Guarantees	-	-	-	-	-	-	-	-	( 872 903)	(872 903)

\* Corresponds to Sonangol Group entities (Subsidiaries or companies with a participation exceeding 10% of Sonangol Group) and related entities of Shareholders.

Other key management personnel” means the Coordinating Directors and the Executive Directors.

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

(thousand Kwanzas)

	Board of Directors			Other key management personnel	Total
	Executive Committee	Other elements	Total		
<b>31 December 2021</b>					
Remunerations and other short-term benefits	3 015 392	-	3 015 392	4 035 499	7 050 891
Variable remuneration	191 706	-	191 706	639 246	830 952
Sub total	3 207 098	0	3 207 098	4 674 745	7 881 843
Long-term benefits and other social charges	198 763	-	198 763	339 747	538 509
Total	3 405 861	0	3 405 861	5 014 492	8 420 352
<b>31 December 2020</b>					
Remunerations and other short-term benefits	2 326 553	-	2 326 553	3 733 041	6 059 594
Variable remuneration	97 257	-	97 257	534 633	631 890
Sub total	2 423 810	0	2 423 810	4 267 674	6 691 484
Long-term benefits and other social charges	152 540	-	152 540	314 636	467 176
Total	2 576 350	0	2 576 350	4 582 310	7 158 660

## Note 35

# Fair Value of Financial Assets and Liabilities

The fair value is based on market quotations, whenever these are available. However, the local financial market is not very dynamic and most financial transactions are still done over the counter (OTC) with a small number of operations carried out on the Stock Exchange (BODIVA). This reality means that market quotations, in most cases, do not represent the effective value of the assets/securities evaluated taking into account the reality in which the institution operates. In this context and with the market information available, the fair value obtained is influenced by the parameters used in the evaluation model, which necessarily incorporate some degree of subjectivity, and exclusively reflect the value attributed to the different financial instruments.



The fair value of financial assets and liabilities for the Bank in 2021 and 2020 is presented as follows:

(thousand Kwanzas)

	Acquisition Cost/ Amortised Cost net of impairment	Market prices  (Level 1)	At Fair Value Valuation models with observable market parameters  (Level 2)	Valuation models with non-observable market parameters  (Level 3)	Total Amount Balance Sheet	Fair Value	Fair Value Variation
<b>31 December 2021</b>							
Cash and cash equivalents at central banks	91 117 804	-	-	-	91 117 804	91 117 804	-
Cash and cash equivalents at other credit institutions	20 858 571	-	-	-	20 858 571	20 858 571	-
Loans and advances to central banks and other credit institutions	42 453 933	-	-	-	42 453 933	42 453 933	-
Fair value through profit and loss	-	-	1 531 032	-	1 531 032	1 531 032	-
Fair value through other comprehensive income	152 751	-	-	-	152 751	152 751	-
Amortised Cost	129 013 362	-	-	-	129 013 362	133 867 938	4 854 576
Loans and advances to Customers	68 067 530	-	-	-	68 067 530	65 707 247	(2 360 283)
Non-current assets held for sale	3 328	-	-	-	3 328	3 328	-
Investments in associates and joint ventures	2 252 199	-	-	-	2 252 199	2 252 199	-
Other assets	871 086 369	-	-	-	871 086 369	871 086 369	-
<b>Financial Assets</b>	<b>1 225 005 846</b>	<b>-</b>	<b>1 531 032</b>	<b>-</b>	<b>1 226 536 878</b>	<b>1 229 031 172</b>	<b>2 494 294</b>
Deposits from central banks and other credit institutions	262 316 318	-	-	-	262 316 318	262 316 318	-
Subordinated liabilities	-	-	63 698 032	-	63 698 032	63 698 032	-
Deposits from Customers and other loans	1 228 054 689	-	75 930 765	-	1 303 985 454	1 303 985 454	-
Other liabilities	99 568 424	-	-	-	99 568 424	99 568 424	-
<b>Financial Liabilities</b>	<b>1 589 939 431</b>	<b>-</b>	<b>139 628 797</b>	<b>-</b>	<b>1 729 568 228</b>	<b>1 729 568 228</b>	<b>-</b>

(thousand Kwanzas)

	Acquisition Cost/ Amortised Cost net of impairment	At Fair Value			Total Amount Balance Sheet	Fair Value	Diferença Justo Valor
		Market prices	Valuation models with observable market parameters	Valuation models with non-observable market parameters			
		(Level 1)	(Level 2)	(Level 3)			
<b>31 December 2020</b>							
Cash and cash equivalents at central banks	163 592 711	-	-	-	163 592 711	163 592 711	-
Cash and cash equivalents at other credit institutions	80 719 675	-	-	-	80 719 675	80 719 675	-
Loans and advances to central banks and other credit institutions	56 268 285	-	-	-	56 268 285	56 268 285	-
Fair value through profit and loss	-	-	1 409 690	-	1 409 690	1 409 690	-
Securities	-	-	1 409 690	-	1 409 690	1 409 690	-
Bonds from public issuers	-	-	1 409 690	-	1 409 690	1 409 690	-
Derivates	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Fair value through other comprehensive income	162 718	-	-	-	162 718	162 718	-
Securities	162 718	-	-	-	162 718	162 718	-
Shares	162 718	-	-	-	162 718	162 718	-
Amortised Cost	200 812 363	-	-	-	200 812 363	226 467 180	25 654 817
Bonds from public issuers	200 812 363	-	-	-	200 812 363	226 467 180	25 654 817
Loans and advances to Customers	80 192 857	-	-	-	80 192 857	76 683 150	(3 509 707)
Non-current assets held for sale	1 118 848	-	-	-	1 118 848	1 118 848	-
Investments in associates and joint ventures	2 252 374	-	-	-	2 252 374	2 252 374	-
Other assets	953 113 836	-	-	-	953 113 836	953 113 836	-
Asset Transfer Op. GENSA	721 951 921	-	-	-	721 951 921	721 951 921	-
Other	284 911 265	-	-	-	284 911 265	284 911 265	-
<b>Financial Assets</b>	<b>1 591 983 017</b>	<b>-</b>	<b>1 409 690</b>	<b>-</b>	<b>1 593 392 707</b>	<b>1 615 537 817</b>	<b>22 145 110</b>
Deposits from central banks and other credit institutions	280 134 793	-	-	-	280 134 793	280 134 793	-
Debt securities	-	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-	-	-
Subordinated liabilities	-	-	249 122 324	-	249 122 324	249 122 324	-
Deposits from other credit institutions	-	-	-	-	-	-	-
Deposits from customers and other loans	1 513 458 482	-	75 930 765	-	1 589 389 247	1 589 389 247	-
Provisions	14 864 247	-	-	-	14 864 247	14 864 247	-
Current tax liabilities	36 095	-	-	-	36 095	36 095	-
Other assets	97 717 285	-	-	-	97 717 285	97 717 285	-
Asset Transfer Op. GENSA	81 741 696	-	-	-	81 741 696	81 741 696	-
Other	15 098 592	-	-	-	15 098 592	15 098 592	-
<b>Financial liabilities</b>	<b>1 890 433 563</b>	<b>-</b>	<b>325 053 089</b>	<b>-</b>	<b>2 215 486 652</b>	<b>2 215 486 652</b>	<b>-</b>

The Bank uses the following three-level fair value hierarchy in the valuation of financial instruments (assets or liabilities), which reflects the level of judgement, the observation of the data used and the importance of the parameters used when assessing the fair value of instruments, in accordance with IFRS 13.:

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

**Level 2:** Fair value is determined using valuation techniques based on observable data in active markets. These may be direct data (prices, rates, spreads, among other information) or indirect data (derivatives), and valuation assumptions similar to those that an unrelated party would use to estimate the fair value of the same financial instrument. It also includes instruments whose valuation is obtained

from prices disclosed by independent entities with less liquid markets; and,

**Level 3:** Fair value is determined based on data not observable in active markets, using techniques and assumptions that market participants would use to value the same instruments, including hypotheses on the inherent risks, the valuation technique used, the inputs used, and considered processes to review the accuracy of the values thus obtained.

The Bank considers an active market for a given financial instrument, on the measurement date, depending on the volume of business and the liquidity of the operations carried out, the relative volatility of the prices quoted and the readiness and availability of information:

- a) There have been frequent daily trading prices in the past year;
- b) The aforementioned prices change regularly;
- c) There are executable prices from more than one entity;

A parameter used in a valuation technique is considered data observable in the market if the following

conditions are met:

- a) Its value is determined in an active market;
- b) There is an OTC market and it is reasonable to assume that it meets active market conditions, with the exception of the trading volume condition; and
- c) The parameter value can be obtained by the reverse calculation of the prices of the financial instruments and/or derivatives where the remaining parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that complies with the previous paragraphs.

The main methodologies and assumptions used in estimating the fair value of financial assets and liabilities carried in the balance sheet at amortised cost are analysed as follows:

Cash and cash equivalents at central banks, deposits at other credit institutions and Loans and advances to central banks and other credit institutions.

These are very short-term assets and, therefore, the carrying amount is a reasonable estimate of their fair value.

Financial assets and liabilities at fair value through profit or loss, fair value through other comprehensive income.

These financial instruments are accounted for at fair value. The fair value is based on market quotations (Bid-price), whenever these are available. If not available, fair value is determined through numerical models based on discounted cash flow techniques, using market interest rate curves adjusted by associated factors, mainly credit risk and liquidity risk, determined according to market conditions and terms.

Market interest rates are calculated on the basis of information disclosed by financial content providers [Reuters, Bloomberg and others], more specifically those resulting from interest rate swaps quotations. The values regarding very short-term rates are obtained from a similar source, but referring to the interbank money market. The interest rates for the specific maturities of the cash flows are determined by suitable interpolation methods. The same interest rate curves are also used in the projection of non-deterministic cash flows such as indexing factors.

### Amortised cost

The Bank holds in its investment portfolio at amortised cost a set of bonds in Angolan and foreign currency that represent a significant value of its investments, the Bank's objective being to capture financial flows in the medium and long term. However, the Bank considers that almost all the securities held in its portfolio do not have an active market that would allow it to determine their fair value, in which case it considers amortised cost to be an approximation of fair value..

### Loans to Customers

The fair value of loans and advances to Customers is estimated based on the update of expected cash flows from payments of the principal and interest, assuming that the instalments are paid on time. Expected future cash flows from similar loan portfolios, such as home loans, are estimated on a portfolio basis. The discount rates used are those currently charged for loans with similar characteristics.

### Other assets

Currently the Bank has a receivable from the ENSA

Group contracted with Novo Banco, with a residual maturity of more than 5 years, and an interest rate of 7%, however, given the specificity of the asset, the Bank considers that given the very long residual maturity there is no reasonable market data to determine the fair value, thus the asset is presented at book value, additionally its fair value is under analysis as mentioned in Note 36.

### Deposits from Central Banks and Other Credit Institutions

The fair value of these liabilities is estimated based on the updates of expected cash flows from payment of the principal and interest, assuming that the instalments are paid on time.

Taking into account that applicable interest rates are renewed for periods of less than one year, and the maturities of these deposits, there are no materially relevant differences in fair value.

### Deposits from Customer and other loans

The fair value of these financial instruments is estimated based on the discount of the expected



cash flows of capital and interest. The discount rate used is the rate that reflects the rates practiced for deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods of less than one year, there are no materially relevant differences in their fair value.

## Debt securities and Subordinated liabilities

Fair value is based on listed market prices when available; if not available, it is estimated based on the discount of the expected future cash-flows of capital and interest for these instruments. If not available, the fair value was calculated using numerical models based on discounted cash flow techniques that use market interest rate curves adjusted by associated factors, mainly credit risk and trading margin, the latter only in the case of issues placed with non-institutional Customers of the Bank.

Currently the Bank has a subordinated liability contracted with Novo Banco, with a residual maturity

of more than 5 years, with an interest rate of 5%, however, the Bank considers that the remuneration rate of the security is similar to the market rate paid by the Bank for similar maturities and currency, and therefore considers that there are no materially relevant differences between its fair value and book value. The main parameters used, during 2021 and 2020 in the valuation models were as follows:

## Interest rate curves

The short-term rates presented reflect the indicative values practiced in the money market, and for the long term the values presented represent the interest rate swap quotations for the respective periods:

	31-12-2021			31-12-2020			(%)
	AOA	EUR	USD	AOA	EUR	USD	
Overnight	18,73%	-0,60%	0,07%	10,25%	-0,58%	0,09%	
1 month	19,50%	-0,59%	0,10%	11,92%	-0,56%	0,15%	
3 months	21,00%	-0,57%	0,22%	12,50%	-0,54%	0,25%	
6 months	22,08%	-0,54%	0,34%	13,66%	-0,52%	0,26%	
9 months	23,38%	-0,19%	0,55%	14,78%	-0,19%	n.a	
1 year	24,66%	-0,49%	0,57%	15,50%	-0,50%	0,34%	

## Forex and Exchange rate volatility

Below are the exchange rates (Banco Nacional de

Angola) as at the Balance Sheet date and at-the-money implied volatilities for the main currency pairs used to value derivatives:

Exchange rate	31-12-2021	31-12-2020	Volatility (%)				
			1 month	3 months	6 months	9 months	1 year
AOA/USD	554,981	649,604	2,69%	3,77%	3,82%	4,61%	5,08%
AOA/EUR	629,015	798,429	2,91%	4,17%	4,71%	5,97%	6,74%

With regard to exchange rates, the Group uses in its valuation models the spot rate observed in the market at the time of the valuation.

## Note 36

# Business Risk Management

The Bank is subject to various types of risk in the course of its business. Risk management is centralised in relation to the specific risks of each business.

The Bank's risk management policy aims to regularly maintain the adequacy of its equity to the activity carried out, as well as the corresponding assessment of the risk/return profile by business segment.

In this context, monitoring and controlling the main types of risk - strategic, credit, market, liquidity, property, operational and reputational - to which the Bank's activity is subjected is of particular importance.

## Main Risk Categories

**Strategic** – The key factors of the strategy include outlining business growth areas, profitability goals, liquidity and capital management. The Bank's strategy is outlined by the CEO and the Executive Committee. "Strategic risk" means the risk of a current or potential impact on the Bank's earnings, reputation or survival capacity as a result of changes in the environment, adverse strategic decisions, inadequate implementation of decisions or the inability to respond to social, economic or technological changes.

**Credit** - Credit risk is associated with the degree of uncertainty of recovering an investment and its respective return due to incapacity of the debtor (and their guarantor, if any), thereby causing a financial loss to the creditor. Credit risk occurs in debt securities and other receivables.

**Market** - The concept of market risk reflects the potential loss that can be registered by a certain portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the different

financial instruments that comprise it, considering both the correlations that exist between them and their respective volatilities. Thus, Market Risk includes interest rate risk, exchange rate risk and other price risks.

**Liquidity** – Liquidity risk reflects the Bank's inability to fulfil its obligations associated with financial liabilities on each due date without incurring significant losses arising from a deterioration in conditions of access to financing (financing risk) and/or the sale of its assets at lower-than-market prices (market liquidity risk).

**Property** - Property risk is borne as a result of possible negative impacts on the Bank's profit or equity due to fluctuations in real estate market prices.

**Operational** – Operational risk is the potential loss resulting from flaws or shortcomings in internal processes, people and systems or those resulting from external events. Reputational – Reputation plays an important role in the sustainability of any bank.

Reputational Risk Management is, essentially, a

way to protect the Bank from potential threats to its reputation and serves to warn of a possible crisis that could affect people's perception of the Bank and their expectations.

## Internal Organisation

In accordance with the regulatory framework set forth by the BNA, Banco Económico has implemented a Risk Management System with integrated policies and processes, including procedures, thresholds, controls and systems to identify, assess and monitor information on different types of risks. In this context, Banco Económico set up a Risk Management Office (GGR) in 2017. The GGR coordinates and supervises risk management policies and risk governance practices, and designs tools and models for risk management and portfolio analysis. The GGR's remit, therefore, includes different risk areas, such as strategic risk, reputational risk, concentration risk and capital management.

It is incumbent upon the Risk Management Office to assist the Executive Committee with risk management policies and practices, by managing and monitoring said risks, and coordinating all risk management activities.

## Risk assessment

### Credit Risk

Credit risk models play an essential role in the loan decision process. Thus, decision-making in loan portfolio transactions is based on policies that use scoring models for private and business Customers, and ratings for the corporate segment. Loan decisions depend on risk scores and compliance with various rules on the financial capacity and behaviour of the applicants. There are scoring models for the main loan portfolios of private Customers, namely home loans and personal loans, considering the required segmentation between Customers and non-Customers (or recent Customers).

In the area of credit to companies, the Bank uses internal rating models for medium-sized and large enterprises, distinguishing the construction and the tertiary sector from the other business sectors. A business credit scoring model is used for sole traders (ENI) and micro-enterprises.

Information on the Bank's exposure to credit risk in



December 2018 is provided below, on a separate and consolidated basis, respectively:

(thousand kwanzas)

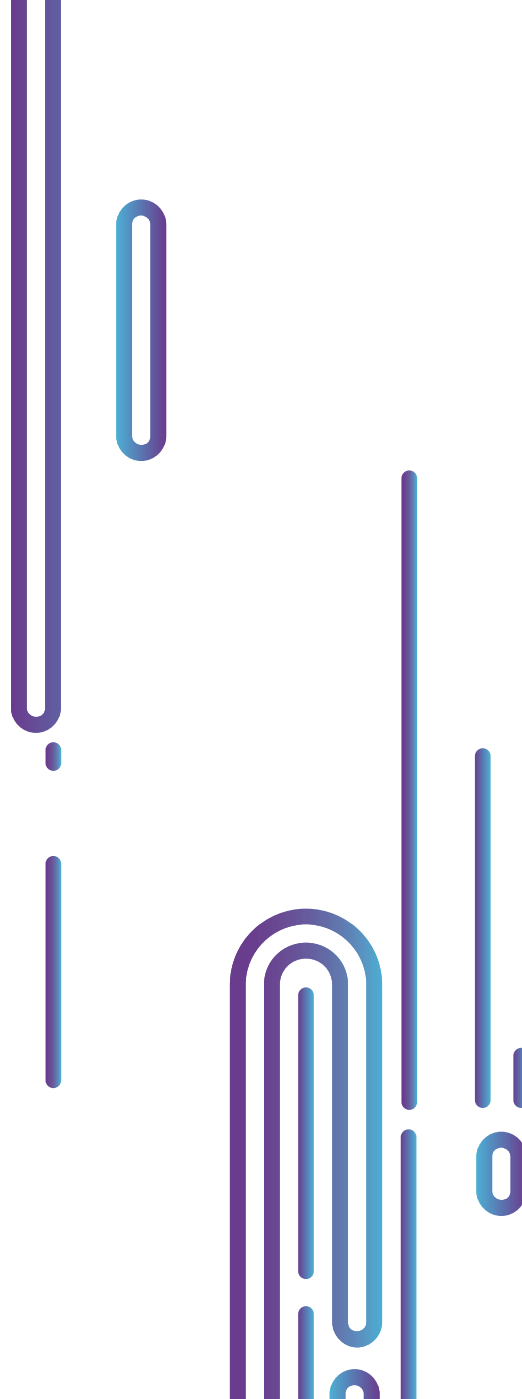
31.12.2021

	Gross book value	Impairment	Net book value
Balance sheet items	2 390 737 082	-1 164 203 531	1 226 533 550
Cash and cash equivalents at central banks	91 225 080	( 107 276)	91 117 804
Cash and cash equivalents at other credit institutions	20 890 278	( 31 707)	20 858 571
Loans and advances to central banks and other credit institutions	43 289 243	( 835 309)	42 453 933
Financial assets at fair value through profit or loss	1 531 032	-	1 531 032
Financial assets at fair value through other comprehensive income	152 751	-	152 751
Investments at amortised cost	130 956 494	(1 943 132)	129 013 362
Loans and advances to Customers	216 729 063	(148 661 533)	68 067 530
Investments in associates and joint ventures	2 964 564	( 712 365)	2 252 199
Other assets	1882 998 578	(1011 912 209)	871 086 369
Off balance sheet items	383 691 355	-268 486	383 422 869
Guarantees and endorsements	4 053 967	( 100 969)	3 952 997
Commitments to third parties	379 637 388	( 167 517)	379 469 871
Total	2 774 428 437	-1 164 472 018	1 609 956 419

	Gross book value	Impairment	Net book value
<b>Balance sheet items</b>	<b>2 849 791 529</b>	<b>-1 311 267 020</b>	<b>1 538 524 509</b>
Cash and cash equivalents at central banks	164 448 321	( 855 610)	163 592 711
Cash and cash equivalents at other credit institutions	81 073 502	( 353 827)	80 719 675
Loans and advances to central banks and other credit institutions	57 190 650	( 922 365)	56 268 285
Ativos cial assets at fair value through profit or loss	1 409 690	-	1 409 690
Ativos cial assets at fair value through comprehensive income	162 718	-	162 718
Investments at amortised cost	224 681 954	(23 869 591)	200 812 363
Loans at Clientes ces to Customers	195 505 286	(115 312 429)	80 192 857
Investments in associates and joint ventures	2 972 481	( 720 107)	2 252 374
Other ativos	2122 346 927	(1169 233 091)	953 113 836
<b>Off-balance-sheet items</b>	<b>433 281 463</b>	<b>-823 163</b>	<b>432 458 300</b>
Guarantees and endorsements	3 495 098	( 85 211)	3 409 887
Documentary credits	429 786 365	( 737 952)	429 048 413
Commitments to third parties	-	-	-
<b>Total</b>	<b>3 283 072 992</b>	<b>-1 312 090 183</b>	<b>1 970 982 809</b>

The amount indicated for Guarantees and endorsements and Documentary Credits is the contract amount without taking into account conversion factors applied to balance sheet exposure.

The amount under Other Assets relates to amounts receivable under the Operation with the ENSA Group (see Note 37).



Regarding the level of credit risk quality of financial assets in 2021 and 2020, respectively:

(thousand kwanzas)

	Origin of rating	Rating level	31.12.2021		
			Gross exposure	Impairment	Net exposure
Cash and cash equivalents at central banks	External Rating	B-	86 477 188	(107 276)	86 369 912
		No Rating	4 747 892	-	4 747 892
	External Rating	A-	4 101	(0)	4 101
		B	5 346 162	(8 186)	5 337 976
Cash and cash equivalents at other credit institutions		B-	14 196 391	(22 843)	14 173 548
		B+	212 059	(341)	211 718
		BB-	9 536	(4)	9 532
		BBB-	325 869	(26)	325 844
		BBB+	744 939	(58)	744 880
		CCC	51 220	(249)	50 971
		B-	43 289 243	(835 309)	42 453 933
Investments in central banks and other credit institutions	External Rating	B-	1 531 032	-	1 531 032
Financial assets at fair value through profit or loss	External Rating	No Rating	152 751	-	152 751
Financial assets at fair value through comprehensive income	External Rating	B-	130 956 494	(1 943 132)	129 013 362
Investments at amortised cost	Internal Rating	Low	110 982 459	(65 976 000)	45 006 459
Loans and advances to Customers		Medium	45 439 220	(33 016 353)	12 422 867
		High	60 307 384	(49 669 180)	10 638 204
Investments in associates and joint ventures	External Rating	No Rating	2 964 564	(712 365)	2 252 199
Other assets	External Rating	B-	1583 508 673	(999 819 035)	583 689 638
		No Rating	299 489 904	(12 093 174)	287 396 730
<b>Total</b>			<b>2 390 737 082</b>	<b>(1164 203 532)</b>	<b>1 226 533 550</b>



(thousand Kwanzas)

		31.12.2020			
	Origin of rating	Rating level	Gross exposure	Impairment	Net exposure
Cash and cash equivalents at central banks	External Rating	Caa1	155 199 259	( 855 610)	154 343 649
		No Rating	9 249 062	-	9 249 062
Cash and cash equivalents at other credit institutions	External Rating	Aa3	243 925	( 3)	243 923
		B1	71 291	( 116)	71 175
		Ba3	1 908 492	( 825)	1 907 668
	External Rating	Baa1	3 757 337	( 317)	3 757 019
		u7	1 542 628	( 130)	1 542 498
		Caa1	73 549 928	( 352 535)	73 197 393
Investments in central banks and other credit institutions	External Rating	Baa1	3 257 606	( 3 303)	3 254 302
		Baa3	4 228 214	( 4 284)	4 223 930
		Ba3	38 986 739	( 201 892)	38 784 848
		Caa1	10 718 091	( 712 886)	10 005 205
Financial assets at fair value through profit or loss	External Rating	Caa1	1 409 690	-	1 409 690
Financial assets at fair value through comprehensive income	External Rating	No Rating	162 718	-	162 718
Investments at amortised cost	External Rating	Caa1	224 681 954	(23 869 591)	200 812 363
Loans and advances to Customers	Internal Rating	Low	107 183 966	(61 820 691)	45 363 275
		Medium	43 734 254	(26 575 038)	17 159 216
		High	44 587 066	(26 916 699)	17 670 367
Investments in associates and joint ventures	External rating	No rating	2 972 481	( 720 107)	2 252 374
Other assets	External rating	Caa1	1824 928 612	(1156 726 042)	668 202 570
		No Rating	297 418 315	(12 507 049)	284 911 266
<b>Total</b>			<b>2 849 791 628</b>	<b>(1311 267 119)</b>	<b>1 538 524 509</b>

The risk levels were attributed primarily using Moody's and Fitch, which considered a Caa1 (Moody's) or CCC+ (Fitch) rating for Angola at the close of 2020, with the other agencies being used when necessary. Additionally, for the internal rating, the nomenclature previously adopted by the BNA risk levels is used, according to the following allocation: Low (letters A and B), Medium (letters C, D and E), High (letters F and G).

Additionally, in internal terms, the rating was calculated based on the Bank's internal model.



The breakdown by sectors of activity of the exposure to credit risk, as at 31 December 2021 and 2020, is presented as follows, respectively:

	Loans and advances to Customers		Guarantees provided	Total exposure	Relative weight	Impairment	
	Not yet due	In arrears				Amount	Impairment/ Total exposure
<b>Companies</b>	<b>130 447 443</b>	<b>65 900 120</b>	<b>9 662 370</b>	<b>206 009 933</b>	<b>91,00%</b>	<b>136 899 249</b>	<b>66,45%</b>
Farming, livestock, hunting, forestry, and fishery	71 889 213	41 854 006	96 199	113 839 418	50,28%	82 037 089	72,06%
Manufacturing industries	546 050	490 701	-	1 036 751	0,46%	291 016	28,07%
Construction	325 665	667 306	-	992 970	0,44%	646 565	65,11%
Wholesale and retail trade	23 684 207	6 598 532	4 059 867	34 342 607	15,17%	20 708 765	60,30%
Hospitality and restaurants (and similars)	22 684	7 398 995	-	7 421 679	3,28%	5 318 030	71,66%
Real estate and rental activities and services to companies	1 114 791	2 683 512	-	3 798 303	1,68%	1 674 388	44,08%
Health and welfare	5 705 182	98 979	-	5 804 161	2,56%	143 954	2,48%
Other collective, social and personal services	20 823 268	3 575 725	1 258 578	25 657 571	11,33%	19 811 637	77,22%
Others	6 336 383	2 532 364	4 247 725	13 116 473	5,79%	6 267 805	47,79%
<b>Retail Customer</b>	<b>14 649 236</b>	<b>5 732 264</b>	<b>-</b>	<b>20 381 500</b>	<b>9,00%</b>	<b>11 863 253</b>	<b>58,21%</b>
Consumption	2 065 363	79 597	-	2 144 960	0,95%	211 818	9,88%
Housing	8 676 423	629 030	-	9 305 453	4,11%	3 269 832	35,14%
Other purposes	3 907 450	5 023 637	-	8 931 087	3,94%	8 381 603	93,85%
<b>Total</b>	<b>145 096 679</b>	<b>71 632 384</b>	<b>9 662 370</b>	<b>226 391 433</b>		<b>148 762 502</b>	

	Loans and advances to Customers			Total exposure	Relative weight	Impairment	
	Not yet due	In arrears	Guarantees provided			Amount	Impairment/ Total exposure
<b>Companies</b>	<b>128 674 546</b>	<b>42 783 788</b>	<b>47 966 165</b>	<b>219 424 499</b>	<b>2141,92%</b>	<b>103 574 271</b>	<b>47,20%</b>
Farming, livestock, hunting, forestry and fishery	54 427 951	18 858 603	10 026 350	83 312 904	813,26%	53 784 433	64,56%
Manufacturing industries	1 987 973	602 237	953 041	3 543 251	34,59%	359 732	10,15%
Construction	3 076 059	415 539	160 000	3 651 598	35,65%	378 102	10,35%
Wholesale and retail trade	26 043 174	6 598 954	28 819 609	61 461 737	599,96%	22 790 286	37,08%
Hospitality and restaurants (restaurants and similars)	34 709	7 407 991	-	7 442 700	72,65%	4 352 028	58,47%
Real estate and rental activities and services to companies	6 133 349	1 445 270	415 736	7 994 355	78,04%	4 693 784	58,71%
Health and welfare	7 166 410	115 314	589 277	7 871 001	76,83%	229 781	2,92%
Other collective, social and personal services	27 819 938	4 630 283	6 365 487	38 815 708	378,90%	15 515 259	39,97%
Organismos internacionais e outras instituições extra-territoriais	1 984 983	2 709 596	636 667	5 331 246	52,04%	1 470 867	27,59%
<b>Retail Customers</b>	<b>18 306 824</b>	<b>5 740 128</b>	<b>-</b>	<b>24 046 953</b>	<b>234,74%</b>	<b>12 561 320</b>	<b>52,24%</b>
Consumption	2 826 696	69 721	-	2 896 418	28,27%	196 601	6,79%
Housing	10 490 887	415 381	-	10 906 268	106,46%	2 889 257	26,49%
Other purposes	4 989 240	5 255 027	-	10 244 267	100,00%	9 475 461	92,50%
<b>Total</b>	<b>146 981 370</b>	<b>48 523 916</b>	<b>47 966 165</b>	<b>243 471 452</b>		<b>116 135 591</b>	

The geographic concentration of credit risk at 31 December 2021 and 2020 is presented as follows, respectively:

	Angola	Other African Countries	Europe	Others	Total
<b>Assets</b>	<b>1 163 221 047</b>	<b>754 537</b>	<b>62 553 865</b>	<b>4 102</b>	<b>1 226 533 551</b>
Cash and cash equivalents at central banks	91 117 804	0	0	0	91 117 804
Cash and cash equivalents at other credit institutions	0	754 537	20 099 932	4 102	20 858 571
Loans and advances to central banks and other credit institutions	0	0	42 453 933	0	42 453 933
Financial assets at fair value through profit or loss	1 531 032	0	0	0	1 531 032
Financial assets at fair value through other comprehensive income	152 751	0	0	0	152 751
Investments at amortised cost	129 013 362	0	0	0	129 013 362
Loans and advances to Customers	68 067 530	0	0	0	68 067 530
Investments in associates and joint ventures	2 252 199	0	0	0	2 252 199
Other assets	871 086 369	0	0	0	871 086 369
<b>Liabilities</b>	<b>1 665 870 196</b>	<b>0</b>	<b>63 698 032</b>	<b>0</b>	<b>1 729 568 228</b>
Deposits from central banks and other credit institutions	262 316 318	0	0	0	262 316 318
Deposits from Customers and other loans	1 303 985 454	0	0	0	1 303 985 454
Financial liabilities held for trading	0	0	0	0	0
Subordinated liabilities	0	0	63 698 032	0	63 698 032
Other liabilities	99 568 424	0	0	0	99 568 424
	<b>2 829 091 243</b>	<b>754 537</b>	<b>126 251 897</b>	<b>4 102</b>	<b>2 956 101 779</b>

	Geographical area				
	Angola	Other African Countries	Europe	Other	Total
Assets	1 411 541 754	7 406 983	119 331 965	243 807	1 538 524 509
Cash and cash equivalents at central banks	163 592 711	0	0	0	163 592 711
Cash and cash equivalents at other credit institutions	0	7 406 983	73 068 885	243 807	80 719 675
Loans and advances to central banks and other credit institutions	10 005 205	0	46 263 080	0	56 268 285
Financial assets at fair value through profit or loss	1 409 690	0	0	0	1 409 690
Financial assets at fair value through other comprehensive income	162 718	0	0	0	162 718
Investments at amortised cost	200 812 363	0	0	0	200 812 363
Loans and advances to Customers	80 192 857	0	0	0	80 192 857
Investments in associates and joint ventures	2 252 374	0	0	0	2 252 374
Other assets	953 113 836	0	0	0	953 113 836
Liabilities	1 949 929 990	0	266 433 659	0	2 216 363 649
Deposits from central banks and other credit institutions	262 823 458	0	17 311 335	0	280 134 793
Deposits from Customers and other loans	1 589 389 247	0	0	0	1 589 389 247
Subordinated liabilities	0	0	249 122 324	0	249 122 324
Other liabilities	97 717 285	0	0	0	97 717 285
	3 361 471 744	7 406 983	385 765 624	243 807	3 754 888 158

For the purpose of reducing credit risk, mortgage guarantees and financial collateral allowing a direct reduction in the value of the position are relevant. Personal protection guarantees with substitution effect on the exposure are also considered.

In terms of direct reduction, credit operations collateralised by financial guarantees are included, namely deposits, Angolan government bonds, among other similar operations.

With regard to real mortgage guarantees, asset valuation is carried out by independent experts or by an in-house team with no connection to the commercial department. Revaluation of the assets is carried out onsite by a technical appraiser, in accordance with best market practices.

The Bank's policy is to regularly assess whether there is any objective evidence of impairment in its loan portfolio, as described in Note 2.3.

## Market Risk

The Bank's market risk management policy is in line with best risk management practices. In this context, the Bank strictly abides by BNA risk legislation, including Notice 08/2016 of 16 May concerning interest rate risk in the banking book (financial instruments not held in the trading portfolio).

With regard to information and market risk analysis, regular reporting is ensured on the financial assets portfolios. In terms of the own portfolio, several risk limits have been defined, including exposure limits by Issuer/Counterparty and credit quality level (rating). The assessment of interest rate risk arising from banking portfolio operations is performed through risk sensitivity analysis.

Based on the financial characteristics of each contract, expected cash flows are projected in accordance with the interest rate reset dates and any performance assumptions.

Aggregation of expected cash flows, for each of the currencies analysed, at each of the time intervals allows interest rate gaps to be determined per

reset date.

Following the recommendations of Instruction No. 06/2016 of 08 August, of the National Bank of Angola, to calculate the exposure to interest rate risk in the balance sheet, the Bank's assets and liabilities were broken down by type of rate (fixed and variable) and by terms or times of refixing (or repricing).

Detail of assets and liabilities grouped by type of rate as of 2021 and 2020, respectively:

	EXPOSURE				Total
	Exposure to Fixed rate	Variable rate	Not subject to interest rate risk	Derivatives	
<b>Assets</b>	<b>826 042 413</b>	<b>-</b>	<b>400 491 138</b>	<b>-</b>	<b>1226 533 551</b>
Cash and cash equivalents at central banks	-	-	91 117 804	-	91 117 804
Cash and cash equivalents at other credit institutions	-	-	20 858 571	-	20 858 571
Loans and advances to central banks and other credit institutions	42 453 933	-	-	-	42 453 933
Financial assets at fair value through profit or loss	1 531 032	-	-	-	1 531 032
Financial assets at fair value through other comprehensive income	-	-	152 751	-	152 751
Investments at amortised cost	129 013 362	-	-	-	129 013 362
Loans and advances to Customers	68 067 530	-	-	-	68 067 530
Investments in associates and joint ventures	-	-	2 252 199	-	2 252 199
Other assets	584 976 556	-	286 109 813	-	871 086 369
<b>Liabilities</b>	<b>1316 830 488</b>	<b>-</b>	<b>412 737 740</b>	<b>-</b>	<b>1729 568 228</b>
Deposits from central banks and other credit institutions	262 316 318	-	-	-	262 316 318
Deposits from Customers and other loans	906 111 144	-	397 874 310	-	1303 985 454
Financial liabilities held for trading	-	-	-	-	-
Subordinated liabilities	63 698 032	-	-	-	63 698 032
Other Liabilities	84 704 993	-	14 863 431	-	99 568 424
<b>Total</b>	<b>(490 788 075)</b>	<b>-</b>	<b>(12 246 602)</b>	<b>-</b>	<b>(503 034 677)</b>



	Exposure to			Derivatives	Total
	Fixed rate	Variable rate	Not subject to risk of interest rate		
<b>Assets</b>	983 844 778	-	554 679 731	-	1538 524 509
Cash and cash equivalents at central banks	-	-	163 592 711	-	163 592 711
Cash and cash equivalents at other credit institutions	-	-	80 719 675	-	80 719 675
Loans and advances to central banks and other credit institutions	56 268 285	-	-	-	56 268 285
Financial assets at fair value through profit or loss	1 409 690	-	-	-	1 409 690
Financial assets at fair value through other comprehensive income	-	-	162 718	-	162 718
Investments at amortised cost	200 812 363	-	-	-	200 812 363
Loans and advances to Customers	57 151 870	-	23 040 987	-	80 192 857
Investments in associates and joint ventures	-	-	2 252 374	-	2 252 374
Other assets	668 202 570	-	284 911 266	-	953 113 836
<b>Liabilities</b>	1528 960 489	7 155 540	680 247 620	-	2216 363 649
Deposits from central banks and other credit institutions	280 134 793	-	-	-	280 134 793
Deposits from Customers and other loans	917 084 679	7 155 540	665 149 028	-	1589 389 247
Financial liabilities held for trading	-	-	217 230	-	217 230
Subordinated liabilities	249 122 324	-	-	-	249 122 324
Other Liabilities	82 618 693	-	14 881 362	-	97 500 055
<b>Total</b>	(545 115 711)	(7 155 540)	(125 567 889)	-	(677 839 140)

Details of the financial instruments in accordance with the residual maturity date, as opposed to the date of each operation's cash flow, at 31 December 2021 and 2020, in nominal values, are presented as follows, respectively:

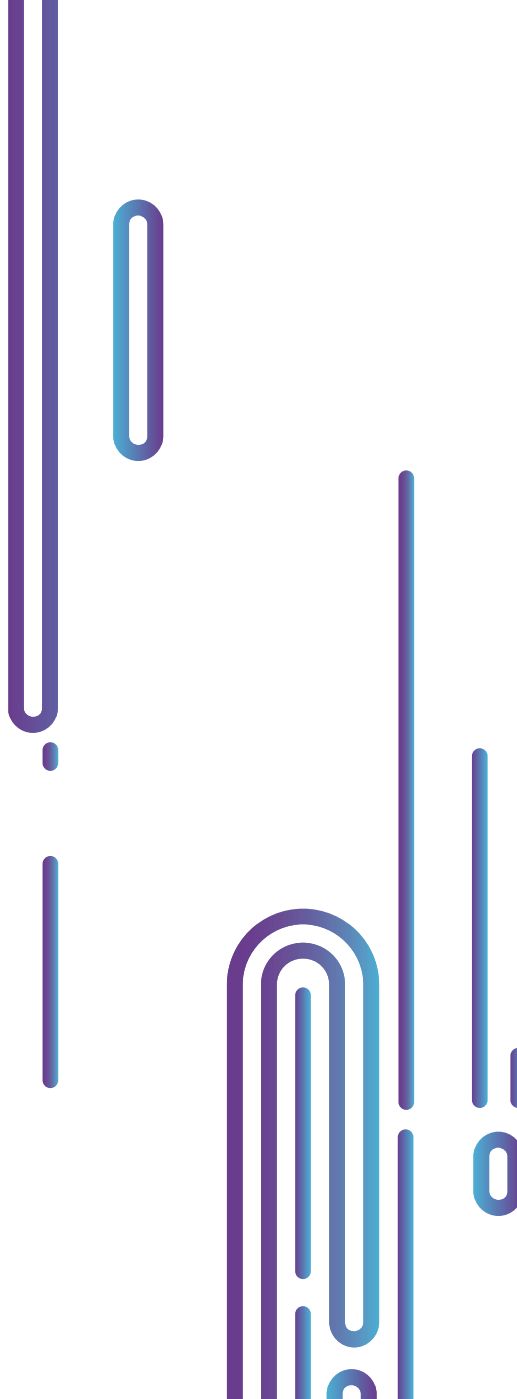
(thousands kwanzas)

31.12.2021									
Reset dates / Maturity dates									
	Up to 1 month	1 to 3 Months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Indefinite	Total
Assets	138 086 187	10 882 062	31 571 871	84 015	18 100 565	387 036 255	637 028 251	3 744 345	1 226 533 551
Cash and cash equivalents at central banks	91 117 804	0	0	0	0	0	0	0	91 117 804
Cash and cash equivalents at other credit institutions	20 858 571	0	0	0	0	0	0	0	20 858 571
Loans and advances to central banks and other credit institutions	0	10 882 062	31 571 871	0	0	0	0	0	42 453 933
Financial assets at fair value through profit or loss	0	0	0	0	938 279	592 753	0	0	1 531 032
Financial assets at fair value through other comprehensive income	0	0	0	0	0	0	0	152 751	152 751
Investments at amortised cost	0	0	0	0	0	112 417 706	16 595 656	0	129 013 362
Loans and advances to customers	0	0	0	84 015	17 162 286	14 025 796	35 456 038	1 339 395	68 067 530
Investments in associates and joint ventures	0	0	0	0	0	0	0	2 252 199	2 252 199
Other assets	26 109 812	0	0	0	0	260 000 000	584 976 557	0	871 086 369
Liabilities	103 577 893	27 799 684	359 800 767	694 012 381	176 964 418	28 079 546	339 333 540	0	1 729 568 229
Deposits from central banks and other credit institutions	5 353 699	0	256 962 619	0	0	0	0	0	262 316 318
Deposits from Customer and other loans	1 483 864	27 799 684	102 838 148	694 012 381	113 266 192	27 684 892	336 900 294	0	1 303 985 454
Financial liabilities held for trading	0	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	63 698 032	0	0	0	63 698 032
Other liabilities	96 740 330	0	0	0	194	394 654	2 433 247	0	99 568 424
Net exposure	34 508 295	-16 917 622	-328 228 896	-693 928 366	-158 863 853	358 956 710	297 694 710	3 744 345	-503 034 678

(thousand Kwanzas)

31.12.2020									
Reset dates / Maturity dates									
	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Indefinite	Total
Assets	274 984 472	62 766 894	11 353 709	114 828 784	229 784 345	128 303 685	711 115 133	5 387 488	1 538 524 509
Cash and cash equivalents at central banks	163 592 711	0	0	0	0	0	0	0	163 592 711
Cash and cash equivalents at other credit institutions	80 719 675	0	0	0	0	0	0	0	80 719 675
Loans and advances to central banks and other credit institutions	0	56 268 285	0	0	0	0	0	0	56 268 285
Financial assets at fair value through profit or loss	0	0	0	0	1 141 190	268 500	0	0	1 409 690
Financial assets at fair value through other comprehensive income	0	0	0	0	0	0	0	162 718	162 718
Investments at amortised cost	0	2 314 042	5 604 646	61 753 032	118 609 368	0	12 531 275	0	200 812 363
Loans and advances to Customers	5 760 820	4 184 567	5 749 063	1 075 751	6 033 786	24 035 185	30 381 287	2 972 396	80 192 857
Investments in associates and joint ventures	0	0	0	0	0	0	0	2 252 374	2 252 374
Other assets	24 911 266	0	0	52 000 000	104 000 000	104 000 000	668 202 570	0	953 113 836
Liabilities	895 420 131	179 223 542	416 847 373	530 757 165	137 563 951	55 984 085	567 403	0	2 216 363 650
Deposits from central banks and other credit institutions	23 172 175	0	256 962 619	0	0	0	0	0	280 134 794
Deposits from Customers and other loans	748 455 575	179 006 312	159 884 754	475 049 665	26 148 952	276 585	567 403	0	1 589 389 247
Financial liabilities held for trading	0	217 230	0	0	0	0	0	0	217 230
Subordinated liabilities	26 292 326	0	0	55 707 500	111 414 999	55 707 500	0	0	249 122 324
Other liabilities	97 500 055	0	0	0	0	0	0	0	97 500 055
Net exposure	-620 435 659	-116 456 648	-405 493 664	-415 928 381	92 220 394	72 319 600	710 547 730	5 387 488	-677 839 141

The balance sheet's sensitivity to interest rate risk is calculated based on the difference between the current mismatch of interest rates discounted at market interest rates and the amount discounted from the same cash flows simulating parallel movements of the market interest rate curve.



At 31 December 2021 and 2020, the sensitivity analysis of the financial instruments to interest rate variations, respectively, are as follows:

	31.12.2021					
	Change in interest rates					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
<b>Assets</b>	-143 313 206	-71 656 603	-35 828 301	35 828 301	71 656 603	143 313 206
Investments in central banks and other credit institutions	-262 140	-131 070	-65 535	65 535	131 070	262 140
Financial assets at fair value through profit or loss	-75 108	-37 554	-18 777	18 777	37 554	75 108
Financial assets at fair value through other comprehensive income	0	0	0	0	0	0
Investments at amortised cost	-10 795 710	-5 397 855	-2 698 928	2 698 928	5 397 855	10 795 710
Loans and advances to customers	-8 027 913	-4 013 957	-2 006 978	2 006 978	4 013 957	8 027 913
Other assets	-124 152 335	-62 076 167	-31 038 084	31 038 084	62 076 167	124 152 335
<b>Liabilities</b>	-82 616 972	-41 308 486	-20 076 183	20 076 183	41 308 486	82 616 972
Deposits from central banks and other credit institutions	-1 854 414	-927 207	-463 603	463 603	927 207	1 854 414
Deposits from Customers and other loans	-77 904 151	-38 952 075	-19 476 038	19 476 038	38 952 075	77 904 151
Subordinated liabilities	-2 312 239	-1 156 119	-136 542	136 542	1 156 119	2 312 239
Other liabilities	-546 169	-273 084	0	0	273 084	546 169
<b>Net impact</b>	<b>-60 696 234</b>	<b>-30 348 117</b>	<b>-15 752 118</b>	<b>15 752 118</b>	<b>30 348 117</b>	<b>60 696 234</b>

	31.12.2020					
	Change in interest rate					
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
<b>Assets</b>	<b>-148 185 899</b>	<b>-74 092 950</b>	<b>-37 046 475</b>	<b>37 046 475</b>	<b>74 092 950</b>	<b>148 185 899</b>
Loans and advances to central banks and other credit institutions	-180 059	-90 029	-45 015	45 015	90 029	180 059
Financial assets at fair value through profit and loss	-60 019	-30 009	-15 005	15 005	30 009	60 019
Financial assets at fair value through other comprehensive income	0	0	0	0	0	0
Investment in amortised cost	-7 509 771	-3 754 885	-1 877 443	1 877 443	3 754 885	7 509 771
Loans and advances to Customers	-7 470 012	-3 735 006	-1 867 503	1 867 503	3 735 006	7 470 012
Other assets	-132 966 039	-66 483 020	-33 241 510	33 241 510	66 483 020	132 966 039
<b>Liabilities</b>	<b>-20 853 692</b>	<b>-10 426 846</b>	<b>-3 033 483</b>	<b>3 033 483</b>	<b>10 426 846</b>	<b>20 853 692</b>
Deposits from central banks and other credit institutions	-1 868 669	-934 334	-467 167	467 167	934 334	1 868 669
Deposits from Customers and other loans	-10 187 264	-5 093 632	-2 546 816	2 546 816	5 093 632	10 187 264
Subordinated liabilities	-8 719 760	-4 359 880	-19 500	19 500	4 359 880	8 719 760
Other liabilities	-78 000	-39 000	0	0	39 000	78 000
<b>Net Impact</b>	<b>-127 332 207</b>	<b>-63 666 103</b>	<b>-34 012 992</b>	<b>34 012 992</b>	<b>63 666 103</b>	<b>127 332 207</b>

Given the interest rate gaps observed, on 31 December 2021, an instantaneous and parallel positive variation in interest rates by 200 basis points would motivate a variation (+/-) in the expected economic value of the banking portfolio of approximately KZ 60 696 234 thousand (2020: KZ 127 871 459 thousand). The results presented are within the limits set by BNA, in Notice no. 08/2016 of 16 May, for this specific risk.

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

The bank's banking portfolio has a considerable component in Foreign Currency, which makes a sensitivity analysis of the financial instruments by currency imperative in the light of the regulations.

The breakdown of assets and liabilities, in 2021 and 2020, by currency is analysed as follows, respectively:

(thousand kwanzas)

	31.12.2021				
	Kwanzas	United States of America Dollar	Euros	Other currencies	Total
Cash and cash equivalents at central banks	48 880 565	42 066 546	165 319	5 374	91 117 804
Cash and cash equivalents at other credit institutions	0	15 363 421	4 931 046	564 104	20 858 571
Loans and other advances to central banks and other credit institutions	0	42 453 933	0	0	42 453 933
Financial assets at fair value through profit and loss	1 531 032	0	0	0	1 531 032
Financial assets at fair value through other comprehensive income	135 145	0	17 606	0	152 751
Investments in amortised cost	17 341 394	111 671 968	0	0	129 013 362
Loans and advances to Customers	61 802 95	6 173 623	85 399	5 551	68 067 530
Investments in associates and joint ventures	2 252 199	0	0	0	2 252 199
Other assets	285 117 558	585 937 029	31 782	0	871 086 369
<b>Assets</b>	<b>417 060 851</b>	<b>803 666 520</b>	<b>5 231 152</b>	<b>575 030</b>	<b>1 226 533 552</b>
Deposits from central banks and other credit institutions	264 344 901	2	-2 028 584	0	262 316 318
Deposits from Customers and other loans	256 803 971	1 035 445 890	11 712 608	22 986	1 303 985 454
Financial liabilities held for trading	0	0	0	0	0
Subordinated liabilities	0	63 698 032	0	0	63 698 032
Other liabilities	35 621 866	63 574 215	355 014	17 329	99 568 424
<b>Liabilities</b>	<b>556 770 738</b>	<b>1 162 718 138</b>	<b>10 039 038</b>	<b>40 315</b>	<b>1 729 568 229</b>
<b>Position per currency</b>	<b>-139 709 887</b>	<b>-359 051 619</b>	<b>-4 807 886</b>	<b>534 715</b>	<b>-503 034 677</b>

	Kwanzas	United States of America Dollar	Euros	Other currencies	Total
Cash and cash equivalents at central banks	97 324 394	65 150 585	1 111 202	6 531	163 592 711
Cash and cash equivalents at other credit institutions	34 939	41 611 055	38 892 404	181 277	80 719 675
Loans and advances to central banks and other credit institutions	10 005 205	46 263 080	0	0	56 268 285
Financial assets at fair value through profit and loss	1 409 690	0	0	0	1 409 690
Financial assets at fair value through other comprehensive income	140 370	0	22 348	0	162 718
Investments in amortised cost	21 437 721	179 374 642	0	0	200 812 363
Loans and advances to Customers	56 286 401	23 905 264	0	1 192	80 192 857
Investments in associates and joint ventures	2 252 374	0	0	0	2 252 374
Other assets	282 379 360	670 581 826	152 651	0	953 113 836
<b>Assets</b>	<b>471 270 453</b>	<b>1 026 886 451</b>	<b>40 178 605</b>	<b>189 000</b>	<b>1 538 524 509</b>
Deposits from central banks and other credit institutions	262 815 923	13 357 529	3 961 343	0	280 134 794
Deposits from Customers and other loans	268 629 379	1 286 094 775	34 633 957	31 136	1 589 389 247
Financial liabilities held for trading	217 230	0	0	0	217 230
Subordinated liabilities	0	249 122 324	0	0	249 122 324
Other liabilities	30 184 101	66 611 762	686 547	17 645	97 500 055
<b>Liabilities</b>	<b>561 846 632</b>	<b>1 615 186 390</b>	<b>39 281 847</b>	<b>48 780</b>	<b>2 216 363 650</b>
<b>Position per currency</b>	<b>-90 576 179</b>	<b>-588 299 939</b>	<b>896 757</b>	<b>140 219</b>	<b>-677 839 141</b>

The sensitivity analysis of the equity value of financial instruments to changes in exchange rates at 2021 and 2020 is presented as follows, respectively:

	31.12.2021								(milhares de Kwanzas)
	-40%	-20%	-10%	-5%	+5%	+10%	+20%	+40%	
<b>Currency</b>									
United States of America Dollars	79 706 731	39 853 365	19 926 683	9 963 341	-9 963 341	-19 926 683	-39 853 365	-79 706 731	
Euros	1 209 693	604 846	302 423	151 212	-151 212	-302 423	-604 846	-1 209 693	
<b>Impact</b>	<b>80 916 423</b>	<b>40 458 212</b>	<b>20 229 106</b>	<b>10 114 553</b>	<b>-10 114 553</b>	<b>-20 229 106</b>	<b>-40 458 212</b>	<b>-80 916 423</b>	

	31.12.2020								(milhares de Kwanzas)
	-40%	-20%	-10%	-5%	+5%	+10%	+20%	+40%	
<b>Currency</b>									
United States of America Dollars	153 228 863	76 614 432	38 307 216	19 153 608	-19 153 608	-38 307 216	-76 614 432	-153 228 863	
Euros	-175 400	-87 700	-43 850	-21 925	21 925	43 850	87 700	175 400	
Other currencies	0	0	0	0	0	0	0	0	
<b>Impact</b>	<b>153 053 464</b>	<b>76 526 732</b>	<b>38 263 366</b>	<b>19 131 683</b>	<b>-19 131 683</b>	<b>-38 263 366</b>	<b>-76 526 732</b>	<b>-153 053 464</b>	



The result of the test presented corresponds to the expected impact (before tax) on shareholders' equity, including minority interests, due to a 40% appreciation of the Kwanza against other currencies.

## Liquidity Risk

Liquidity risk is assessed using internal metrics established by the Bank's management, including setting exposure limits. This control is reinforced by monthly monitoring of sensitivity analyses to adjust the Bank's risk profile to the demands of its business activity and ensure that its obligations are met in the event of a liquidity crisis.

The control of liquidity levels has the objective of maintaining a satisfactory level of cash to meet treasury needs in the short, medium and long term. Liquidity risk is monitored daily and specific reports are prepared for control and supervision, and to inform decisions taken by the Financial Committee or the Executive Committee.

Liquidity analysis is, in particular, based on future

cash flow estimated for different periods, taking into account the Bank's balance sheet. However, for the purpose of simplicity, the table below shows an analysis based on residual maturity dates, instead of expected future cash flows. The liquidity position on the day of analysis and the amount of highly liquid assets in the portfolio available for liquidity operations are added to these amounts to determine the accumulated liquidity gap for different periods. Additionally, the liquidity positions are also monitored from a prudential point of view, calculated in accordance with the rules required by the National Bank of Angola (Instruction no. 06/2016 of 08 August).

Due to information limitations, it is not possible to disclose the liquidity maturity tables based on the contracted cash flow dates, using for the effect the net accounting values of impairment.



In this context, on 31 December 2021 and 2020, the liquidity gap of the Bank's balance sheet had the following structure, respectively:

	Residual Maturities									Total
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Indefinite	
<b>Assets</b>	<b>0</b>	<b>142 249 682</b>	<b>42 234 168</b>	<b>13 640 571</b>	<b>56 765 206</b>	<b>176 090 081</b>	<b>112 938 818</b>	<b>680 210 075</b>	<b>2 404 950</b>	<b>1 226 533 551</b>
Cash and cash equivalents at central banks	0	91 117 804	0	0	0	0	0	0	0	91 117 804
Cash and cash equivalents at other credit institutions	0	20 858 571	0	0	0	0	0	0	0	20 858 571
Loans and advances to central banks and other credit institutions	0	0	31 566 632	10 887 301	0	0	0	0	0	42 453 933
Financial assets at fair value through profit and loss	0	0	668 575	0	281 526	302 540	278 390	0	0	1 531 032
Financial assets at fair value through other comprehensive income	0	0	0	0	0	0	0	0	152 751	152 751
Investments in amortised cost	0	0	0	0	55 764 243	56 899 710	0	16 349 410	0	129 013 362
Loans and advances to clients	0	4 163 493	9 998 961	2 753 270	719 438	14 887 831	8 660 428	26 884 110	0	68 067 530
Investments in associates and joint ventures	0	0	0	0	0	0	0	0	2 252 199	2 252 199
Other assets	0	26 109 813	0	0	0	104 000 000	104 000 000	636 976 556	0	871 086 369
<b>Liabilities</b>	<b>97 417 997</b>	<b>479 427 861</b>	<b>203 626 178</b>	<b>393 358 775</b>	<b>498 690 853</b>	<b>52 761 007</b>	<b>2 582 653</b>	<b>1 702 903</b>	<b>0</b>	<b>1 729 568 228</b>
Deposits from central banks and other credit institutions	0	5 353 699	0	256 962 619	0	0	0	0	0	262 316 318
Deposits from Customer and other loans	0	474 074 162	203 626 178	136 386 834	470 331 454	17 392 623	2 168 603	5 599	0	1 303 985 454
Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	28 329 648	35 368 384	0	0	0	63 698 032
Other liabilities	97 417 997	0	0	9 322	29 751	0	414 050	1 697 304	0	99 568 424
<b>Liquidity gap</b>	<b>-97 417 997</b>	<b>-337 178 179</b>	<b>-161 392 010</b>	<b>-379 718 205</b>	<b>-441 925 647</b>	<b>123 329 074</b>	<b>110 356 165</b>	<b>678 507 172</b>	<b>2 404 950</b>	<b>-503 034 677</b>
<b>Accumulated liquidity Gap</b>	<b>-97 417 997</b>	<b>-434 596 177</b>	<b>-595 988 187</b>	<b>-975 706 392</b>	<b>-1 417 632 038</b>	<b>-1 294 302 965</b>	<b>-1 183 946 800</b>	<b>-505 439 627</b>	<b>-503 034 677</b>	<b>-503 034 677</b>

	Residual Maturities									Total
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	Indefinite	
<b>Assets</b>	<b>246 060 402</b>	<b>28 924 070</b>	<b>62 766 894</b>	<b>11 353 709</b>	<b>114 828 784</b>	<b>229 784 345</b>	<b>128 303 685</b>	<b>714 087 529</b>	<b>2 415 092</b>	<b>1 538 524 509</b>
Cash and cash equivalents at central banks	163 592 711	0	0	0	0	0	0	0	0	163 592 711
Cash and cash equivalents at other credit institutions	80 719 675	0	0	0	0	0	0	0	0	80 719 675
Loans and advances to central banks and other credit institutions	0	0	56 268 285	0	0	0	0	0	0	56 268 285
Financial assets at fair value through profit and loss	0	0	0	0	0	1 141 190	268 500	0	0	1 409 690
Financial assets at fair value through other comprehensive income	0	0	0	0	0	0	0	0	162 718	162 718
Investments in amortised cost	0	0	2 314 042	5 604 646	61 753 032	118 609 368	0	12 531 275	0	200 812 363
Loans and advances to customers	1 748 016	4 012 804	4 184 567	5 749 063	1 075 751	6 033 786	24 035 185	33 353 683	0	80 192 857
Investments in associates and joint ventures	0	0	0	0	0	0	0	0	2 252 374	2 252 374
Other assets	0	24 911 266	0	0	52 000 000	104 000 000	104 000 000	668 202 570	0	953 113 836
<b>Liabilities</b>	<b>762 649 083</b>	<b>132 771 049</b>	<b>179 223 542</b>	<b>416 847 373</b>	<b>530 757 165</b>	<b>137 563 951</b>	<b>55 984 085</b>	<b>567 403</b>	<b>0</b>	<b>2 216 363 650</b>
Deposits from central banks and other credit institutions	0	23 172 175	0	256 962 619	0	0	0	0	0	280 134 794
Deposits from customers and other loans	665 149 028	83 306 548	179 006 312	159 884 754	475 049 665	26 148 952	276 585	567 403	0	1 589 389 247
Financial liabilities held for trading	0	0	217 230	0	0	0	0	0	0	217 230
Subordinated liabilities	0	26 292 326	0	0	55 707 500	111 414 999	55 707 500	0	0	249 122 324
Other liabilities	97 500 055	0	0	0	0	0	0	0	0	97 500 055
<b>Liquidity gap</b>	<b>-516 588 680</b>	<b>-103 846 979</b>	<b>-116 456 648</b>	<b>-405 493 664</b>	<b>-415 928 381</b>	<b>92 220 394</b>	<b>72 319 600</b>	<b>713 520 126</b>	<b>2 415 092</b>	<b>-677 839 141</b>
<b>Gap acumulado liquidity</b>	<b>-516 588 680</b>	<b>-620 435 659</b>	<b>-736 892 308</b>	<b>-1 142 385 972</b>	<b>-1 558 314 353</b>	<b>-1 466 093 960</b>	<b>-1 393 774 359</b>	<b>-680 254 233</b>	<b>-677 839 141</b>	<b>-677 839 141</b>

On 31 December 2021, the Liquidity Ratio calculated in accordance with Instruction 19/2016 of 30 August amounts to 45% (2020: 65%) representing a significant improvement in liquidity risk management. This instructive defines as a minimum a ratio of 100% for exposure in Kwanzas and 150% for exposure in Foreign Currency, which shows the progress achieved, however the Bank presents a very pronounced liquidity gap in the short-medium term (less than five years) arising from the nature and maturity of the other asset receivable from GENSA with a very long-term maturity. In this sense, the Bank expects the above mentioned liquidity gap to be resolved as a result of the capital increase operation mentioned in the following Note.

## Property Risk

Property risk arises as the result of property exposure (whether from credit recovery proceedings or investment properties) and the exposure of units in real estate funds in the securities portfolio. These exposures are monitored regularly and scenario analyses are performed to estimate potential

impacts of changes in the real estate market on the portfolios of real estate investment funds, investment properties and properties given in kind.

The exposure to real estate properties and participation units in real estate funds at 31 December 2021 and 2020 was as follows

	(thousand kwanzas)	
	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Other assets</b>		
Properties received in lieu of payment	16 674 733	13 991 573
Other property not allocated to banking activity	722 829	710 175
<b>Non-current assets held for sale</b>		
Properties	-	1 111 691
<b>Other tangible assets</b>		
Property allocated to banking activity	36 971 677	37 849 402
	<b>54 369 239</b>	<b>53 662 841</b>

## Operational Risk

An operational risk management system has been implemented, based on identifying, assessing, monitoring, measuring, mitigating and reporting this type of risk.

The Bank's Operational Risk Department performs the corporate operational risk management function of the Bank, which is supported by the existence of Interlocutors in different organic units that ensure the proper implementation of operational risk management in the Bank.

Additionally, to ensure the management of Operational Risk inherent to the Bank's activity, a dynamic and continuous framework was defined that materialises the implementation of operational risk management based on the following elements: (i) Mapping of risks and controls; (ii) Analysis of the data collected in the assessment questionnaires (qualitative); (iii) Registration of events (quantitative); (iv) Monitoring of the activities of identification and management of risk; (v) Production of operational risk reports and mitigation techniques.

The Operational Risk Management tools include: (i) Operational Risk Management Tools; (ii) Matrix, Risks and Process Controls (MRC); (iii) OR Event Registration Database (LDC); (iv) Key Risk Indicators (KRI). It should also be noted that the current management of operational risk is carried out on a daily basis, through the identification, assessment, monitoring and control of operational risk events framed within the risk categories defined internationally by the Basel Committee.

## Note 37

# Relevant Events

## I – Recapitalisation and Restructuring Plan

In 2014, Banco Nacional de Angola ("BNA") decided on measures to reorganise Banco Económico ("BE"), as detailed in section II - Chronology of events, which culminated, on 15 July 2016, with the signing, with the ENSA Group - Investimentos e Participações, E.P. - now INVESTPAR - Investimentos e Participações, S.A. ("GENSA" or "INVESTPAR"), of the following agreements: transfer of the economic interests of a portfolio of loans and units of participation, and sale of assets held by BE ("Operation with ENSA Group"), with reference to 31 December 2014.

However, there was a default on the first instalment on 31 December 2018 by INVESTPAR, thus compromising the agreed payment plan, which

was renegotiated. The BE, together with the BNA, initiated since that date, a set of interactions for the assessment of sanitation alternatives (see point II - Chronology of events), while successive worsening of the Bank's economic, financial and operational conditions were observed, regardless of the agreements signed. As a mitigating measure, on 21 December 2021, BNA determined a set of intervention measures that were an integral part of the new Restructuring and Recapitalisation Plan ("RRP") proposed by the Bank's Board of Directors and approved by the Regulator, which were embodied in the following:

- a) Total incorporation of losses in the Bank's share capital, with the Shareholders' capital being reduced to zero;
- b) Increase of the Bank's capital, in the minimum amount of Kz 1,040 billion, by way of:
  - (i) Restructuring of the subordinated loan of Novo Banco (with a new amendment formalised on 27 December 2021);

(ii) Partial conversion into capital, by way of negotiation, of the amounts of depositors with a balance equal to or greater than the equivalent of Kz 3,000 million, excluding public and equivalent entities ("Eligible Depositors"), in the following proportions:

- 45% subscribed in Participation Units ("PU") of a Closed-end Securities Investment Fund to be established;
- 20% subscribed in perpetual bonds ("PTB"), with an annual redemption option, at the initiative of the issuer (BE), beginning on the 10th year of issue.

(iii) Issue of bonds convertible into shares up to the amount of Kz 50,000 million, with a maturity of ten (10) years, to be subscribed voluntarily by the Eligible Depositors or by other

interested entities;

- (iv) Deferral, using the straight-line method and in equal annual installments, of the recognition of impairments in the amount of Kz 260,000 million, for a period of 5 (five) years, with reference to 31 December 2020;
- (v) Financial contribution from other investors, in the estimated amount of Kz 260 billion, to be made until the end of 2022;
- (vi) Exchange of bonds received in payment by INVESTPAR, with a nominal value of Kz 47 428 million, for new bonds under current market conditions;
- (vii) The return to BE of the assets received by INVESTPAR identified in paragraph III- "Operation with the ENSA Group";

- (viii) Measures to increase operational efficiency and reduce the Bank's costs.

Considering the above, BE initiated and maintains an ongoing process of definition and implementation of a set of activities deemed essential for the full compliance with the said Plan, including the General Meeting of Shareholders held on 15 February 2022, which approved among others: i) the issue of Perpetual Participation Securities and ii) the issue of Convertible Bonds.

BE's Board of Directors ("BD") is convinced that, within the deadlines set, it will have the necessary conditions and support from the different public and private stakeholders, with a view to the successful implementation of the RRP measures approved by the BNA, but recognises, however, that this is a long and complex process, for which the Board identifies, on this date, several risks, including the following:

**(i) Effective and timely completion of the Perpetual Participation Bonds and Convertible Bonds Issue:**

On 15 February 2022 the issue of the PTB was approved at the AGM of Shareholders. On 1 April 2022 the authorisation from the Ministry of Finance ("MINFIN") was obtained for the issue, in the amount of Kz 171,460 million, subject to the presentation of BE's interim report and accounts as at 31 December 2021. However, the Bank is awaiting the publication in the Official Gazette of the corresponding Executive Order of the Minister of Finance, referring the process to the Capital Market Commission ("CMC") for due appreciation and approval.

As a result of the examination of the process, the CMC informed the Bank that it agrees with the issuance of the PTBs under the following conditions:

- As Angola has ratified the United Nations Conventions against Illicit Traffic in Nar-

cotic Drugs and Psychotropic Substances, against Transnational Organized Crime and the United Nations Convention for the Suppression of the Financing of Terrorism, the subscriptions of designated legal and individual persons are not eligible;

- The transfer of the PTB to third parties, who have not signed the memorandums of understanding, is conditional on a favourable opinion from the CMC;
- Subscriptions from entities that have not subscribed to the Memoranda of Understanding within the framework of the Bank's Recapitalisation and Restructuring Plan are not permitted.

**(ii) Obtaining the agreement of current and future Shareholders in relation to the RRP:**

To date, the Bank's Management has

had interactions with current and future Shareholders of the Bank regarding the implementation of the RRP. Regarding the current Shareholders, they have already approved the Plan, by resolution taken at the General Meeting of 15 February this year. Regarding the new Shareholders, it is in progress to obtain the agreements and/or Memoranda of Understanding evidencing the commitment made by the Eligible Depositors and the Bank's governing bodies, on the recapitalisation proposal presented as a result of the approval of the RRP by BNA.

Although the Bank considers that there are risks in the implementation of this measure, it is at an advanced stage of implementation and with good prospects of conclusion, considering that, to date, 21 Memoranda of Understanding have been formalised with the entities identified as future Shareholders, representing a total of Kz 515 968 650 thousand deposits to be mobilised for capital contributions

through the Investment Fund and for the acquisition of financial instruments to be issued by the Bank (PTB), corresponding to 92.62% of total eligible deposits, with reference to the date of preparation of the RRP.

It should be noted that the amount presented above was calculated using the exchange rate of 30 September 2021, the reference date of the RRP. In this sense, given that 98% of the amounts to be mobilised are denominated in Foreign Currency, it is the Bank's expectation that the exchange rate of 31 December 2021 will be used. As a result of this understanding, the value of the Memoranda signed corresponds to a total of Kz 442,086,389 thousand. It should be noted that the difference between both values does not correspond to a loss for the Bank, given that, although the value is not considered in the new share capital and financial instruments that will be subscribed, it is being appropriated in the Bank's foreign exchange

results, resulting from the appreciation of the Kwanza against the US dollar.

The General Meeting to deliberate on the capital increase and the entrance of new Shareholders will be held at an early date, depending on the complementary stages of the Recapitalisation and Restructuring Plan.

Additionally, on 27 December 2021, the Bank entered into an amendment to the subordinated loan agreement with Novo Banco, providing for the following conditions:

- Payment of the instalment due in October 2021, in two instalments, 40% in cash and 60% by September 2022;
  - Forgiveness of 75% of the remaining debt; and,
  - Restructured 25% payment until September 2023.
- (iii) The recovery of the asset receivable from

INVESTPAR, which represents 46% of the Bank's assets, on 31 December 2021, as per point III - "Operation with the ENSA Group":

The Bank expects the renegotiation of the terms of the «Operation with the ENSA Group», including the possibility of reversing the operation, under conditions still to be negotiated with INVESTPAR, it being the understanding of the Board of Directors that, given the overall evaluation of the assets receivable, these are likely to generate future gains for the Bank, namely through the reversal of impairment losses and recovery of the assets within a reasonable period of time.

- (iv)** Exchange of bonds received as payment from INVESTPAR with a nominal value of Kz 47 428 million, for new bonds under market conditions:

Regarding this measure, the Bank is in discussions with MINFIN to evaluate the possibility of exchanging the current securities that have a maturity of 2040 and remuneration rate of 5%, for securities with normal market conditions, in maturity and

interest rate. The Bank's expectation is that this measure will allow the recovery of losses recorded under the initial recognition of these assets at their fair value.

- (v)** Investors' contributions to be made by the end of 2022:

As presented in the RRP approved by BNA, the Bank anticipates the need for an additional capital increase, in the estimated amount of Kz 260 billion, to be carried out during 2022, whose alternatives are under analysis.

- (vi)** Conclusion of the constitution process of the Closed-end Securities Investment Fund with the CMC, including the respective Fund Management Company:

The process of registration and constitution of the Fund is being developed by the management company INDEPENDENT Financial Advisors - SGOIC. SA, in order to comply with all the CMC requirements, concerning the conclusion of the points

mentioned in paragraph b) above.

- (vii)** Ensure compliance with the regulatory, legal and accounting framework:

CA states its full commitment to the implementation of the Bank's Recapitalisation and Restructuring Plan within the established deadlines, with the support of the Banking Sector Regulator (BNA), the Capital Markets Supervisor (CMC) and other institutional counterparties, ensuring the correct legal and regulatory framework to enable the successful implementation of the RRP.

It should be noted that during 2021, the Bank received from the BNA, through its letter 480/DSB/21 of 11 August, a temporary exemption, during the recapitalisation and restructuring process, from complying with the following regulatory limits:

- Regulatory own funds;
- Foreign exchange position;



- Solvency ratio;
- Limits of large risks;
- Liquidity ratio, in accordance with instructive no. 19/16;
- Increase of 5% of the obligatory reserves in Foreign Currency and the 2% previously fulfilled in Kwanzas.

Notwithstanding this exemption, on 31 December 2021 the Bank is in breach of the limit referred to for the mandatory reserves in FC (17%). However, it is planned to implement measures in the short term that will allow the Bank to regularise this situation.

**(viii)** Ensure compliance with the business plan scheduled for 2022 - 2027:

As mentioned in point vii), the Board of Directors reaffirms its commitment to the full implementation of the RRP, in line with the business plan and all the planned activities depending on the developments in the previous points. Therefore, the Board

of Directors believes that the new business plan and its development should be carried out after the new Shareholders join the Bank.

As a result of the delay in implementing the Bank's recapitalisation plan, due to the complexity of the operations and the need for its instruction, analysis and approval by the Regulators, the Board of Directors decided to postpone the start of the amortisation of deferred impairments until 2022, in order to combine it with the date of the effective recapitalisation of the Bank and the issue of financial instruments. The Bank has already formalised this request to the BNA and from the interaction maintained with the Regulator on this issue, it does not foresee any opposition to it.

Although these circumstances constitute material risks and uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern, CA believes that it is appropriate to present the financial statements using the going concern assumption, given the favourable evolution and the considerable progress achieved, namely the majority adherence to the RRP by Eligible

Depositors and the full commitment of the Bank's Management to the implementation of the Plan, with the support of the Regulator (BNA), the Capital Market Supervisor (CMC) and other institutional counterparties involved in the Plan.

## II – Chronology of events

Banco Económico results from the redenomination of Banco Espírito Santo Angola, following the reorganisation measures decided by the National Bank of Angola on 20 October 2014 and the General Meeting held on 29 October of the same year.

In retrospect, on 4 August 2014, the BNA decided to adopt extraordinary reorganisation measures for Banco Espírito Santo Angola, which took the form of a detailed assessment of its loan portfolio, of its component to be allocated to losses, the identification of the asset items subject to disposal and restructuring and the concomitant revocation of the Sovereign Guarantee issued by the Republic of Angola on 31 December 2013, through Internal Presidential Order 7/2013, of 31 December, in the amount of USD 5.7 billion (Kz 556.4 billion, at

the exchange rate of that date), including USD 0.2 billion for other natures of assets. According to the aforementioned Presidential Order, the Sovereign Guarantee was issued considering that Banco Espírito Santo Angola, at that time, held and managed a portfolio of credits and operations relating to a number of Angolan corporate entities, comprising micro, small and large companies that corresponded to operations of paramount importance for the full implementation of the objectives contained in the National Development Plan 2013 - 2017 and in order to protect the fundamental interests of the Angolan financial system. Following this, the BNA appointed two interim directors to, together with the Board of Directors in office, ensure the current management of the Bank.

On 20 October 2014, the BNA released the results of the report on the Bank's financial situation prepared by the appointed provisional directors and the special purpose review report presented by the independent auditor expressly engaged for that purpose, which identified adjustment needs to Banco Espírito Santo Angola's own funds in the

total amount of Kz 488 780 million, with own funds having become negative by Kz 383 886 million.

As a result, the BNA decided to adopt the following reorganisation measures:

- a) Capital increase by conversion of part of the senior interbank loan, in the amount of Kz 360 768 million, followed by a reduction of the Shareholders' equity by absorption of all accumulated losses. With this operation, the then Shareholders of the Bank saw their stakes in the share capital, completely diluted;
- b) Capital increase in the amount of Kz 65 000 million, by the Shareholders or by entities invited and accepted by BNA, to be carried out in cash, with a view to reconstituting the share capital and ensuring compliance with the minimum prudential ratios;
- c) Conversion of the amount of Kz 7,000 million of the senior interbank loan into the Bank's share capital, representing a 9.9% shareholding in the institution, which con-

version was subject to the authorisation to be obtained by the holder of the senior interbank loan from the competent entities for the subscription of said share capital;

- d) Conversion of the Kz 41 596 million senior interbank loan into a common loan in US dollars and at market rates, repayable in 18 months, guaranteed by the Bank for 50% of its value, through the delivery of a pledge on public debt securities;
- e) Conversion of the amount of Kz 41 595 million of the senior interbank loan into a subordinated loan in US dollars and at market rates, repayable in 10 years, with the possibility of future conversion into share capital, until the end of the repayment period, provided the loan holder's holding remains below 19.99%. This amount may be increased by 7,000 million kwanzas in the event of non-conversion into capital of the provisions of paragraph c) above;

- f) Placement in the market of additional subordinated instruments, in the amount of Kz 50 billion, until 31 December 2015, in order to ensure the maintenance of the regulatory ratios.

A universal and extraordinary general meeting was held on 29 October 2014, at which the interim directors informed the Shareholders of the reorganisation measures to be adopted, and invited the then Shareholders to recapitalise the Bank under the conditions presented.

As the then Shareholders did not express any interest in capitalising the Bank under the conditions referred to, in addition to GENI-Novas Tecnologias S.A., the following operations were approved:

- a) Increase of capital in cash in the amount of Kz 65 billion, to be carried out by the following entities and in the proportions already approved by BNA:
- (i) The company "GENI Novas Tecnologias, SA": make a contribution of Kz 14,328 million, representing a 19.900% stake of the share capital;
  - (ii) The company "Lektron Capital, S.A.": make a contribution of Kz 22,304 million, representing a 30.978% stake of the share capital;
  - (iii) The company "Sonangol, EP": make a contribution of Kz 11,520 million, representing a 16.000% stake of the share capital;
  - (iv) The company "Sonangol Vida, S.A.": make a contribution of Kz 11,520 million, representing a 16.000% participation of the share capital;
  - (v) The company "Sonangol Holdings, Lda.": make a contribution of Kz 5,328 million, representing a 7.400% stake of the share capital.
- b) Capital increase of Kz 7 billion, through the conversion of the senior loan held by "Novo Banco, S.A.", corresponding to a holding of 9.722% of the share capital.

With the holding of the aforementioned General Meeting, BNA's intervention ended, the new corporate bodies were appointed and the Bank's redenomination to "Banco Económico, S.A." was approved.

With reference to the common loan, constituted as a result of the BNA reorganisation measures, in the amount of USD 424,860 thousand, the full repayment of the principal was scheduled for 30 April 2016. In view of the current exchange restrictions, Banco Económico agreed with Novo Banco, S.A. to alter the loan's repayment conditions. As a result of the contractual amendment, dated 29 April 2016, the amount of USD 94 667 233.65 was settled on 30 April 2016, the amount of USD 50 million was settled on 13 June 2016, and the amount of USD 73 million was settled on 30 September 2016. The remaining amount was settled in August 2018. In the referred contractual amendment, Banco Económico reinforced the guarantees in favour of Novo Banco, S.A. with a first-degree pledge, on 12,300 treasury bonds of the Republic of Angola, with a nominal value of USD 10,000 and maturity on 15 August 2018. In replacement of the issue in

the market of additional subordinated instruments, in the amount of Kz 50 billion, previously approved by the BNA, the agreements for the transfer of the economic interests of a portfolio of loans, of participation units and the sale of assets held by Banco Económico ("Operation with the ENSA Group"), with reference to 31 December 2014, framed by Presidential Decrees 196/15 and 123/16, were executed on 15 July 2016, the details of which are as follows:

- a) Transmission of economic rights on direct claims, by subscription and other values, amounting to Kz 111 886 million and USD 1 981 million. The Bank held a repurchase option on two credit operations in the amount of Kz 10 286 million until 2018, for which it was agreed, with GENSA, not to exercise in 2018. Economic rights on loans written off from assets in the gross amount of Kz 88 716 thousand, fully provisioned, were also conveyed;
- b) Sale of 49 191 units in the BESA Património Fund, corresponding to 50.2% of all units, in the amount of Kz 5 975 million;

- c) Transfer of economic rights relating to 50,000 units of the Fundo BESA Valorização, corresponding to all the units of that Fund, in the amount of Kz 54,102 million;
- d) Disposal of various assets not for own use and fixed assets in progress, amounting to Kz 4,975 million.

As these operations produced legal and economic effects retroactive to 31 December 2014, after approval by BNA on 31 October 2016, the Bank derecognised these assets on this date, in the total amount of Kz 380 743 million (Kz 176 940 million and USD 1 980 million), with the exception of the direct loans over which the Bank maintains the repurchase option in the amount of Kz 10 286 000 000, against Other assets (see Note 16), which were derecognised in 2018, following a non-exercise agreement with GENSA.

For payment of the price of the operations on the various assets the following schedule has been agreed:

- a) With the signing of the contracts, the pay-

ment of Kz 47 428 million, made by delivery of Republic of Angola public debt securities (registered in the Securities Portfolio - Note 9);

- b) Five annual and constant payments of the remaining amount due, starting from 15 July 2017 (with two tranches - Kz 25 980 million and USD 396 million).

Interest at a rate of 7% is payable on the amount due.

The Payment Agreement entered into between the parties foresees that the five above-mentioned instalments shall be paid in one of the following ways, to be approved by the intervention of public law legal persons and/or the respective supervisory, regulatory or other bodies through the legal-economic instruments appropriate for the effect, under the terms of the legislation in force at any time:

- a) By delivering the Angolan Republic Treasury Bonds in National Currency, identified in Presidential Decree no. 196/15, of 8 October, in Executive Decree no. 656/15, of 24 November,

of the Minister of Finance, and in Presidential Decree no. 123/16, of 9 June, or decree relative to the same object that succeeds it, under the terms foreseen in the respective legislation concerning public debt and its forms of transmission, without prejudice to the provisions of paragraph iii) below, which shall prevail;

- b) In cash, without prejudice to the provisions of paragraph c) below, which shall prevail;
- c) The USD-indexed portion of the price, in each annual instalment, shall be paid by means of the delivery of securities of Treasury Bonds of the Republic of Angola indexed to the Kz/USD exchange rate by BNA on the date of each payment or, alternatively, paid by means of a USD deposit in a Banco Económico bank account.

On 20 March 2017, Banco Económico transferred in kind to BNA a portfolio of Treasury Bonds of the Republic of Angola in the amount of Kz 14 662 million and receivables from the transfer and sale of assets to GENSA, in the amount of Kz 256 963 million (49% of the total balance of "Other assets"),

for the full settlement of the financing granted by BNA to Banco Económico, in the total amount, on that date, of Kz 271 625 million (Kz 230 372 million on 31 December 2016 - Note 17).

On 15 July 2017, the first payment of the five annual instalments of principal and interest relating to the operations of transfer of economic rights and sale of assets, in the total amount of Kz 179,360 million (Kz 54,360 million and USD 749 million, of which Kz 25,980 million and USD 396 million of principal and Kz 28,380 million and USD 352 million of interest) was scheduled to be made, of which Kz 76,734 million was due to BNA, by virtue of the assignment of the rights receivable by Banco Económico, as referred to in the previous paragraph. As referred to in the Order of the Minister of Finance dated 9 October 2017, as the supervisory body of GENSA, in order to adjust the payment plan to the pace of recovery of receivables and other assets allowed by the current economic context and to minimise the amounts of public debt to be issued in the future to make up for any deficit, with the amounts recovered to date serving to partially pay the interest due, the reformulation of the Debt Pay-

ment Agreement was authorised as follows:

- a) To make a payment equivalent to Kz 25,216 million, of which Kz 388 million through public debt securities, for the partial payment of interest to the Economic Bank;
- b) Capitalise the remaining unpaid interest in the amount of USD 201 million and Kz 28,380 million;
- c) To alter the payment plan of the asset transfer operation from 5 years to 24 years, in accordance with that established by the State for the issue of public debt for this type of operation, maintaining the interest rate at 7%. The new plan foresees annual payments of capital of USD 90 940 thousand and Kz 6 594 949 thousand, plus interest calculated on the outstanding capital.

On 19 December 2017, an agreement was signed between the Bank and GENSA formalising the above conditions.

As at 31 December 2018, the payment of the first of

24 instalments of principal and interest, totalling Kz 22 804 429 thousand and USD 314 458 thousand (being Kz 6 594 949 thousand and USD 90 940 thousand principal, and Kz 16 209 480 thousand and USD 138 692 thousand interest) was scheduled, of which USD 267 131 thousand (being USD 77 253 thousand principal and USD 189 878 thousand interest) was due to the Bank. The remainder would be due to BNA under the assignment of rights agreement referred to above. At the present date, GENSA has not yet made the payment of this instalment of principal and interest.

During discussions with MINFIN and BNA, the Bank informed these entities of the possibility of applying a discount to the outstanding amount of USD 61 777 thousand (Kz 19 064 674 thousand), having deducted this amount from the amount receivable from GENSA recorded in the balance sheet and incorporated the respective loss in the results for the year.

Meanwhile, the BNA and MINFIN communicated, in May 2019, to Banco Económico and its Shareholders, that they wanted the asset sale operation to

GENSA to be reversed in a capital increase operation to be carried out by the current Shareholders. Also within the scope of the contacts with MINFIN and BNA on this matter, the said entities informed of their intention to replace the payment of the price for the transfer/sale of assets to GENSA with a capital increase to compensate the difference between the sale price and the current valuation value of the assets transferred/sold.

On 22 July 2019, the BNA notified Banco Económico to proceed with the referred capital increase to be carried out until 30 June 2020, quantified in the amount of Kz 416 billion but subject to change if any adjustment were to be determined according to the analyses that were still in progress, including the asset quality assessment programme, in order to ensure the replacement of the Regulatory Own Funds ("ROF") and the adequacy of the Regulatory Solvency Ratio ("RSR"). As mentioned in the same letter, if during the capital increase, significant changes occurred in impairment losses whose analysis was still in progress, the Bank should request to BNA, the proportional change in the capital to be made. Thus, the capital increase required to offset

the change in assumptions regarding the sale of assets to GENSA could be different from that referred to, depending on the time of its realisation and how it is applied.

On 19 July 2019, Sonangol EP notified Banco Económico that Lektron Capital SA ("Lektron") made the delivery of shares representing 30.978% of the Bank's share capital, as payment of the loan contracted by Lektron with Sonangol EP. With this payment in kind, Sonangol EP increased its shareholding in Banco Económico to 46.978% and Sonangol Group to 70.378%. Subsequently, the Shareholders Sonangol, EP, Sonangol Vida, SA and Sonangol Holdings, Lda formally expressed their intention to subscribe and carry out the capital increase that would be approved at the General Meeting of 7 August 2019, in the percentages of their shareholdings or in the full amount of the capital increase, should the remaining Shareholders not exercise their pre-emptive right.

Considering that the asset sale contracts with GENSA Group were in force, the terms under which they would be modified to give way to the

capital increase operation were still unknown and the value of the assets was being confirmed, Banco Económico did not incorporate in the financial statements of 31 December 2018 the effect on results that could result from the change in the assumptions of the asset sale operation. However, due to the change in the assumptions of the Operation with the ENSA Group, taking into account that the Shareholders Sonangol, EP, Sonangol Vida, SA and Sonangol Holdings, Lda expressed, in a letter issued on 2 August 2019, their intention to subscribe and carry out the capital increase, to be approved at the General Meeting of 7 August 2019, the financial statements were prepared on a going concern basis.

Following the asset quality assessment ("AQA") programme, Banco Nacional de Angola communicated, in December 2019, to Banco Económico, its conclusions on the same, concluding the need for significant adjustments, mostly associated with the correct value of the asset transfer operation to GENSA, ascertaining an impairment of approximately 60% (sixty per cent). However, the need for capital stood at similar amounts to those ini-

tially presented in the communication of 22 July 2019 (416 billion Kwanzas), with the Bank having to submit a Recapitalisation Plan to the BNA by 28 February 2020, which should be implemented by 30 June 2020 (Note 16 - Other assets).

As a result of the above determinations, Banco Económico initiated a set of procedures to adopt the best international practices and hire an internationally renowned consulting firm, to prepare a Recapitalisation Plan that complies with the defined requirements and was in the best interest of its Shareholders. However, despite the submission of the initial Plan and subsequent adaptations to it, as a result of suggestions from the BNA, it was not approved. It should be noted that the process suffered delays as a result of the Covid-19 pandemic, which created additional difficulties in the structuring of the Recapitalisation Plan, restricting the possibility of some solutions due to financial restrictions and the deterioration of the risk scenario on a global scale, making it difficult for potential international stakeholders to invest effectively.

In addition, on 31 August 2020, the BNA informed

Banco Económico of the return of the operation contracted on 20 March 2017, arising from the settlement of financing granted through the payment in kind of receivables from the operation of transfer and sale of assets to GENSA, amounting to Kz 256 963 million. Consequently, the Bank carried out a revaluation of impairment considering this amount recognising, in 2020, an impairment of Kwanzas 181 693 million taking into account the value attributed to the asset transfer operation, determined at the time of the asset quality assessment programme, maintaining an impairment proportion of 60% (Note 38 - Subsequent events).

As part of the implementation of the RRP, a General and Universal Shareholders' Meeting was held on 15 February 2022, subject to the following agenda:

1. Information on the accounts for the financial years 2019 and 2020.
2. Presentation of the Recapitalisation and Restructuring Plan of Banco Económico, S.A.
3. Approval of the issue of Perpetual Partici-

pation Bonds.

4. Approval of the issue of Convertible Bonds
5. Various

The General Meeting was attended by all the Bank's Shareholders and all the items on the agenda were approved, thus meeting the necessary conditions for the continuation of the measures leading to the capitalisation of Banco Económico.

To underline the urgency of this process, under the account "Miscellaneous", the Shareholders approved the scheduling of a new General Meeting, within no more than 45 (forty-five) days from that date, to take the necessary decisions to conclude the recapitalisation operations, in accordance with the RRP approved by the Bank.

### III – "Operation with the ENSA Group" on 31 December 2021

The financial statements for the year ended 31 December 2021 include the following effects relating to the "Operation with the ENSA Group":

(thousand Kwanzas)			
Financial statement items	31-12-2021	31-12-2020	Note
<b>Profit and loss account</b>			
Net interest income	(3 694 722)	(2 930 036)	24
Other interest and similar income	-	-	24
Other interest and similar costs	(3 694 722)	(2 930 036)	24
Foreign exchange income	(86 976 996)	178 656 619	27
Impairment	12 798 926	(235 428 517)	31
	<b>(77 872 792)</b>	<b>(59 701 934)</b>	
<b>Balance sheet</b>			
Other assets	583 689 638	668 202 570	16
Capital	1 351 438 502	1 555 295 550	16
Accrued interest	200 962 026	235 225 594	16
Property receivables / payables	1 757 617	1 650 512	16
Stamp duty borne by the Bank on loan transfers	3 995 257	3 995 257	16
Advances for property	29 350 528	32 756 956	16
Impairment on stamp duty	(3 995 257)	(3 995 257)	16
Impairment on other assets	(999 819 035)	(1 156 726 042)	16
Other liabilities	(83 418 076)	(82 618 693)	21
Settlements paid on loan transfers	(65 328 071)	(66 882 040)	21
Interest and other expenses	(11 578 563)	(9 178 292)	21
Property receivables / payables	(6 511 442)	(6 558 361)	21
	<b>500 271 562</b>	<b>585 583 877</b>	



In relation to the balances and transactions at 31 December 2021 and 2020 with INVESTPAR we highlight that:

- 1) As presented in Note 16 - Other assets, in 2021 the Bank reversed the impairment in the amount of 12 798 926 thousand kwanzas for the amounts receivable from INVESTPAR, and in 2020 the Bank increased the impairment in the amount of 235 428 517 thousand kwanzas. This amount was calculated according to the results of the Asset Quality Assessment programme carried out with reference to 31 December 2018, requested by the BNA. Considering the reduced information available, the amount of impairment calculated has significant limitations, so the Bank is assessing the alternatives for the recovery of this asset;
- 2) As shown in Note 27, the Bank recorded in 2021 and 2020 the amounts of -86 976 996 thousand kwanzas and 178 656 619 thousand kwanzas, respectively, of exchange losses in 2021 and capital gains in 2020

resulting from the exchange revaluation of the Foreign Currency component of INVESTPAR's receivables and payables, recorded under "Other assets" and "Other liabilities"; and

- 3) As presented in Note 24, the Bank stopped recording since 2020 (inclusive) interest income from the "Operation with the ENSA Group", given the default recorded since 31 December 2018. Additionally, according to the same note, the Bank recorded in 2021 and 2020 the amounts of 3 694 722 thousand Kwanzas and 2 930 036 thousand Kwanzas, respectively, relating to interest charges of the "Operation with the ENSA Group".

As detailed in Note 21 - Other liabilities at 31 December 2021 and 2020, the Bank has balances of 83 418 076 and 82 618 693 thousand kwanzas, mainly relating to the recovery of the operations assigned to INVESTPAR and which must be handed over to that entity. The Bank bears interest of 7% on the amount owed to INVESTPAR.



## Note 38

# Subsequent Events

### Recapitalisation and Restructuring Plan (“RRP”)

According to Note 37 - Relevant Facts, there were relevant developments on the implementation of measures deemed necessary to proceed with the recapitalisation and profitability of the Bank, of which we highlight the following:

- (i) Approval of the Recapitalisation and Restructuring Plan presented by the Board of Directors, by Banco Nacional de Angola, on 21 December 2021;
- (ii) A General Shareholders’ Meeting was held on 15 February 2022, at which the Recapitalisation and Restructuring Plan was presented;
- (iii) Approval by the Ministry of Finance for the

issue of Perpetual Participation Certificates, which occurred on 1 April 2022, subject to the presentation of the Management Report and Accounts for 2021, as soon as possible;

- (iv) Obtaining a significant part of the future shareholders’ agreements, committing themselves to the conditions of the RRP, and voluntarily subscribing to the instruments that will make up the new equity of Banco Económico.

### Conflict between Ukraine and Russia

The geopolitical tensions in Eastern Europe, originated in early 2022, the recent conflict between Russia and Ukraine, having a strong impact on the world economy. Despite the magnitude and consequences still uncertain, this conflict may influence the evolution of several markets, by the simple fact that Russia and Ukraine are reference exporters of energy and food.

Currently, the prices of food and energy products have been rising steadily since the beginning of the conflict, and due to the sanctions imposed by the European Community, the United States and Canada, among others, and with the general boycott of Russian products, it is possible that the prices of many goods will continue to rise, contributing to the visible inflationary pressures that have been observed and for which the States are studying mitigation measures. However, given the absence of Bank operations with entities based in these countries, the direct impacts of this situation are immaterial. It should be noted that the Bank’s Board of Directors considers that the events listed above, which occurred after the closing of the reference date of 31 December 2021, should not impact the Financial Statements at that date, as they are non-adjustable subsequent events..

**Note 39**

# Account Standards and Recent Interpretations

## New standards and interpretations applicable to 2021

### **Amendments to IFRS 16 - Leases - COVID-19 related to leases beyond 30 June 2021**

This amendment aims to extend to 30 June 2022 the application of the optional practical expedient by which tenants are exempted from examining whether rent concessions up to that date, typically rent suspensions or rent reductions, related to the “COVID-19” pandemic correspond to contractual modifications.

There were no significant effects on the Bank’s financial statements arising from the adoption of these new standards, interpretations, amendments and revisions referred to above.

### **Amendments to IFRS 4 - Insurance Contracts, Deferral of IFRS 9**

This amendment aims to extend the exemption date from adoption of IFRS 9 from 1 January 2021 to 1 January 2023, thus aligning with the date from which the adoption of IFRS 17 becomes applicable.

### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of benchmark interest rates - phase 2**

Corresponds to additional amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, related to the second phase of the benchmark interest rate reform project (known as “IBOR reform”), concerning the changes in benchmark interest rates and the impacts at the level of modifications of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The Bank has not made any significant changes in the adoption of this interpretation.

New standards and interpretations applicable to 2021 only if adopted early

### **Amendments to IFRS 3 - References to Framework for Financial Reporting**

Updated reference to the 2018 conceptual framework; additional requirements for liability analysis under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognised in a business combination.

### **Amendments to IAS 16 - Income before start-up**

Prohibition of deduction from the cost of a tangible asset of income related to the sale of products before the asset is available for use.

### **Amendments to IAS 37 - Onerous Contracts - costs of fulfilling a contract**

Clarification that compliance costs for a contract correspond to costs directly related to the contract.

### **Amendments to IFRS 1 - Subsidiary as a first-time**

**adopter of IFRSs (included in the annual improvements for the 2018-2020 cycle)**

**Amendments to IFRS 9 - Derecognition of financial liabilities - Fees to be included in the '10 per cent' change test (included in the annual improvements for the 2018-2020 cycle)**

**Amendments to IAS 41 - Taxation and fair value measurement (included in the annual improvements for the 2018-2020 cycle)**

#### **IFRS 17 - Insurance Contracts**

This standard establishes, for insurance contracts within its scope of application, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. It is applicable in financial years beginning on or after 1 January 2023.

#### **Amendments to IAS 1 - Disclosure of accounting policies**

This amendment published by IASB clarifies that material accounting policies, rather than significant accounting policies, should be disclosed. It is

applicable in financial years beginning on or after 1 January 2023.

#### **Amendments to IAS 8 - Defining accounting estimates**

This amendment published by IASB changes the definition of accounting estimate for monetary amount in financial statements subject to measurement uncertainty. It is applicable in financial years beginning on or after 1 January 2023.

#### **Amendments to IAS 1 - Presentation of financial statements - Classification of current and non-current liabilities**

This amendment published by IASB clarifies the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. It is applicable in financial years beginning on or after 1 January 2023.

#### **Amendments to IAS 12 - Deferred Taxes related to Assets and Liabilities arising from a Single Transaction**

This amendment published by IASB clarifies that

the exemption of initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences. It is applicable in financial years beginning on or after 1 January 2023.

#### **Amendments to IFRS 17 - Insurance Contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information**

This amendment published by the IASB introduces changes on comparative information to present when an entity adopts the two standards IFRS 17 and IFRS 9 simultaneously. It is effective for annual periods beginning on or after 1 January 2023.

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



Ernst & Young Angola, Lda. Tel: +244 227 260461/2/3/4  
 Presidente Business Center Tel: +244 945203172  
 Largo 17 de Setembro, nº 3 www.ey.com  
 3º Piso - Sala 341  
 Luanda  
 Angola

## Relatório do Auditor Independente

Ao Conselho de Administração  
 do Banco Económico, S.A.

### Introdução

1. Auditámos as demonstrações financeiras individuais anexas do Banco Económico, S.A. ("Banco"), as quais compreendem a Demonstração da posição financeira em 31 de Dezembro de 2021 (que evidencia um total de 1.278.284.862 milhares de kwanzas e um total de Capital próprio negativo de 455.011.829 milhares de kwanzas, incluindo um Resultado líquido de 173.308.857 milhares de kwanzas), a Demonstração dos Resultados, a Demonstração do Rendimento Integral, a Demonstração de alterações nos Capitais Próprios e a Demonstração de Fluxos de Caixa relativas ao exercício findo naquela data, bem como o Anexo às demonstrações financeiras individuais.

### Responsabilidade do Conselho de Administração pelas demonstrações financeiras

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

### Responsabilidade do Auditor

3. A nossa responsabilidade consiste em expressar uma opinião independente sobre estas demonstrações financeiras individuais com base na nossa auditoria, a qual foi conduzida de acordo com as Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola. Estas Normas exigem que cumparamos requisitos éticos e planeemos e executemos a auditoria para obter segurança razoável sobre se as demonstrações financeiras estão isentas de distorção material.
4. Uma auditoria envolve executar procedimentos para obter prova de auditoria acerca das quantias e divulgações constantes das demonstrações financeiras individuais. Os procedimentos seleccionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção material das demonstrações financeiras devido a fraude ou a erro. Ao fazer essas avaliações de risco, o auditor considera o controlo interno relevante para a preparação e apresentação apropriada das demonstrações financeiras individuais pela entidade a fim de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não com a finalidade de expressar uma opinião sobre a eficácia do controlo interno da entidade. Uma auditoria inclui também avaliar a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas feitas pelo Conselho de Administração, bem como a avaliar a apresentação global das demonstrações financeiras.
5. Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião de auditoria com reservas.

Societate por Guano • Capital Social 100.000 Kwanzas • Conto Único N.º 341122999  
 Inscricao N.º 2011700194 na Ordem dos Contabilistas e Peritos Contabilistas de Angola | Registo no Conselho do Mercado de Capitais com o número 004546/2016/ANCM/001-2016  
 A member firm of Ernst & Young Global Limited



Banco Económico, S.A.  
 Relatório do Auditor Independente  
 31 de Dezembro de 2021


### Bases para a Opinião com Reservas

6. Em 15 de Julho de 2016, o Banco realizou com o Grupo ENSA - Investimentos e Participações, E.P., actual Investpar - Investimentos e Participações, S.A. ("Investpar"), acordos de transmissão de direitos económicos de uma carteira de créditos e de unidades de participação em fundos de investimento, assim como a venda de outros activos detidos pelo Banco. Decorrente destes acordos, em 31 de Dezembro de 2021 a rubrica de "Outros activos" inclui o montante de 583.689.638 milhares de kwanzas (2020: 668.202.570 milhares de kwanzas), líquido de perdas por imparidade no montante de 999.819.035 milhares de kwanzas (2020: 1.156.726.042 milhares de kwanzas), cujo reversão líquida das perdas por imparidade registada no exercício ascendeu a 12.798.926 milhares de kwanzas (2020: reforço de 235.428.517 milhares de kwanzas).

Conforme referido na Nota 16, o montante registado de perdas por imparidade foi determinado considerando os resultados do programa de Avaliação da Qualidade de Activos ("AQA") promovido pelo Banco Nacional de Angola, existindo limitações sobre o resultado obtido destacando-se o facto i) desta avaliação ter sido efectuada com referência a 31 de Dezembro de 2018 e ii) da recuperação deste activo ter subjacente a futura alienação dos activos imobiliários, incluindo os associados aos créditos cedidos. Apesar do incumprimento do plano de pagamentos, os contratos celebrados com a Investpar ainda se encontram em vigor, não se conhecendo os termos em que os mesmos poderão ser modificados para assegurar a concretização da alienação destes activos imobiliários. Adicionalmente, não obtivemos resposta ao nosso pedido de confirmação externa dos saldos com a Investpar reconhecidos em "Outros activos" (Nota 16) e "Outros passivos" (Nota 21) no montante de 1.583.508.673 milhares de kwanzas (2020: 1.824.928.612 milhares de kwanzas) e 83.418.076 milhares de kwanzas (2020: 82.618.693 milhares de kwanzas), respectivamente. Atendendo ao exposto, não nos é possível concluir quanto aos eventuais efeitos destes assuntos nas demonstrações financeiras de 31 de Dezembro de 2021.

7. Em 31 de Dezembro de 2021 i) a carteira de crédito patrimonial sujeita a análise de imparidade colectiva ascende a 21.536.129 milhares de kwanzas (2020: 20.007.600 milhares de kwanzas) líquido de imparidade no montante de 18.784.715 milhares de kwanzas (2020: 14.382.450 milhares de kwanzas) e ii) as responsabilidades extrapatrimoniais relativas a garantias prestadas e outros compromissos sujeitas a análise de imparidade colectiva ascendem a 381.212.027 milhares de kwanzas (2020: 401.396.861 milhares de kwanzas) líquido de provisões no montante de 221.173 milhares de kwanzas (2020: 200.221 milhares de kwanzas). Tal como referido nas Notas 2.5 e 3.3 do Anexo às demonstrações financeiras i) a implementação do modelo de imparidade, encontra-se condicionada pelas limitações relacionadas com a análise colectiva, as quais entendemos não se encontram devidamente ultrapassadas e ii) o montante de exposição relativa limites de crédito não utilizados incluídos nas responsabilidades extrapatrimoniais, apresenta limitações decorrentes de inconsistências geradas aquando da alteração dos sistemas de informação de suporte em Outubro de 2020. Consequentemente, face à informação disponível, não nos foi possível concluir quanto aos efeitos destas limitações nas responsabilidades extrapatrimoniais, no montante de 374.019.775 milhares de kwanzas (2020: 385.315.298 milhares de kwanzas), na quantificação das perdas por imparidade de crédito acumuladas e provisões para garantias prestadas e outros compromissos, respectivamente, nos montantes de 18.784.715 milhares de kwanzas (2020: 14.382.450 milhares de kwanzas) e 221.173 milhares de kwanzas (2020: 200.221 milhares de kwanzas), assim como sobre as perdas por imparidade para crédito a clientes líquida de reversões e recuperações registadas na demonstração dos resultados no montante negativo de 10.675.432 milhares de kwanzas (2020: positivo de 12.523.341 milhares de kwanzas).
8. Em 31 de Dezembro de 2021, o saldo de "Activos por impostos correntes", inclui o montante de 1.450.599 milhares de kwanzas (2020: 1.450.599 milhares de kwanzas), referente a um crédito decorrente da liquidação provisória de Imposto Industrial realizada no exercício de 2019. Não obtivemos prova de auditoria suficiente e apropriada que nos permita concluir acerca da recuperabilidade deste activo.
9. Conforme mencionado na Nota 21 do Anexo, no decurso do exercício findo em 31 de Dezembro de 2020, o Banco procedeu ao desreconhecimento, por contrapartida da rubrica de "Outros resultados de exploração", de passivos com outra entidade relativos a créditos documentários no montante de 4.057.403 milhares de kwanzas. Contudo não obtivemos evidência adequada e suficiente para concluir sobre a não exigibilidade ou extinção do referido passivo, pelo que não estamos em condições de aferir a razoabilidade da anulação da conta a pagar e dos eventuais impactos deste assunto nos "Resultados transitados" presentes nas demonstrações financeiras.

2/4


 Banco Económico, S.A.  
Relatório do Auditor Independente  
31 de Dezembro de 2021

10. Em 31 de Dezembro de 2021, a rubrica de "Investimentos ao custo amortizado" inclui títulos de dívida pública no montante de 16.175.263 milhares de kwanzas (2020: 12.397.754 milhares de kwanzas), os quais têm maturidade em 2040 e são remunerados à taxa de juro anual de 5%. Na ausência de transacções de mercado equiparadas que possam ser consideradas na determinação do justo valor no momento inicial, o qual se reporta a 2016, o Banco utilizou a técnica de avaliação divulgada na Nota 9 das demonstrações financeiras para o determinar. Não obstante, constatamos que o pressuposto relativo à diferença de inflação não se encontrava devidamente aplicado pelo que a rubrica de "Investimentos ao custo amortizado" e os resultados transitados se encontram sobreavaliados em cerca de 6.492.519 milhares de kwanzas (2020: 4.914.349 milhares de kwanzas), 4.914.349 milhares de kwanzas (2020: 6.139.033 milhares de kwanzas), respectivamente, e o resultado líquido do exercício sobreavaliado em 1.578.170 milhares de kwanzas (2020: subavaliado em 1.224.684 milhares de kwanzas).


11. O nosso relatório de auditoria sobre as demonstrações financeiras com referência a 31 de Dezembro de 2020, emitido em 12 de Maio de 2022, inclui uma reserva por desacordo relativamente a não terem sido aplicados os ajustamentos ao valor dos activos não monetários de forma a reflectir as disposições previstas na IAS 29 - Relatório financeiro em economias hiperinflacionárias quando uma economia deixa de ser considerada hiperinflacionária. Tal como no exercício anterior, não obtivemos a informação suficiente que nos permitam quantificar com rigor os efeitos desta situação nas demonstrações financeiras do Banco em 31 de Dezembro de 2021, que entendemos serem materiais, mas não profundas.

12. Conforme divulgado na Nota 16 do Anexo, o Banco reconheceu em 2020 na rubrica de "Outros activos" o montante de 260.000.000 milhares de kwanzas relacionados com o diferimento linear de perdas por imparidade pelo período de 5 anos, tal como previsto no Plano de Recapitalização e Reestruturação ("PRR") aprovado em Dezembro de 2021 pelo Banco Nacional de Angola. Adicionalmente, tal como referido na Nota 37, o Conselho de Administração do Banco entendeu que o reconhecimento do respectivo custo apenas será iniciado em 2022. Atendendo à informação disponível, embora este diferimento possa ter enquadramento para efeitos de cumprimento de requisitos de capital ou outros de carácter regulatório, entendemos que o mesmo não satisfaz os requisitos das IFRS para reconhecimento como activo. Consequentemente, a rubrica "Outros activos" e "Resultados transitados" encontram-se sobreavaliadas em 260.000.000 milhares de kwanzas em 31 de Dezembro de 2021.

13. Estas demonstrações financeiras referem-se à actividade individual do Banco e a sua apresentação deveria ter sido precedida, ou realizada em conjunto, com a apresentação das demonstrações financeiras consolidadas, as quais, tendo em consideração que o Banco tem investimentos em subsidiárias, são exigidas pelas Normas Internacionais de Relatório financeiro. Nesta data, as referidas demonstrações financeiras consolidadas não estão ainda preparadas.



3/4

 Banco Económico, S.A.  
Relatório do Auditor Independente  
31 de Dezembro de 2021

**Opinião com Reservas**


14. Em nossa opinião, excepto quanto aos possíveis efeitos das matérias descritas nos parágrafos 6 a 9 das "Bases para a Opinião com Reservas", e excepto quanto aos efeitos das matérias descritas nos parágrafos 10 a 13 das "Bases para a Opinião com Reservas", as demonstrações financeiras individuais referidas no parágrafo 1 acima, apresentam de forma apropriada, em todos os aspectos materialmente relevantes, a posição financeira do Banco Económico, S.A., em 31 de Dezembro de 2021, e o seu desempenho financeiro e fluxos de caixa relativos ao exercício findo naquela data, em conformidade com as Normas Internacionais de Relatório Financeiro.

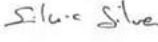
**Ênfase**

15. Sem afectar a opinião expressa no parágrafo anterior, chamámos a atenção para o facto do Banco apresentar em 31 de Dezembro de 2021 um capital próprio negativo, na sequência dos prejuízos registados nos exercícios anteriores, antes de considerados os efeitos potencialmente negativos dos assuntos referidos nos parágrafos 6 a 13 das "Bases para a Opinião com Reservas". Neste contexto, salientamos ainda os assuntos mencionados na Nota 37 do Anexo às demonstrações financeiras que descrevem, entre outros aspectos, os riscos e incertezas associados à execução do Plano de Reestruturação e Recapitalização do Banco ("PRR") apresentado pelo Conselho de Administração e aprovado pelo Banco Nacional de Angola em Dezembro de 2021. As circunstâncias referidas, aliadas aos outros aspectos referidos na Nota 37 do Anexo às demonstrações financeiras, indicam a existência de uma incerteza material que pode colocar em causa a capacidade do Banco em se manter em continuidade.

Luanda, 12 de Julho de 2022

Ernst & Young Angola, Lda.  
Representada por:

  
Daniel José Venâncio Guerreiro  
(Perito Contabilista n.º 20130107)

  
Sílvia Silva  
(Partner)

4/4

