THE REPUBLIC OF ANGOLA

Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the "**Programme**"), the Republic of Angola (the "**Issuer**" or the "**Republic**") may from time to time issue notes (the "**Notes**") in registered form and denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved by the Financial Conduct Authority (the "**FCA**") as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council dated 14 June 2017 (as amended, the "**Prospectus Regulation**"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the "**UK Listing Authority**") for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, "**MiFID II**").

The requirement to publish a prospectus under Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "**EEA**") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3(2) of the Prospectus Regulation. References in this Base Prospectus to "**Non-PR Notes**" are to Notes issued by the Issuer for which no base prospectus is required to be published under the Prospectus Regulation. The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Non-PR Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which will be delivered to the UK Listing Authority and, where listed, the London Stock Exchange.

Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and may not be offered or sold in the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. The Notes are subject to certain restrictions on transfer, see "*Transfer and Selling Restrictions*".

The Issuer has been rated B- by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), B by Fitch Ratings Ltd ("**Fitch**") and B3 by Moody's Investors Service Limited ("**Moody's**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. Each of S&P and Fitch is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Notes issued under the Programme may be rated or unrated by either/any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR or EURIBOR as specified in the applicable Final Terms. As at the date of this Base Prospectus, the administrator of European Money Markets Institute is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Arranger

Deutsche Bank

Dealers

Deutsche Bank	**ICBC**	**Standard Chartered Bank**

The date of this Base Prospectus is 15 November 2019.

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect the import of such information.

Certain information under the heading "*Book-entry Clearance Systems*" has been extracted from information provided by the clearing systems referred to therein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the Arranger or any of the Dealers has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability (whether arising in tort or contract or otherwise) is accepted by the Arranger or any of the Dealers, or any director, officer, employee, agent or affiliate (as defined in Rule 405 of the Securities Act) of any such person, as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. To the fullest extent permitted by law, none of the Arranger or any of the Dealers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or any of the Dealers or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Arranger and the Dealers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

None of the Arranger, any of the Dealers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

GENERAL INFORMATION

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the Republic of Angola, Singapore, the People's Republic of China (the "**PRC**") and the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), see "*Transfer and Selling Restrictions*".

If a jurisdiction requires that an offer of Notes described herein be made by a licensed broker or dealer (including, but not limited to, the United States) and the Arranger or any Dealer or any affiliate of the Arranger or applicable Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable Notes in such jurisdiction.

The Notes may not be a suitable investment for all investors. Generally, investment in emerging markets such as the Republic of Angola is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Potential investors are urged to consult their own legal and financial advisers before making an investment in any Notes.

Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of any Notes, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Potential investors should also note that emerging markets such as the Republic of Angola are subject to rapid change and that the information set out in this Base Prospectus may become out-dated relatively quickly.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules"**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

SINGAPORE: NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA"**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018"**), the Issuer has, unless otherwise specified before an offer of Notes, determined the classification of all Notes to be issued under the Programme as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

U.S. INFORMATION

The Notes have not been registered with, recommended by or approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs (as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be

distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act ("**Rule 144A"**) or any other available exemption. Each U.S. purchaser of Notes is hereby notified that the offer and sale of any Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together "**Legended Notes"**) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

ENFORCEMENT OF CIVIL LIABILITIES

The Republic of Angola

The Issuer has agreed that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Notes (including a claim, dispute or difference regarding its existence, termination or validity or any non-contractual obligations arising out of or in connection with the Notes) (a "**Dispute**"), shall be referred to and finally settled by arbitration in accordance with the LCIA Rules (the "**Rules**"), with the seat of arbitration being in London, England, and the language of arbitration being English. However, the Issuer has also agreed that at any time before any Noteholder has nominated an arbitrator to resolve any Dispute or Disputes pursuant to the above (i.e., through *Arbitration*), the Noteholders, at their sole option, may elect by notice in writing (an "**Election Notice**") to the Issuer that such Dispute(s) shall instead be resolved in the courts as stated below. Following any such election, no arbitral tribunal shall have jurisdiction in respect of such Dispute(s).

The Issuer has further agreed for the benefit of the Noteholders that in the event that any of the Noteholders serves an Election Notice in respect of any Dispute(s) pursuant to the above, the English courts shall have exclusive jurisdiction to hear and determine any such Dispute(s) arising from or connected with the Notes (the "**Proceedings**") and that the Issuer may not commence proceedings for the determination of any such Dispute(s) in any other jurisdiction. The Issuer has agreed that if any of the Noteholders serves an Election Notice, the courts of England shall be the most appropriate and convenient courts to settle a dispute and, accordingly, that it will not argue to the contrary. Further, the Issuer has agreed that following the service of an Election Notice by the Noteholders, nothing in the above shall (or shall be construed so as to) limit the right of the Noteholders to bring Proceedings for the determination of any Dispute(s) in the courts of England or in any other court of competent jurisdiction, nor shall the bringing of such Proceedings in any one or more jurisdictions preclude the bringing of Proceedings by the Noteholders in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law. The Issuer has appointed Sociedade Nacional De Combustiveis De Angola Ltd. ("**Sonangol UK**") of Merevale House, Brompton Pl, Knightsbridge, London SW3 1QE as its agent on whom process may be served in any action arising out of or based on the Notes in an English court and has further undertaken that, in the event of Sonangol UK ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Angolan courts have exclusive jurisdiction to resolve any dispute in connection with property located in Angola. If the enforcement proceedings involve seizure of the Issuer's assets located in Angola, such proceedings must be brought before Angolan courts. If proceedings in relation to the Notes are commenced against the Republic in Angola, any process must be served on the Attorney General of Angola.

Article 41 of the Angolan Civil Code provides that the creation, perfection and enforcement of contracts between the parties, as well as the contractual liability arising from such contracts are governed by the law chosen by the parties, provided that such election has an effective link with a relevant element of the contract or is otherwise supported by a *bona fide* interest of the parties. However, Article 22 of the Angolan Civil Code provides that a foreign law elected in accordance with those rules will not be upheld if it involves a violation of a fundamental principle of Angolan public order or breaches a mandatory Angolan principle or rule, even if the foreign law is validly chosen. The capacity, powers and authority to enter into an agreement and bind the Angolan parties, as well as any related mandatory approvals, authorisations and permits, are subject to Angolan law. The Angolan conflict of law provisions also determine that the creation, assignment and cancellation of rights of possession, ownership and other related rights, including guarantees, over movable or immovable property are governed by the *lex rei sitae*. In view of the above, the choice of the laws of England to govern the Notes may be deemed valid, binding and enforceable against the Issuer and in any proceeding for the enforcement of its obligations under the Notes in Angola, the Angolan courts would give effect thereto, subject to the compliance with the above requirements.

The Issuer is a sovereign state. To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before

judgment or otherwise) or other legal process in respect of any Proceedings and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer has agreed not to claim and has irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction (and consented generally for the purposes of the United Kingdom State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceeding). The execution, offer, issue and delivery of the Notes and the execution and delivery of the Agency Agreement and of the Deed of Covenant (as defined herein) of each series of Notes, and the performance by the Issuer of its obligations thereunder and the exercise of its rights thereunder constitute private and commercial acts rather than governmental or public acts. The waiver shall otherwise constitute a limited and specific waiver for the purposes of the Agency Agreement, the Deed of Covenant and the Notes. Furthermore, certain issues relating to the authorisation and issuance of the Notes have involved exercise by the Angolan authorities of their sovereign or legislative powers. As a matter of Angolan law, the Issuer cannot, and does not, waive its rights to interpret, *inter alia*, decrees of the National Assembly or Government authorising issuance of the Notes, the Agency Agreement or the Deed of Covenant. Further, under the Terms and Conditions, the Issuer has not waived immunity from execution or attachment in respect of: (a) assets that have been expressly recognised as belonging to the public domain of Angola (*domínio publico*), which may not be sold, encumbered or pledged in any way in accordance with the laws of Angola; (b) assets which constitute private domain assets expressly assigned to a public purpose (*domínio privado indisponível do Estado*) in accordance with Article 823 of the Angolan Civil Procedure Code (*Codígo de Processo Civil*) and Law 18/10 of 6 August (the "**Public Assets Law**"), which are not available for enforcement unless the same is in respect of a debt guaranteed by a registrable security; (c) military assets belonging to Angola and assets or property under the control of a military authority or defence agency of Angola; (d) assets belonging to any diplomatic mission or consulate of Angola that do not otherwise belong to the public domain (*domínio publico*) or fall under article 823 of the Angolan Civil Procedure Code (*Codígo de Processo Civil*) and the Public Assets Law; (e) assets of the BNA or other monetary authority of Angola which are assigned to a public purpose; (f) properties belonging to the cultural heritage of Angola or which are a part of its archives and are not intended for sale; or (g) assets that form part of an exhibition of scientific, cultural or historical interest and which are not intended for sale. Furthermore, the Issuer has not consented to service or waived sovereign immunity with respect to actions brought against it under the U.S. federal securities laws or any state securities laws. In the absence of a waiver of immunity by the Issuer with respect to such actions, it may not be possible to obtain a judgement in such an action brought in a U.S. court against the Issuer unless such court were to determine that the Issuer is not entitled under the Foreign Sovereign Immunities Act of 1976 of the United States to sovereign immunity with respect to such action.

In respect of foreign arbitral awards, since 2017 Angola is part to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**NY Convention**"). Therefore, any foreign arbitral awards against the Issuer in relation to the Agency Agreement, the Deed of Covenant or the Notes will be recognised and enforced by the Angolan courts provided that the requirements imposed by the NY Convention and applicable laws of Angola are satisfied, and that:

(a) within the framework of the reciprocity principle, the arbitral award has been made in the territory of another contracting party to the NY Convention (as it is the case of England) and which is recognised by Angola;

(b) the party applying for recognition and enforcement submits its application together with a duly authenticated original award or a duly certified copy thereof and the original or duly certified copy of the written agreement between the parties undertaking to submit to arbitration;

(c) the above documents are translated into Portuguese language by a certified translator and legalised at the Angolan Embassy in the country where the award was made; and

(d) after the recognition by the Angolan Supreme Court, the enforcement request is submitted and conducted by the common jurisdiction courts following the proceedings set out in the Civil Procedure Code.

Any judgment against the Issuer in relation to the Agency Agreement, the Deed of Covenant or the Notes in the English courts will only be recognised and enforced in Angola after such judgment has been validated and recognised by the Angolan Supreme Court but provided that the above mentioned requirements are met, recognition and enforcement of the award shall not be refused except in specific circumstances provided for in the NY Convention, namely if: (a) the parties to the arbitration convention are under some incapacity, or the said convention is not valid under the law to which the parties have subjected it; (b) the party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; (c) the award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration; (d) the composition of the arbitral authority or the arbitral procedure was not in accordance with the arbitration convention or, failing such convention, was not in accordance with the law of the country where the arbitration took place; or (e) the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that: (a) the subject matter of the difference is not capable of settlement by arbitration under the laws of Angola; or (b) the recognition or enforcement of the award would be contrary to the public policy of Angola.

Angola is not party to the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents. Therefore, as a matter of Angolan law, any document executed by the Issuer outside Angola must be notarised, translated into Portuguese language and legalised at the Angolan Embassy in the country of execution to be entirely enforceable before Angolan courts. Likewise, any document executed by the Republic in Angola must be notarised and legalised in Angola in order to be enforceable outside Angola. Each of the Agency Agreement, Deed of Covenant and Notes have been translated into Portuguese, notarised and legalised. Physical copies of these documents in English are available to holders of the Notes from the Fiscal Agent.

PRESENTATION OF STATISTICAL AND OTHER INFORMATION

Annual information presented in this Base Prospectus is based upon 1 January to 31 December periods (which is the fiscal year for the Republic), unless otherwise indicated. Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them.

Statistical Information

Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of Angola including by the Banco Nacional de Angola (the "**BNA**"), the Ministry of Economy and Planning, the Ministry of Mineral Resources and Petroleum, the Ministry of Finance, *Sociedade Nacional de Combustiveis de Angola* ("**Sonangol**") the Angolan National Agency of Petroleum and Gas ("**ANPG**") and the Angolan National Institute of Statistics. Some statistical information has also been derived from information made publicly available by the International Monetary Fund (the "**IMF**"), the International Bank for Reconstruction and Development (the "**World Bank**"), the Organization of Petroleum Exporting Countries ("**OPEC**") and other third parties. Where information has been so sourced, the source is stated where it appears in this Base Prospectus. The Republic confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data produced by a ministry or an agency of the Republic may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions or methodology. Certain historical statistical information contained herein is provisional or otherwise based on estimates that the Republic and/or its agencies believe to be based on reasonable assumptions. Executed and approved statistical information for the 2018 fiscal performance indicators presented in this Base Prospectus is expected to be approved once the 2020 national budget is approved, which is currently expected to occur by 15 December 2019. Statistical information as at and for the first six months ended 30 June 2019 is estimated. The Republic's official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, financial and economic information may be subsequently adjusted or revised and such adjustments or revisions will not be reflected in this Base Prospectus. While the Republic does not expect revisions to be material, no assurance can be given that material changes will not be made. See "*Risk Factors – Risks relating to Angola's financial condition from external events, exposures or factors - Statistics published by Angola and appearing in this Base Prospectus may be more limited in scope and published less frequently and differ from those produced by other sources.*"

The IMF's General Data Dissemination Standards

The Republic participates in the IMF's General Data Dissemination System ("**GDDS**") which is designed to guide all member countries in the provision of their economic and financial data to the public. Data covered includes the real, fiscal, financial and the external sectors as well as socio-demographic data.

By participating in the GDDS, the Republic has undertaken to:

(a) use the GDDS as a framework for statistical development;

(b) designate a country coordinator; and

(c) provide metadata to the IMF describing the current practices and plans for short- and long-term improvements in these practices.

A summary of the methodology under which the Republic prepares its metadata is found on the internet under the IMF's Dissemination Standards Bulletin Board. The Republic's metadata may be found on the IMF's website at https://dsbb.imf.org/e-gdds/country/AGO/category. Information obtained from the above

mentioned website and any other website referred to in this Base Prospectus is not incorporated by reference in this Base Prospectus, and is therefore not part of this Base Prospectus.

Unless otherwise specified, all references in this Base Prospectus to (i) ”**Angolan Kwanza**”, “**Kwanza**” and “**AOA**” are to the lawful currency of Angola, (ii) ”**U.S. dollars**”, “**USD**” and “**U.S.$**” are to the lawful currency of the United States of America, and (iii) ”**euro**”, “**Euro**” “**EUR**” or “**€**” are the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. References to “**SDR**” are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the Rules and Regulations of the IMF.

The BNA’s end of period foreign exchange reference rate for U.S. dollars on 31 October 2019 was AOA 496.636 = U.S.$1.00 and the BNA’s end of period foreign exchange reference rate for euro on 31 October 2019 was AOA 554.096 = €1.00.

All references in this Base Prospectus to GDP are to nominal GDP, unless otherwise stated. Nominal GDP figures are based on current prices. All references in this Base Prospectus to GDP growth are to real GDP growth, unless otherwise stated. Real GDP and expenditure numbers relating to the Republic in this Base Prospectus are based on 2002 constant prices.

The Republic’s GDP for any given year in this Base Prospectus is calculated at market prices which includes indirect taxes on products. Sectoral contribution to GDP, whether expressed as percentage contribution to GDP of a sector of the economy or real GDP growth of such sector, is calculated at factor cost which excludes indirect taxes on products, unless otherwise stated. Comparison of statistical information calculated in accordance with different methodologies may not be possible.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

FORWARD LOOKING STATEMENTS

This Base Prospectus contains statements that may be considered to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements are statements that are not historical facts, including statements about the Republic's beliefs and expectations. These statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. Although the Republic believes that beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those expressed in any forward-looking statement. The information contained in this Base Prospectus identifies important factors that could cause such differences, including, but not limited, to the following:

(a) Adverse external factors, such as:

   (i) changes in international commodity prices, particularly oil, or prevailing interest rates, which could adversely affect the Republic's balance of payments, external reserves and budgetary expenditures;

   (ii) changes in the monetary policy applicable to the members of the International Monetary Fund which could affect inflation and/or growth rates;

   (iii) recession or low economic growth in Republic's trading partners or changes in the terms on which international financial institutions provide financial assistance to the Republic or fund new or existing projects, which could decrease exports, adversely affect the Republic's economy and, indirectly, reduce tax and other public sector revenues, so adversely affecting the Republic's budget;

   (iv) the impact of changes in the credit rating of the Republic;

   (v) civil strife, wars, insurrections, and terrorism; or

   (vi) adverse events in other emerging market countries, which could dampen foreign investment or adversely affect the trading price of the Notes.

(b) Adverse domestic factors, such as:

   (i) a decline in foreign direct investment, increases in domestic inflation, high domestic interest rates, exchange rate volatility or an increase in the level of domestic and external debt, which could lead to lower economic growth or a decrease in the Republic's international reserves; or

   (ii) trade and political disputes between the Republic and its trading partners and other political factors in the Republic, which could affect the timing and structure of economic reforms, the climate for foreign direct investment and the pace, scale and timing of privatisations.

The sections of this Base Prospectus entitled "*Risk Factors*", "*The Republic of Angola*" and "*The Economy*" contain a more complete discussion of the factors that could adversely affect the Republic. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Prospectus may not occur.

The Republic does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law or applicable regulations. All subsequent written and oral forward-looking statements attributable to the Republic or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus.

EXCHANGE RATE HISTORY AND CONTROLS

Angola's currency is the Kwanza.

For ease of presentation, certain financial information included in this Base Prospectus is presented as translated into U.S. dollars.

The Kwanza's average exchange rate against the U.S. dollar depreciated by 69.9 per cent. between 2013 and 2016. In order to stabilise the exchange rate of the Kwanza, the BNA fixed the exchange rate at AOA 166 per U.S. dollar in April 2016 and maintained the fixed rate until December 2017 pursuant to the Crisis Recovery Program. See "*Monetary System – Money supply – Government main strategies for the development of the banking sector*". While the measure brought about stability of the Kwanza, it also led to increased pressure on Angola's foreign currency reserves and an increase in the difference between the official and the parallel rate which increased to approximately AOA 474.2 per U.S. dollar at the end of 2016. Maintaining the fixed rate of exchange contributed to a decrease in the rate of inflation in Luanda from 42.0 per cent. at the end of 2016 to 26.3 per cent. at the end of 2017 and a decrease in the rate of inflation in Angola from 41.1 per cent. at the end of 2016 to 23.7 per cent. in 2017. Following the decrease in the rate of inflation, in order to ease pressure on Angola's foreign exchange reserves, in January 2018, the BNA abolished the fixed rate of exchange of the Kwanza and lifted restrictions in the foreign exchange market which led to further depreciation of the Kwanza. The significant declines in oil prices in recent years, as well as local oil production pressures have adversely impacted the value of the Kwanza.

Since 9 January 2018 (the date the BNA abolished the fixed rate of exchange of the Kwanza to the U.S. dollar and lifted certain restrictions in the foreign exchange market) through 31 October 2019, the Kwanza has depreciated by 66 per cent. against the U.S. dollar. See "*Exchange Rate History*"'. Since January 2018, the BNA has been holding auctions to sell foreign currencies to commercial banks: however, it maintains certain restrictions which limit the effective participation of banks in these auctions. For example, by limiting the amounts that can be bid, the discretionary elimination of bids deemed by the BNA to be speculative, and the requirement for banks to return unsold foreign exchange to the BNA. Such restrictions hindered and may continue to hinder the development of an interbank foreign exchange market and prevented the development of effective market-based price information development. As the gap between the official and parallel rates widened in 2019, in October 2019, the BNA eliminated its trading band that kept the Kwanza's value in a fixed range which has caused the depreciation of the Kwanza against the U.S. dollar to accelerate. In October 2019, the BNA sold Kwanza at historic lows of AOA 559.693 to EUR1.0. The Kwanza-US dollar exchange rate was AOA 501.652 to U.S.$1.0 following a decline of more than 20 per cent. in October 2019. Further depreciation may occur in the near future as the official and parallel rates move towards convergence.

See "*Risk Factors – Further depreciation in the value of the Kwanza could have a material adverse effect on Angola's economy*".

The tables below set forth the exchange rate history for the years and months indicated unless otherwise stated, expressed in Kwanza per U.S. dollar and Kwanza per Euro, not adjusted for inflation:

	AOA per U.S.$			**AOA per Euro**		
	Average	*Minimum*	*Maximum*	*Average*	*Minimum*	*Maximum*
2013	96.498	96.257	98.514	128.156	127.848	128.464
2014	98.332	98.150	98.154	130.664	130.431	130.896
2015	121.047	120.445	121.649	133.716	133.067	134.365
2016	164.021	163.205	164.837	182.942	182.051	183.833
2017	165.917	165.091	166.742	185.393	184.490	186.296
2018	258.669	258.279	259.059	303.819	303.343	304.296

	AOA per U.S.$			AOA per Euro		
	Average	*Minimum*	*Maximum*	*Average*	*Minimum*	*Maximum*
January 2019	312.250	310.681	313.819	358.244	356.506	359.982
February 2019	314.172	312.593	315.751	358.109	356.356	359.861
March 2019	318.121	316.522	319.719	356.788	355.074	358.501
April 2019	323.096	321.472	324.719	362.158	360.370	363.945
May 2019	330.454	328.793	332.114	368.422	366.637	370.207
June 2019	340.272	338.562	341.982	387.383	385.453	389.312
July 2019	349.574	347.817	351.330	389.669	387.781	391.557
August 2019	362.003	358.346	365.659	399.723	395.757	403.688
September 2019	378.030	374.211	381.848	412.827	408.676	416.978
October 2019	496.636	491.619	501.652	554.096	548.499	559.693

Source: National Bank of Angola (BNA)

Exchange Rate Controls

Law No. 5/97 of 27 June 1997 (the "**Exchange Law**") establishes Angola's exchange controls and regulates both foreign exchange operations and foreign exchange trade. The Exchange Law defines foreign exchange operations as:

(a) the acquisition and disposal of foreign currency;

(b) the opening and operation of foreign currency bank accounts in Angola;

(c) the opening and operation of Kwanza bank accounts in Angola held by non-Angolan residents;

(d) the opening and operation of bank accounts in Angola in foreign currency by Angolan residents and non-residents;

(e) the settlement of transactions in foreign currency, as well as current and capital transactions; and

(f) the acquisition and disposal of gold coins, gold bars and non-crafted gold.

The Exchange Law prescribes that all operations in foreign currency require the intermediation of an Angolan financial institution that is authorized to engage in foreign exchange trading.

The authorisation framework for each transaction type is described in a decree that sets out, in more general terms, the procedure to be followed in order to obtain authorisation and the conditions attached to such authorisation. A regulation issued by the BNA describes the type of documentation (for each category of transaction) that needs to be submitted to the BNA in order to obtain the approval.

In respect of any transaction, application is made to the BNA for an authorisation, which when granted, is only valid for a certain period of time, during which the foreign exchange transaction should be effected.

However, in respect of (a) the receipt by Angola of payments for Notes and (b) payments of principal and interest under the Notes, the BNA has issued a foreign exchange license which substitutes the capital import and export licenses otherwise required for the importation of foreign currency into Angola and the payment to payees outside Angola of interest and principal in foreign currency. This foreign exchange license does not require renewal by the BNA or any other authority.

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OVERVIEW OF THE PROGRAMME

The following is an overview of certain information contained elsewhere in this Base Prospectus. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer	The Republic of Angola
Issuer Legal Entity Identifier	549300QHR2R3J8JSGK83
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Description	Global Medium Term Note Programme
Arranger	Deutsche Bank AG, London Branch
Dealers	Deutsche Bank AG, London Branch ICBC International Securities Limited Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Base Prospectus. Notes having a maturity of less than one year Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Transfer and Selling Restrictions*".

Fiscal Agent and FX Agent	Deutsche Bank AG, London Branch
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Registrar and Paying and Transfer Agent	Deutsche Bank Trust Company Americas
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, the Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Maturities	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in registered form as described in "*Form of the Notes*".
Fixed Rate Notes	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of the reference rate set out in the applicable Final Terms. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Zero Coupon Notes

Zero Coupon Notes will be offered and sold at a discount to their principal amount and will not bear interest.

Redemption

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

The minimum denomination of each Legended Note will be U.S.$200,000 or its approximate equivalent in other Specified Currencies.

Benchmark Discontinuation

If "Benchmark Discontinuation" is specified to be applicable in the applicable Final Terms in relation to a Floating Rate Note, in the event that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments as described in Condition 5.3.

Taxation	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Events of Default	The terms of the Notes will permit the acceleration of the Notes following the occurrence of certain events of default as further described in Condition 10.
Status of the Notes	The Notes constitute the direct, unconditional and unsecured obligations of the Issuer and (subject as provided in Condition 4 (*Negative Pledge*)) rank and will rank *pari passu*, without any preference among themselves, and with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.
Meetings of Noteholders, Modification and Waivers	The terms of the Notes contain a "collective action" clause, which permits defined majorities to bind all Noteholders. If the Issuer issues debt securities that contain collective action clauses in substantially the same form as the collective action clause in the terms of the Notes, the Notes would be capable of aggregation for voting purposes with any such debt securities, thereby allowing "cross-series" modifications to the terms and conditions of all affected Series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on). See Condition 14 and *"Risk Factors—The Notes contain "collective action" clauses under which the terms of the Notes and/or multiple series of debt securities issued by the Issuer, including the Notes, may be amended, modified or waived without the consent of all the holders of the Notes or all the holders of any other series of debt securities being aggregated, as the case may be."*
Rating	Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Issuer. A security rating is not a recommendation to buy, sell or hold securities and may

be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing

Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

Selling Restrictions

There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, the Republic of Angola, Singapore, the PRC and Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Transfer and Selling Restrictions*".

United States Selling Restrictions

Regulation S, Category 1 and/or Rule 144A, as specified in the applicable Final Terms.

RISK FACTORS

The Issuer believes that the following factors may affect Angola's economy and the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay principal, interest or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding Notes issued under the Programme comprise an exhaustive list of the risks inherent in investing in such Notes, and the Issuer may be unable to pay amounts due on the Notes for reasons not described below. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus prior to making any investment decision.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING RISKS ASSOCIATED WITH ANGOLA

Risks relating to Angola's global position as an emerging market issuer

Investing in securities involving emerging markets generally involves a higher degree of risk than investing in securities in more developed markets.

Investing in securities involving emerging markets, such as Angola, generally involves a higher degree of risk than investments in securities of corporate or sovereign issuers from more developed countries. These higher risks include, but are not limited to, higher volatility and limited liquidity, as well as risks relating to the issuers themselves, including, but not limited to, narrow export bases and instability and changes in the social, political, legal and economic environment. Emerging markets also experience corruption of government officials and misuse of public funds more often than more developed markets, which could affect the ability of an emerging market issuer to meet its obligations under securities that it has issued. As a consequence, an investment in securities issued by Angola such as the Notes carries risks that are not typically associated with investing in securities issued in more developed markets.

Angola's economy is susceptible to adverse developments similar to those suffered by other emerging market countries. Investors should also note that emerging markets such as Angola are subject to rapid change and that the information set out in this Base Prospectus may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment in the Notes is appropriate. Investing in emerging markets, such as Angola, is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult their own legal and financial advisers before making an investment in the Notes.

Emerging markets, including Angola, have been and may continue to be significantly affected by the state of the global economy, including by volatility in global commodity prices and any material increase in the cost of essential imports. Additionally, disruptions in the international capital markets, central bank intervention, global trade disputes and changing regulatory environments can lead to reduced liquidity and increased credit risk premiums for certain market participants and result in a reduction of available financing. Countries located in emerging markets may be particularly susceptible to these disruptions and changes and also to reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty and an increase in the perceived risks associated with investing in such countries.

Any of the aforementioned risks could have a negative effect on the Angolan economy, and on Angola's ability to meet its debt obligations, including those under the Notes.

Risks relating to Angola's financial condition from external events, exposures or factors

Angola's economy is highly dependent on oil production and vulnerable to decreases in global market prices for oil.

Despite economic diversification efforts to increase Angola's non-oil and gas sector contribution to GDP, which was 40 per cent. in the mid-1980s and 71.0 per cent. in 2018 (preliminary), the Angolan economy and its revenues have been, and are expected to continue to be, significantly dependent on the oil and gas sector which, in 2018, is estimated to have represented 29.0 per cent. of total GDP, 96.8 per cent. of export earnings and 59.5 per cent. of total revenues. For the first six months of 2019, the Government estimates that the oil and gas sector represented 30.0 per cent. of GDP, 96.1 per cent. of export earnings and 63.0 per cent. of total revenues.

Global oil prices have fluctuated widely over the past two decades and, following the oil price shock that started in mid-2014, declined sharply reaching less than U.S.$30.0 per barrel of Brent crude oil in January 2016. Oil prices have rebounded since then, with Brent crude oil price increasing to over U.S.$72.0 per barrel in September 2019 following the attack on the Abqaiq crude processing facilities in Saudi Arabia, before declining to approximately U.S.$58.0 in October 2019. International oil prices fluctuate due to many factors, including global demand, changes in governmental regulations, general economic conditions, international conflicts, competition from alternative energy sources and weather. In addition, adverse worldwide economic conditions, such as a repeat of the global economic downturn precipitated by the global financial crisis in 2008 and 2009, may cause oil prices to decline. The average spot price of crude oil was U.S.$96.0 in 2014, U.S.$50.0 per barrel in 2015, U.S.$41.8 per barrel in 2016, U.S.$54.3 per barrel in 2017 and U.S.$64.9 in 2018.

In November 2016, the members of OPEC, together with certain oil exporting countries outside OPEC (particularly Russia), agreed to reduce crude oil exports with a view to limiting excess supply and reversing the decline in prices. The agreement has been extended on multiple occasions and has most recently been extended in June 2019, through to March 2020. As of the date of this Base Prospectus, the cap on Angola's production per its agreement with OPEC was set at 1.5 million barrels per day.

The decline in oil prices that began in mid-2014, has had a significant impact on Angola's fiscal performance. A budget deficit of 6.1 per cent., 3.8 per cent. and 3.3 per cent. of Angola's GDP for the years ended 31 December 2017, 31 December 2016 and 31 December 2015, respectively, have been recorded. As a result of higher than budgeted oil revenue, depreciation of the Kwanza against the U.S. dollar and progress in implementing macro stability initiatives, in 2018, the Government estimated that there was a fiscal surplus of 2.1 per cent. of GDP in 2018. While the Government estimates a small deficit of AOA 13 billion for the first six months of 2019, the continued depreciation of the Kwanza against the U.S. dollar is expected to result in a budget surplus by the end of 2019. The Revised 2019 National Budget targets an overall balanced budget assuming an overall average oil price of U.S.$55.0 per barrel of oil. See "*Public Finance*". Any decline in oil prices below the level assumed in the Revised 2019 National Budget may materially and adversely affect Angola's revenues which, in turn, may materially and adversely affect Angola's financial condition and its ability to repay the Notes.

In addition to oil prices, Angola's revenues depend on oil production volumes. The Angolan oil sector produced 1.67 million, 1.78 million, 1.72 million, 1.63 million and 1.48 million barrels of oil per day ("**bopd**") in 2014, 2015, 2016, 2017 and 2018, respectively. During the first six months of 2019, it is estimated by Angola that the oil sector produced 1.39 million barrels of oil per day with an estimated average price of U.S.$63.2 per barrel. Any future oil production decreases, whether due to quotas imposed by OPEC (currently set at 1.50 million barrels per day), by a failure to maintain existing infrastructure or by a failure to attract the substantial levels of investment in exploration and development of Angola's oil resources that Angola requires, may result in lower economic growth in Angola and decreases in Angola's revenues which, in turn, may materially and adversely affect Angola's financial condition and its ability to repay the Notes.

Angola has budgeted a decrease in crude oil production rate in 2019 compared to 2018. In recent years, Angola has not achieved its production targets and crude oil production declined in 2016, 2017 and 2018. Technical problems and a steep decline in rates of production at older deep water fields have resulted in lower than expected production levels, which have been partly mitigated as a result of new fields coming online. The technical problems experienced relate to water injection systems, gas cooling, and FPSO (floating, production, storage and offloading) units associated with some projects, for example, in Spring 2019, there was a shutdown at the Saturno field for maintenance and there were also production issues at the Girassol offshore platform. Such technical problems have caused lengthy maintenance work and disruption to supply in respect of some fields. Furthermore, bureaucracy in the concession and bidding process, together with high realisation periods between the auction of oil blocks and production commencing at sites, adversely impacts oil production capacity.

As a result of volatile oil prices, low levels of oil production and tepid economic activity in the non-oil sector, Angola recorded marginal GDP growth in 2015 and 2016 and a contraction of GDP in 2017 and 2018 of 0.9 per cent., 0.1 per cent., (0.1) per cent. and (1.2) per cent., respectively. It is budgeted that in 2019 modest GDP growth of 0.3 per cent. will be achieved and, for the first six months of 2019, a contraction of GDP of (1.1) per cent. was estimated, representing a contraction of (5.2) per cent. and (0.6) per cent. in the oil and gas sector and non-oil and gas sectors, respectively. Growth in the Angolan economy is dependent on continued economic diversification, growth in the non-oil economy and continued focus of the Government on economic and monetary reform. Any decline in global market prices for oil or in Angola's crude oil production rate would negatively impact Angola's revenues, which could require significant reductions in public spending and could materially and adversely affect Angola's financial condition and its ability to repay the Notes.

Angola is located in a region that has been subject to ongoing political and security concerns.

Angola is located in a region which has, at times, experienced political instability. Wars, political instability, social unrest, epidemics and/or increased fragility in other countries bordering, or close to, Angola are common. In particular, the ongoing civil war in the Democratic Republic of Congo ("**DRC**") poses a threat to stability in the region and there can be no assurance that a political solution to the civil war is obtainable or sustainable. For example, tensions in the Kasai and Djugu regions of the DRC has caused high levels of displacement. In August 2019, a tripartite agreement among Angola, the DRC and UNHCR was entered into to facilitate the voluntary repatriation of Congolese refugees. According to the United Nations Refugee Agency, there are currently approximately 80,700 refugees and asylum seekers in Angola, including approximately 35,000 registered from the Kasai region of DRC. In December 2018, general elections were held in the DRC. The official result was disputed by at least one opposition party, as well as the Roman Catholic Church, in its capacity as election observer. There were multiple reports of violent protests in which civilians and police were killed. Further, the DRC is experiencing an outbreak of Ebola, including in its second largest city, Goma, which has caused fatalities and internal displacement. There have also been reports of ethnic violence that is complicating the efforts to combat the spread of Ebola. In July 2019, the World Health Organization declared a public health emergency of international concern in the DRC.

Such regional threats and fragility among Angola's neighbouring countries may have a material adverse effect on Angola's economy and its ability to engage in international and regional trade which, in turn, may materially and adversely affect Angola's financial condition and its ability to repay the Notes. See "*The Republic of Angola - International and other territorial disputes*".

Angola may face a lack of continued access to foreign direct investment for several reasons.

Foreign direct investment ("**FDI**"), which comprises equity capital and other capital inflows into Angola, as well as reinvested oil revenues, decreased from U.S.$16.5 billion in 2014 to U.S.$7.6 billion in 2018. FDI for the first six months of 2019 is estimated by the Government to be U.S.$3.9 billion. In the absence of progress in the economic reform agenda and a decrease in the perceived risks associated with investing in Angola, including those described in this Base Prospectus, as is common with other emerging markets, FDI may decline further, which could adversely affect Angola's economy and limit sources of funding for

infrastructure and other projects that are dependent on significant investment from the private sector. This could, in particular, have an adverse impact on the Angolan economy. If existing levels of FDI continue to decrease, this could significantly impede progress of sectors important to the Angolan economy and its growth, and slow down or halt its economic development.

Angola is both an importer and an exporter of commodities and, as such, is exposed to fluctuations in global commodity prices.

The Government has taken and continues to take significant measures in order to diversify the economy and the range of its exports. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*". A more diverse export base would better manage Angola's exposure to key commodity price fluctuations, as well as increase the value of exports overall. However, a challenge in further diversifying the country's export base and/or increase exports, or the occurrence of significant fluctuations in the prices of key import and export products, could result in increasing trade deficits and lower GDP growth, which may, in turn, result in a material adverse effect on Angola's ability to perform its obligations under the Notes.

Risks relating to Angola's financial condition from internal events, exposures or factors

The Republic has significantly increased borrowings in recent years, and high levels of debt or failure to adequately manage its debt or to re-finance its debt could have a material adverse effect on Angola's economy and its ability to repay its debt, including the Notes.

The Government has estimated that it needs to raise U.S.$31.0 billion (34.0 per cent. of budgeted GDP) in 2019 from revenues, borrowings and other sources to fund its expenditure, including its debt service obligations in 2019. Of this amount, U.S.$17.8 billion is budgeted to come from revenues, U.S.$12.7 billion is expected to come from debt financings and U.S.$0.5 billion is expected to come from other sources. During the first six months of 2019, Angola raised approximately U.S.$11.4 billion of debt, of which approximately U.S.$4.4 billion was raised in the domestic market and approximately U.S.$7.0 billion was raised from the external sector. Angola expects that its total debt (excluding Sonangol debt) outstanding as at the end of 2019 will reach U.S.$69.58 billion (U.S.$24.8 billion of domestic debt and U.S.$44.7 billion of external debt) which would account for 75.6 per cent. of 2019 budgeted GDP, an increase from 77.8 per cent. of GDP in 2018. As at 30 June 2019, Angola estimates that its external total debt (excluding Sonangol debt) was U.S.$42.0 billion.

In addition, the Republic may raise additional debt to fund capital expenditure plans that were not included in the Revised 2019 National Budget. The Government expects that debt servicing (interest and principal repayments) will account for approximately U.S.$14.8 billion in 2019, of which approximately 39.1 per cent. would account for domestic debt and 60.9 per cent. would account for external debt. Angola expects that in 2019 its total debt service to total revenues ratio will reach approximately 87.0 per cent. (83 per cent. for the first six months of 2019) a decrease from 116.3 per cent. in 2018, 99.3 per cent. in 2017, 86.0 per cent. in 2016 and 48 per cent. in 2015. Furthermore, the average maturity of Angola's public debt profile is 5.5 years and, as at 30 June 2019, approximately 12.3 per cent. (or approximately U.S.$906 million) of public debt is due to mature in less than one year, which if the Government is unable to refinance would result in a material adverse effect on the Angola and its ability to repay the Notes.

The Government's current policy is that capital expenditures be funded by a combination of its own resources and by external indebtedness, which may lead to a significant increase in external indebtedness and higher related interest costs, as the Government seeks to fund significant capital expenditure plans.

Any significant future borrowings beyond sustainable thresholds, including domestic debt to finance Angola's fiscal deficit, borrowing under credit agreements entered into with lenders and the issuance of further external debt in the international capital markets (including any Notes offered issued under the Programme), could increase Angola's risk of external debt distress, including risks related to the Notes. The terms and conditions of the Notes (the "**Conditions**") do not restrict additional unsecured borrowing by the Republic.

Over recent years, the Republic's debt profile has been characterized by a material increase in the ratio of public debt (in Kwanza terms) to GDP, principally due to lower nominal GDP, additional borrowing to fund fiscal deficits and depreciation of the Kwanza against the U.S. dollar. The ratio of public sector debt to GDP and debt service to revenue ratio are expected to remain high for the medium-term thereby constraining Angola's ability to absorb significant shocks (in particular, related to a decrease in the price of oil) or incur borrowings beyond the IMF's EFF programme projections. As at 31 December 2018, the total Angolan debt to GDP ratio was 77.8 per cent. Total Angolan external debt (excluding Sonangol debt) increased from 16.9 per cent. of GDP in 2014 to 38.9 per cent. of GDP in 2018 and total domestic debt (excluding Sonangol debt) increased from 12.3 per cent. of GDP in 2013 to 30.0 per cent. of GDP in 2018. Further, in the IMF's June 2019 first review of the EFF, it stated that Angola's ratio of public debt to GDP will peak at 91 per cent. by the end of 2019. As at 31 October 2019, the Republic's ratio of public debt to GDP was estimated at 103 per cent. on the Kwanza to US dollar rate of that date. The Government has targeted to achieve a public debt to GDP ratio of 65 per cent. by 2024. Should the Republic incur relatively high levels of debt through continued borrowing or suffer from decreasing GDP, it may materially and adversely affect Angola's ability to repay the Notes.

Law No. 21/16 of 29 December 2019 provides that, while the Government should strive to ensure that public indebtedness remains below 60 per cent. of GDP, the Government is not obliged to adhere to such threshold. In cases where the prescribed threshold is exceeded, the General State Budget should contain safeguard measures aimed at promoting compliance with the prescribed threshold within the medium-term. For the purposes of the calculation of the debt to GDP ratio, the public debt includes external and domestic government debt and the debt of public entities, but excludes the debt of state-owned companies (such as Sonangol) and the debt of the BNA. See "*Public Debt*" and "*Public Debt – External Public Debt – Background*". If the Government does not carefully manage its debt strategy, debt levels could rise to an unsustainable level, which may negatively impact Angola's ability to repay the Notes. The Government has engaged an external entity to undertake an audit process of the Government's arrears to contractors or other parties with claims against the Government, totalling approximately AOA 1 trillion (approximately U.S.$3.7 billion (as stated in the IMF's June 2019 report relating to the EFF)).

However, the Government estimates that approximately 25.0 per cent., or approximately U.S.$925 million, of the arrears could be invalid. The Government's audit process is still ongoing. It published a deadline, which has passed, for all claims to be made by contractors or other persons with claims against the Government and to date has paid approximately AOA 300 billion in respect of such claims. The IMF requires the Government to settle validated claims as soon as possible as part of this ongoing audit.

As at 31 December 2018, 46 per cent. of Angola's external debt consisted of oil pre-payment facilities, whereby debt servicing and repayment of a loan is made from a designated offshore account into which Angola's receivables from a particular oil sales contract are deposited. That account further provides credit support in respect of that particular loan, providing the relevant creditor with a degree of security not enjoyed by Noteholders. As part of the IMF Programme, and pursuant to the annual debt plan for 2019, Angola has undertaken to restrict oil-collateralised medium-term financing. See "*Public Debt – External Public Debt – Composition of Angola's external debt*". Any failure to adequately manage Angola's current and future debt, including new borrowings beyond sustainable levels, may adversely impact Angola's economy and its ability to repay its debt, including the Notes.

If the Government is unable to achieve budgetary targets and limit Angola's fiscal deficit, Angola's economic growth may be adversely affected.

Angola has suffered from fiscal deficits in recent years, reaching 4.6 per cent. of GDP in 2017. In 2018 Angola is estimated by the Government to have experienced a small fiscal surplus of 2.1 per cent. of GDP principally on account of higher than budgeted oil revenue and favourable US dollar movement against the Kwanza, and a balanced fiscal position is budgeted for 2019. Should the macro stability programme not yield increased revenue or if the Government is unable to control expenditure, the Government expects that, going forward, the financing of Angola's deficit will lead to increased external indebtedness,

particularly in light of high interest rates on domestic debt. If the Republic is not able to raise sufficient debt to address any deficit, it may be forced to cut capital and/or current expenditures. The increasing fiscal uncertainty may also serve to discourage foreign investment in Angola. If the Government is not able to implement policies to achieve budgetary targets and limit Angola's fiscal deficit, it may result in a material adverse impact on the Angolan economy. In response to changing macro-economic conditions, Angola has in the past, and may in the future, revise the budgets that are approved by its National Assembly. For example, the 2015 National Budget, the 2016 National Budget and the Original 2019 National Budget were each revised after they were originally approved and published. There is no assurance that the budgeted targets of the Government will not change or that they will be achieved.

Angola has concentrated debt exposure to China, and any adverse developments with the Chinese economy may impact the future ability of Angola to increase its borrowings.

In 2018, outstanding bilateral and commercial external debt due to China and Chinese commercial banks amounted to U.S.$21.8 billion, representing 50.4 per cent. of total external borrowings. As at 30 June 2019, outstanding bilateral and commercial external debt due to China and Chinese commercial banks amounted to U.S.$21.3 billion, representing 50.8 per cent. of total external borrowings.

Angola enjoys good relations with China. See *"The Republic of Angola – International Relations – China"* and for further information, see *"Public Debt – Composition of Angola's external debt"*.

Since 2006, China has been the largest single importer of Angolan oil and, in 2018, China accounted for 65.0 per cent. of Angola's crude oil exports amounting to U.S.$23.8 billion. However, Angola's reliance on China for such a significant proportion of its trade means that any disruption to economic stability or growth in China, fluctuations in demand for crude oil from China or any rupture in economic or political relations between Angola and China, could have an adverse effect on the Angolan economy, which, in turn, may materially and adversely affect Angola's financial condition and its ability to repay the Notes.

The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term.

In April 2018, the Government and the IMF announced that Angola had requested a policy coordination instrument ("**PCI**") as part of the IMF's technical policy coordination program.

In December 2018, the IMF approved a three-year extended fund facility ("**EFF**") in an amount of SDR 2.673 billion (approximately U.S.$3.7 billion or 361 per cent. of Angola's quota) to support Angola's economic reform programme (the "**IMF Programme**"). As at the date of this Base Prospectus, the EFF represents the largest IMF financial arrangement with an African country.

The IMF made the first disbursement of SDR 715 million (approximately U.S.$990.70 million) immediately after approving the EFF in December 2018 and the second disbursement of SDR179 million (approximately U.S.$248.15 million) in June 2019, following the conclusion of the first review of the IMF Programme. As at the date of this Base Prospectus, the total disbursements under the EFF amount to SDR 894 million (approximately U.S.$1.24 billion), and the remaining amount will be disbursed over the next two years, subject to semi-annual reviews.

Under the IMF Programme, the IMF monitors the progress of the programme based on periodic quantitative and continuous performance criteria as well as indicative targets and structural benchmarks as at end of the months of June and December. IMF reviews after each test date assess the performance of each of the performance criteria, indicative targets, and structural benchmarks of the programme. The IMF conducted the first review of the programme in the first quarter of 2019 to assess the performance criteria and indicative targets and the structural benchmarks. On 12 June 2019, the IMF publically stated in its press release that the Angolan authorities demonstrated strong commitment to reform policies and positive progress against the performance criteria and indicative targets and structural benchmarks had been made but also noted that a weakened external environment, notably the heightened volatility in the

international price of crude oil, is posing challenges to Angola's reform efforts. The IMF noted that all but one (as set forth below) performance criteria were met as at 31 December 2018. The non-oil primary fiscal deficit was successfully reduced by 6.7 per cent. of GDP in 2018, supported by tax administration efforts and expenditure control measures. Moreover, all four indicative targets were met.

Although the Government intends to continue to adhere to the program's performance criteria and to implement the structural benchmark reforms in coordination with the IMF, any challenges or delay in their implementation, or failure to observe the performance criteria of the IMF Programme, may materially and adversely affect Angola's economic, political and/or financial condition, its ability to utilise the EFF and its ability to repay the Notes. For example, in relation to the first review, Angola requested and received from the IMF a waiver for non-observance of the performance criteria in respect of the non-accumulation of external arrears. Such external arrears related to the accumulation of U.S.$274 million of external debt payments arrears to private creditors since the start of the IMF Programme resulting from the inability of certain payment orders to be processed by correspondent banks as a result of anti-money laundering concerns. As of 30 June 2019, the Government also fell short of the IMF's target of U.S.$9.1 billion of net foreign reserves. See also "*The Republic of Angola – Anti-money laundering, anti-bribery, anti-corruption and anti-terrorism measures*".

The IMF completed its second review under the EFF in September 2019. As at the date of this Base Prospectus, the IMF has not published its review findings or any press release. The Government continues to work with the IMF towards the conclusion of the second review under the EFF and expects that the second review will be concluded positively. However, there can be no assurance at this stage that the second review will be satisfactorily concluded, that additional funds under the EFF will be disbursed to the Republic and/or whether the IMF will set additional performance criteria or conditions to the Republic's use of the EFF. The third review under the EFF is currently expected to occur in March 2020. See "*Public Debt- Relations with the IMF.*"

Challenges in the implementation of economic and financial reforms and the lack of available financing may have a negative effect on the performance of the Angolan economy.

In order to ensure the sustainable growth of Angola's economy, the Government has been implementing a wide range of economic, financial and banking system reforms, and improvements of the legal, tax and regulatory environment, including the following:

National Development Plan 2018-2022

The National Development Plan 2018-2022 was published by the Government on 29 June 2018 (the "**NDP 2018-2022**"). See "*The Republic of Angola – National Development Plan 2018-2022*".

IMF Programme

For a description of the IMF Programme, see "*The Republic of Angola – Membership of Organisations*".

Other Government programmes and initiatives

As part of the Government's social and economic agenda, various other policy initiatives have been adopted or are planned, including the following:

- Policy measures and actions to reform the customs regime, promote private sector investments, diversify the economy away from the oil sector, to broaden the tax base and to facilitate access to credit to further foster private investment in Angola by both local and foreign investors. The staged introduction of value added tax commenced in October 2019, after delays in implementation.

- Removing personal income tax exemptions for certain taxpayers and the introduction of a new electric energy sales tariff.

- A privatisation programme over the next three years of up to 195 state-owned enterprises (the "**PROPRIV**"), including Sonangol, the national airline (TAAG), Unitel, Angola Telecom and the national diamond company (Endima), in order to raise revenue, drive efficiency, support the broader economic strategy and encourage private investment in the Angolan economy. As part of the PROPRIV, subsidiaries of certain state-owned enterprises including Sonangol, will be partially or fully privatized. The current intention is for a portion of the shares of the relevant state-owned enterprises to be listed on the BODIVA. However, as at the date of this Base Prospectus, equity securities cannot be traded on the BODIVA. See also "*The Economy – Privatisation and Public-Private Companies*".
- Pursuant to Law No. 5/19 (the "**Petroleum Activities Law 2019**"), the Angolan National Agency of Petroleum and Gas Agency, created by Presidential Decree 49/19 (the "**ANPG**"), has the exclusive rights and powers for the exploration and production of oil in Angola, which formerly belonged to Sonangol pursuant to the Petroleum Activities Law 2004. The ANPG also has the prerogative to grant exploration and production rights to petroleum companies, providing this is subsequently approved in a Concession Decree. Companies designated in Concession Decrees are permitted to engage in the exploration and production of petroleum in partnership with the ANPG. However, Sonangol has preferential rights to receive a minimum participative interest of 20 per cent. in all new oil concessions and to be designated as producer in all oil concessions if it can demonstrate the sufficient technical and financial capabilities. The ANPG also has the prerogative to grant permission to trade oil on behalf of Angola. The ANPG has granted this exclusive right to Sonangol, and to receive funding of up to 20 per cent. in all exploration activities in which it does not act as producer. The transfer of authority over exploration and production of oil in Angola from Sonangol to ANPG represents a positive development as Angola continues to work towards increasing oil and gas production and increasing transparency within exploration processes. These reforms of Angola's oil and gas regulation framework pose potential risks during the current transitionary period.

Continued pursuit of medium-term and long-term objectives, including those set forth above and in the NDP 2018-2022, will depend on a number of factors including continued political support in Angola and across multiple government ministries, adequate funding, the outcome of policy reviews, improved security, power sector reform, availability of human capital and significant coordination. In order to fund these plans, the Government has budgeted capital expenditure of U.S.$3.2 billion in 2019 (excluding capital expenditure by Sonangol). The significant funding requirements for these plans may prove difficult to meet, and the funding requirements for these initiatives may lead to an increase in Angola's outstanding debt. If fiscal resources prove inadequate, it may not be possible to pursue adequately all of the public capital projects set forth in the NDP 2018-2022.

The economic and other assumptions underlying the objectives set forth in the NDP 2018-2022, including with respect to oil prices and production, GDP growth, inflation, external debt and the fiscal deficit may not be met, which would undermine Angola's ability to achieve the stated objectives. Failure to achieve one or more of the objectives or complete certain public capital projects set forth in the NDP 2018-2022 may render it difficult to achieve other stated objectives, and Angola's ability to achieve its strategic objectives may be affected by many factors beyond its control. Moreover, some planned reforms may disadvantage certain existing stakeholders, who may seek to curtail such reforms. If the Government is not able to fund or implement the medium-term objectives contained in the NDP 2018-2022, or if there is a delay in such funding or implementation, then the Government may not be able to meet the long-term strategic objectives set forth in the NDP 2018-2022, which could result in an adverse effect on the economy of Angola and its ability to repay the Notes.

Angola's economic growth targets may not be achievable if it fails to rebuild and rehabilitate its infrastructure efficiently.

The maintenance and strengthening of Angola's economic growth and the success of its initiatives to diversify its economy will depend upon it having adequate infrastructure. Good quality roads, bridges and

railway networks, efficient ports and airports, as well as reliable power sources, developed telecommunication technologies and extensive water supply throughout Angola are critical preconditions to greater private sector investment and increased economic productivity. Despite the reconstruction efforts, Angola's infrastructure is still damaged, destroyed, undeveloped or absent as a result of the country's 27-year long Civil War. Angola is reliant on foreign funding, technical assistance and investment to rebuild, rehabilitate and expand its infrastructure.

The Government has been investing heavily in energy-related infrastructure development, with the Laúca Hydroelectric Plant (the largest dam in Angola) and Soyo Combined Cycle Power Plant starting energy production in 2017. Furthermore, construction of a deep-water commercial port in Cabinda commenced in 2016 but it has been subject to delays. The current completion date for construction of the port is 2020. Going forward, the Government plans to invest in various infrastructure projects in the energy production, transmission and distribution sector, the water supply and sanitation sector, the road, rail, maritime and airport sectors, the telecommunications sector, as well as in the surveying of natural resources in keeping with IMF Programme and NDP 2018-2022 priorities and goals. For example, the port of Naimbe is being developed in conjunction with the Japanese Government and Japanese lenders. Such infrastructure projects require funding from the Government's own funds, from creditors, both external and domestic, and from FDI. Also, in October 2019, the Government launched a public tender for the construction of a new refinery in Soyo, the results of which are expected to be announced in March 2020. Further, there is private sector participation for the prospective construction and development of a refinery in Cabinda. See "*The Economy – Primary Industry Sectors – Oil – Mid-stream and down-stream services*". If funding for such infrastructure projects cannot be raised, Angola may have to reduce the number and/or scale of the projects in which it plans to invest. The Government was unable to meet its 2017 and 2018 funding targets, which adversely impacted its infrastructure plans. However, the construction of a new international airport at Bom Jesus has been subject to significant delays and construction is currently suspended while the Government undertakes continued assessments.

The relatively low price of crude oil, and volatility in the foreign exchange market, has placed pressure on the Angolan construction and real estate sectors pushing up the price of imports and adversely impacting job creation in these sectors during the course of 2017. Job creation in the construction sector in 2018 has increased compared to 2017, however, if Angola is not able to fund new opportunities in the construction and real estate sectors it may have to reduce the number and/or scale of the projects in which it plans to invest, which could result in continued loss of jobs. See "*The Economy – Primary Industry Sectors – Construction*".

Although in recent years Angola has made significant investments to rebuild, rehabilitate and develop its infrastructure, Angola's inability for any reason to achieve adequate progress in these initiatives, as it has experienced in the past, due to factors including increased time requirements to complete the projects, delays in commencing work, disruption of work, significant cost overruns, the Government's decision to delay projects in the event that the deficit is higher than expected (see "*Public Finance – The Revised 2019 National Budget – Expenditure*") and any inability to raise the amounts required to fund the rebuilding, rehabilitation and development (regardless of whether Angola has committed to spend such amounts), could materially affect its ability to diversify its economy and meet its economic growth targets which, in turn, may materially and adversely affect Angola's financial condition and its ability to repay the Notes.

Following the Petrobras corruption scandal in Brazil, the Banco Nacional de Desenvolvimento Económico e Social ("**BNDES**") has significantly restricted credit to some of Brazil's leading contractors, including, prior to declaring bankruptcy, Odebrecht SA, which was awarded a series of significant contracts in Angola, and in 2016, BNDES suspended its funding for projects involving Brazilian contractors active in Angola on account of the corruption scandal. See "*The Republic of Angola – International Relations – Brazil*". Many of these Brazilian contractors are active in Angola, particularly with respect to rebuilding Angola's infrastructure, as well as in the energy, water supply, construction and telecommunications sectors. If BNDES's funding suspension for projects involving Brazilian contractors active in Angola continues, delays or cancellations of Angolan projects involving such contractors may

result and, consequently, Angola's ability to diversify its economy and meet its economic growth rates may be adversely affected.

Failure to adequately address actual and perceived risks of corruption may adversely affect Angola's economy.

According to Transparency International, an international non-governmental organisation that monitors and publicizes corporate and political corruption, Angola was ranked 165th out of the 180 countries surveyed in 2018 as compared to 167th out of 180 countries in 2017. In addition, independent international organisations have identified corruption and misuse of funds by public officials as significant challenges facing Angola. For example: (i) the former transport minister from 2008 to 2017, Augusto da Silva Tomás, was found guilty and sentenced to jail for embezzlement, abuse of power and misappropriation of public funds in August 2019 relating to his role at the National Council of Shippers, a state regulator that oversees international shipping and freight to Angola; (ii) José Filomeno dos Santos, the son of former Angolan president José Eduardo dos Santos, was charged with fraud, embezzlement, criminal association, trafficking of influence and money-laundering in Angola relating to a U.S.$500 million fraud from the BNA while head of the Fundo Soberano de Angola ("**FSDEA**"), the Angolan sovereign wealth fund, from which he was removed by President Lourenço in January 2018. The United Kingdom National Crime Agency ("**UK NCA**") blocked the transfer of the U.S.$500 million on suspicion of fraud and the funds have since been returned to the Government through a process involving the English courts. The UK NCA's investigations are continuing with the cooperation of the Angolan authorities. In connection with the same alleged fraud, Valter Filipe da Silva, the former governor of the BNA, was charged in March 2018 with fraud relating to the unauthorised transfer of the U.S.$500 million from the BNA in 2017. The Government has stated that the transfer of the U.S.$500 million was part of an unsuccessful plan to defraud the Republic of U.S.$1.5 billion; (iii) in October 2017, Carlos Aires da Fonseca Panzo, the former economic adviser to the President, was removed from office by a formal decree signed by President João Lourenço. The Angolan Attorney General's Office (*PGR*) has since launched an investigation into his involvement in various criminal complaints; (iv) in November 2017, Edson Vaz, the former national director of the Angolan Treasury, was detained for allegedly diverting funds from the state through contracts entered into with fictitious companies; (v) in November 2017, the Provincial Court of Luanda initiated a trial against three former officials of the Ministry of Health for allegations regarding the diversion of international funds originally designated for fighting malaria in Angola, with charges including fraud and the improper allocation of funds; (vi) former managers of the Water and Sanitation Company of Benguela and Lobito (*EASBL*) are being tried for alleged diversion of approximately U.S.$60 million. The allegations include suspected under-invoicing and payments for fictitious services; (vii) Mr. Manuel Vicente, who served as Angola's vice president between 2012 and 2017, was charged in Portugal with corruption and accused of bribing a high-ranking Portuguese prosecutor. The prosecution was transferred to Angola in 2018, see "*The Republic of Angola – International Relations – Portugal*"; and (viii) in February 2019, the former governor of Luanda, and current MPLA lawmaker, Higino Carneiro, was placed under investigation in connection with money laundering offences; and (ix) there have been allegations of impropriety relating to the auction of Angola's fourth telecommunications license in April 2019. The license was awarded to Telstar-Telecomunicações, Lda, an Angolan company incorporated in 2019 with a limited record and controlled by persons with links to the Angolan armed forces. The license has since been rescinded and a new public tender will be launched in due course. Moreover, there have been allegations of corruption in Angola relating to senior public officials having business interests in sectors for which they have responsibility or can otherwise exert influence or using Government influence to channel lucrative business opportunities to relatively small political elite. In addition, Angola's Attorney General's Office has ordered an investigation into alleged misappropriation of funds at Sonangol.

The Government is currently undertaking an audit process, using an external entity, of the Government's arrears to contractors or other parties with claims against the Government, totalling approximately AOA 1 trillion (approximately U.S.$3.7 billion, as stated in the IMF's June 2019 review report relating to the EFF). However, the Government estimates that approximately 25 per cent., or approximately U.S.$925 million, of the arrears could be invalid. The Government's audit process is still ongoing. The Government

published a deadline, which has passed, for all claims to be made by contractors or other persons with claims against the Government and to date has paid approximately AOA 300 billion in respect of such claims. The IMF requires the Government to settle validated claims as soon as possible as part of this ongoing audit process.

It was reported that in April 2018, the Mauritius Supreme Court froze several bank accounts and suspended the business licenses of seven of the funds of Quantum Global Investment Management, a firm through which the FSDEA has invested many of its assets. Quantum Global Investment Management is headed by Jean-Claude Bastos de Morais, a former business partner of José Filomeno dos Santos, referenced above. The FSDEA terminated the asset management agreement with Quantum on 17 April 2018. On 4 May 2018, the FSDEA appointed Investec Asset Management as its interim asset manager for its liquid asset portfolio and intends to appoint permanent replacement asset managers through an international tender process. Legal proceedings in Mauritius and in the High Court of the United Kingdom ensued. In March 2019, it was reported that the FSDEA and Quantum Global Investment Management had entered into a global settlement agreement whereby the parties agreed to discontinue all damages and commercial claims and not to bring further legal proceedings against the other.

Since 2010, Angola has introduced a series of laws and regulations to deal with corruption and promote good governance. In February 2016, Angola was removed from the Financial Action Task Force's list of countries with strategic deficiencies in their anti-money laundering and combating financial terrorism regime. This promises a more joined-up approach for tackling corruption, with tougher legislation and more stringent processes complemented by social and cultural programmes and workplace training. A draft law relating to the prevention and combat of money laundering, terrorism financing and financing of the proliferation of weapons of mass destruction is currently being considered by the National Assembly that, among other things, would amend the definition of politically exposed persons to include Angolan nationals and entities and strengthen enforcement powers of the authorities. The bill has been approved in principal by the National Assembly and is subject to committee review. See "*The Republic of Angola – Anti-money laundering, anti-bribery, anti-corruption and anti-terrorism measures*". However, there is currently no data on how effective existing measures have been in preventing corruption in Angola, the draft law currently being considered by the National Assembly might be substantially amended and there can be no assurances that such measures will be effective in the future in combating corruption, anti-money laundering and the financing of terrorism in Angola.

Furthermore, in 2010, Angola introduced a law to govern public procurement processes and established a body overseen by the Ministry of Finance to oversee public procurement processes. The public procurement regime was further strengthened in 2016 by Law No. 9/16 of 16 June 2016 (which approved the "**Public Contracts Law**"), which, among other things, extended the application of public procurement laws to state-owned companies and those controlled by the state. The President of the Republic is still entitled to approve contract tenders of any value in certain limited circumstances. Depending on the value of the contract, other public authorities are also entitled to approve contract tenders under delegation of the President of the Republic. However, even when a contract is approved by the President or by a public official with delegated authority, the awarding of such contract remains subject to Angola's usual public procurement procedures. See "*The Republic of Angola – Public procurement procedures*". Further, Angola's public procurement laws do not prohibit the awarding of contracts to companies in which public officials have an interest but subject public officials to a set of rules (article 8 of the Public Procurement Law), which includes disclosure requirements, namely aimed at avoiding situations of conflict of interests and ensuring that public officials perform their activities with impartiality and in accordance with the public interest.

Payments in respect of certain contracts are financed by credit lines such as those provided by CEXIM, LUMINAR and BNDES. See "*Public Debt – Composition of Angola's external debt*". Contracts funded under those facilities are not currently subject to Angola's public procurement regime. See "*The Republic of Angola – Public procurement procedures*".

Corruption has many implications for a country, including increasing the risk of political instability, distorting decision-making processes and adversely affecting its international reputation. Failure to address these issues, corruption, and any future allegations of, or perceived risk of, corruption in Angola could have an adverse effect on the political stability of Angola, on Angola's ability to attract foreign investment and on the Angolan economy, which, in turn, may have a material adverse effect on Angola's ability to meet its debt obligations, including those under the Notes.

Angola's banking sector faces challenges such as high rates of NPLs, which could have an adverse impact on the banking sector as a whole and may impact the ability of Angola to diversify its economy away from oil.

While there are a total of 26 banks operating in Angola, the country's banking assets are highly concentrated in six major banks, with the six banks accounting for 79.2 per cent. of deposits and 79.7 per cent. of loans as at 30 June 2019.

The health of the banking sector has recently deteriorated driven by slower economic growth and vulnerabilities in the financial sector persist. In 2017, two banks *Banco de Poupança e Crédito* ("**BPC**"), which is the largest public bank, and *Banco Angolano de Negócios e Comércio* ("**BANC**"), were undercapitalised and needed to meet prudential requirements. BPC has very high rates of non-performing loans ("**NPLs**") representing 69.6 per cent. (relative to total loans) and in excess of 100 per cent. (relative to own funds) as at 31 December 2018. NPLs represented 28.3 per cent. of total gross loans across the banking sector as at 31 December 2018. In June 2018, following BANC's shareholders' failure to participate in a capital increase to support BANC's liquidity and solvency levels, the BNA suspended the board of directors of BANC and appointed provisional administrators to prepare a report on BANC's assets and liabilities. In February 2019, the BNA revoked the banking license of BANC. Furthermore, the banking licenses of Banco Mais and Banco Postal were also revoked by the BNA in early 2019 on account of solvency issues. In October 2019, the Angolan courts declared Banco Mais to be insolvent.

Such issues with the banking sector have, and may continue to, materially and adversely affect the liquidity, business activity and financial conditions of banking customers, which, in turn, may hinder business activity generally and Angola's attempts to diversify its economy. The BNA is in the process of conducting an asset quality review, scheduled to be completed by the end of 2019, of the 13 largest Angolan banks. The results of such asset quality review may reveal additional weaknesses with certain banks which in turn may require intervention from the Government and BNA.

In March 2017, BPC shareholders (including the Ministry of Finance which holds a 75 per cent. stake in the public bank) approved a restructuring and recapitalisation plan for BPC. This plan comprises instating new management and the replacement of its board of directors, capital increases, and the sale of underperforming assets and NPLs to Recredit (as defined below), the state-owned enterprise charged with purchasing BPC's underperforming assets and NPLs, financed by the issuance of certain domestic Government bonds. As at 30 September 2019, the Government has contributed approximately AOA 442 billion (or approximately U.S.$903 million) into BPC and approximately AOA 230 billion (or approximately U.S.$470 million) into Recredit, in each case since 2015. See "*Monetary System – The Banking System – Major banks, banking sector concentration and competition*". A revised restructuring plan for BPC, produced in consultation with the IMF, is expected to be published in the first quarter of 2020 to ensure that BPC will be sustainable and able to generate capital. There can be no assurance that the proposed turnaround of BPC will be achievable.

Since December 2015, global banks have discontinued the supply of U.S. dollar banknotes and withdrawn U.S. dollar correspondent banking relationship ("**CBR**") status with Angolan banks. Angolan banks have responded to the loss of direct U.S. dollar CBRs for their customers by finding alternative payment channels, for example, using intermediary banks in countries such as South Africa and Portugal and a greater use of euros. In 2017, the BNA halted all US dollar transactions from Angolan commercial banks, a restriction that was only lifted in July 2019. It is expected that the continued strengthening of the supervisory and regulatory prudential framework, greater training for market participants and a more robust enforcement regime consistent with international best practice will lead to U.S. dollar CBR status

being reinstated. However, until this occurs, restrictions for both exports and imports of U.S. dollars could have a material adverse effect on Angola's banking sector, and, accordingly, the wider economy. See also "- *Challenges in the implementation of economic and financial reforms and the lack of available financing may have a negative effect on the performance of the Angolan economy*".

Failure of the BNA to properly supervise Angolan banks, of such banks to control the level of their NPLs and to comply with prudential standards or for the Government and the BNA to mitigate the adverse impact of the loss of U.S. dollar CBR status could result in a material adverse effect on Angola's banking sector, which, in turn, could impact the ability of Angola to diversify its economy away from oil.

Angola's oil and mining sectors may create environmental hazards.

Angola's oil and mining sectors represent a significant section of Angola's economy. Oil exploration and extraction and mining activities create and increase the risk of environmental hazards, in particular, in the case of oil exploration and extraction, of oil spills and pollution of both onshore and offshore environments and, in the case of mining, the silting of rivers due to erosion of mine soil waste and residue minerals washed into the rivers. As with all other mining and oil exploration countries, there can be no guarantee that an incident causing significant environmental damage in Angola will not occur, which could have an adverse effect on the stability and growth of the oil and mining industries in Angola and on the Angolan economy. See "*The Economy – Environment*" for a discussion of the programmes designed to improve the Angolan environmental regime.

Challenges in diversifying its economy may constrain Angola's economic growth.

In recent years, Angola has been diversifying its economy away from the oil sector by expanding other economic sectors, such as agriculture, construction, financial services and mining, and is currently planning a number of economic and fiscal measures to further progress this economic diversification strategy. For the first six months of 2019, the Government estimates that the oil and gas sector represented 30.0 per cent. of GDP, 94.0 per cent. of export earnings and 63.0 per cent. of total revenues. However, in 2018, the oil and gas sector represented 96.7 per cent. of Angola's exports and accounted for 29.0 per cent. of its estimated 2018 GDP. Deficiencies in infrastructure levels, lack of private investment, shortages of skilled labour, a developing financial sector and a challenging business environment, including, but not limited to, the length of time required (and complexity of the processes) to start and close a business and difficulties in enforcing contracts present challenges to the implementation by Angola of an economic diversification strategy. See "*– Angola's economic growth targets may not be achievable if it fails to rebuild and rehabilitate its infrastructure efficiently*". No assurances can be given that Angola will succeed in continuing to diversify its economy on a timely basis or at all. If Angola does not successfully further diversify its economy, its economic growth may be limited, which, in turn, may materially and adversely affect Angola's financial condition and its ability to repay the Notes.

Challenge in ensuring continued political and social stability.

The People's Movement for the Liberation of Angola ("**MPLA**") has been the ruling party in Angola since Angola obtained independence in 1975 and the administration of former President José Eduardo dos Santos had been in power since 1979 through October 2017. The MPLA was elected by a large margin in Angola's 2008 general elections, the first such elections after the end of the Civil War. In 2012, the MPLA was re-elected by a large margin in an electoral process that was considered fair by international organisations.

On 23 August 2017, a nationwide election took place that resulted in the MPLA winning 61 per cent. of the popular vote and 150 out of 220 seats in the national assembly (the "**National Assembly**") and Mr. João Lourenço of the MPLA being elected President. On 8 September 2018, President João Lourenço was elected leader of the MPLA, replacing former President José Eduardo dos Santos. In addition, membership of the top policy function of the MPLA was reformed in September 2018.

Given that the 2017 election of President Lourenco was Angola's first change in the presidency since 1979, there can be no assurance that the reform agenda of President João Lourenço intended to encourage political stability and economic growth or the ongoing anti-corruption investigations or ministerial and other personnel changes in the Government and public sector that have been carried out will not adversely affect the operations of the Government. The new administration may also pursue policies and have priorities that differ from those of the previous administration and may alter or reverse certain reforms or take actions that make domestic and foreign investment in Angola less attractive. The next nationwide election is scheduled for 2022.

In addition, legislation was approved by the National Assembly in 2019 to establish the framework for Angola's first local elections, which are scheduled to be held in 2020. The current plan is to stage voting to include only a limited number of municipalities in the first elections in 2020, with broader participation planned for future local elections. These local elections may provide opposition parties greater opportunities to hold elected municipal office and influence Government policy. If the political climate in Angola were to change significantly, or if scheduled 2020 local elections were to cause political or social unrest, it could lead to political and social instability, which, in turn, may materially adversely affect the Angolan economy, Government revenues or foreign reserves and, as a result, have a material adverse effect on Angola's ability to make payments under the Notes.

The MPLA has a majority that allows it to pass legislation with limited opposition.

In the August 2017 elections, the MPLA won more than a two-thirds majority in the National Assembly with 150 of 220 seats. As a result of the current constitutional system, which allows the majority of laws to be passed by a simple majority and constitutional changes to be adopted by a two-thirds majority, the President may rely on the MPLA to ensure that a high proportion of any new laws proposed to the National Assembly will be passed. However, if the MPLA were to abuse its majority, despite a history of low levels of popular unrest in Angola since the end of the Civil War, the opposition parties and the disaffected population may rally against the President and the MPLA. In addition, public disaffection with the MPLA concerning its legislative majority or less than favourable results in the local elections scheduled for 2020 could result in a degree of political instability. Any such popular unrest or political instability could have an adverse effect on Angola's economy and, therefore, on its ability to make payments under the Notes.

There are risks related to security in Angola.

In spite of the Government's efforts, continued criminal activity, unrest and political conflicts in the country may lead to lower oil production, deter foreign direct investment and lead to increased political instability. For instance, while the Government does not consider them to represent a serious threat to the territorial integrity or political stability of Angola, the Front for the Liberation of the Province of Cabinda ("**FLEC**"), a Cabindan separatist movement, claimed responsibility for shooting at a bus transporting the Togo national football team to Cabinda for the start of the 2010 Africa Cup of Nations, which was hosted by Angola. Since the death of FLEC leader Nzita Tiago in June 2016, there has been conflict between various factions of FLEC fighting for control of the group, as well as skirmishes and military ambushes in Cabinda as a result of FLEC's continuing campaign for the independence of the Province of Cabinda. See "*The Republic of Angola – History – Province of Cabinda*". Such conflicts and activity, including an increase in the activity of FLEC, could have a material adverse effect on Angola's economy and, therefore, on Angola's ability to meet its debt obligations, including those under the Notes.

Angola's legal and judicial system is relatively underdeveloped and may not always function adequately.

Angola moved away from socialism in 1991 and was involved in a 27-year long Civil War until 2002, during which it lacked an adequate economic regulatory framework and effective legal enforcement. Since the end of the Civil War, Angola has moved away from a centrally planned economy into a decentralised market economy. Angola is still in the process of developing the legal framework required to support a strong market economy and, as a result, regulation of the economy remains underdeveloped.

Possible ambiguities in legislation, may create opportunity for authorities to interpret applicable legislation, which in turn may lead to unpredictable decisions. Also, the lack of any established system of precedent, means that the risks involved in doing business in Angola could be more pronounced than in jurisdictions with more developed legal systems. Furthermore, inconsistent legislation and the lack of administrative guidance on its interpretation create an uncertain environment for investment and business activities. Angola's judiciary may not be completely independent from political, social and commercial forces, and governmental authorities generally have a high degree of discretion, leaving significant opportunities for arbitrary Government action. In January 2018, more than 2,000 employees in Angola's Public Prosecutor's Office took action over pay and training issues and, on 28 May 2018, the *Sindicato dos Oficiais de Justiça de Angola* (the "**Angolan Justice Officers' Union**") commenced a five-day strike of Angolan court staff after government-union negotiations over revised contract terms and salaries broke down. The strike ended on 1 June 2018. See "*The Republic of Angola – Political System – Judicial Branch*" and "*The Economy – Employment and Labour*". The absence of a sophisticated legal and regulatory framework to support a free market economy and inadequacies in the functioning of Angola's judiciary could adversely affect Angola's ability to attract future or retain current investments, which, in turn, may materially and adversely affect Angola's financial condition and its ability to repay any Notes issued under the Programme.

Health risks could adversely affect Angola's economy.

Tuberculosis (which can be exacerbated in the presence of HIV/AIDS), malaria, yellow fever, dengue fever and typhoid fever are major healthcare challenges in Angola. According to the World Bank, life expectancy in Angola remains one of the lowest in the world, though it has increased to 62.5 years in 2017 from 47.1 years in 2000. Incidence of tuberculosis (per 100,000 people) peaked in 2009 at 385, falling to 359 in 2017, according to the World Health Organisation. Compared with other sub-Saharan African countries, Angola has a low HIV prevalence rate among its population of adults aged between 15 and 49 years old, accounting for less than 2 per cent. of the population. However, due to low levels of basic sanitation and the low quality of the water supply, Angola has struggled to tackle malaria, which remains the single largest cause of child mortality in the country and is considered to be Angola's greatest public health problem. In the first six months of 2018, more than 1.5 million cases of malaria – resulting in 3,853 deaths - were reported. In addition, in the first half of 2016, Angola experienced an outbreak of yellow fever, with approximately 4,000 suspected cases and 380 deaths. Angola also faces a risk of epidemics of cholera, rabies and African haemorrhagic fever, as well as other serious diseases spreading from neighbouring countries, including the DRC. (See "*Republic of Angola – Population, education, health and housing – Health*"). In 2017, the World Bank estimated that for children under five years there were 53.8 deaths in every 1,000 live births, and that, in 2015, maternal mortality was 477 deaths per 100,000 live births.

Angola has budgeted to spend AOA 377.8 billion on the health sector in 2019, a small decrease from AOA 388.5 billion in 2018. Angola is currently experiencing short supplies and delayed distributions of certain essential medication, including drugs used to treat tuberculosis and malaria, antibiotics generally, and antiretroviral for the treatment of HIV. Angola's public healthcare system experiences significant delays in healthcare decision-making processes, including for project approvals and with respect to the payment for and distribution of essential healthcare supplies, including medicines. Angola's Ministry of Health estimates that approximately 1 per cent. of the drugs it distributes do not reach their intended destination due to the lack of adequate electronic information management systems, human resources and current information on the consumption of drugs. Angola is also currently experiencing a shortage of qualified doctors and has in the past failed to train sufficient numbers of doctors and nurses to adequately support its public health system. Angola has engaged a significant number of Cuban doctors and nurses to work in the public health sector until the current shortages can be remedied. The operational efficiency of many of Angola's healthcare facilities is also significantly impaired by lack of effective power supplies, particularly outside of urban areas. In addition, the continuing drought affecting southern Angola may pose health challenges.

No assurance can be given that infant and maternal mortality rates will improve; nor that the diseases currently present in Angola will decline in prevalence; nor that Angola will not experience outbreaks (or epidemics) of more serious diseases. If infant and maternal mortality rates worsen and/or the prevalence of diseases (including malaria) in Angola increases, no assurance can be given that these factors will not have a material adverse effect on the economy of Angola and, therefore, on Angola's ability to meet its debt obligations, including those under the Notes.

Further depreciation in the value of the Kwanza could have a material adverse effect on Angola's economy.

The Kwanza's average exchange rate against the U.S. dollar depreciated by 69.9 per cent. between 2013 and 2016. In order to stabilise the exchange rate of the Kwanza, the BNA fixed the exchange rate at AOA 166 per U.S. dollar in April 2016 and maintained the fixed rate until December 2017 pursuant to the Crisis Recovery Program. See "*Monetary System – The Banking System – Government main strategies for the development of the banking sector*". While the measure brought about stability of the Kwanza, it also led to increased pressure on Angola's foreign currency reserves and an increase in the difference between the official and the parallel rate which increased to approximately AOA 474.2 per U.S. dollar at the end of 2016. Maintaining the fixed rate of exchange contributed to a decrease in the rate of inflation in Luanda from 42.0 per cent. at the end of 2016 to 26.3 per cent. at the end of 2017 and a decrease in the rate of inflation in Angola from 41.1 per cent. at the end of 2016 to 23.6 per cent. in 2017. Following the decrease in the rate of inflation, in order to ease pressure on Angola's foreign exchange reserves, in January 2018, the BNA abolished the fixed rate of exchange of the Kwanza and lifted restrictions in the foreign exchange market which led to further depreciation of the Kwanza and may lead to an increase in the rate of inflation. The significant declines in oil prices in recent years, as well as local oil production pressures have adversely impacted the value of the Kwanza.

On 9 January 2018, after the BNA abolished the fixed rate of exchange of the Kwanza to the U.S. dollar and lifted restrictions in the foreign exchange market, the Kwanza depreciated by 11 per cent. to AOA 187.95 per U.S. dollar following the first auction of foreign exchange by the BNA in January 2018. Auctions of foreign currencies are now held almost daily by the BNA. The average exchange rate of the Kwanza for 2018 was AOA 258.7 per U.S. dollar. In order to avoid a multiple currency practice and to comply with the policy of the IMF against multiple currency practices, following the abolition of the fixed Kwanza to U.S. dollar exchange rate, the BNA introduced in January 2018 a requirement which limited commercial banks from placing bids for currency in excess of a 2 per cent. margin over or below the BNA's reference rate. This cap was removed by the BNA in October 2019.

Since 9 January 2018 (the date the BNA abolished the fixed exchange of the Kwanza to the US dollar and lifted certain restrictions in the foreign exchange market) through 31 October 2019, the Kwanza has depreciated by 66 per cent. against the U.S. dollar. See "*Exchange Rate History*". Since January 2018, the BNA has been holding auctions to sell foreign currencies to commercial banks; however, it maintains certain restrictions which limit the effective participation of banks in these auctions. For example, by limiting the amounts than can be bid, the discretionary elimination of bids deemed by the BNA to be speculative, and the requirement for banks to return unsold foreign exchange to the BNA. Such restrictions hindered and may continue to hinder development of an interbank foreign exchange market and prevent effective market-based price information development. As the gap between the official and parallel rates widened in 2019, in October 2019, following the removal of currency caps, the Kwanza depreciated to historic lows of AOA 559.693 to EUR1.0. The Kwanza-US dollar exchange rate was AOA 501.652 to U.S.$1.0 following a decline of more than 20 per cent. in October 2019. Further depreciation may occur in the near future as the official and parallel rates move towards convergence.

The IMF, in its first review under the EFF, identified significant improvements in the foreign exchange market but cautioned that greater flexibility has not yet been completed, principally on account of the aforementioned auction restrictions. The BNA has mainly auctioned euros as a result of the withdrawal of CBR status. The recent depreciation of the Kwanza, and any further depreciation in the future, could have a material adverse effect on Angola's rate of inflation as a result of higher import prices and rising

demand for exports and inflate the cost of servicing Angola's existing U.S. dollar denominated debt and Angola's existing debt indexed to the U.S. dollar.

As of the end of 2018, Angola had AOA 3,407.7 billion outstanding under its domestic debt indexed to the U.S. dollar, compared to AOA 2,741.5 billion in 2017, AOA 2,690.9 billion in 2016, AOA 1,700.0 billion in 2015 and AOA 823.7 billion in 2014. All of Angola's outstanding domestic debt indexed to the U.S. dollar remains exposed to any further devaluation of the Kwanza in relation to the U.S. dollar. See "*–High inflation could have a material adverse effect on Angola's economy*" and "*–The Republic has significantly increased borrowings in recent years, and high levels of debt or failure to adequately manage its debt or to re-finance its debt could have a material adverse effect on Angola's economy and its ability to repay its debt, including the Notes*".

High inflation could have a material adverse effect on Angola's economy.

Angola has recently suffered from high inflation. Inflation in Luanda had increased from 7.7 per cent. at the end of 2013 to 26.3 per cent. at the end of 2017, reaching 42.0 per cent. at the end of 2016. At the end of 2018, inflation was 18.6 per cent. in Angola. These high rates of inflation reflected the increase in domestic fuel prices, resulting from the removal of certain fuel subsidies, and a weaker Kwanza. In the past, Angola has experienced very high levels of inflation due to economic instability caused by the Civil War. For example, in 2000, Angola's inflation rate reached 268 per cent. For more information on historical inflation rates, see "*Monetary System – Inflation*".

Under the Revised 2019 National Budget, the rate of inflation in Angola is expected to reach 15 per cent. at the end of 2019. The decline in the rate of inflation in 2018 to 2017 reflects slower economic activity and measures to restore confidence in the Kwanza by, for example, implementing measures to promote a free-market determination of the exchange rate. Annual inflation in 2019 compared to 2018 is expected to remain high but decline by reference to historical averages reflecting policies of the Government and the BNA's work to tighten monetary policy. However, effects of the introduction of VAT in October 2019, the decision of the BNA monetary policy committee to maintain the base rate at 15.5 per cent. and reforms to the subsidies may cause upward inflationary pressure.

Although Angola's monetary policies are aimed at containing inflation, there can be no assurance that the inflation rate will not continue to rise in the future. Significant inflation could have a material adverse effect on Angola's economy and Angola's ability to meet its debt obligations, including those under the Notes.

A significant decline in the level of foreign reserves as a result of the BNA's major role as a main supplier of foreign currency to domestic residents for imports purposes could materially impair Angola's ability to service its external debt, including the Notes.

Given the fluctuations in Angola's gross foreign reserves, which decreased from U.S.$27.7 billion in December 2014 to U.S.$16.2 billion in December 2018, and Angola's net foreign reserves, which decreased from U.S.$27.2 billion in December 2014 to U.S.$10.6 billion in December 2018, its high dependence on oil exports and the fact that Angola pays for its key imports, such as food and refined petroleum, in U.S. dollars, the Kwanza will remain vulnerable to external shocks which could lead to a sharp decline in its value. As of 30 September 2019, gross foreign reserves were U.S.$15.3 billion, equivalent to 7.5 months of import cover, and net foreign reserves were U.S.$10.1 billion, equivalent to 4.9 months of import cover. The BNA expects that net foreign reserves will decrease to U.S.$9.4 billion by the end of 2019 as a result of the foreign exchange rate policy pursued by the BNA. See "*The Economy – Foreign Reserves*".

The BNA monitors the Angolan banking system's current account, with a view to maintaining minimum reserves totalling six months of imports. Following the drop in oil prices in 2014, Angola has experienced a lack of U.S. dollars in circulation. The reduced U.S. dollar liquidity has negatively affected imports to Angola due to the fact that many imports are paid for in U.S. dollars. If Angola continues to run current account deficits, it may deplete its foreign exchange reserves, which, in turn, may result in Angola not

being able to meet its debt obligations, including those under the Notes. If the Government is unable to raise additional debt, it may be required to access its foreign reserves to fund its expenditure. See also " - *The Republic has significantly increased borrowings in recent years, and high levels of debt or failure to adequately manage its debt or to re-finance its debt could have a material adverse effect on Angola's economy and its ability to repay its debt, including the Notes"*.

To the extent that the Government uses BNA deposits (as such deposits are described under "*The External Sector – Foreign Reserves*" and "*Monetary System*" below) to fund its fiscal deficit and/or to service its debt obligations (as currently indicated under "*Public Debt – Sources and Needs for 2017, 2018, 2019 and 2020*" below), its foreign reserves will decrease accordingly.

Angola is highly dependent on foreign imports, in particular food and refined petroleum.

Angola is highly dependent on foreign imports, primarily food and refined petroleum. A decrease of food stock in Angola has contributed to an increase of total imports in 2018. The Civil War and a failure to maintain systematic and continuous agricultural practices post-independence, led to a decrease in agricultural activity in Angola. Consequent shortfalls in food production have meant that, in recent years, it has needed to rely on food imports to satisfy domestic food requirements. While the Government is focused on developing the agricultural sector, the country will continue to rely heavily on food imports in the near future. A reduced focus on the growth of the agricultural sector and/or adverse weather conditions may affect Angola's internal production of food and, therefore, increase its dependence upon foreign imports. Angola's high reliance on food imports in an environment of rising prices may lead to significant increases in inflation, which could have a negative impact on the economy.

While Angola produces significant amounts of crude oil, mainly due to a lack of refining capacity, it imports between approximately 70 per cent. and 80 per cent. of the refined petroleum it consumes. Angola currently has only one oil refinery, *Refinaria De Luanda,* which currently meets between 20 per cent. and 30 per cent. of Angola's refined petroleum needs and has experienced several maintenance-related shutdowns. One oil refinery is currently under construction in Lobito and two further oil refineries are subject to tenders and development in Cabinda and Soyo. The Government launched a public tender for the construction of the new Soyo refinery in October 2019, the results of which are expected to be announced in March 2020. Significant investment is required in order to bring them online and no assurances can be provided as to when they will do so. See "*The Economy – Primary Industry Sectors – Oil Industry – Midstream and downstream services*". As a result, continued volatility in the price of refined petroleum could have an adverse effect on Angola's economy. Sonangol is currently the only entity in Angola which can import petroleum products and which are subsidized. Despite its intention to reduce and eliminate existing subsidies, in an environment of rising prices, the Government may need to create new subsidies, which may result in unplanned budgetary outlays and inflation. For example, in September 2019, the Government offered new fuel subsidies for the agriculture and fishery sectors to boost food production.

Any such budgetary outlays, public pressure to provide or maintain certain subsidies or excessive inflation may adversely impact Angola's economy and its ability to make payments under the Notes.

Stability and growth in Angola may be threatened if the Government fails to address high levels of poverty, inequality in income and unemployment.

Poverty levels in Angola remain high. The Government's survey of social indicators in 2012-13 found that an estimated 30 per cent. of the population lived below the poverty line and pursuant to recent data obtained in 2017 the proportion of the population living below the poverty line has increased to an estimated 40 per cent. (although this proportion has declined substantially from 68 per cent. in 2001) and that there were high levels of income inequality, with the United Nations Development Programme in its 2017 Human Development Report estimating that Angola's human development index was 0.58, ranking it 147th in the world for income inequality as of 2017. In addition, the World Bank estimates that unemployment in Angola 8.2 per cent. in 2017. See "*– A significant portion of the Angolan economy is not recorded*". Historically, strike action in Angola – particularly in the public sector – has been rare.

However, in April 2018 Angolan teachers commenced a strike to encourage more investment in the education system and higher pay. See "*The Republic of Angola – Population, Education, Health and Housing - Education*". In January 2018, more than 2,000 employees in Angola's Public Prosecutor's Office took action over pay and training issues and, on 28 May 2018, the Angolan Justice Officers' Union commenced a five day strike of Angolan court staff after government-union negotiations over revised contract terms and salaries broke down. The strike ended on 1 June 2018, and the Angolan Justice Officers' Union threatened a new strike in August if the government does not respond to its demands in 90 days. See "*The Republic of Angola – Political System – Judicial Branch*" and "*The Economy – Employment and Labour*". In 2019, there were also instances of strikes by employees of the operator of rail services in Luanda.

If Angola continues to suffer from these or increased levels of poverty, income inequality and unemployment, they could become a source of political and social instability. Furthermore, challenges in reducing poverty, income inequality and unemployment may individually or in the aggregate have negative effects on the Angolan economy and, as a result, a material and adverse effect on Angola's ability to meet its debt obligations, including those under the Notes.

Angola's growth prospects are vulnerable to the performance of the power sector.

Despite possessing important energy resources and ongoing energy sector reforms to significantly increase Angola's energy production capacity through 2022, the lack of sufficient, affordable and reliable energy supply remains a serious impediment to Angola's economic growth and development. Only 36 per cent. of Angola's population is estimated by the Government to have access to the state-owned electricity supply, although it is estimated that some additional users have access to small private and local electricity sources, leaving an estimated 15 million Angolans without access to electricity. Insufficient power generation, aging or insufficient infrastructure, inadequate funding, weak distribution networks and overloaded transformers result in high cost of electricity, frequent power outages, high transmission and distribution losses and poor voltage output. For instance, of approximately 1.6 million customers served by the Empresa Nacional de Distribuição de Electricidade (the "**ENDE**") in 2018, an estimated 80 per cent., of electricity users are unmetered and the power sector experiences a high level of illicit connections and other fraud, which has resulted in a lack of revenue collection by electricity suppliers and consequent losses for the sector. While the Government has adopted several measures to deal with these fraud issues, such as the development of electronic electricity meters, there is no assurance that the sector will not continue to experience fraud issues. The sector experiences technical and commercial losses amounting to 53 per cent. of the energy produced (6 per cent. from transport, 22 per cent. from distribution, and 36 per cent. from collection), making the sector dependent on Government financing to subsidise income not received due to such loss. The Government has been investing heavily in energy-related infrastructure development, with the Laúca Hydroelectric Plant (the largest dam in Angola), the Cambambe hydroelectric power plant and the Soyo Combined Cycle Power Plant commended energy production in 2017. Production capacity in Angola is expected to reach an installed capacity of 6.4 GW in 2019, of which, on average 5.5 GW of energy is expected to be available. However, the supply of electricity relative to consumption remains uneven across Angola, caused principally by underdeveloped transport and distribution infrastructure.

In 2018, approximately 21.0 per cent. of Angola's electricity was generated by thermal power plants, including diesel power plants. These power plants are expensive to operate and since 2015, the Government has eliminated diesel subsidies. In the future, in addition to satisfying a large proportion of Angola's energy needs, diesel power plants are expected to play an important part in balancing power supply in the event of significant future fluctuations in demand for power after the hydroelectric modernisation programme has been completed. See "*The Economy – Energy – Power Generation – Hydroelectric generation facilities*" for a discussion of Angola's ongoing energy reforms. Under its Action Plan for the Energy and Water Sector 2018-2022, the Government plans to invest U.S.$13.5 billion (U.S.$9.2 billion of which relates to ongoing projects) in the power sector between 2018 and 2022, raised from a combination of the Government's own funds, FDI and domestic and external debt. If

additional funding cannot be raised, Angola may have to reduce the number and/or scale of its investments in the power sector.

While the Government is committed to continuing to implement policies to develop the skills of the labour force by improving the quality of education across the board, developing specialist courses, introducing the opportunity for part-time and temporary work and working in partnership with the private sector to develop employment opportunities and provide on-the-job training, there remains a lack of highly-skilled workers to manage and work in the power sector. A continued lack of skilled personnel in the power sector could hinder Angola's ability to establish a sufficient, affordable and reliable energy supply.

If Angola is unable to provide a regular and adequate supply of electricity to its citizens and businesses, this could have an adverse effect on Angola's economy, which, in turn, could have a material and adverse effect on Angola's ability to meet its debt obligations, including those under the Notes.

A significant portion of the Angolan economy is not recorded.

A significant portion of the Angolan economy is composed of the informal, or shadow, economy. The informal economy is not recorded, resulting in a lack of revenue for the Government, ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution to GDP of various sectors) and inability to monitor or otherwise regulate a large portion of the economy. Lack of effective regulation and enforcement in this sector also gives rise to other issues, including health and safety issues. Although the Government is attempting to address the informal economy by, among other things, simplifying the tax regime and streamlining certain regulations, there can be no assurances that such measures will adequately address the issues and bring the informal economy into the formal sector.

Statistics published by Angola and appearing in this Base Prospectus may be more limited in scope and published less frequently and differ from those produced by other sources.

A range of Ministries and institutions produce statistics relating to Angola and its economy, including the Angolan Institute for National Statistics (in respect of the real economy and other social figures), the BNA (in respect of monetary and financial statistics and those relating to the external sector) and the Ministry of Finance (in respect of fiscal statistics), all of which are members of the Angolan national statistics system. The Republic's official GDP data presented in this Base Prospectus for 2016, 2017 and 2018 and estimated GDP data for 2019 is produced by the Ministry of Economy and Planning and the Republic's official GDP data for 2015 and prior years is produced by the Angolan National Institute of Statistics. Angola's 2019 budgeted GDP data is set out in the Revised 2019 National Budget. The Ministry of Economy and Planning prepares projections of GDP derived from the supply of goods and services in Angola, while the Angolan National Institute of Statistics is responsible for preparing preliminary and final GDP data based on both the supply and the demand for goods and services in Angola.

While Angola intends to adhere to the IMF's General Data Dissemination Standards, the estimated and projected financial and statistical data contained in this Base Prospectus may be more limited in scope and published less frequently than in the case of other countries, for example those in Western Europe and the United States, and adequate monitoring of key fiscal and economic indicators may be difficult. Estimated and projected financial and statistical data appearing in this Base Prospectus has, unless otherwise stated, been obtained from public sources and documents. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source.

There may be material differences between preliminary or estimated statistical data set forth in this Base Prospectus and actual results, and between the statistical data set forth in this Base Prospectus and corresponding data previously published by or on behalf of Angola.

Consequently, the statistical data contained in this Base Prospectus should be treated with caution by prospective investors.

Estimated and projected financial and statistical data may be based on imprecise or incorrect assumptions and, along with historical financial statistical data, are subject to periodic review and revision.

Assumptions used in order to calculate projected or estimated financial and statistical data may differ from those used by other sources, including the NDP 2018-2022, and may be subject to revision. Statistical information reported herein derived from information supplied by agencies and ministries of the Republic may differ from statistical information presented in the NDP 2018-2022 due to differing underlying assumptions or methodologies. Some statistics, including some of those for 2017, are estimated figures that are subject to later review. Executed and approved statistical information for the 2018 fiscal performance indicators presented in this Base Prospectus as estimated data is only expected to be approved once the 2020 national budget is approved, which is expected to occur by 15 December 2019. Prospective investors should be aware that estimates relating to GDP, balance of payments and other aggregate figures cited in this Base Prospectus may become outdated relatively quickly. Although significant improvements have been made in the compilation of financial and statistical data, errors and omissions in both historical and estimated and projected data may persist as data collection is not always complete, which may result in such figures being revised in future periods. Compared to more developed countries, statistics produced by the Government may be more limited in scope, published less frequently and differ between sources. In addition, the significant size of the informal economy in Angola means that statistics may overstate or understate the indicators to which they pertain.

On 30 October 2019, a draft 2020 national budget was submitted to the National Assembly. The draft 2020 national budget is currently being considered by the National Assembly and is expected to be approved by 15 December 2019. Although subject to amendment by the National Assembly during the deliberation and approval process, the key features or projections (as the case may be) of the draft 2020 national budget include: (a) an assumed oil price of U.S.$55 per barrel; (b) a resumption of economic growth; (c) the recording of a fiscal surplus; and (d) the amortization and control of public debt. See "*Public Finance*".

Angola is a sovereign state. Consequently, it may be difficult for investors to realise upon arbitral awards or to obtain or realise upon judgments of courts in England or any other country against Angola.

Angola is a sovereign state and has agreed to resolve disputes by arbitration in accordance with rules and procedures of the LCIA, seated in London, England. Angola has also agreed that in the event that any of the Noteholders serves an Election Notice in respect of any Dispute(s) as described above under "*Service of Process and Enforcement of Civil Liabilities*", the courts of England shall have jurisdiction to resolve such Dispute(s). It may be difficult for Noteholders to obtain judgment against Angola in a foreign or Angolan court or to enforce arbitral awards or judgments against Angola made by a tribunal or obtained in courts outside of Angola, including the courts of England. Angola's waiver of sovereign immunity described above under "*Service of Process and Enforcement of Civil Liabilities*" will have the fullest scope permitted under the State Immunity Act of 1978 of the United Kingdom and is intended to be irrevocable for the purposes of such Act. In any proceedings related to the Angolan laws, rules, regulations or decrees enacted to approve and regulate the issuance of the Notes, the Republic may be entitled to claim immunity from suit as said statutes imply the exercise of powers of a sovereign state. The waiver shall otherwise constitute a limited and specific waiver for the purposes of the Fiscal Agency Agreement and the Deed of Covenant and the Notes. Under the Conditions, the Republic has not waived immunity from execution or attachment in respect of: (a) assets that have been expressly recognised as belonging to the public domain of the Republic (*domínio publico*), which may not be sold, encumbered or pledged in any way in accordance with the laws of the Republic; (b) assets which constitute private domain assets expressly assigned to a public purpose (*domínio privado indisponível do Estado*) in accordance with Article 823 of the Angolan Civil Procedure Code (*Codígo de Processo Civil*) and Law

No. 18/10 of 6 August 2010 - the Public Assets Law, which are not available for enforcement unless the same is in respect of a debt guaranteed by a registrable security; (c) military assets belonging to the Republic and assets or property under the control of a military authority or defence agency of the Republic; (d) assets belonging to any diplomatic mission or consulate of the Republic that do not otherwise belong to the public domain (*domínio publico*) or fall under article 823 of the Angolan Civil Procedure Code (*Codígo de Processo Civil*) and Law No. 18/10 of 6 August 2010 - the Public Assets Law; (e) assets of the BNA or other monetary authority of the Republic which are assigned to a public purpose; (f) properties belonging to the cultural heritage of the Republic or which are a part of its archives and are not intended for sale; or (g) assets that form part of an exhibition of scientific, cultural or historical interest and which are not intended for sale. LCIA arbitral awards against the Republic in relation to the Fiscal Agency Agreement, the Deed of Covenant or the Notes will not be recognised and enforced by the Angolan courts unless the requirements imposed by applicable laws and procedures of the Republic of Angola are satisfied, and subject to the conditions described under *"Service of Process and Enforcement of Civil Liabilities"*. Judgments against the Republic in relation to the Fiscal Agency Agreement, the Deed of Covenant or the Notes in the English courts will only be recognised and enforced in Angola after such judgment has been validated and recognised by the Angolan Supreme Court. The enforcement of foreign judgments in Angola is subject to a number of conditions, limitations and procedures broadly described under "*Service of Process and Enforcement of Civil Liabilities*". Among other things, a judgment obtained in the English courts would only be recognised and enforced by an Angolan court without re-litigation and re-examination of the merits of such judgment provided that such judgment did not violate any public policy principles of Angolan law and was compliant with the provisions of the Angolan Procedural Code, including article 1096, which provides, inter alia, that where a foreign judgment is handed down against an Angolan, the same must not offend provisions of Angolan private law when the decision should have been determined under Angolan law pursuant to Angolan conflict of law rules. Additionally, before any judgment obtained in a foreign court can be enforced in the courts of Angola, it must be translated into the Portuguese language (and such translation certified by a competent body) and legalised by an Angolan consulate. Any breach or non-compliance with these limitations, provisions and procedures may prevent the recognition of foreign courts judgements or orders, making it difficult for investors to obtain or realise judgments of courts outside the Republic.

A claimant may not be able to enforce a court judgment against certain assets of Angola in certain jurisdictions.

There is a risk that, notwithstanding the waiver of sovereign immunity by Angola, a claimant will not be able to enforce a court judgment against certain assets of Angola in certain jurisdictions (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale) without Angola having specifically consented to such enforcement at the time when the enforcement is sought.

The foreign exchange reserves of Angola are controlled and administered by the BNA, which conducts monetary and supervisory activities independently from the Government and acts as banker and fiscal agent to the Government. Accordingly, such reserves would not be available to satisfy any claim or judgment in respect of the Notes.

A judgment by an Angolan court will ordinarily be awarded in Kwanza, but may be awarded in a foreign currency, depending on the underlying type of contract or transaction. Similarly, when enforcing a foreign judgment awarded in a currency other than Kwanza, an Angolan court may convert such award into Kwanza in order to calculate the Angolan justice tax, a tax that is charged on legal proceedings in Angola. In that event, there may be a discrepancy between the rate of exchange used by the Angolan court to convert such award into Kwanza, and the rate of exchange which may be obtained in the market to convert such award from Kwanza back into another currency. A Noteholder who is awarded a judgment may therefore incur a loss as a result of such exchange rate differences. A currency indemnity has been included in the Conditions (see Condition 17 (*Currency Indemnity*)), however, the cost of enforcement of such condition may nevertheless result in a loss by such Noteholder.

The Angolan courts have a wide discretion in determining whether or not to enforce a foreign judgement on the grounds set out in the Angolan Civil Procedure Code (*Código de Processo Civil*), including on grounds related to matters of public policy.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

The liquidity of the Notes may be limited and trading prices may fluctuate

The Notes have no established trading market. While application has been for the Notes to be admitted to the Official List and to trading on the London Stock Exchange's regulated market, any one or more of the Dealers may make a market in the Notes, they are not obligated to do so and may discontinue any market making, if commenced, at any time without notice. There can be no assurance that a secondary market will develop for the Notes or, if a secondary market therein does develop, that it will continue or be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis may affect the secondary market in, and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

National and international regulatory reform in relation to benchmarks could have an adverse effect on the value of and return on any Notes which are linked to a benchmark.

Benchmarks such as LIBOR, EURIBOR, referenced swap rates and other types of rates and indices which are deemed "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**"), to which the interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented.

International proposals for reform of Benchmarks include the Benchmarks Regulation which was published in the Official Journal of the EU on 29 June 2016. In addition to the aforementioned regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks. In July 2017, the Chief Executive of the Financial Conduct Authority (the "**FCA**") in the United Kingdom questioned the sustainability of LIBOR in its current form and advocated a transition away from LIBOR to alternative reference rates. He noted that there is wide support among the LIBOR panel banks for voluntarily sustaining LIBOR until the end of 2021 in order to facilitate the transition. At the end of this period, the FCA considers that it will not be necessary to sustain LIBOR through its influence or legal powers by persuading or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed.

Additionally, in March 2017, the EMMI published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmarks Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. In May 2017, EMMI indicated that there had been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". In March 2018, EMMI launched its first stakeholder consultation on hybrid methodology for calculating the EURIBOR benchmark. The consultation closed on 15 May 2018 and was followed by an in-depth testing of the proposed methodology under live conditions from May to August 2018. On 17 October 2018, EMMI published its second stakeholder consultation on hybrid methodology for calculating the EURIBOR benchmark, inviting responses from interested parties by 30 November 2018. EMMI published a summary of the feedback received on the second stakeholder consultation and a view of the final methodological blueprint in February 2019. The hybrid methodology

will be launched by the Fourth Quarter 2019 at the latest, in accordance with the transitional period provided by the Benchmarks Regulation. The European Central Bank (the "**ECB**") is aiming to produce the new rate before 2020 and intends for it to complement existing benchmark rates produced by the private sector and to serve as a backstop reference rate.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer, have other consequences which may have a material adverse effect on the value of the amount payable under the Notes or have other consequences that cannot be predicted.

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR and EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

(b) if LIBOR or EURIBOR is discontinued or is otherwise unavailable, then the rate of interest on the Notes will be determined for a period by the fallback provisions provided for under Condition 5.3 of the Terms and Conditions of the Notes, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the London interbank market (in the case of LIBOR) or in the Euro-zone interbank market (in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR or EURIBOR was available.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Notes due to applicable fallback provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of LIBOR, EURIBOR or any other relevant interest rate benchmark could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. No assurance may be provided that relevant changes will not occur with respect to LIBOR, EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to Floating Rate Notes.

Benchmark Discontinuation

If "Benchmark Discontinuation" is specified to be applicable in the applicable Final Terms for a Floating Rate Note, in the event that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate. If any such Successor Rate or Alternative Rate is determined in such manner and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that amendments to the Terms and Conditions of the Notes are necessary to ensure the proper operation of such Successor Rate and/or Alternative Rate, then the Issuer shall, subject to giving notice thereof, without any requirement for the consent or approval of holders of Notes, vary the Terms and Conditions of the Notes to give effect to such amendments with effect from the date specified in such notice.

If a Successor Rate or Alternative Rate is determined by the Issuer, the Terms and Conditions of the Notes also provide that an Adjustment Spread may be determined by the Issuer to be applied to such Successor Rate or Alternative Rate, as the case may be. The aim of the Adjustment Spread is to reduce or eliminate, so far as is practicable, any economic prejudice or benefit (as the case may be) to holders of Notes as a result of the replacement of LIBOR or the relevant Original Reference Rate (as applicable) with the Successor Rate or the Alternative Rate. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of an Adjustment Spread will either reduce or eliminate economic prejudice to holders of Notes. If no Adjustment Spread is determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest.

If an Independent Adviser is not appointed or a Successor Rate, Alternative Rate or any Benchmark Amendment is not determined pursuant to the Terms and Conditions of the Notes, other fallback provisions under the Terms and Conditions of the Notes may be required to be used, which may in certain circumstances result in the Rate of Interest for an Interest Period continuing to apply at the Rate of Interest applicable to the immediately preceding Interest Period, resulting in the relevant Floating Rate Notes becoming, in effect, fixed rate securities. Even if a Successor Rate or Alternative Rate and associated Benchmark Amendments are determined pursuant to the Terms and Conditions of the Notes, the overall Rate of Interest payable on the relevant Floating Rate Notes may be less than it would have been had no Benchmark Event occurred, for example, if the Successor Rate or Alternative Rate is (unlike LIBOR) a "risk free" rate.

Any of the above changes or any other consequential changes to benchmarks as a result of EU, United Kingdom, or other international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes could have a material adverse effect on the trading market for, liquidity of, value of and return on any such affected Floating Rate Notes.

Notes denominated in Renminbi are subject to additional risks

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi:

Renminbi is not completely freely convertible; there are still significant restrictions on remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not completely freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies despite significant reduction over the years by the PRC Government of control over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although from 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to liberalise control over cross border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes

As a result of the restrictions imposed by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. While the People's Bank of China ("**PBOC**") has entered into agreements on the clearing of Renminbi business (the "**Settlement Agreements**") with financial institutions in a number of financial centres and cities (the "**RMB Clearing Banks**"), including but not limited to Hong Kong, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside the PRC is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the terms and conditions applicable to Renminbi Notes, the Issuer can make payments in U.S. dollars and other currencies as set out in the terms and conditions of the Notes.

Investment in Renminbi Notes is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. Dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Renminbi Inconvertibility, Renminbi Non-transferability or Renminbi Illiquidity (as defined in the terms and conditions of the Notes), the Issuer is unable, or it is impractical for it, to pay interest or principal in Renminbi, the terms and conditions of the Notes allow the Issuer to make payment in U.S. dollars or other foreign currencies at the prevailing spot rate of exchange, all as provided in more detail in the terms and conditions of the Notes. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in U.S. dollar or other foreign currency terms will decline.

An investment in Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Renminbi Notes will vary with fluctuations in interest rates. If a holder of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes.

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in the terms and conditions of the Notes, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

There may be PRC tax consequences with respect to investment in the Renminbi Notes

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Noteholder's investment in the Renminbi Notes may be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

An investment in the Notes may not be suitable for all investors

Generally, investment in emerging markets such as Angola is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment. Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, a narrow export base, budget deficits, a lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Investors should also note that emerging markets such as Angola are subject to rapid change and that the information set out in this Base Prospectus may become outdated relatively quickly.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes contain "collective action" clauses under which the terms of the Notes and/or multiple series of debt securities issued by the Issuer, including the Notes, may be amended, modified or waived without the consent of all the holders of the Notes or all the holders of any other series of debt securities being aggregated, as the case may be

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including material changes to the terms and conditions of the Notes and the waiver of, or the rescission of, any acceleration following an Event of Default, commonly referred to as "collective action" clauses. These provisions permit defined majorities voting at a meeting or executing written or electronic consents to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and/or Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to reserved matters, multiple series of notes, including the Notes, to be aggregated for voting purposes (*provided that* each such series also contains the collective action clauses in the terms and conditions of the Notes).

Any modification or actions relating to reserved matters, including in respect of payments and other important terms, may be made to the Notes with the consent of the holders of 75 per cent. of the Notes present and voting at a duly convened meeting (with the quorum for such a meeting being two or more persons holding or representing in the aggregate not less than 75 per cent. (or, in the case of an adjourned meeting, not less than one-third) of the principal amount of the Notes for the time being outstanding). Any modification or actions relating to reserved matters may also be made to multiple series of notes, including the Notes, with the consent of both (i) the holders of 66⅔ per cent. of the aggregate principal amount outstanding of all series of notes being aggregated and (ii) the holders of 50 per cent. in aggregate principal amount outstanding of each series of notes being aggregated.

In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable (as defined in Condition 14.3) condition in the terms and conditions of the Notes, any such modification or action relating to reserved matters may be made to multiple series of debt securities, including the Notes, with the consent of 75 per cent. of the aggregate principal amount outstanding of all series of debt securities being aggregated only, without requiring a particular percentage of the holders in any individual affected series of debt securities to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some series of debt securities only and, for the avoidance of doubt, the provisions may be used for different groups of two or more series of debt securities simultaneously. At the time of any proposed modification

or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk therefore that the terms and conditions of the Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different series of debt securities, and, as such, less than 75 per cent. of the Noteholders would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple series of debt securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

In the future, the Issuer may issue debt securities which contain or amend the terms and conditions of any existing debt securities to include collective action clauses in the same form as the collective action clauses in the terms and conditions of the Notes. If so, the Notes would be capable of aggregation with any such future debt securities.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as collateral for various types of borrowing and other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Other capital markets instruments based on Angolan sovereign credit exist and others may be issued in the future.

In 2012, the Issuer incurred external debt in the form of a U.S.$1 billion loan from Northern Lights III B.V. ("**Northern Lights**") (the "**Northern Lights Facility**"), a private Dutch special purpose vehicle, that was repackaged as a capital markets bond in the form of loan participation notes ("**LPNs**") issued, in equal amount, by Northern Lights (the "**Northern Lights LPNs**"). In August 2019, the Northern Lights LPNs and the Northern Lights Facility were repaid in full.

There may be new LPNs (or other capital markets instruments) similar to the Northern Lights LPNs issued on the basis of the Angolan sovereign credit. See "*Public Debt*".

The Government did not grant any security interest in favour of Northern Lights or any other person in respect of its obligations under the Northern Lights Facility. The Conditions contain a negative pledge (the "**Negative Pledge**") pursuant to which, so long as any Notes remain outstanding, the Issuer is restricted, subject to certain exceptions specified therein, from creating or permitting to subsist any Lien (as defined in the Conditions) upon the whole or any part of its existing or future assets or revenues to secure any Public External Indebtedness (as defined in the Conditions) of the Issuer or any other Person (as defined in the Conditions) unless, at the same time or prior thereto, the obligations of the Issuer under each series of Notes are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by Noteholders of the relevant series of Notes (see Condition 4). However, the Negative Pledge does not restrict the Issuer from creating or permitting to subsist any such Lien to secure External Indebtedness (as defined in the Conditions) of the Issuer in respect of which a third party has issued LPNs or any other form of capital markets debt instrument. While the Government has stated it has no intention to do so, there can be no assurance that the Issuer will not, in the future, grant security in respect of External Indebtedness which is then repackaged by a third party into the capital markets by way of an LPN or any other form of capital markets debt instrument. Additionally, such other External Indebtedness may have terms that are more favourable to the holders of those debt securities than are contained in the Conditions, including upon an event of default.

Any new Angolan capital markets debt issued by way of an LPN or other capital markets instruments (whether secured or unsecured), could have a material adverse impact on the trading price of the either series of Notes issued under the Programme.

The Issuer is not required to effect equal or rateable payment(s) with respect to the Notes or any other unsecured and unsubordinated obligations, and is not required to pay other unsecured and unsubordinated obligations at the same time or as a condition of paying sums on the Notes and vice versa

The Notes rank and will rank at least *pari passu* in right of payment with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding, save only for such obligations as may be preferred by mandatory provisions of applicable law. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to any other unsecured and unsubordinated obligations and, in particular, will have no obligation to pay other unsecured and unsubordinated obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*. See Condition 3 for further details.

A claimant may not be able to enforce a court judgment against certain assets of Angola in certain jurisdictions.

There is a risk that, notwithstanding the waiver of sovereign immunity by Angola, a claimant will not be able to enforce a court judgment against certain assets of Angola in certain jurisdictions (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale) without Angola having specifically consented to such enforcement at the time when the enforcement is sought.

The foreign exchange reserves of Angola are controlled and administered by the BNA, which conducts monetary and supervisory activities independently from the Government and acts as banker and fiscal agent to the Government. Accordingly, such reserves would not be available to satisfy any claim or judgment in respect of the Notes.

A judgment by an Angolan court will ordinarily be awarded in Kwanza, but may be awarded in a foreign currency, depending on the underlying type of contract or transaction. Similarly, when enforcing a foreign judgment awarded in a currency other than Kwanza, an Angolan court may convert such award into Kwanza in order to calculate the Angolan justice tax, a tax that is charged on legal proceedings in Angola. In that event, there may be a discrepancy between the rate of exchange used by the Angolan court to convert such award into Kwanza, and the rate of exchange which may be obtained in the market to convert such award from Kwanza back into another currency. A Noteholder who is awarded a judgment may therefore incur a loss as a result of such exchange rate differences. A currency indemnity has been included in the Conditions (see Condition 17), however, the cost of enforcement of such condition may nevertheless result in a loss by such Noteholder.

The Angolan courts have a wide discretion in determining whether or not to enforce a foreign judgement on the grounds set out in the Angolan Civil Procedure Code (*Código de Processo Civil*), including on grounds related to matters of public policy.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such

amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a custodian for DTC (each as defined under "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The Notes may be issued with original issue discount for United States federal income tax purposes

If the Notes are issued with original issue discount, in addition to the stated cash interest on the Notes, US Holders (as defined under "*Taxation–US Federal Income Taxation*") will be required to include the amounts representing the original issue discount in gross income on a constant yield basis in advance of receipt of the cash payments to which such income is attributable. For a discussion of certain tax consequences of an investment in the Notes, see "*Taxation–US Federal Income Taxation*".

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

The trading market for the Notes will be influenced by economic and market conditions in Angola and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, European Union Member States and elsewhere. Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If Notes are traded after their initial issuance, they may trade at a discount to their offering price, depending upon

prevailing interest rates, the market for similar securities, general economic conditions and the economic and political condition of Angola.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

The Issuer has been rated B by Fitch, B- by S&P and B3 by Moody's. In addition, one or more independent credit rating agencies may assign credit ratings to the Notes. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

FORM OF THE NOTES

The Notes of each Series will be in registered form, without interest coupons attached. Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S under the Securities Act ("**Regulation S**") and within the United States in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act.

The Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note certificate in registered form (a "**Regulation S Global Note**").

The Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**"). The Notes of each Tranche sold to QIBs will be represented by one or more global note certificates in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, each a "**Global Note**").

Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company ("**DTC**") or (ii) be deposited with a common depositary (the "**Common Depositary**"), and registered in the name of the nominee of the Common Depositary of, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), as specified in the applicable Final Terms. Persons holding beneficial interests in Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form and, in the case of Regulation S Global Notes, outside the United States and its possessions.

Payments of principal, interest and any other amount in respect of the Global Notes will, in the absence of provision to the contrary, be made to or to the order of the person shown on the relevant Register (as defined in Condition 6.2) as the registered holder of the Global Notes. None of the Issuer, any Paying Agent, Transfer Agent or Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 6.2) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, or (iii) in the case of Notes registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Note) may give notice to the relevant Registrar requesting an exchange. Any such exchange

shall occur not later than 10 days after the date of receipt of the first relevant notice by the relevant Registrar.

Transfer of Interests

Interests in a Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Note. No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

The Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Transfer and Selling Restrictions*".

General

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and/or DTC on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 15 November 2019 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

FORM OF FINAL TERMS

[Date]

THE REPUBLIC OF ANGOLA

Legal entity identifier (LEI): 549300QHR2R3J8JSGK83

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as [prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]/[●].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [●] 2019 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and of the Council dated 14 June 2017 (as amended, the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the offices of the Fiscal Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, has been published on the website of the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from the Fiscal Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

1.	Issuer:		The Republic of Angola
2.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	[Date on which the Notes will be consolidated and form a single Series:]	[The Notes will be consolidated and form a single Series with [●] on the Issue Date][Not Applicable]

3.	Specified Currency or Currencies:	[●]
4.	Aggregate Nominal Amount:	
	(a) Series:	[●]
	(b) Tranche:	[●]
5.	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6.	(a) Specified Denominations:	[●] and integral multiples of [●] in excess thereof
	(b) Calculation Amount (in relation to the then outstanding principal amount of the Notes):	[●]
7.	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[[●]/[Issue Date/Not Applicable]
8.	Final Maturity Date:	[●]/[Interest Payment Date falling in or nearest to [●]]
9.	Amortisation Date(s):	[[●][, [●]][and [●]]/[Not Applicable]]
10.	Interest Basis:	[[●] per cent. Fixed Rate] [[[●] month [LIBOR/EURIBOR]] +/- [●] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
11.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Final Maturity Date at their Final Redemption Amount] [Subject to any purchase and cancellation or early redemption, the Notes will be partially redeemed on each Amortisation Date at the applicable Amortisation Amount and shall be finally redeemed on the Final Maturity Date at their final Amortisation Amount]
12.	Change of Interest Basis:	[●] [Not Applicable]
13.	Renminbi Currency Exchange:	[Applicable/Not Applicable]
14.	Relevant Currency:	[U.S. dollars] [specify other currency – see Condition 6.7]
15.	Put/Call Options:	[Investor Put] [Issuer Call]

		[(further particulars specified below)]
		[Not Applicable]
16.	Status of the Notes:	Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[●] in each year up to and including the Final Maturity Date
	(c)	Fixed Coupon Amount(s):	[[●] per Calculation Amount][Not Applicable]
	(d)	Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [●]
	(f)	Determination Date(s):	[[●] in each year][Not Applicable]
18.	Floating Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
	(c)	Additional Business Centre(s):	[●]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	[●]
	(f)	Screen Rate Determination:	
		● Reference Rate:	[●] month [LIBOR/EURIBOR]
		● Interest Determination Date(s):	[●]
		● Relevant Screen Page:	[●]

(g)	ISDA Determination:	
	● Floating Rate Option:	[●]
	● Designated Maturity:	[●]
	● Reset Date:	[●]
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(i)	Margin(s):	[+/-][●] per cent. per annum
(j)	Minimum Rate of Interest:	[●] per cent. per annum
(k)	Maximum Rate of Interest:	[●] per cent. per annum
(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(m)	Benchmark Discontinuation	[Applicable/Not Applicable]

19.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
(a)	Accrual Yield:	[●] per cent. per annum
(b)	Reference Price:	[●]
(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

20.	Issuer Call:	[Applicable/Not Applicable]
(a)	Optional Redemption Date(s):	[●]
(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
(c)	If redeemable in part:	
(i)	Minimum Redemption Amount:	[[●] per Calculation Amount]
(ii)	Maximum Redemption Amount:	[[●] per Calculation Amount]
(d)	Notice periods:	Minimum period: [15] days

		Maximum period: [30] days
21.	Investor Put:	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount:	[●] per Calculation Amount
	(c) Notice periods:	Minimum period: [15] days Maximum period: [30] days
22.	Final Redemption Amount:	[[●] per Calculation Amount][Not Applicable]
23.	Early Redemption Amount payable on event of default:	[●] per Calculation Amount
24.	Amortisation Amount(s):	[[●] per [●] in nominal amount of each Note on the Amortisation Date falling on [●]] [[●] per [●] in nominal amount of each Note on the Amortisation Date falling on [●]] [[●] per [●] in nominal amount of each Note on the Amortisation Date falling on the Final Maturity Date] [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Regulation S Global Note(s) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note(s) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]
26.	Additional Financial Centre(s):	[Not Applicable/give details]

[THIRD PARTY INFORMATION

[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of The Republic of Angola:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and Admission to trading	[Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and to be listed on the Official List of the UK Listing Authority with effect from [●].]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	[The Notes to be issued [have been/are expected to be] rated: [Details of rating agencies to be included]. Each of [*rating agencies*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**")] [The Notes are unrated]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

4. REASONS FOR THE OFFER

[See "*Use of Proceeds*" wording in Base Prospectus.] [[●].]

5. YIELD (Fixed Rate Notes only)

Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. [HISTORIC INTEREST RATES (Floating Rate notes only)

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7. OPERATIONAL INFORMATION

(i)	ISIN:	[●]
(ii)	Common Code:	[●]
(iii)	CUSIP:	[●]
(iv)	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant	[Not Applicable]/ [●]

	identification number(s):	
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(vii)	Name and address of Calculation Agent:	[●][Not Applicable]

8. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable]/[]
(iii)	Date of Subscription Agreement:	[●]
(iv)	Stabilisation Manager(s) (if any):	[Not Applicable]/ [●]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable]/ [●]
(vi)	U.S. Selling Restrictions:	[Reg S Compliance Category 1; Rule 144A]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

*In the case of Notes which will not be admitted to listing, trading on a regulated market situated or operating within Member State(s) and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer ("**Non-PR Notes**"), no base prospectus will be required to be produced in accordance with the Prospectus Regulation. For such Non-PR Notes, a pricing supplement (a "**Pricing Supplement**") will be issued describing the final terms of such Non-PR Notes.*

This Note is one of a Series (as defined below) of Notes issued by the Republic of Angola (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any Notes in definitive form ("**Definitive Notes**").

The Notes have the benefit of a fiscal agency agreement (such fiscal agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 15 November 2019 and made between the Issuer, Deutsche Bank AG, London Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall include any successor fiscal agent) and as foreign exchange agent (the "**FX Agent**", which expression shall include any successor foreign exchange agent), Deutsche Bank Luxembourg S.A. as registrar in respect of the Notes other than Legended Notes (as defined below) (the "**Regulation S Registrar**", which expression shall include any successor registrar) and as transfer agent in respect of the Notes other than Legended Notes (the "**Regulation S Transfer Agent**", which expression shall include any successor transfer agent), Deutsche Bank Trust Company Americas as registrar in respect of the Legended Notes (the "**Rule 144A Registrar**", which expression shall include any successor registrar and, together with the Regulation S Registrar, the "**Registrars**"), as paying agent in respect of the Legended Notes (together with the Fiscal Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and as transfer agent in respect of the Legended Notes (the "**Rule 144A Transfer Agent**", which expression shall include any successor transfer agent and, together with the Regulation S Transfer Agent, the "**Transfer Agents**"). The Fiscal Agent, the Registrars, the Paying Agents, the FX Agent and the Transfer Agents are together referred to as the "**Agents**".

The final terms for this Note (or the relevant provisions thereof) are set out in Part 1 of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the "**Conditions**"). References to the "**applicable Final Terms**" are, unless otherwise stated, to Part 1 of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be

construed as provided below. Any reference to "**Amortising Notes**" is to Notes that amortise in accordance with the provisions of the applicable Final Terms.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Notes are constituted by and the Noteholders are entitled to the benefit of the deed of covenant (such deed of covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 15 November 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions:

"**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

"**Hong Kong**" means the Hong Kong Special Administrative Region of the Peoples' Republic of China.

"**PRC**" means the People's Republic of China which, for the purpose of these Terms and Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"**Renminbi**" and "**CNY**" means the lawful currency of the PRC.

1 Form, Denomination and Title

The Notes are in registered form without coupons attached and, in the case of Definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Final Terms, provided that:

(a) Specified Denomination(s) shall not be less than €100,000 or its equivalent in another currency;

(b) interests in the Legended Notes (as defined below) shall be held in amounts of not less than U.S.$200,000 or its equivalent in other currencies; and

(c) Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in another currency).

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as The Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Agency Agreement and those Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part 2 of the applicable Final Terms.

2 Transfers of Notes

2.1 Transfers of Interests in Global Notes

Transfers of beneficial interests in Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Notes or for a beneficial interest in another Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 **Transfers of Definitive Notes**

Subject as provided in paragraphs 2.1 above and 2.5 and 2.6 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Definitive Note for registration of the transfer of the Definitive Note (or the relevant part of the Definitive Note) at the specified office of the relevant Registrar or Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Registrar or Transfer Agent and (b) the relevant Registrar or Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Registrars and the Transfer Agents may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement). Subject as provided above, the relevant Registrar or Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Registrar or Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Note of a like aggregate nominal amount to the Definitive Note (or the relevant part of the Definitive Note) transferred. In the case of the transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance of the Definitive Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 **Registration of Transfer upon Partial Redemption**

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

2.4 **Costs of Registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 **Transfers of Interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrars or any Transfer Agent of a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or

(b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the relevant Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.6 **Exchanges and Transfers of Definitive Notes Generally**

Holders of Definitive Notes may exchange such Notes for interests in a Global Note of the same type at any time.

2.7 **Definitions**

In these Conditions, the following expressions shall have the following meanings:

"**Legended Note**" means Notes (whether in definitive form or represented by a Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a "**Legend**");

"**QIB**" means a "qualified institutional buyer" within the meaning of Rule 144A;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulation S Global Note**" means a Global Note representing Notes sold outside the United States in reliance on Regulation S;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Rule 144A Global Note**" means a Global Note representing Notes sold in private transactions to QIBs in accordance with the requirements of Rule 144A; and

"**Securities Act**" means the United States Securities Act of 1933, as amended.

3 **Status of the Notes**

The Notes are issued as the direct, unconditional and unsecured obligations of the Issuer and (subject as provided in Condition 4) rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

4 **Negative Pledge**

4.1 **Negative Pledge**

So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer shall not create, incur assume or permit to arise or subsist any Lien (as defined below) (other than a Permitted Lien (as defined below)) upon the whole or any part of its existing or future assets or revenues to secure any Public External Indebtedness (as defined below) of the Issuer or any other Person (as defined below) in respect thereof unless, at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution, Electronic Consent or a

Written Resolution (each as defined in Condition 14.1) of Noteholders. For the avoidance of doubt, any such approval shall not constitute a Reserved Matter (for the purposes of and as defined in Condition 14.5).

4.2 **Certain Definitions**

In these Conditions:

(a) "**External Indebtedness**" means all Indebtedness denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable in a currency other than the lawful currency of the Issuer.

(b) "**Guarantee**" means any guarantee of or indemnity in respect of Indebtedness.

(c) "**Indebtedness**" means all obligations, and Guarantees in respect of obligations, for the payment or repayment of money borrowed or raised (whether or not evidenced or represented by bonds, debentures, notes or other similar instruments).

(d) "**Lien**" means any lien, pledge, hypothecation, mortgage, security interest, charge or other encumbrance or arrangement having a similar legal and economic effect including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

(e) "**National Bank**" means the National Bank of Angola (BNA).

(f) "**Permitted Lien**" means:

(i) any Lien upon property to secure Public External Indebtedness or any Guarantee of Public External Indebtedness incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;

(ii) any Lien existing on property at the time of its acquisition (and not created in contemplation of such acquisition) to secure Public External Indebtedness or any Guarantee of Public External Indebtedness and any renewal and extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, provided that the principal amount of the Public External Indebtedness secured thereby is not increased;

(iii) any Lien securing Public External Indebtedness or any Guarantee of Public External Indebtedness incurred for the purpose of financing all or part of the costs of the acquisition, construction, development of a project (including any renewal or extension thereof provided that the principal amount secured by any such additional encumbrance does not exceed the principal amount outstanding and secured by the original encumbrance), provided that (a) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and/or revenues (including, without limitation, insurance proceeds) of such project as the principal source of repayment of such Public External Indebtedness and (b) the property over which such Lien is granted consists solely of such assets, revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such properties;

(iv) any Lien on any assets securing Public External Indebtedness which arises pursuant to any order or attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively

stayed and the claims secured thereby are being contested in good faith by appropriate proceedings; and

(v) any Lien arising by operation of law, provided that such Lien is not created or permitted to be created by the Issuer to secure any Public External Indebtedness or Guarantee of Public External Indebtedness.

(g) "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, including, without limitation, a state or agency of a state (including the Ministry of Finance of the Republic of Angola) or other entity (including the National Bank), whether or not having separate legal personality.

(h) "**Public External Indebtedness**" means External Indebtedness which (i) is in the form of, or represented by, bonds, notes, or other securities thereof, in each case with a stated maturity of more than one year from the date of issue, and (ii) is, or is capable of being, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over the-counter or on any other securities market.

5 Interest

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its then outstanding principal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date.

If the applicable Final Terms provide for Fixed Coupon Amounts, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If the applicable Final Terms do not provide for Fixed Coupon Amounts, or if interest is required to be calculated for a period other than a Fixed Interest Period in respect of any Fixed Rate Note, such interest shall be calculated by applying the Rate of Interest to the then outstanding principal amount of such Fixed Rate Notes, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination

Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(c) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365; and

(d) such other day count fraction as specified in the applicable Final Terms.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 **Interest on Floating Rate Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note bears interest on its then outstanding principal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is:

(1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

(2) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open;

(3) either (1) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(4) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement for Renminbi payments in Hong Kong.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as "Calculation Agent" (as defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), "**Floating Rate**", **Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more

than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and Calculation of Interest Amounts**

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the then outstanding principal amount of the Floating Rate Notes

and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)]+[30x(M_2 - M_1)]+ (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)]+[30x(M_2 - M_1)]+ (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$\mathbf{Y_1}$ is the year, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{Y_2}$ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{M_1}$ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{M_2}$ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{D_1}$ is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

$\mathbf{D_2}$ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period *provided however that* if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the sum of the Margin (if applicable) and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of the immediately preceding Interest Period.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) **Notification of Rate of Interest and Interest Amounts**

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are

for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Certificates to be Final**

All certificates, communications, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the other Agents and all Noteholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 **Benchmark Discontinuation**

Notwithstanding the provisions above in Condition 5.2, if (i) a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate and (ii) "Benchmark Discontinuation" is specified to be applicable in the applicable Final Terms then the following provisions of this Condition 5.3 shall apply.

(a) The Issuer shall notify the Paying Agents and the Calculation Agent of the occurrence of such Benchmark Event.

(b) The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.3(d)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5.3(e)), and any Benchmark Amendments (in accordance with Condition 5.3(f)).

An Independent Adviser appointed pursuant to this Condition 5.3 shall act in good faith and (in the absence of fraud) shall have no liability whatsoever to the Issuer, the Paying Agents, the Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.3.

(c) If the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select, the Successor Rate or Alternative Rate (as the case may be) in accordance with this Condition 5.3, then the Issuer (in consultation with the Calculation Agent and acting in good faith and a commercially reasonable manner) may determine which (if any) rate has replaced the relevant Original Reference Rate in customary market usage for purposes of determining floating rates of interest in respect of Eurobonds denominated in the relevant Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Original Reference Rate, and the Successor Rate or Alternative Rate (as the case may be) shall be the rate so determined by the Issuer; provided, however, that if this sub-paragraph (c) applies and the Issuer is unable or unwilling to determine a Successor Rate or Alternative Rate (as the case may be) prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph (c), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Interest Period.

(d) If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines and notifies the Calculation Agent of such determinations prior to the date which is 10 (ten) Business Days prior to the next Interest Determination Date that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.3(e)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.3); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.3(e)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.3).

(e) If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines and notifies the Calculation Agent of such determinations prior to the date which is 10 (ten) Business Days prior to the next Interest Determination Date that (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(f) If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.3 and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.3(g), without any requirement for the consent or approval of the Noteholders, vary these Conditions to give effect to such Benchmark Amendments *provided that* the Benchmark Amendments do not, without the prior agreement (such agreement not to be unreasonably withheld or delayed) of the Calculation Agent, have the effect of increasing the obligations or duties, or decreasing the rights or protections, of the Calculation Agent with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.3(f), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(g) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.3 will be notified promptly by the Issuer to the Paying Agents, the Calculation Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(h) Without prejudice to the obligations of the Issuer under Conditions 5.3 (a), (b), (c), (d), (e) and (f), the Original Reference Rate and the fallback provisions provided for in Condition 5.2 will continue to apply unless and until (i) an Independent Adviser is appointed and (ii) either a Successor Rate or Alternative Rate is determined, and any Adjustment Spread and Benchmark Amendments are determined and notified to the Calculation Agent prior to the

date which is 10 (ten) Business Days prior to the next Interest Determination Date, in each case pursuant to this Condition 5.3.

(i) None of the Paying Agents or the Calculation Agent shall be responsible or liable for any action or inaction of the Independent Adviser or in respect of the determination of any Successor Rate or Alternative Rate, or any Adjustment Spread or Benchmark Amendments.

As used in this Condition 5.3:

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate),

(ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such industry standard is recognised or acknowledged),

(iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 5.3(d)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 5.3(f).

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to exist or be published; or

(ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or

(v) it has become unlawful for the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any holder of Notes using the Original Reference Rate.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5.3(b).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5.4 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6 Payments

6.1 Method of Payment

Subject as provided below:

(a) payments in a Specified Currency other than euro or Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the

Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee; and

(b) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 **Payments in respect of Notes**

Payments of principal (other than Amortisation Amounts prior to the final Amortisation Amount) in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the relevant register of holders of the Notes maintained by the relevant Registrar (each, a "**Register**") at the close of business on the fifteenth calendar day before the relevant due date (the "**Record Date**"). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and in the case of payment in Renminbi means a Renminbi account maintained by or on behalf of Noteholders with a bank in Hong King) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro or Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro and (in the case of payment in Renminbi) a bank in Hong Kong.

Payments of interest and payments of instalments of principal (other than the final Amortisation Amount) in respect of each Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Note appearing in the Register at the close of business on the Record Date. Payment of the interest due in respect of each Note on redemption and the final Amortisation Amount will be made in the same manner as payment of the principal amount of such Note.

No commissions or expenses shall be charged to the holders by any Agent in respect of any payments of principal or interest in respect of Notes.

All amounts payable to DTC or its nominee as registered holder of a Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Fiscal Agent to an account in the relevant Specified Currency of the FX Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars unless the participant in DTC with an interest in such Notes has elected to receive any part of such payment in that Specified Currency in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.3 **General Provisions Applicable to Payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

6.4 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Definitive Notes only, the relevant place of presentation;

(ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;

(iii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and

(b) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

(c) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; and

(d) in the case of any payment in respect of a Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Global Note) has not elected to receive any part of such payment in a Specified Currency other than U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

6.5 Interpretation of Principal and Interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8;

(b) the Final Redemption Amount of the Notes or, if applicable, any outstanding Amortisation Amount(s) of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.4); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

6.6 **Renminbi Account**

All payments in respect of any Note in Renminbi will be made solely by credit to a registered Renminbi account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong).

6.7 **Renminbi Currency Event**

If Renminbi Currency Event is specified in the applicable Final Terms and a Renminbi Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any principal or interest (in whole or in part) in respect of any Note, the Issuer's obligation to make a payment in Renminbi under the terms of the Notes may be replaced by an obligation to pay such amount (in whole or in part) in the Relevant Currency and converted using the Spot Rate for the relevant Determination Date as promptly notified by the Calculation Agent (as specified in the applicable Final Terms) to the Issuer and the Paying Agents.

Upon the occurrence of a Renminbi Currency Event, the Issuer shall give not less than three nor more than 30 Business Days' prior the due date for payment irrevocable notice to the Noteholders in accordance with Condition 14 stating the occurrence of the Renminbi Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

In the event of a Renminbi Currency Event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, a bank in New York City; and the definition of "**Payment Day**" in Condition 6.4 shall mean any day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Definitive Notes only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition 6 and unless stated otherwise in the applicable Final Terms:

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

"**Determination Date**" means the day which is two Determination Business Days before the due date of the relevant payment under the Notes;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other

entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

"**Local Time**" means the time of day in the jurisdiction in which the Calculation Agent, appointed in connection with that series of Notes, is located;

"**Relevant Currency**" means United States dollars or such other currency as may be specified in the applicable Final Terms;

"**Renminbi Currency Events**" means any one of Renminbi Illiquidity, Renminbi Non-Transferability and Renminbi Inconvertibility;

"**Renminbi Illiquidity**" means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the Renminbi exchange market in Hong Kong;

"**Renminbi Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into Renminbi in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Renminbi Non-Transferability**" means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

"**Spot Rate**" means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S.$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Local Time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page CNHFIX01, or if no such rate is available, the Calculation Agent shall determine the Spot Rate at or around 11 a.m. (Local Time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.7 by the Calculation Agent, will (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agents and all Renminbi Noteholders.

7 Redemption and Purchase

7.1 Redemption at Maturity

Other than Amortising Notes, which shall be redeemed in accordance with Condition 7.8, unless previously redeemed or purchased and cancelled as specified below, the then principal amount outstanding of each Note will be finally redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date specified in the applicable Final Terms.

7.2 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

7.3 Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the relevant Registrar at any time during normal business hours of the relevant Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the relevant Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition and the principal amount thereof to be redeemed and, if less than the full principal amount of the Definitive Notes so surrendered is to be redeemed, an address to which a new Definitive Note in respect of the balance of such Definitive Notes is to be sent subject to and in accordance with the provisions of Condition 2.2.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any common depositary for Euroclear or Clearstream, Luxembourg to the Fiscal Agent by

electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC by a holder of any Note pursuant to this Condition 7.3 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.3 and instead to declare such Note forthwith due and payable pursuant to Condition 10.

7.4 **Early Redemption Amounts**

For the purpose of Condition 10:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP x } (1 + AY)^{y}$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be one of (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360), or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360), or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365), or (iv) on such other calculation basis as may be specified in the applicable Final Terms.

7.5 **Purchases**

The Issuer may at any time purchase Notes at any price in the open market or otherwise. All Notes so purchased will be surrendered to the relevant Registrar for cancellation. Any Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of such meetings.

7.6 **Cancellation**

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.5 above shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

7.7 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2 or 7.3 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.4(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7.8 **Redemption by Amortisation**

Unless previously redeemed or purchased and cancelled as provided in this Condition 7 (*Redemption and Purchase*), each Amortising Note which provides for Amortisation Dates (as specified in the applicable Final Terms) and Amortisation Amounts (as specified in the applicable Final Terms) will be partially redeemed on each Amortisation Date at the applicable Amortisation Amount. In the case of any early redemption in part in accordance with Condition 7.2, the principal amount of any Amortising Note redeemed shall reduce *pro rata* the principal amount of each Amortisation Amount of such Amortising Note falling due after the relevant redemption date.

In these Conditions, references to "principal" shall, unless the context requires otherwise, be deemed to include any Amortisation Amount and references to the "due date" for payment shall, unless the context requires otherwise, be deemed to include any Amortisation Date.

8 **Taxation**

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction for or on account of any present or future Taxes is required by law. In such event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment of principal and interest in respect of any Note:

(a) presented for payment in the Republic of Angola; or

(b) the holder of which is liable for such Taxes in respect of such Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.4).

As used herein:

(i) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been received by the Fiscal Agent on or before such due date, it means the date on which, the full amount of such

moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13; and

(ii) "**Tax Jurisdiction**" means the Republic of Angola or any political subdivision or any authority thereof or therein having power to tax.

9 Prescription

The Notes will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

10 Events of Default

If any of the following events ("**Events of Default**") shall have occurred and be continuing:

(a) **Non-Payment**

(i) the Issuer fails to pay any principal on any of the Notes when due and payable and such failure continues for a period of 15 Business Days; or

(ii) the Issuer fails to pay any interest on any of the Notes or any amount due under Condition 8 (*Taxation*) when due and payable, and such failure continues for a period of 30 days; or

(b) **Breach of Other Obligations**

the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Agency Agreement, which default is incapable of remedy or is not remedied within 45 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) **Cross-default**

(i) any other External Indebtedness of the Issuer becomes due and payable prior to the stated maturity thereof by reason of default, or

(ii) any such External Indebtedness is not paid at maturity; or

(iii) any Guarantee of such External Indebtedness is not honoured when due and called upon,

and, in the case of (ii) or (iii), that failure continues beyond any originally applicable grace period and, in the case of (i), (ii) or (iii), *provided that* the aggregate amount of the relevant External Indebtedness in respect of which one or more of the events mentioned in this paragraph (c) have occurred equals or exceeds U.S.$25,000,000 or its equivalent; or

(d) **Moratorium**

a moratorium on the payment of principal of, or interest on, the External Indebtedness of the Issuer shall be declared by the Issuer; or

(e) **IMF Membership**

the Issuer shall cease to be a member of the International Monetary Fund (the "**IMF**") or shall cease to be eligible to use the general resources of the IMF; or

(f) **Validity**

(i) the validity of the Notes shall be contested by the Issuer; or

(ii) the Issuer shall deny any of its obligations under the Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(iii) it shall be or become unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes or the Agency Agreement, including, without limitation, the payment of interest on the Notes, as a result of any change in law or regulation in the Issuer or any ruling of any court in the Issuer whose decision is final and unappealable or for any reason such obligations cease to be in full force and effect; or

(g) **Consents**

if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Notes, when due, ceases to be in full force and effect or remain valid and subsisting,

then the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare the then principal amount outstanding of all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Redemption Amount together with accrued interest (if any) to the date of repayment without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer in accordance with Condition 13.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the Notes then outstanding to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

11 Replacement of Notes

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the relevant Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

12 Agents

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part 2 of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts in accordance with the terms of the Agency Agreement, *provided that*:

(a) there will at all times be a Fiscal Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) so long as any of the Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be a FX Agent; and

(d) there will at all times be a Paying Agent in a jurisdiction other than the Republic of Angola.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.3. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13 Notices

All notices regarding the Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Definitive Note) with the relative Note or Notes, with the relevant Registrar. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Fiscal Agent through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

14 Meetings of Noteholders, Modification and Waiver

14.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

(a) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement. The Issuer will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(b) The Issuer will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 14.9 below) have delivered a written request to the Issuer setting out the purpose of the meeting. The Issuer will determine the time and place of the meeting and will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(c) The Issuer will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer will set such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(d) The notice convening any meeting will specify, *inter alia*:

    (i) the date, time and location of the meeting;

    (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

    (iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

    (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

    (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

    (vi) whether Condition 14.2, or Condition 14.3, or Condition 14.4 shall apply and, if relevant, in relation to which other series of debt securities it applies;

    (vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

    (viii) such information that is required to be provided by the Issuer in accordance with Condition 14.6;

    (ix) the identity of the Aggregation Agent and the Calculation Agent (each as defined in this Condition 14 and 15), if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 14.7; and

(x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(e) All information to be provided pursuant to Condition 14.1(d) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents (as defined in Condition 14.12).

(f) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(g) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(h) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(i) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.

(j) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 14 and Condition 15 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

14.2 **Modification of this Series of Notes only**

(a) Any modification of any provision of, or any action in respect of, the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(b) For the purposes of a meeting of Noteholders convened in respect of this Series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (each as defined below) (a "**Single Series Meeting**"), at any such Single Series Meeting any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Meeting convened for the purpose of passing a Single Series Extraordinary Resolution shall be one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 66⅔ per cent. of the principal amount of the Notes for the time being outstanding.).

(c) If within 15 minutes from the time fixed for any such Single Series Meeting a quorum is not present, the Single Series Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be determined by the chairman either at or after the Single Series Meeting. At such adjourned Single Series Meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Meeting from which the adjournment took place had a quorum been present at the Single Series Meeting, *provided that* at any adjourned Single Series Meeting at which is to be proposed a Single Series Extraordinary Resolution, the quorum shall be one or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 33⅓ per cent. in the principal amount of Notes for the time being outstanding.

(d) A "**Single Series Ordinary Resolution**" means a resolution passed at a Single Series Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 14.1, 14.2(b) and 14.2(c) in respect of any matter other than a Reserved Matter, by a majority of at least 66⅔ per cent. of the votes cast.

(e) A "**Single Series Extraordinary Resolution**" means a resolution passed at a Single Series Meeting duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Conditions 14.1 and 14.2(b) in respect of a Reserved Matter by a majority of at least 75 per cent. of the votes cast.

(f) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(ii) in the case of a matter other than a Reserved Matter, at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(g) Any Single Series Ordinary Resolution, Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

14.3 **Multiple Series Aggregation – Single Limb Voting**

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, *provided that* the Uniformly Applicable condition is satisfied.

(b) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the

Issuer pursuant to Condition 14.1, as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(c) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(e) The "**Uniformly Applicable**" condition will be satisfied if:

(i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(f) It is understood that a proposal under Condition 14.3(c) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(g) Any modification or action proposed under Condition 14.3(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of

doubt, the provisions described in this Condition 14.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

14.4 Multiple Series Aggregation – Two Limb Voting

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(b) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 14.1, as supplemented if necessary, which is passed by a majority of:

(i) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(c) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(i) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(e) Any modification or action proposed under Condition 14.4(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of

doubt, the provisions described in this Condition 14.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

14.5 Reserved Matters

In these Conditions, "**Reserved Matter**" means any proposal:

(a) to change the dates, or the method of determining the dates, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(c) to change the majority or quorum required to pass a Single Series Ordinary Resolution, an Electronic Consent, an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(d) to change this definition, or the definition of "Electronic Consent", "Extraordinary Resolution", "Single Series Ordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(e) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(f) to change the definition of "Uniformly Applicable";

(g) to change the definition of "outstanding" or to modify the provisions of Condition 14.9;

(h) to change the legal ranking of the Notes;

(i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled Final Maturity Date, set out in Condition 10;

(j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, as set out in Condition 19;

(k) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(l) to modify the provisions of this Condition 14.5;

(m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

14.6 **Information**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 14.2, Condition 14.3 or Condition 14.4, the Issuer shall publish in accordance with Condition 15, the following information:

(a) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(b) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement;

(c) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 14.1(d)(vii).

14.7 **Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 14.3 and Condition 14.4, the Issuer may appoint a calculation agent (the "**Calculation Agent**"). The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

14.8 **Manifest Error, etc.**

The Notes, these Conditions, the Deed of Covenant and the provisions of the Agency Agreement may be amended by the Issuer and the Agents without the consent of the Noteholders either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner

which is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Noteholders. Any such modification shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

14.9 Notes controlled by the Issuer

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, the right to give an Electronic Consent, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 14 and (c) Condition 10, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

(a) "**public sector instrumentality**" means the National Bank, any other department, ministry or agency of the government of the Republic of Angola or any corporation, trust, financial institution or other entity owned or controlled by the government of the Republic of Angola or any of the foregoing; and

(b) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Electronic Consent or Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 15.5, which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled, directly or indirectly, by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

The Fiscal Agent is not responsible, nor shall it incur any liability for monitoring or ascertaining as to whether any certificate required by this Condition 14.9 is provided, nor shall it be required to review, check or analyse any certificate produced nor shall it be responsible for the contents of any certificates or incur any liability in the event that the content of such certificate is inaccurate or incorrect.

14.10 Publication

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 15.8.

14.11 Exchange and Conversion

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's

option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

14.12 **Written Resolutions and Electronic Consents**

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the "**relevant clearing system(s)**"), then:

(a) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:

   (i) in respect of a proposal that falls within paragraphs (c), (d) and (e) of Condition 14.2, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;

   (ii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 14.3, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);

   (iii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 14.4, (x) the persons holding at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

   (in the case of (i), (ii) and (iii), each an "**Electronic Consent**") shall, for all purposes (including Reserved Matters) take effect as (i) a Single Series Extraordinary Resolution (in the case of (i) above), (ii) a Multiple Series Single Limb Extraordinary Resolution (in the case of (ii) above) or (iii) a Multiple Series Two Limb Extraordinary Resolution (in the case of (iii) above), as applicable.

   The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

   If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the

resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

An Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

(b) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular nominal or principal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (d) of Condition 14.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

15 Aggregation Agent; Aggregation Procedures

15.1 Appointment

The Issuer will appoint an aggregation agent (the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

15.2 Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

15.3 **Written Resolutions**

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

15.4 **Electronic Consents**

If approval of a resolution proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of Electronic Consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant Electronic Consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of Electronic Consent such that the resolution is approved. If so, the Aggregation Agent will determine that the resolution has been duly approved.

15.5 **Certificate**

For the purposes of Condition 15.2, 15.3 and Condition 15.4, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 14.2, Condition 14.3 or Condition 14.4, as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(a) list the total principal amount of Notes outstanding and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 14.9 on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

15.6 **Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 15 to be notified to the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

15.7 Binding Nature of Determinations; No Liability

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 15 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

15.8 Manner of Publication

The Issuer will publish all notices and other matters required to be published pursuant to this Condition 15, including any matters required to be published pursuant to Condition 10 and Condition 14:

(a) through Euroclear, Clearstream, Luxembourg and DTC and/or any other clearing system in which the Notes are held; and

(b) in such other places and in such other manner as may be required by applicable law or regulation.

16 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes; *provided that* any additional Notes having the same CUSIP, ISIN or other identifying number of outstanding Notes or any Series must be fungible with such outstanding Notes for U.S. federal income tax purposes if either the outstanding Notes or the additional Notes were or are issued under Rule 144A.

17 Currency Indemnity

If any sum due from the Issuer in respect of the Notes, or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19 Governing Law and Jurisdiction

19.1 Governing Law

The Notes and the arbitration agreement at Condition 19.2 (*Arbitration*) (including any non-contractual obligations arising out of or in connection therewith) are governed by, and shall be construed in accordance with, English law.

19.2 Arbitration

Subject to Conditions 19.3 (*Noteholders' Option*) and 19.4 (*Jurisdiction)*, the Issuer agrees that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Notes (including a claim, dispute or difference regarding its existence, termination or validity or any non-contractual obligations arising out of or in connection with the Notes) (a "**Dispute**"), shall be referred to and finally settled by arbitration in accordance with the LCIA Rules (the "**Rules**") as in force at the Issue Date and as modified by this Condition, which Rules shall be deemed incorporated into this Condition. The number of arbitrators shall be three, one of whom shall be nominated by the claimant(s), one by the respondent(s) and the third of whom, who shall act as Chairman, shall be nominated by the two party-nominated arbitrators, *provided that* if the third arbitrator has not been nominated within 30 days of the nomination of the second party-nominated arbitrator, such third arbitrator shall be appointed by the LCIA Court. The parties may nominate and the LCIA Court may appoint arbitrators from among the nationals of any country, whether or not a party is a national of that country. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

19.3 Noteholders' Option

At any time before any Noteholder has nominated an arbitrator to resolve any Dispute or Disputes pursuant to Condition 19.2 (*Arbitration*), the Noteholders, at their sole option, may elect by notice in writing (an "**Election Notice**") to the Issuer that such Dispute(s) shall instead be resolved in the manner set out in Condition 19.4 (*Jurisdiction*). Following any such election, no arbitral tribunal shall have jurisdiction in respect of such Dispute(s).

19.4 Jurisdiction

In the event that any of the Noteholders serves an Election Notice in respect of any Dispute(s) pursuant to Condition 19.3 (*Noteholders' Option*), the Issuer agrees for the benefit of the Noteholders that the courts of England shall have exclusive jurisdiction to hear and determine any such Dispute(s) and that the Issuer may not commence proceedings ("**Proceedings**") for the determination of any such Dispute(s) in any other jurisdiction. Subject to Condition 19.2 (*Arbitration*), following the service of an Election Notice by the Noteholders, nothing in this Condition shall (or shall be construed so as to) limit the right of the Noteholders to bring Proceedings for the determination of any Dispute(s) in the courts of England or in any other court of competent jurisdiction, nor shall the bringing of such Proceedings in any one or more jurisdictions preclude the bringing of Proceedings by the Noteholders in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

19.5 Appropriate Forum

For the purpose of Condition 19.4 (*Jurisdiction*), the Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.

19.6 **Service of Process**

The Issuer agrees that the process by which any Proceedings are commenced in England pursuant to Condition 19.4 (*Jurisdiction*) may be served on it by being delivered to Sociedade Nacional De Combustiveis De Angola Ltd., marked for the immediate attention of the President and CEO, currently located at Merevale House, Brompton Place, London SW3 1QE. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the Noteholders, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 14 days, the Noteholders shall be entitled to appoint such a person by written notice to the Issuer. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

19.7 **Enforcement of Judgments; Waiver of Immunity**

The Issuer agrees that any award made pursuant to Condition 19.2 (*Arbitration*) or final judgment in any Proceeding commenced in a court to the jurisdiction of which the Issuer is or may be subject may be enforced in that or any other such court by appropriate Proceedings. To the extent that the Issuer may in any jurisdiction claim for itself or its assets, property or revenues (irrespective of their use or intended use) immunity from jurisdiction, suit, enforcement, execution, attachment (whether in aid of execution, before the making of a judgment or award or otherwise) or other legal process, including in relation to the enforcement of any arbitration award, and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets, property or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction. The Issuer does not waive any immunity with respect to: (a) assets that have been expressly recognised as belonging to the public domain of the Issuer (*dominio publico*), which may not be sold, encumbered or pledged in any way in accordance with the laws of the Republic of Angola; (b) assets which constitute private domain assets expressly assigned to a public purpose (*dominio privado indisponivel do Estado*) in accordance with Article 823 of the Angolan Civil Procedure Code (*Codigo de Processo Civil*) and Law 18/10 of 6 August 2010 (the "**Public Assets Law**"), which are not available for enforcement unless the same is in respect of a debt guaranteed by a registrable security; (c) military assets belonging to the Republic of Angola and assets or property under the control of a military authority or defence agency of the Republic of Angola; (d) assets belonging to any diplomatic mission or consulate of the Republic of Angola that do not otherwise belong to the public domain (*dominio publico*) or fall under article 823 of the Angolan Civil Procedure Code (*Codigo de Processo Civil*) and the Public Assets Law; (e) assets of the National Bank or other monetary authority of the Republic of Angola which are assigned to a public purpose; (f) properties belonging to the cultural heritage of the Republic of Angola or which are a part of its archives and are not intended for sale; or (g) assets that form part of an exhibition of scientific, cultural or historical interest and which are not intended for sale. The Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of, or in, the United States of America under any United States federal or state securities law

USE OF PROCEEDS

The Republic will use the net proceeds of the issue of Notes for its general budgetary purposes.

THE REPUBLIC OF ANGOLA

Location and Geography

Angola occupies 1,246,700 square kilometres of southern Africa, bordered by the Democratic Republic of Congo ("**DRC**") and the Republic of the Congo in the north, Namibia in the south and Zambia in the east, with its 1,650 kilometre west coast on the Atlantic Ocean. Angola is divided into a coastal strip from Cabinda to Namibe, an interior highland, savannahs in the interior south and southeast and a rainforest in the north.

Angola's climate varies considerably. The north, from Cabinda to Zaire, has a damp tropical climate. The zone from Luanda to Namibe and the eastern strip have a moderate tropical climate. Damp conditions prevail south of Namibe, dry conditions in the central plateau zone and a desert climate in the southern strip between the plateau and the border with Namibia. There are two seasons and the average temperature is 20 degrees centigrade with temperatures being warmer along the coast and cooler in the central plateau.

Angola has an abundance of natural resources, being one of the largest crude oil producers in sub-Saharan Africa (*Source:* OPEC Annual Statistical Bulletin 2019), and the third largest rough diamond producer in value in sub-Saharan Africa with the potential to become one of the leading global diamond producers (*Source*: Kimberley Process Statistics Annual Global Survey 2018 Rough Diamond Production).

Source: United Nations.

History

The Portuguese founded Angola as a colony during the fifteenth century, and the modern-day capital, Luanda, was founded in 1575. Colonial rule by Portugal continued into the twentieth century and, in 1951, the colony was renamed the Overseas Province of Angola. The 1950s produced the first significant wave of Angolan nationalism and, in 1961, the conflict known as the National Liberation War began when the Portuguese regime refused to accede to the nationalists' demands for independence for Angola. The principal protagonists in the National Liberation War were the MPLA, founded in 1956, the National Front for the Liberation of Angola (the "**FNLA**"), formed in 1961, and the National Union for the Total Independence of Angola ("**UNITA**"), founded in 1966. In 1974, a coup d'état in Portugal's capital city of Lisbon overthrew the Portuguese authoritarian regime headed by Marcelo Caetano, and, in January 1975, an agreement was reached to grant Angola its independence from Portugal.

However, prior to Angola officially becoming independent on 11 November 1975, fighting had erupted within the country. A transitional government in Angola quickly collapsed, thus leading to the outbreak of the Angolan Civil War (the "**Civil War**"). The Civil War featured a conflict between the two main political parties, the socialist MPLA, led by Agostinho Neto, and the western-supported UNITA, led by Jonas Savimbi. The other faction engaged in the conflict was the Front for the Liberation of the Enclave of Cabinda ("**FLEC**", an association of separatist militant groups), which fought for the independence of Cabinda province.

The MPLA, supported predominantly by funding from the Soviet Union and approximately 50,000 Cuban troops, fought against UNITA, which was supported by the United States, South Africa and several other African nations (including Zaire (now the DRC), which helped UNITA to expand its control to the diamond-rich north-eastern region). The enduring pattern was that the MPLA controlled urban areas, while UNITA held most of the rural regions.

The United States, the Soviet Union and several other countries took direct and indirect part in the Civil War. In 1990, after a long period of negotiations, the MPLA and UNITA signed a peace agreement, *Acordos de Bicesse*, pursuant to which the first democratic elections were held in 1992. During these elections, the MPLA won the majority of the parliamentary seats and the first round of the presidential elections. The second round never took place. Further clashes ensued and Mr. Savimbi died fighting with government troops in 2002.

Following the death of Mr. Savimbi in February 2002, military commanders for UNITA and the Government met in Cassamba and agreed to a ceasefire, signing a memorandum of understanding to end the Civil War on 4 April 2002. UNITA's new leadership recognised the MPLA's political party as Angola's governing party and officially demobilised its armed forces in August 2002.

By the time the 27-year Civil War was formally brought to an end in 2002, an estimated 1.5 million people had been killed and approximately 10 million landmines had been laid across Angola. More than four million members of Angola's population had been internally displaced. The vast majority of Angola's roads, railways and bridges had been destroyed, and economic losses of approximately U.S.$40 billion had been caused. Since the end of the Civil War in 2002, the Government has made substantial progress in its consolidation of peace, destroying vast amounts of weaponry, de-mining substantial amounts of roads and railway lines and reintegrating thousands of former soldiers into civil society.

Political stability in Angola has now improved. The MPLA has declared social democracy to be its official ideology. The country held legislative elections in September 2008, in which the MPLA won 81.6 per cent. of the popular vote. The National Assembly approved a new constitution in January 2010, which abolished the need for presidential elections leaving the President to be the leader of the party with the biggest share of the vote in parliamentary elections. The President may serve for a maximum of two consecutive five-year terms. See "– *Political System*" below. The latest parliamentary elections took place in 2017 under the 2010 Constitutional Law (defined below), resulting in another victory for the MPLA, which won 150 of the 220 seats available in the National Assembly.

In 2000, shortly before the Civil War ended, the Government laid down a long-term strategy for comprehensive social and economic development of Angola for the period from 2000 to 2025, which became known as *Angola 2025* (the "**2025 Strategy**"). The study leading to the development of the 2025 Strategy was commissioned by the Government and involved a wide-scale consultation with a broad spectrum of Angola's civil society. The 2025 Strategy was subsequently updated to take into account post-Civil War developments, and the updated version was published by the Ministry of Economy and Planning in 2008. The 2025 Strategy sets forth a goal of developing Angola into a prosperous and modern nation, similar to the most dynamic emerging economies. The main strategic objectives of the 2025 Strategy include: (i) consolidation of peace and internal security; (ii) fostering of social stability, unity and cohesion of the nation; (iii) building a strong economy; (iv) ensuring sustainable use of the environment and natural resources; (v) the development of the private sector; (vi) elimination of poverty; (vii) promotion of employment and job security; (viii) fair distribution of wealth; (ix) building a just and equitable society; (x) ensuring social justice and the rule of law; (xi) ensuring efficient and transparent governance; and (xii) the creation of a truly democratic, participatory society.

In addition to containing broad socio-economic plans, the 2025 Strategy outlines overall strategies for the development of Angola's principal industry sectors. Development plans covering shorter periods of time (such as the National Development Plan 2018-2022, referred to under "*The Economy – Recent Economic Performance – The Government's Principal Economic Strategies*", and the Support Programme for Production, Diversification of Exports and Replacement of Imports, referred to under "*Public Finance – Fiscal Reforms for 2019*", which is in the early stages of its implementation) are prepared by the Government on the basis of the vision and strategies set forth in the 2025 Strategy.

In April 2019, the Ministry of Economy and Planning announced that the key objectives of the 2025 Strategy will not be met due to adverse conditions of the global economy, changes in the economic and political circumstances since the time in which the 2025 Strategy was conceived and volatility in the price of oil. As a replacement for the 2025 Strategy, Angola has announced a framework of an Angola 2050 Strategy (the "**2050 Strategy**") as a revision of and time extension to the 2025 Strategy. The component parts of the 2050 Strategy plan are currently being developed and are expected to be concluded in September 2020. Until then, the Government will hold public debates and seminars in order to ensure the 2050 Strategy is representative of the entire Angolan society.

Province of Cabinda

Angola is divided into 18 provinces. See "*– Local Authorities*" below.

With an area of approximately 7,270 square kilometres, the northern Angolan province of Cabinda is unique in being separated from the rest of the country by a strip, some 60 kilometres wide, of the DRC along the lower Congo River. Consisting largely of tropical forest, Cabinda's major product is oil. Cabinda's petroleum production from its considerable offshore reserves now accounts for more than half of Angola's oil output, with the balance coming largely from deepwater fields in the Lower Congo basin. Angola has limited production from onshore fields, as onshore exploration and production have been limited in the past because of the conflict. Most of the oil along Cabinda's coast was discovered under Portuguese rule by the Cabinda Gulf Oil Company ("**CABGOC**") from 1968 onwards. Offshore oil production continued to grow off the coast of Cabinda throughout the 27 years of the Civil War. Since Portugal ceded sovereignty of Angola, the territory of Cabinda has been a focus of separatist guerrilla actions opposing the Government (which has employed its military forces, the *Forças Armadas Angolanas*). However, the division of FLEC, the original Cabindan separatists, into smaller factions has significantly weakened the separatist opposition to the Government.

On 1 August 2006, Government representatives and Antonio Bento Bembe, former president of the Cabindan Forum for Dialogue and Vice-President and Executive Secretary of FLEC, signed a memorandum of understanding in an attempt to end the 29 year long Cabindan war. However, many faction leaders in Cabinda considered Bembe's signing illegitimate and rejected the agreement, which only granted Cabinda relative autonomy, not independence. Furthermore, FLEC claimed responsibility for shooting at a bus transporting the Togo national soccer team to Cabinda for the start of the 2010 Africa

Cup of Nations hosted by Angola carried out on 8 January 2010. Three people were killed including two support members of the Togolese team, with several others reportedly injured. The DRC responded in support of the Government by labelling FLEC as a "terrorist organisation" and has stripped FLEC members of their refugee status in the DRC. Since the death of FLEC leader Nzita Tiago in June 2016, there has been conflict between various factions of FLEC fighting for control of the group, as well as skirmishes and military ambushes in Cabinda as a result of FLEC's continuing campaign for the independence of Cabinda province.

The Government does not consider the remnants of the Cabindan separatist movement to represent a serious threat to the territorial integrity or political stability of Angola.

Population, Education, Health and Housing

Population

Data from an official census in Angola in 2014 (the "**2014 Census**"), the first such census since 1970, indicates a total population of 24.3 million and a population density of approximately 20 inhabitants per square kilometre.

The Angolan National Institute of Statistics estimates that Angola's population was approximately 30.1 million at the end of 2018 (*Source:* Angola Population Projection (Population, total)). According to the 2014 Census, Angola has a very young population with only 2.3 per cent. of the population over 65 years and 49.8 per cent. between the ages of 15 and 64, with the remaining 47.9 per cent. under the age of 15. In 2014, the population of Angola had an estimated average age of 18 years.

As at the end of 2014, millions of Angolans, who were internally displaced in the course of the Civil War, have been resettled since the end of the Civil War in 2002, and others have returned to the country.

According to the 2014 Census, the largest city in Angola is Luanda, the capital, with a population of approximately 6.5 million. The next largest cities, Lubango, Huambo, Benguela, Lobito and Malanje, are substantially smaller. According to the 2014 Census, it was estimated that approximately 62 per cent. of Angola's population lived in urban areas. This is mainly attributable to a large proportion of the rural population having fled the countryside during the Civil War, leading to the expansion of the shanty town areas in the major cities, particularly in Luanda.

The official language of Angola is Portuguese. There are three major ethnic groups in Angola, which together account for approximately 75.0 per cent. of the population: Ovimbundu (37.0 per cent.), Kimbundu (25.0 per cent.) and Bacongo (13.0 per cent.) (*Source*: The CIA World Factbook 2019, Angola). The Umbundu-speaking Ovimbundu, concentrated in the fertile central and northern highlands, made up approximately 37.0 per cent. of the population in the 1980s. In the same period, the Mbundu, who speak Kimbundu, live in the north and north-west, particularly in Luanda, and have experienced the strongest Portuguese influence, made up approximately 25.0 per cent. of the population. The Bacongo, who speak Kikongo, made up approximately 13.0 per cent. of the population. The other main ethnic groups include the Tchokwe/Lunda, Ganguela, Nhaneca-Humbe, Herero and Ambo. Some 3.5 per cent. of the population are mixed-race mestiços, concentrated mainly in the urban areas. In 2014, there were a significant number of non-Angolan nationals legally living in Angola, most of who were Chinese, Portuguese and Brazilian.

The table below sets forth selected comparative statistics:

	2017			
	Angola	*Nigeria*	*South Africa*	*United States*
GDP per capita (current U.S.$)[12]	4,170.3	1,968.6	6,160.7	59,531.7
GDP growth (annual %)	0.7	0.8	1.3	2.3
Population growth (annual %)	3.4	2.6	1.2	0.7
Life expectancy at birth, total (years)	61.8	54.0	63.4	79.0
Mortality rate, infant (per 1,000 live births)	81.0	100	37.0	7.0

(*Source*: World Bank Data 2017 (Real GDP per capita (current U.S.$); Real GDP Growth (annual percentage); Population Growth (annual percentage); Life Expectancy At Birth, total (years); Mortality Rate, infant (of under 5s per 1,000 live births))).

1 GDP per capita is gross domestic product divided by mid-year population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degrada;tion of natural resources. Data are in current U.S. dollars.

2. The statistics for Angola included in this table are those of the World Bank. The Government's own GDP and related statistics are different.

The Government's most recent survey of social indicators in 2012-13 found that 30 per cent. of the population lived below the poverty line (on U.S.$2.00 per day), a significant proportion of which lived in extreme poverty (on less than U.S.$1.25 per day), although that proportion had declined substantially from 68 per cent. in 2001. Recent data obtained in 2017 indicates that the proportion of the population living below the poverty line had increased to 40 per cent. As a result of the Civil War, much of Angola's population became and remains concentrated in the coastal regions of Angola. Only 36 per cent. of Angolans are estimated by the Government to have access to electricity, leaving approximately 15 million people without such access. In rural areas, approximately 8 per cent of residents have access to electricity. Consequently, more than half of Angolans use solid biomass and waste to meet heating and cooking needs.

National Development Plan 2018-2022

In June 2018, the President approved a new national development plan 2018-2022 (the "**NDP 2018-2022**"), which sets forth a comprehensive agenda of socio-economic reforms with the goal of achieving fundamental medium-term economic, social and structural changes in Angola. The NDP 2018-2022 covers national, sectoral and provisional development and acts as a medium-term planning and policy instrument as the Government works towards implementing the 2050 Strategy.

The NDP 2018-2022 represents Angola's second national development plan and is forward- looking. It was developed across various Government departments, with the active participation of provincial governments and representatives of the private and civil sector. The NDP 2018-2022 follows the Macroeconomic Stabilisation Programme that was implemented between October 2017 and March 2018 (following the inauguration of the new Government in October 2017) and which addressed urgent policy matters that were necessary to stabilise Angola's macroeconomic position and economic growth, including policies relating to the exchange rate, government spending, revenue and debt, monetary policy, and economic diversification.

The NDP 2018-2022 includes six strategic pillars reflecting the priorities of the Government covering: (i) human development and well-being, including a reduction in poverty levels; (ii) sustainable and inclusive economic development; (iii) social and developmental infrastructure; (iv) the strengthening and promotion of the democratic state and good governance including through decentralisation; (v) harmonious territorial development; and (vi) the strengthening of Angola's international and regional presence.

The strategic pillars in the NDP 2018-2022 are organised into 25 specific policies and an 83 action-programme, to be implemented by specific Government departments, with the execution of such programme subject to monitoring and evaluation by the Ministry of Economy and Planning. The action-programme may be financed through public investment or promoted by the private sector. Given the budgetary restrictions set forth under the Revised 2019 National Budget, the Government in the NDP 2018 – 2022 has defined Angola's public investment project priorities, expediting those where continued investment is justified, and suspending others. The Government will only execute priority projects that have secured financing and will refrain from contracting new debt to finance non-priority projects that do not meet selection criteria. Continued investment in structural projects that are currently in execution is based on the degree of physical execution and financial investment necessary to conclude the project, the existence of external financing, the strategic value of the project in light of the six strategic pillars in the NDP 2018-2022, and the project's contribution to the short-term stabilisation of Angola's economy. New structural projects will be rigorously evaluated against the funding constraints of the current National

Budget and, if authorized, will be specifically and periodically monitored against detailed strategic, progress and value based criteria.

In addition to structural projects, there are certain other priority projects (specific to certain sectors and/or provinces) all of which fall within the Public Investment Programme (PIP) for each year based on urgency and strategic fulfilment of the NDP. These priority projects can be financed through public investment and/or public-private partnerships. In the NDP 2018-2022, higher priority is allocated to expenditure relating to social development projects (in particular education and health), while the available resourcing has been reduced for general public services, defence, order and security.

The six strategic pillars of the NDP 2018-2022 are summarised as follows:

Human Development and Well-being

Human development and well-being is the central strategic pillar of the NDP 2018-22, focusing on improving the lives and well-being of Angolans and creating the essential conditions for social and economic development. The various policies and programmes envisaged under this strategic pillar include the following:

- reducing poverty and social and economic inequality, with a focus on creating opportunities for young people, protecting the rights of children and enhancing the role of the elderly in society;
- fostering a culture of gender equality and opportunity in areas such as education, health and the economy;
- harnessing education and life-long learning with the aim of promoting the economy and the general welfare of Angolans;
- improving access to healthcare and promoting active engagement in sport and leisure activities; and
- promoting cultural heritage to foster dialogue among all sections of society.

Sustainable, Diversified and Inclusive Economic Development

This strategic pillar focuses on an ambitious programme of economic reform, aimed at promoting economic stability, diversification and inclusion, as well as ensuring competitiveness. The various policies and programmes envisaged under this strategic pillar include the following:

- while acknowledging that the importance of the oil industry to Angola's economy, emphasising the need for economic diversification. This is expected to be achieved through various measures, including, but not limited to, promoting activities aimed at the production of goods for domestic consumption, which will in turn promote job creation and a reduction of Angola's trade deficit, and the development of national supply chains;
- broadening the tax base and facilitating the integration of participants into regional and international markets;
- improving the business environment, and the functioning of state and legal systems that impact business decisions and investment, as well as promoting the private sector;
- effectively and strategically managing Angola's regional and international commercial, economic and diplomatic reputation; and
- promoting private financing through institutional, regulatory and administrative reforms.

Social and Development Infrastructure

This strategic pillar focuses on prioritising infrastructure development and investment in areas of broad national and economic utility. The various policies and programmes envisaged under this strategic pillar include the following:

- promoting investment in energy infrastructure aimed at increasing productivity, reducing energy shortages and improving supply and access to energy;
- in respect of the telecommunications sector, improving access and service quality, reducing prices and progressing the integration of the Angolan telecommunications sector in regional markets;
- actively managing water resources to promote health, tourism and general welfare; and
- promoting private participation and investment in infrastructure financing and development.

Historically, a significant part of Angola's infrastructure has been financed by public resources, with the National Budget being the principal driver of infrastructure investment. The constraints within the Original 2019 National Budget mean that the Government will give priority to private capital, public-private partnerships, and the use of long-term multilateral funds from major international financial institutions to fund its infrastructure plans as detailed in the NDP 2018-2022.

Strengthening and Promoting the Democratic State and Good Governance

This strategic pillar focuses on strengthening the democratic state as the cornerstone of effective good governance. The various policies and programmes envisaged under this strategic pillar include the following:

- continuing the fight against all forms of corruption in public and economic life in order to strengthen the effectiveness of Government and promote confidence in the state;
- promoting transparency and access to information for Angolans to ensure and maintain accountability;
- strengthening the efficient and effective operations and functions of the justice system, with a focus on guaranteeing fundamental rights, property rights and the enforcement of contracts, as well as defining clear rules for the functioning of markets;
- introducing "smart" (electronic) Government services (such as interactive and online portals), which will foster innovation, increase efficiency of Government spending and promote access to information and Government services; and
- introducing a culture of evaluation through the review of the Government's goals, plans and performance to increase transparency and to ensure that the implementation of Government policy results in improvements to the economy and general welfare.

Harmonious Territorial Development

This strategic pillar focuses on increasing democratic participation and national cohesion. The various policies and programmes envisaged under this strategic pillar include the following:

- introducing policies that foster greater participation between the Government and Angolan citizens in matters relating to national and economic life and the stimulation of national culture and heritage;
- reforming local administration by promoting the decentralisation of certain services to promote efficiencies and to ensure that all sections of society have opportunities and access to services; and

- improving coordination of policies across central and local government.

Strengthening Angola's International and Regional Presence

This strategic pillar focuses on securing the nation and citizens through continued development of the armed forces and carrying out diplomatic initiatives to promote Angola. The various policies and programmes envisaged under this strategic pillar include the following:

- improving the security conditions in Angola to promote economic activity, including securing the border and immigration reform;
- strengthening multilateral relationships with international financial institutions (including, the World Bank, the African Development Bank and the IMF) to facilitate a diversification of funding sources for public and private investment, and expanding bilateral relationships with international and regional partners (including the United Nations and the African Union); and
- promoting trade through the World Trade Organisation and with regional partners to expand export markets and knowledge sharing.

Implementation of NDP 2018-2022

The Government has already launched or is in the process of launching a number of programmes and initiatives that generally seek to achieve the aims and objectives of the NDP 2018-22, which, for example, include the following:

- Integrated Plan for Local Development and Combating Poverty 2018-2022: this programme involves introducing policies to eliminate extreme poverty, promote greater inclusion of underprivileged households and supporting the creation of sustainable economic activities by, for example decentralising key social services to provisional and municipal administrators and promoting micro-credit initiatives.
- Anti-corruption initiatives: for information on the Government's programme to combat corruption, see "*Anti-money laundering, anti-bribery, anti-corruption and anti-terrorism measures*". In September 2019, the Government published the audited annual results of the largest 15 state-owned enterprises, including Sonangol.
- Further, in January 2019, the National Assembly reformed Angola's Penal Code, to include a new chapter on economic and financial crimes which also prescribes harsher punishments for active and passive corruption.
- Restructuring and re-sizing the public corporate sector: to reduce the size of the state and to limit the burden on taxpayers, the Government has launched a programme to privatise up to 195 state-owned enterprises by 2022. See also "*– Privatisation and Public-Private Companies*".
- Sonangol will be part of the PROPRIV. As a result, a part of Sonangol's share capital will be privatized and most of its holdings in its subsidiary companies will be wholly or partially divested during the 2019-2022 period. See also *"- Privatisation and Public-Private Companies"*.
- Broadening the tax base: for information on the Government's initiatives to strengthen revenue collection and to broaden the tax base, see "*Public Finance - Taxation*".
- Improving the business environment and competition: the private investment regime was reformed in June 2018 by the 2018 PIL . In February 2019, a single visa for all investors was introduced and a new competition law was passed in April 2018 and, in February 2019, the Government appointed the board members of the newly established Competition Regulatory Authority, which was created by the Competition Law enacted in late 2018. See also "*– The competition law*".

- Economic diversification: in late 2018, the Government approved new regulations to liberalise the commercialisation of uncut diamonds. See also "*The Economy – Diamonds*".

- Action Plan for the Energy and Water Sector 2018-2022: for information on the Action Plan for the Energy and Water Sector 2018-2022, see " *– Health*".

Education

The Civil War significantly undermined Angola's education system, particularly in rural areas. Provision of education remained generally poor in rural areas, as it was difficult to attract teachers and most classrooms were destroyed during the conflict. Since the end of the Civil War, the Government has sought to revive and improve education in Angola at all levels. Building more educational establishments has been a major part of the Government's education strategy and has resulted in an increase in classrooms, schools, teachers and student numbers since the end of the Civil War in 2002.

As a result of a Government-led mass literacy drive in the post-independence period, adult literacy rose from 15 per cent. in 1974 to 36 per cent. in 1985 and 60 per cent. at the end of the Civil War in 2002. In 2006, the Government launched a ten -year literacy strategy with the aim of increasing adult literacy to 91 per cent. by 2016. In order to achieve this, Angola recruited new literacy teachers to teach over 500,000 students. In addition, the Government substantially increased the number of secondary and higher education students. Based on 2015 estimates, the adult literacy in Angola reached 71.1 per cent. (*Source*: The CIA World Factbook 2019, Angola). In 2018, nearly 10 million students were enrolled in Angola's education system.

The table below sets forth historical information on the number of students enrolled in each segment of Angola's education system in 2016, 2017 and 2018.

	2016 *(No. of students)*	**Change from previous year** *(%)*	**2017** *(No. of students)*	**Change from previous year** *(%)*	**2018** *(No. of students)*	**Change from previous year** *(%)*
Basic literacy	570,899	(36.8)	570,889	0.0	669,987	17.4
Special education	27,175	5.9	27,300	0.5	29,392	7.7
Primary school	5,937,762	10.7	6,110,000	2.8	6,332,834	3.6
Secondary school I	1,136,299	9.5	1,744,029	34.8	1,801,033	3.3
Secondary school II	702,104	11.5	845,900	17.0	974,906	15.3
TOTAL	**8,374,299**	**7.4**	**9,298,118**	**9.9**	**9,808,152**	**5.5**

Source: Ministry of Education.

Further to Angola's aforementioned improvements to the education system, the NDP 2018-2022 establishes a strategic plan for the long-term development of Angola's education system by contemplating improvements in the following sectors: (i) teacher training and staff management; (ii) preschool education; (iii) the development and quality of primary education; (iv) general middle education; (v) technical and vocational education; (vi)literacy levels for young and adult individuals; (vii) higher education and scientific and technological resources; and (viii) social action, health and school sports.

The overall objective of NDP 2018-2022 that is applicable to all sectors is to establish an equitable and accessible education system geared towards: (i) creating equal opportunities for people to access education and training, (ii) effecting a reduction of youth and adult illiteracy rates, (iii) developing pre-school education, (iv) implementing compulsory and free primary education for all Angolan citizens, (v) developing technical and vocational education, (vi) developing the provision of qualified and highly qualified personnel necessary for the development of the economy, (vii) promoting innovation and knowledge development and (viii) training teachers with a profile adapted to the new curricula and methods of teaching and learning.

Within the framework of the NDP 2018-2022, the Ministry of Education and the Ministry of Higher Education, Science, Technology and Innovation act as responsible bodies and, among other aims, target:

- the creation of new foundation training courses for teachers across different levels of the education system;
- greater use of community centres, day- care centres and kindergartens;
- an increase in primary and secondary school enrolment; and
- an improvement in the participation rate in the technical and vocational educational system.

Angola's education system comprises a four-year period of compulsory primary school education, followed by secondary school composed of two cycles beginning at age 11, when students complete a compulsory four-year cycle. Following this, students may enrol in higher education. Higher education comprises four to six-year courses, depending on the selected specialty. Angola has 25 universities. Education at all levels within the state education system is free, although there are shortages of qualified teaching personnel and insufficient school places. Such shortages are currently being assessed by the NDP 2018-2022 strategic plan. The country has introduced the option of tuition fee-based private education at the primary school, secondary school and university levels.

In higher education, particular emphasis is made on offering training in those fields which the Government considers to be key for Angola's future development, including teachers, nurses, doctors, civil engineers and lawyers, as well as managerial personnel in the education, medical and civil engineering sectors. In order to overcome the current shortage of qualified personnel, Angola has engaged a significant number of Cuban teachers, nurses, doctors and civil engineers to work in the country until the current shortages in these professions can be remedied.

The Government and Sonangol also grant a number of full or partial scholarships for Angolan students to pursue studies abroad, particularly in Brazil, France, Portugal, Russia, South Africa, the United Kingdom and the United States.

Health

Angola has a comprehensive free national healthcare system financed by Angola's state budget. Each of Angola's 18 provinces has a minimum of one state hospital, with a higher number of state hospitals in more populated areas. In recent years, the private healthcare sector has also begun to develop. Although it represents an insignificant share of the healthcare sector, private healthcare is gaining popularity, particularly among employees of large companies and Government entities whose private medical insurance premiums are subsidized by their employers. In addition, medical care is provided through a variety of projects sponsored by NGOs, particularly in relation to the treatment and prevention of malaria, HIV/AIDS and other infectious diseases.

Due to low levels of basic sanitation and the low quality of the existing water supply, Angola has struggled to effectively manage and prevent malaria. While a series of programmes have been initiated with a view to improving water supply, these have had limited success due to the large size of the country and the low population concentration in rural areas. See "*The Economy –Water supply*". Malaria is the single largest cause of child mortality in Angola, and the greatest public health problem. However, as a result of the Government's efforts, the situation improved year-on-year until 2018. The Government launched Angola's National Malaria Control Programme 2012-2020 ("**PNCM**") in 2012 with a target of reducing deaths caused by malaria by 60 per cent. The PNCM contemplates measures aimed at prevention, diagnosis, treatment and social mobilisation. Preventive measures, such as the installation of insecticide treated nets and indoor residual spraying have already been implemented. In addition, the implementation of the programme has improved both laboratorial and clinical diagnosis, as well as the early treatment of patients. During the 2010- 2014 period, the number of cases of malaria reported nationwide decreased as a result of the PNCM, with data from 2015 illustrating that the number of deaths caused by malaria decreased by 26.1 per cent. as compared to 2012. However, in the first six months of

2018, more than 1.5 million cases of malaria – resulting in 3,853 deaths – were reported, with the provinces of Cuanza Norte, Bengo and Huambo being the most endemic regions. In May 2018, the Luandan administration and the Ministry of Health launched a Contingency Plan for Malaria Control aimed at reducing morbidity and mortality from malaria, the objectives of which include meeting the World Health Organisation malaria prevention goals. The NDP 2018-2022 has acknowledged malaria as a notable public health problem in Angola and has set as a 2022 target to drop the associated mortality rate by 10 per cent. through increased prevention, use of nets and insecticides and appropriate treatment. See "*Risk Factors - Health risks could adversely affect Angola's economy*". Anti-malaria treatment is not always available in the health network and is not yet standardized in all health units, particularly in rural areas, but the PNCM together with the NDP 2018-2022 have provided, and aim to continue to provide, improvements to the current framework. Coupled with malaria, epidemics of cholera, rabies and African haemorrhagic fevers are common diseases in several parts of the country.

In December 2015, an outbreak of yellow fever was detected in Luanda. From January 2016, Angola experienced a rapid increase in the number of reported yellow fever cases. The outbreak was notable due to its largely urban nature, prompting the vaccination of millions of Angolans in the first half of 2016. In August 2016 the outbreak was contained and there have been no further confirmed cases since July 2016. The country has since remained vigilant, with approximately 16 million people having been vaccinated as at September 2016. Monitoring and prevention of the international spread of the virus remains a priority and visitors over nine months of age are currently required to present evidence of yellow fever vaccination upon entry into Angola. Many provinces have high incidents of tuberculosis and high HIV/AIDS prevalence rates. The Civil War closed many transport routes which prevented a more rapid spread of HIV/AIDS, thus helping Angola to achieve the lowest rate of HIV prevalence in continental southern Africa. However, since the end of the civil war in 2002 there has been an increase in HIV prevalence. It has been estimated that 280,000 people were living with HIV/AIDS in 2016, representing approximately 1.9 per cent. of the population (*Source*: The CIA World Factbook 2019, Angola).

The Global Fund for AIDS, Tuberculosis and Malaria (the "**GFATM**") was founded in 2002 as a partnership organisation between governments, private sector entities and victims of these diseases. The aim of GFATM is to accelerate the end of AIDS, tuberculosis and malaria as epidemic diseases, and it raises and invests approximately U.S.$4 billion per year to support programmes run by local experts in selected countries. As of the date of this Base Prospectus, the GFATM has agreed to provide Angola with more than U.S.$330.0 million to combat these diseases, with more than U.S.$132.4 million, U.S.$42.2 million and U.S.$156.1 million designated for HIV/AIDS, tuberculosis and malaria support, respectively. According to GFATM, as a result of its operations in Angola, (i) approximately 67,000 people underwent antiretroviral therapy to combat AIDS in 2014, 2015 and 2016 and 93,800 people underwent the same therapy in 2017;(ii) in 2015, 2016 and 2017, approximately 190,000, 202,000 and 60,000 people, respectively, were treated for tuberculosis; and (iii) approximately 9.7 million, 10.9 million and 2.69 million insecticide-treated mosquito nets were distributed in order to prevent malaria in 2015, 2016 and 2017, respectively. The GFATMs effort in delivering nearly 30 million insecticide-treated mosquito nets in Angola since 2013 has contributed to the Government's national strategy to reach and maintain universal coverage of mosquito nets.

The Vaccine Alliance ("**Gavi**") is a public-private global health partnership which was created in 2002, with the common goal of creating equal access to new and underused vaccines for children in the world's poorest countries. In June 2014, the Gavi board approved a new five-year strategy to ensure it completes its overall mission for 2016-2020, the implementation of which will result in developing countries immunizing 300 million children. The 2016-2020 strategy has four goals, namely (i) the vaccine goal, to accelerate the equitable uptake and coverage of vaccines; (ii) the systems goal, to increase effectiveness and efficiency of immunisation delivery as an integrated part of strengthened health systems; (iii) the sustainability goal, to improve the sustainability of national immunisation programmes; and (iv) the market shaping goal, to shape markets for vaccines and other immunisation products. Gavi has approved U.S.$113.2 million for investment in Angola for strengthening its health system and improving areas such as injection safety devices, pentavalent vaccine support (which protects against diphtheria, tetanus, pertussis, hepatitis B and haemophilus influenza type b), pneumococcal vaccine support and vaccine

introductions. As at 2 July 2019, Gavi had committed the entire approved amount of U.S$123.6 million for investment in Angola and had disbursed U.S.$117.9 million of this amount. (*Source*: Gavi Angola Factsheet, 2019)

The United States President's Emergency Plan for AIDS Relief ("**PEPFAR**") is a United States government initiative designed to address the global AIDS epidemic and help treat those suffering from the disease. Through PEPFAR, the United States seeks to strengthen the global capacity to prevent, detect and respond to new and existing risks posed by AIDS. At the time of its inception in 2003, PEPFAR supported the treatment of 50,000 people in sub-Saharan Africa, and now supports over 13.3 million people with lifelong antiretroviral treatment. PEPFAR's two key outcomes for Angola are: (i) improved quality and coverage of testing and antiretroviral therapy services through institutional capacity building and the use of high quality models; and (ii) supporting high quality key and priority (military) populations to achieve an 80 per cent. support coverage in selected locations. In PEPFAR's 2017 Country Operational Plan for Angola 2019, PEPFAR planned to apply U.S.$10 million in funding for Angola through various United States agencies.

Although life expectancy in Angola remains one of the lowest in the world, it has increased to 61.8 years in 2017 from 47.1 years in 2000. There has also been a gradual decline in the mortality rate for infants under the age of one, and, in 2017, the World Bank estimated that there were 81.0 deaths in every 1,000 live births for children under the age of five in Angola. (*Source*: World Bank Data 2017 (Mortality rate, under-5 (per 1,000 live births))).

Access to clean, piped water remains limited in certain areas. In 2005, the Government launched a programme called "*Aguas para todos*" (the "**Water for all Programme**"). Under this program, water plants were built throughout the country so as to extend access to clean water to the most rural areas. The Water for all Programme facilitated the construction of 3,313 Water Points and 1,154 Small Water Supply Systems, adding to the 338 small systems that existed on the date of deployment of the Water for all Programme. In 2019, through the NDP 2018-2022, Angola sought to address challenges related to water supply by reinforcing the supply of potable water, namely in rural areas and continuing the Water for all Programme. The NDP 2018-2022 target is to: (i) increase the water supply coverage rate in urban areas from 60 per cent. in 2017 to 85 per cent. in 2022, (ii) increase the production of potable water in provincial and municipal areas from 0.8 million metres cubed per day in 2017 to 1.8 million metres cubed per day by 2022 , (iii) increase the water supply coverage rate in rural areas from 66 per cent. in 2017 to 76 per cent. in 2022, and (iv) increase the rate of operating water supply systems to 88 per cent. by 2022. For further information, see "*The Economy –Water supply*".

In July 2019, the World Bank approved a package worth U.S.$1.3 billion to support Angola in its efforts to improve water services (in addition to other objectives), including improving access to and the operation of the Luanda Bita Water Supply Project.

Some of the Government's principal strategies for further development of healthcare in Angola include the improvement of the infrastructure for healthcare services, the expansion of the medical education system, investment in medical technology and the establishment of a national pharmaceuticals industry. In recent years, the Government obtained external financing to build new municipal hospitals, central hospitals, specialised hospitals and new medical centres throughout Angola. The NDP 2018-2022, seeks to provide further development of relevant legislation in order to promote external financial investments.

Millennium Development Goals

The Millennium Development Goals ("**MDGs**") comprise eight international development goals that were established following the Millennium Summit of the United Nations in 2000. Angola achieved the hunger target (MDG 1) in 2013 and reduced under-nutrition by more than 50 per cent. Angola has been struggling to improve universal primary education (MDG 2) and is still recording a completion rate of below 50 per cent. in primary school. Angola has faced difficulties in improving gender parity in primary education, however, in relation to the promotion of gender equality and empowerment of women (MDG 3), Angola reached the target of having at least 30 per cent. of women in its National Assembly in the 2012 elections,

but not in the 2017 elections. Angola has struggled to reduce the child mortality rate (MDG4), to improve maternal health (MDG 5) and to combat HIV/AIDS, malaria and other diseases (MDG 6). Angola is on track to meet the drinking water and sanitation target (MDG 7). While Angola has been working towards developing a global partnership for development (MDG 8), following the Eurozone debt crisis, Angola has experienced a slowdown in the growth of duty-free imports from developed nations.

In September 2015, over 150 countries attending the United Nations Sustainable Development Summit adopted the new 2030 Agenda for Sustainable Development, including the Sustainable Development Goals ("**SDGs**"). The SDGs include 17 goals and 161 targets which cover a range of social and economic development issues, and build on the MDGs which ended in 2015. The Government has publicly acknowledged Angola's commitment to the SDGs, starting with a public workshop in Luanda in December 2015. At the same time, the Ministry of Economy and Planning led a Rapid Assessment Analysis in order to assess which of, and the extent to which, the SDGs are already integrated into Angola's National Development Plan 2018-2022. The Government expects that the measures set out in the NDP 2018-2022 will facilitate an increase in Angola's Human Development Index above than 0.70 by 2025 from 0.53 in 2016 (*Source: 2016 Human Development Report published by the United Nations Development Program*). Data collected in Angola's 2014 Census have provided the Government with updated information which will be useful in monitoring and reporting on its progress with satisfying each of the SDGs. The SDGs are (1) no poverty; (2) zero hunger; (3) good health and wellbeing for people; (4) quality education; (5) gender equality; (6) clean water and sanitation; (7) affordable and clean energy; (8) decent work and economic growth; (9) industry, innovation and infrastructure; (10) reduced inequalities; (11) sustainable cities and communities; (12) responsible consumption and production; (13) combat climate change; (14) life below water (ocean and marine resource conservation); (15) life on land (conservation of terrestrial ecosystems and resources); (16) peace, justice and strong institutions; and (17) partnership for the SDGs (strengthening means of implementing the SDGs and revitalizing the global partnership for sustainable development). The National Institute of Statistics is implementing measures to monitor Angola's progress of the SDGs and is collaborating with the United Nations to identify a set of indicators to monitor and evaluate such progress.

Housing

Social housing forms a central part of the Government's key strategic priorities. In 2009, the Government launched an initiative known as "*Casa para todos*" ("**Housing for all**"), with the goal to provide the Angolan population with one million new homes. Under the Housing for all initiative, the Government provides private individuals and companies that wish to construct houses with the appropriate land and infrastructure (water, sewage and electricity) as well as a construction kit containing key building materials and tools. It is expected that 105,000 houses are expected to be built by private companies, and 85,000 houses are expected to be built under public-private partnerships with contractors (with the Government also paying for the required infrastructure) on land provided by the Government. Further to the Housing for all initiative, the NDP 2018-2022 also acknowledges housing deficit issues and the need for formulating and planning a broad strategy that ensures housing for all Angolan citizens. The Government grants various forms of financial assistance to Angola's poorest citizens in order to enable them to raise finance to purchase a home, including by providing guarantees in respect of money borrowed to purchase a property, interest subsidies and/or credit lines.

The Urban Lease Act (approved by Law No. 26/15 of 23 October 2015) adopted in 2015 set out new rules for Angola's rental sector. It requires all rental payments to be made in Kwanza and states that landlords cannot require more than six months' rent in advance from their tenant. Lease terms can range from six months to 30 years. It was previously common practice in Angola for landlords to ask for at least a year's rent as an upfront cash deposit which made property leasing prohibitively expensive and almost impossible for the large majority who did not have easy access to bank credit. It was a major obstacle for small and medium-sized businesses, especially those based in Luanda, where a shortage of rental properties has resulted in expensive rental prices. The requirement for rents to be paid in Kwanza is in line with the Government's de-dollarization policy and is expected to lead to more transactions in the local Angolan currency. The Urban Lease Act also includes protection for tenants and defined landlord

responsibilities in respect of repairs and maintenance. The post-Civil War construction boom has greatly increased the housing stock available, but the rental market remained speculative and poorly controlled. The large number of expatriate oil workers requiring accommodation in Luanda also contributed to significant price inflation.

Political System

On gaining independence from Portugal in 1975, there have been three constitutions in Angola which came into force in 1975, 1992 and 2010, respectively. The 1975 constitution established a unitary republic with a presidential form of government and single party political system. The constitutional law approved in 1992 followed negotiations between the Government and opposition parties, including UNITA. The 1992 constitution changed the single party political system into a multiparty system, provided for the direct election of the President and integrated economic reform legislation adopted in 1988. The 1992 constitution also aimed to implement some of the terms and conditions of the *Acordos de Paz* (General Peace Agreement) entered into by the Government and UNITA. In September 1992, under supervision of the UN, Portugal, Russia and the United States, Angola held its first multiparty elections, both presidential and legislative. Although the second round of the presidential election process in 1992 was not completed due to the withdrawal of the opposing candidate, former President José Eduardo dos Santos won the single largest proportion of votes in the first round. The second legislative elections took place in September 2008.

The National Assembly approved a new constitution in January 2010 (the "**2010 Constitutional Law**") which names the President of Angola as Head of State, Head of the Executive and Commander-in-Chief of the Angolan Armed Forces. The 2010 Constitutional Law abolished the need for Presidential elections, leaving the President to be the leader of the party with the biggest share of votes in parliamentary elections (which are held every five years). The President is limited to two five-year terms by the 2010 Constitutional Law. The 2010 Constitutional Law abolished the position of prime minister and instead provides for the position of an elected Vice-President. The Vice-President is the person voted second on the list of candidates of the majority party in the National Assembly, a position currently held by Bornito de Sousa since September 2017. Vice-President de Sousa previously served as president of the National Assembly that was responsible for drafting the 2010 Constitutional Law, and as the president of the MPLA Parliamentary Group until being appointed as Minister for Territorial Administration. Under the 2010 Constitutional Law, should the office of the President become vacant (through resignation, removal, death or incapacity), the Vice-Present performs the duties of the President through the end of the term the ex-President would otherwise have served with full Presidential powers. The National Assembly retains the right to remove the President (or, if applicable, the Vice-President) from office but this decision must be approved by the Supreme Court and, in certain circumstances specified by the 2010 Constitutional Law, the Constitutional Court. See "– *Judicial Branch*" below. The President has the power to appoint judges to the Constitutional Court and the Supreme Court and to appoint the head of the Court of Audits, which is responsible for reviewing public expenditure. See "– *Executive Branch*" below.

The Supreme Court judges are appointed by the President upon recommendation of the Supreme Judicial Council, an 18-member body presided over by the President. With respect to the appointment of Constitutional Court judges, four judges are appointed by the President, four judges are elected by the National Assembly by a two-thirds majority, two judges are elected by the Supreme Council of the Judiciary and one judge is elected through a public tender process. The President of the Audit Court, the Vice-President of the Audit Court and the remaining judges are each appointed by the President. Each member of the Audit Court is appointed for a seven- year term.

The 2012 election was the first to be held under the 2010 Constitutional Law, during which former President José Eduardo dos Santos' presidency was renewed for another five- year term. The most recent elections, in which former President José Eduardo dos Santos did not stand as a presidential candidate, were held in August 2017. Of the 220 seats, 130 were elected from closed lists by proportional representation, and the remaining 90 were elected in 18 five-seat constituencies. The MPLA remained the majority party, taking 150 of the 220 seats available, with João Manuel Gonçalves Lourenço (Minister of

Defence from 2014 to 2017 and MPLA Vice-President) standing as the presidential candidate of the MPLA. President Lourenço was officially sworn into office on 26 September 2017, to succeed former President José Eduardo dos Santos as President of Angola. Of the remaining seats, UNITA won 51 seats whereas its splinter party (Convergence Angola Salvation Wide-Electoral Coalition) won 16, and the Social Renewal Party and the FNLA won two seats and one seat, respectively. The August 2017 election had a 76.1 per cent. turnout and 27 per cent. of elected persons were women.

Angola's constitutional arrangement vests sovereignty in the Angolan people, who exercise political power through elections for their choice of representatives. The voting age in Angola is 18, and parliamentary candidates must be aged at least 35 to stand for office. Angola has a bill of rights.

The President

Under the current 2010 Constitutional Law, the President is Angola's Head of State, the Holder of the Executive Power and the Commander-in-Chief by virtue of being the leader of the party with the biggest share of the vote in parliamentary elections. Presidential candidates are elected by their party. The President may be re-elected for a maximum of two five-year mandates, successive or interposed. Former President José Eduardo dos Santos, having served as President of Angola since 21 September 1979, did not stand as a presidential candidate in the 2017 elections. João Manuel Gonçalves Lourenço, previously Secretary General, Minister of Defence and Vice-President of the MPLA, was elected as President in the August 2017 elections.

The President, in his capacity as Head of State, is responsible for, among other things:

- calling general and local elections under the terms established in the 2010 Constitutional Law;
- appointing and discharging the Ministers of State, Ministers and Secretaries of State;
- appointing the presiding judge and other judges of the Constitutional Court, the Supreme Court, the Audit Court and the Supreme Military Court;
- appointing and discharging the Governor and Deputy Governors of the Angolan National Bank;
- calling referendums under the terms of the 2010 Constitutional Law;
- declaring a state of war and making peace, in consultation with the National Assembly;
- declaring a state of siege and a state of emergency, in consultation with the National Assembly;
- representing the Republic in international relations; and
- signing and ratifying international treaties, conventions, agreements and other instruments.

The President, as Holder of the Executive Power, leads the Executive Branch and among other things, is responsible for:

- defining the political orientation of Angola;
- directing Angola's national policy;
- submitting Angola's proposed state budget to the National Assembly;
- defining Angola's organisational structure and establishing the composition of executive power;
- requesting from the National Assembly authorization to legislate under the terms of the 2010 Constitutional Law;

- initiating legislation on the basis of proposals presented to the National Assembly;
- directing and guiding the work of the Vice-President, Ministers of State, Ministers and Provincial Governors; and
- drawing up regulations required for the execution of laws.

The President, in his capacity as Commander-in-Chief, is responsible for, among other things:

- serving as Commander-in-Chief of the Angolan armed forces;
- assuming high command of the Angolan armed forces in the event of war;
- appointing and discharging the Chief of the General Staff of the Angolan Armed Forces and its deputy, in consultation with the National Security Council; and
- appointing and discharging the remaining commanders and heads of the Armed Forces, as well as the General Commander of the National Police Force and its deputy, in consultation with the National Security Council.

Under the 2010 Constitutional Law, the President, as the Holder of the Executive Power (assisted by the Vice-President, Ministers of State, Ministers and Secretaries of State), formulates and implements the general policy of Angola and heads the public administration.

Currently, there are 58 Secretaries of State and 28 Governmental ministries including:

- the Ministry of National Defence;
- the Ministry of Interior;
- the Ministry of Foreign Affairs;
- the Ministry of Economy and Planning;
- the Ministry of Finance;
- the Ministry of Mineral Resources and Petroleum;
- the Ministry of Public Administration, Labour and Social Security;
- the Ministry of Commerce; and
- the Ministry of Energy and Water.

Legislative branch

Under the 2010 Constitutional Law, the Angolan Parliament, known as the National Assembly, consists of one house composed of 220 representatives, who are each elected by universal, direct, equal, secret and periodic ballot for a five-year term, in accordance with a system of proportional representation at the national and provincial levels. Political parties or coalitions of political parties nominate the parliamentary candidates. Members of the judiciary, the armed forces and Chairmen of the Board of state-owned corporations in office cannot be elected to the National Assembly.

The National Assembly is responsible for, among other things, amending and approving the constitutional laws of Angola; approving laws (except laws relating to the composition, organisation and workings of the Executive Branch, which is within the exclusive power of the President); approving the state budget; enacting laws on matters such as nationality, fundamental rights, freedoms of citizens, the status and legal capacity of persons; elections; approval of the regulatory codes applicable to public and governmental

officials and local government; the definition of crimes, criminal procedures, penalties and security measures; associations and political parties; concessions relating to natural resources; the transfer of ownership of state property; the definition of territorial waters; the monetary system; the organisation of the judiciary and the status of judges and the organisation of national defence and the armed forces.

The National Assembly may delegate to the President the power to enact legislation (in the form of Legislative Presidential Decrees and Provisional Legislative Presidential Decrees) on matters such as the general organisation of public administration; the participation of traditional chiefs and citizens in local government; the status of civil servants and civil liability of the public administration; the regimes of the public domain; nationalisation; expropriation; requisition and privatisation of nationalised or expropriated property; user charges; bases of the systems of education; health and social welfare; ownership of land; lease and tenancy; and protection of nature, the ecological equilibrium and the cultural heritage.

The National Assembly approves the national development plans and budgets; consults with the President on the declaration of states of emergency and war, as well as peace accords; approves international treaties and the participation of Angola in international organisations and defines the administrative division within Angola. The National Assembly also has powers to order the impeachment of the President on the basis of corruption or treason.

Judicial Branch

The 2010 Constitutional Law provides for an independent judiciary.

Under the 2010 Constitutional Law, the high courts of Angola comprise the Constitutional Court, the Supreme Court, the Audit Court and the Supreme Military Court. The administration of the courts is under the jurisdiction of the Supreme Court and the military is under the jurisdiction of the Supreme Military Court. The court system consists of the Supreme Court at the appellate level plus provincial and municipal courts (District Courts) of original jurisdiction under the authority of the Supreme Court. The Supreme Court serves as the appellate division for questions of law and fact. In 2019, the following legislation was enacted impacting the military:

- Law No. 26/19, of 25 September 2019, Organic Law of the Supreme Military Court, which established the composition, organisation, functioning and jurisdiction of the highest military jurisdiction;
- Law No. 24/19, of 23 September 2019, Organic Law on the Statute of Military Judicial Magistrates, which confirmed that the Military Judicial Magistrates, does not form part of the Superior Council of the Judicial Magistracy; and
- Law No. 25/19, of 23 September 2019, Organic Law of the Courts of Military Jurisdiction, which regulates the composition, organisation, functioning and competence of military courts, the Supreme Military Court and the Regional Military Court; and
- Law No. 1/16 of 10 February 2016, which established a Court of Appeal to sit between the District Courts and the Supreme Court. Budgetary constraints have limited the functioning of the Court of Appeal since its establishment but, in January 2019, Presidential Decree No. 28/19 approved a programme for the implementation of the aforementioned law that aims to have the Court of Appeals functioning by the end of 2019. As part of the implementation of Law No. 1/16, the district courts in Benguela, Lobito, Sumbe, Lubango, Caconda, Matala, Caxito, Cazengo, Cambambe, Moecemedes, Tombwa, Mbanza Congo, Soyo and Cuanhama were inaugurated and commenced operation. Preparation is underway for the implementation of the Luanda and Benguela Courts of Appeal, as prescribed by Presidential Decree No. 28/19. The Court of Appeal will be assigned much of the responsibility and jurisdiction currently assigned to the Supreme Court, with the Supreme Court adopting an appellate role in respect of Court of Appeal decisions on matters of law.

In order to facilitate the effective operations and functions of the District Courts, 169 judicial magistrates and more than 120 public prosecutors were sworn in.

In January 2019, the National Assembly approved the implementation of a new Criminal Code which addresses Angola's need for criminal sentences to reflect standards of modern doctrines and criminal law. The Code of Criminal Procedure is currently under discussion.

The Constitutional Court, which was established in 2008, is responsible for the administration of justice in legal and constitutional matters. Judges of the Constitutional Court are appointed for a non-renewable seven-year term and enjoy the same guarantees of independence, security of tenure, impartiality and immunity as judges of the other courts in Angola's judicial system. Judges of the Constitutional Court are only removable from office in the event of permanent physical disability, acceptance of an office legally incompatible with the office of a judge of the Constitutional Court or as a result of disciplinary proceedings. If the judges of the Constitutional Court are removed from, office in these circumstances, or otherwise die in, or resign from office, they must be replaced.

The Audit Court, which was introduced under the 1992 Angolan constitution, is the supreme supervisory body responsible for overseeing the legality of public finances and performing several auditing functions for the Executive Branch, public institutions and the public sector. See "*– Public procurement procedures – Supervision and Audit of Public Procurement*" below.

On 28 May 2018, the Angolan Justice Officers' Union commenced a five-day strike of Angolan court staff after government-union negotiations over revised contract terms and salaries broke down. See "*The Economy – Employment and Labour*". The strike, which ended on 1 June 2018, resulted in cancelled trials and marriages, as well as disruption to other judicial administration processes.

The Public Prosecutor's Office is part of the Attorney-General's Office and is responsible for representing the Republic of Angola before the courts, defending the democratic principles established under the 2010 Constitutional Law and formulating penal procedure. The Attorney-General's Office represents the Republic of Angola, defends the rights of individuals and corporate bodies, adjudicates on the legality of the exercise of the judicial function and oversees the implementation of penalties.

The Public Prosecutor is responsible for laying charges and bringing prosecutions under Angola's anti-money laundering, anti-bribery, anti-corruption and anti-terrorism legislation. See "*– Anti-money laundering, anti-bribery, anti-corruption and anti-terrorism measures*". In January 2018, more than 2,000 employees in Angola's Public Prosecutor's Office took action over pay and training issues. See "*The Economy – Employment and Labour*".

The 2010 Constitutional Law provides defendants with the presumption of innocence, the right to a defence and the right to appeal. Legal reform in 1991 established the right to public trials, a system of bail and recognised the accused's right to counsel. Trials are open to the public, although, judges have the discretion to close proceedings in certain circumstances. There is a lack of trained lawyers in rural parts of the country because of the mass migration to the cities that occurred during the Civil War, though since the end of the Civil War in 2002 there has been a considerable increase in the number of lawyers throughout Angola. All magistrates in Angola hold a law degree.

Since the end of the Civil War in 2002, Angola has been taking steps to improve its judiciary, including in cooperation with the UN and the African Union (the "**AU**"). The expansion and improvement of the quality of legal training has been one of the Executive's priorities. At the end of the Civil War, only one university (in the capital city Luanda) was offering full legal training while legal training is now offered in universities across the country. In addition, all law graduates may either attend the National Institute of Legal Studies for training as judges or prosecutors or undergo an internship of at least 18 months with a law firm registered with the Angolan Bar Association in order to be admitted to legal practice. Extensive continuing professional development education programmes are also now being offered to Angola's judges and public prosecutors, as well as to lawyers practicing at the Angolan bar. Angola has recently significantly increased the salaries of members of the judiciary with a view to increasing the independence

of Angola's judiciary and attracting highly-qualified legal professionals to serve as judges. Additionally, Angola has actively promoted the use of alternative dispute resolution methods domestically, including extra-judicial arbitration and mediation, and introduced training programmes for mediators and arbitrators. On 16 June 2016, Angola ratified and became the 176th contracting state of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958), which provides common legislative standards for recognition of arbitration agreements and enforcement of foreign and non-domestic arbitral awards.

Further to Angola's efforts to improve its judicial system, the NDP 2018-2022 prioritises the implementation of a "Judiciary Map", which will involve building and equipping two family courts, and four county courts, as well as re-modelling, adapting and equipping ten buildings to house the common jurisdiction courts of the judicial provinces and continue the process of digitalisation of services and records.

Political Parties

The two main political parties in Angola are the MPLA and UNITA.

The MPLA has ruled Angola since independence in 1975. The MPLA was the sole political party recognised under Angolan law from 1975 until 1990. Once a firmly socialist party, since the early 1990s, the MPLA has espoused a form of democratic socialism. The MPLA still heavily emphasizes the role of the state in developing Angola, and the Government is overseeing a multi-billion-dollar programme of public investment in infrastructure. See "*The Economy – Infrastructure*".

In the 2008 legislative elections, there were 80 registered parties in Angola, of which 18 were admitted to participate in the elections. Only five won parliamentary seats, namely MPLA, UNITA, the Social Renewal Party (*Partido da Renovação Social*), FNLA and the coalition Nova Democracia. The MPLA received 81.6 per cent. of the popular vote, followed by UNITA with 10.4 per cent. The MPLA held 191 seats in the National Assembly, leaving 16 seats to UNITA and the remaining 13 seats spread among the other parties (including the FNLA). Following the 2008 elections, those parties that won less than 0.5 per cent. of the vote were automatically dissolved by law.

In the 2012 legislative elections, 27 parties applied to compete in the elections, but only five won parliamentary seats. The MPLA remained the majority party, taking 175 of the 220 seats available. UNITA won 32 seats and its splinter party, the Convergence Angola Salvation Wide-Electoral Coalition won eight seats, with the Social Renewal Party and the FNLA taking the remaining five seats.

In the 2017 legislative elections, all of the parliamentary seats were taken by the same five parties as those in the 2012 elections, with MPLA taking a majority of 150 out of the total 220 seats. UNITA and the Convergence Angola Salvation Wide-Electoral Coalition won 51 and 16 seats, respectively, and the Social Renewal Party and the FNLA won two seats and one seat, respectively.

The next nationwide elections are scheduled for 2022, and Angola's first local elections are scheduled for 2020.

Local Authorities

Angola is divided into 18 provinces which are organised into 157 municipalities. The provinces of Angola are Bengo, Benguela, Bié, Cabinda, Kuando Kubango, North Kwanza, South Kwanza, Cunene, Huambo, Huíla, Luanda, North Lunda, South Lunda, Malanje, Moxico, Namibe, Uíge and Zaire.

Governors for each province are currently appointed by the President. Municipal governmental bodies are appointed by the relevant provincial governor. Angola's Ministry of Territorial Administration is currently consulting on holding the first local elections in Angola pursuant to which those elected would hold executive powers. The President, João Lourenço, has said that Angola will hold its first municipal elections before the next parliamentary poll, which is due to take place before Angola's general elections in 2022.

Legal Framework

The Angolan legal system is based on the continental European legal system. Before Angola's independence from Portugal, Portuguese laws were in full force and effect in Angola. Since independence, Angola has established its own legal framework, although the Portuguese legal heritage has remained influential. Since the end of the Civil War in 2002, Angola has sought to significantly improve its legal system to promote the economic and social development of the country. During this period, Angola's laws and regulations were drafted taking into account recent legislative developments in a number of developed jurisdictions, including major European countries, particularly in such areas as financial services, commercial, property and consumer protection laws.

Armed Forces

The Angolan Armed Forces (*Forças Armadas Angolanas*) (the "**FAA**") was created in 1991 by the amalgamation of the MPLA's Armed Forces for the Liberation of Angola ("**FAPLA**"), UNITA's Armed Forces for the Liberation of Angola and the FNLA's Army for the National Liberation of Angola. The FAA's main objective is to guarantee national sovereignty, independence and territorial integrity of the country. In addition to the above, the FAA is also responsible for both external and domestic security, including border security and occasional small-scale actions against FLEC in Cabinda. The FAA was headed by Chief of Staff Geraldo Nunda from 2010 through April 2018. General António Egídio de Sousa Santos replaced General Nunda on 23 April 2018 and he reports to the Ministry of National Defence. See "*Risk Factors – Risk Factors Relating to Angola – Failure to adequately address actual and perceived risks of corruption may adversely affect Angola's economy*".

Military service is compulsory by law for all men aged between 20 and 45, and men can volunteer from the age of 18. Women aged between 20 and 45 can also volunteer. The obligatory term of military service is two years. The FAA's personnel is currently estimated by the Government to be approximately 150,000. The FAA has three components – the Army, the Navy (entirely staffed by volunteers) and the Air Force.

International Relations

From 1975 until 1989, Angola's international relations were controlled by the dominant political party, the socialist MPLA. The MPLA were aligned with the Eastern bloc, receiving weaponry from the USSR and troops from Cuba. Since the end of the Civil War in 2002, the MPLA has focused on improving relationships with Western countries, cultivating links with other Portuguese-speaking countries and asserting its own national interest in Central Africa through military and (more frequently) diplomatic interventions. In 1993, it established formal diplomatic relations with the United States and ratified the Southern African Development Community ("**SADC**") as a vehicle for improving ties with its largely Anglophone neighbours to the south. Angola has sought to further develop its international relations and raise further direct investment through its annual Feira Internacional de Luanda ("**FIL**") trade fair. The 35th and most recent trade fair was held in Luanda in July 2019 under the motto "*Boost the private sector and promote economic growth*". This fair recorded a 16 per cent. increase in participation by national firms compared to 2018, saw companies from more than 40 countries and approximately 785 exhibitors taking part, with strong representations from Portugal, Germany, Indonesia, Turkey, France, India, China, United Kingdom, Norway, Sweden, Switzerland, Israel, Brazil, Japan, Belarus, Uruguay, Macau, Italy, South Africa, the Netherlands and the United States of America.

In 2018, the Government established a Support Programme for Production, Diversification of Exports and Replacement of Imports ("**PRODESI**"), which contains seven key initiatives to reduce imports, increase self-sufficiency and diversify Angolan exports, with the aim of significantly decreasing its historical over-reliance on oil export revenues. One key initiative focuses on improving the Angolan business environment which includes, among other things, expanding international trade by facilitating economic conditions to attract foreign investment, reduce costs in order to boost exports and connect Angolan businesses with global consumers. The NDP 2018-2022 has recognised PRODESI as a programme to

accelerate the diversification of the national economy and has committed to promote the production of priority sectors and goods to assist with the diversification of the economy and exports.

See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

As of the date of this Base Prospectus, Angola maintains diplomatic relations with 151 countries.

Angola's principal foreign policy objectives are:

- to preserve and strengthen its national sovereignty;
- to protect the rights of Angolan citizens abroad;
- to promote peace, security and global stability;
- to promote international cooperation and regional integration; and
- to promote the sovereign equality of states.

As a matter of its external policy, Angola follows the principle of peaceful co-existence and resolution of international disputes by peaceful means. Angola does not use its troops in military conflicts outside Angola. Angola has sought to contribute to the establishment of peace through diplomatic means in several regional conflicts, including in Côte d'Ivoire and Guinea-Bissau.

Angola maintains strategic partnerships principally with the following countries:

United States

Angola established diplomatic relations with the United States in 1993. Angola is currently the third largest U.S. trading partner in sub-Saharan Africa and the United States is a significant market for Angolan oil exports (*Source*: United States Department of State, Bureau of African Affairs 2018). Since the discovery in 1996 of large deepwater oilfields offshore mainland Angola, the country has assumed rising strategic importance for the United States, which is seeking to improve its relations with African states in the Gulf of Guinea and diversify its oil suppliers away from the Middle East.

Angola and the United States maintain a Trade and Investment Framework Agreement which aims to diversify the movement of goods between the two countries, strengthening bilateral cooperation in trade and intensifying international economic relations. Relations are cordial between Angola and the United States. In particular, a number of significant protocols are in place regarding cooperation between the two countries in relation to areas including: the provision of technical assistance by the United States to Angola in connection with the development of legislation, the judicial system and agriculture; promoting trade, including an increase of commercial airline traffic between the countries; increasing foreign investment into Angola; the mobilisation of funding for Angola from United States financial institutions; investments by Sonangol in the Gulf of Mexico and the provision of technical assistance to Angola on the production of bio- fuels, which Angola exports.

In addition, the United States Agency for International Development ("**USAid**") has signed a memorandum of understanding with Chevron and the Cooperative League of the United States to assist Angola in diversifying its economy by revitalizing small and medium-scale commercial farming and promoting agricultural development that is environmentally friendly, socially just and economically sustainable. See "*The Economy – Agriculture*". USAid promotes the increased provision of better healthcare in Angola. However, no funding has yet been made available under this arrangement.

The African Growth and Opportunity Act ("**AGOA**"), which has been in force since May 2000, is designed to enhance market access to the United States for qualifying sub-Saharan countries. Qualification depends on countries fulfilling certain criteria, such as undertaking efforts to improve the rule of law, human rights and core labour standards, which Angola has met. After completing an initial

15-year period of validity, AGOA was extended on 29 June 2015 for a further ten years through 2025. (*Source*: AGOAP, 2015) During the first half of 2018, U.S. imports from sub-Saharan Africa totalled U.S.$13.01 million, with Angola being the third largest source of imports. In 2018, Angola was also the fifth-largest destination for U.S. exports under AGOA, a decrease of 34.5 per cent. compared to 2016. This decrease was in part due to large sales of aircraft and parts, machinery and electrical components during 2016. In January 2018, the BNA lifted restrictions in the foreign exchange market and abolished the fixed rate of exchange of the Kwanza to the U.S. dollar. (*Source*: United States Department of Commerce, 2016) See "*Risk Factors – Further depreciation in the value of the Kwanza could have a material adverse effect on Angola's economy*".

Portugal

Portugal ruled Angola for 400 years, ending with Angola's independence in 1975. Since Angola moved away from a centralised economic model in 1991, relations with its former colonial power have significantly improved. Portugal and Angola have become key trading partners. In particular, Angola imports significant amounts of construction materials from Portugal and a number of Portuguese construction companies are active in Angola, particularly in the public works sector. See "*The External Sector – Imports*".

In 2015, the two countries entered into an agreement for the promotion and reciprocal protection of investment. This agreement relates to areas such as support for the promotion of secondary education in Angola; a cooperative protocol for energy regulators of the two countries; support for the Angolan agricultural sector and provision of a Portuguese credit line designed to promote Portuguese private investment in Angola.

Separately, there are arrangements designed to provide technical research support to Angolan universities and to grant university scholarships for Angolan students to study in Portugal.

In June 2015, an economic cooperation initiative between Portugal and Angola, the *Observatório de Investimentos*, was launched with the aim of boosting bilateral economic flows by facilitating and improving investment flows between both countries. To date, several political and technical initiatives have been carried out in order to promote bilateral investments between the two countries. As a result of meetings held in February and July 2019, the *Observatório de Investimentos* approved the *Matriz de Acompanhamento*, a document outlining procedures to protect investments in projects between the two countries. The necessary conditions have been met in order for Portugal and Angola to enter into an agreement to protect reciprocal investments and now to bring current and future investments between these countries into the protection of the *Observatório de Investimentos* initiative.

In 2017, Portugal and Angola were negotiating a framework in respect of court proceedings connected to Mr. Manuel Vicente, who served as Angola's vice president between 2012 and 2017. In court proceedings situated in Lisbon, Portugal, Mr. Vicente was charged with corruption and was accused of bribing a high-ranking Portuguese prosecutor to close certain investigations into Mr. Vicente. The Government sought and obtained the transfer of the proceedings against Mr. Vicente to Angola in May 2019. To date, no trial in Angola has taken place.

Brazil

Brazil was the first country to recognise the independence of Angola in 1975 and commercial, cultural and economic ties dominate the relations between Angola and Brazil, which were both part of the Portuguese Colonial Empire. Brazil has been one of Angola's major trade partners, lenders and contributors to the inflow of foreign direct investment. More than 35 Brazilian companies operate in Angola, principally engaged in rebuilding Angola's infrastructure, as well as in the energy, water supply, construction and telecommunications sectors. Brazilian companies are major suppliers of equipment for use in the agriculture, transport and education sectors as well as for utilisation by police and security companies.

The government of Brazil and the BNDES have been lenders to Angola, with U.S.$0.8 billion in aggregate principal amount outstanding as at 31 December 2018. As at 31 December 2018, Brazil was estimated to hold 1.9 per cent. of Angola's total external debt (excluding debt incurred by Sonangol). Following the Petrobras corruption scandal in Brazil, BNDES significantly restricted credit to some of Brazil's leading contractors, including Odebrecht SA, prior to declaring bankruptcy, which was awarded a series of significant contracts in Angola, and in 2016, the BNDES suspended its funding for projects involving Brazilian contractors active in Angola, causing delays to the development of infrastructure projects (for example, the Laúca Hydroelectric Plant). See "*Risk Factors – Risk Factors Relating to Angola – Angola's economic growth targets may not be achievable if it fails to rebuild and rehabilitate its infrastructure efficiently*."

Brazil and Angola also cooperate extensively in the area of education, with a significant number of Angolan students attending Brazilian universities on student exchange programmes sponsored by the Brazilian government.

Angola plans to attract further Brazilian investment in the agri-business sector with the aim of making Angola more self-sufficient and reducing imports of agricultural produce.

The Brazilian company Odebrecht SA, one of Latin America's largest construction conglomerates, has been awarded a series of significant construction contracts in Angola, including the construction of the Capanda, Chicapa and Laúca hydroelectric power plants. See "*The Economy – Energy – Power Generation – Hydroelectric generation facilities*".

On 19 June 2015, the CEO of Odebrecht SA was arrested by Brazilian authorities as part of a corruption investigation into the awarding to Odebrecht SA of construction and supply contracts by Brazil's state-owned oil company, Petrobras. Since then, the CEO of Odebrecht SA and 76 other company executives have been successfully prosecuted, having admitted to paying bribes to secure contracts in Brazil and other parts of the world. As part of those investigations, the Brazilian authorities are also investigating and prosecuting certain individuals who have, in the past, been members of the Brazilian government. As a result of the Petrobras corruption scandal in Brazil, BNDES, in 2016, suspended credit to Brazil's leading contractors operating in Angola, including Odebrecht SA. Following the suspension of funding by the BNDES, the Government had to fund a number of projects which had previously relied on BNDES funding including the financing of the works undertaken in respect of the Laúca hydroelectric power plant. See "*The Economy – Energy – Power generation – Hydroelectric generation facilities*". See "*Risk Factors – Angola has concentrated debt exposure to China and any adverse developments within the Chinese economy may impact the future ability of Angola to increase its borrowings*" and "*Risk Factors – Angola's economic growth targets may not be achievable if it fails to rebuild and rehabilitate its infrastructure efficiently*". No such investigations have been undertaken by the Republic with respect to Odebrecht's activities in Angola. However, during a visit to Brazil by Angola's Deputy Attorney-General and Vice President of the Superior Council of the Judiciary in September 2019, and in furtherance of the Government's anti-corruption policies, the Angolan delegation asked the Brazilian authorities for documentary evidence of Odebrecht's involvement in Angolan illegal business, which request was granted.

In February 2018, the Angolan and Brazilian governments signed a protocol of understanding pursuant to which Brazil intends to grant U.S.$2 billion of credit for the development of public investment projects in Angola involving Brazilian contractors and exporters. Brazilian banks will benefit from the credit available under this protocol of understanding which will guarantee financing provided by Brazilian banks for the purpose of financing projects in Angola involving Brazilian contractors and exporters. The signing of the protocol of understanding was the culmination of a visit to Angola by a senior Brazilian government delegation which focused on the promotion of financial relations between the two countries. In September 2018, Angola's Government submitted a number of projects related to the construction and rebuilding of hospitals, and water and energy supply systems, among others. Despite the signature of the protocol of understanding with Brazil, such credit has not yet been utilised.

Cuba

Angola and Cuba have enjoyed close diplomatic ties from the early stages of Angola's independence in 1975. Over the years and up to the present, Cuba has sent thousands of doctors and teachers to work in Angola, and many Angolans have studied in Cuba. There are currently more than 2,000 Cuban nationals working in Angola (mostly in health and education) and an estimated 1,700 Angolans students in Cuba, of which 600 are studying medicine. Angola's state-owned airline, TAAG, runs flights between Luanda and Havana, the capital of Cuba.

In June 2019, President Lourenço made an official visit to Cuba to strengthen political and economic ties between the two countries. The Angolan president also met his counterpart, Miguel Diaz-Canel, and held a meeting with Angolan students based in Cuba. During the visit, eight memorandums of understanding were signed in areas such as health, education and justice. Angola's President called for the two countries to increase their trade and economic co-operation.

China

Angola has seen a significant expansion of its relations with China since 2003. China accounts for a growing share of oil exports, and, in 2008, Angola became China's single largest source of crude oil. In 2018, China accounted for 65.0 per cent. of Angola's crude oil exports. Despite borrowing significant amounts under export credit lines from Chinese lenders, the Government does not consider that it is becoming over-dependent on China and it intends to maintain a diversified funding base. As of 31 December 2018 and 30 June 2019, China and Chinese commercial banks held 50.4 per cent. and 50.8 per cent., respectively, of Angola's total external Government debt.

See "*Risk Factors – Angola has concentrated debt exposure to China and any adverse developments within the Chinese economy may impact the future ability of Angola to increase its borrowings*" and "*Public Debt – Composition of Angola's external debt*". The Chinese president has commented that China is seeking to replicate its Sino-Angolan relations in other parts of Africa.

There are protocols in place between China and Angola relating to the provision of expertise by China in relation to the economic and financial sector, infrastructure, energy, mining, justice and health. Chinese companies have established themselves in the construction, telecommunications, commerce, power and mining sectors of Angola.

China has recently developed more than 6,200 kilometres of railways in Africa, including the Lobito-Luao railway in Angola. The 1,344 kilometre project across Angola was initiated in 2015 and the railway, which links the city of Lobito (on the western coast) and the city of Luau (bordering the DRC), is the second longest railway built by a Chinese company in Africa. It is expected to be linked with the Angola-Zambia railway and the Tanzania-Zambia railway in the future.

In 2017, the Bank of China opened its first branch in Luanda in order to promote Chinese investment and lending in Angola. Chen Siqing, president of the Bank of China, stated that the establishment of the Luanda branch will effectively promote bilateral economic and trade exchanges. The branch will focus on information consultations for businesses, business promotion, customer support and risk prevention. The bank will also serve Chinese enterprises investing in Angola, and Angolan enterprises entering the Chinese markets.

In January 2018, a Chinese delegation led by Foreign Minister Wang Yi visited Angola to meet with President Lourenço in order to strengthen bilateral relations between the two countries. During the visit, China signed an agreement with Angola to abolish visas for ordinary passports. The agreement has streamlined visa mechanisms for travellers engaged in business, academia, scientific research, culture, sports and for those in need of medical treatment.

In July 2019, Angolan Foreign Minister Manuel Domingos Augusto met with Chinese State Councillor and Foreign Minister Wang Yi. During the visit, the Chinese delegation stated China's aim to continue to encourage Chinese enterprises and financial institutions to cooperate with Angola, provide assistance within its capability and facilitate Angola's economic diversification. Angolan Foreign Minister Manuel Domingos Augusto also acknowledged China's long-term support to Angola's development and voiced Angola's willingness to continue pragmatic cooperation.

Russia

Relations between the countries have continued to develop, with Russian petroleum and diamond production companies seeking to expand through new international mining opportunities. Russia, along with the United States and China, consistently seeks to secure rights to explore and extract Angola's resources.

Presently, Russia and Angola have a number of co-operation projects in progress across a number of sectors including defence, education, health, telecommunications and finance. As at 31 December 2018 and 30 June 2019, Russian commercial banks held 1.9 per cent. of Angola's total external Government debt.

Since 2009, Russia has provided assistance to enable Angola to join the international space community. The Angosat project, agreed in 2009 and costing approximately U.S.$280 million, included the production and launch of Angola's first telecommunications satellite, Angosat-1, as well as establishing on-ground infrastructure in Luanda. Angosat-1 launched in December 2017 but suffered certain technical failures and is no longer operational. A replacement for Angosat-1, known as Angosat-2 is currently being built in Russia and expected to be launched in the year 2021. Angosat-2 will provide Angolans with access to satellite-based technologies in sectors including media, education and healthcare. It is also anticipated that Angosat-2 will increase information flow and boost Angola's development of its industry, banking services and defence.

In addition, in early 2019, President Lourenço conducted a state visit to Moscow and, in October 2019, also attended the inaugural Russia-Africa summit. A memorandum of understanding was signed between URALCHEM, the Russian nitrogen and phosphate fertiliser producer, and Grupo Opaia SA, an Angolan civil engineering company, for the creation of a joint ammonia and urea production complex in Angola. Construction of the complex is scheduled to be completed in 2023, at a projected cost of up to U.S.$1.3 billion. URALCHEM is responsible for procuring financing for the project.

European Union

Angola's partnership with the European Union is based on the ACP-EU Cotonou Partnership Agreement (the "**Cotonou Agreement**") which aims to reduce poverty by developing the Angolan economy and integrating it into the global economy. The Cotonou Agreement is due to expire in 2020. Negotiations on a new Cotonou Agreement were launched in New York on 28 September 2018 in the margins of the United Nations General Assembly.

The European Union is currently Angola's largest aid donor under the European Development Fund and intends to contribute EUR 210 million between 2014-2020 to improve vocational training and higher education, sustainable agriculture and water and sanitation.

In April 2018, the European Union and the United Nations Conference on Trade and Development launched a four-year U.S.$6.9 million programme aimed at assisting Angola diversify its economy.

India

Both Angola and India are part of the Non-Aligned Movement, a group of approximately 120 nation states that are not formally aligned with or against any major power bloc. Being a member of the African Union, Angola supports India's candidature for a permanent seat in a reformed Security Council. India has an embassy in Luanda and Angola has an embassy in New Delhi.

India is one of Angola's principal trading partners in relation to crude oil exports. Between 2013 and 2017, oil exports to India, while decreasing in absolute terms, remained significant due to Angola's production of a large quantity of lower grade heavy crude oil (from Blocks 14, 15 and 17), for which India (along with China) has the majority of appropriate refineries worldwide. Between 2013 and 2017, crude oil exports to India decreased, from U.S.$6.8 billion in 2013 to U.S.$2.6 billion in 2017, primarily driven by the decrease in oil prices during this period. Moreover, the Government is currently in the process of diversifying its foreign investment partnerships, which are expected to be reflected in the medium term by rising FDI inflows from India (along with Russia and South Africa) in particular. To increase confidence in foreign investment, the Government is currently negotiating a Foreign Investment Promotion and Protection Agreement with India, among other countries. In March 2018, India sent a senior diplomatic mission (including a minister of the Indian government) to Luanda to identify new areas of cooperation between India and Angola, as well as to strengthen other sectors through the signing of cooperation agreements relating principally to technical, economic and health care cooperation. The Indian delegation attended a reception organised by the Angola-India Chamber of Commerce and Industry (formed in October 2017 with the aim of strengthening economic cooperation between the two countries) and was also welcomed by members of the Government.

India has in the past extended credit to the Government for certain projects, including the rehabilitation of CFM (Railway Company of Mocamedes) Railway, the first major government–to-government initiative between the two countries, and EXIM Bank of India and the State Bank of India have extended credit to Angola for agricultural equipment, Indian tractors, the import of capital equipment from India, the establishment of an industrial park and a cotton ginning and spinning plant.

United Kingdom

Economic, diplomatic and cultural relations between Angola and the United Kingdom have increased over recent years. The United Kingdom is currently undertaking diverse initiatives in order to assist Angola in matters related to trade, conservation and economic development, illegal wildlife trade and environmental awareness.

In 2019, Baroness Northover conducted her 10th visit to Angola as the Prime Minister Trade Envoy in support of the development of a new, revitalised and deeper partnership between the two countries, aiming to secure trade, promote new jobs opportunities and sustainable development.

In 2018, UK Export Finance, the United Kingdom's export credit agency, provided EUR 450 million of export credit support for the first time in Angola to assist UK firms to build three new hospitals and upgrade two power stations, improving healthcare and power provision in Angola. Further, in July 2019, the United Kingdom announced a U.S.$73 million direct loan to the Government to finance an agriculture project to develop the economy and reduce the amount spent on importing food every year. The project will include cover a variety of activities such as providing power lines, training farmers, improving roads and rehabilitating farms neglected during the civil war in the Camambatela Planalto region. In September 2019, HRH, The Duke of Sussex, visited Angola, meeting with President Lourenço and other senior politicians to discuss trade and health initiatives and cooperation.

United Arab Emirates

The United Arab Emirates and Angola have started to develop commercial relationships in the recent years. These relationships were consolidated in January 2019, when President João Lourenço and other Angolan members of the Government attended the Abu Dhabi Sustainability Week (the "**ADSW**"). In the ADSW, Angola's Minister of Energy and Waters, and Sheikh Ahmed bin Dalmook Juma al-Maktou, a member of the ruling family of the emirate of Dubai, signed a memorandum of understanding relating to the construction of a power production central in the Angolan eastern province of Moxico, and other infrastructure and development projects.

In late July 2019, Sheikh Ahmed Dalmook visited Luanda and met with Angola's President in order to discuss possible investments in infrastructure projects. As a result of this meeting, the UAE expects to

invest private funds of up U.S.$2 billion to develop projects in the gas, electricity production and agricultural sectors. Further, in November 2019, Sheikh Ahmed Dalmook led a delegation from the United Arab Emirates to discuss investment opportunities, particularly in the agricultural sector.

Japan

Japan and Angola have developed strong diplomatic and commercial relationships in recent years. Angola exports liquefied natural gas ("**LNG**") to Japan from its LNG facility in Soyo and imports from Japan. In August 2019, President Lourenço visited Japan to participate in the Seventh Tokyo International Conference on African Development. President Lourenço and the Japanese government signed a technical cooperation agreement to strengthen trade and investment between the countries and agreed to resume negotiations for a foreign Investment Promotion and Protection Agreement.

On 11 January 2019, Angola entered into a general agreement with Japan Bank for International Cooperation ("**JBIC**") for up to ¥57.8 billion for the development of the Port of Naimbe and the redevelopment of the Sacomar Iron Ore Export Terminal in Angola. See "*Public Debt – Composition of Angola's external debt – IBIC*".

Relations with Neighbouring Countries

DRC

Angola (joined by Namibia and Zimbabwe) conducted military intervention in the DRC to support the existing government in that country from 1998 to 2003, to defend Angola's borders and prevent the spread of further discord from the DRC into Angola. Since that time, relations between the two countries have improved. In March 2018, it was announced that rail traffic between Angola and the DRC would resume after a 34-year interruption.

As described under "*– International and other territorial disputes*" below, in October 2009, agreements aiming to resolve a long-standing dispute over the movement of illegal DRC immigrants were signed by the leaders of Angola and the DRC.

Clashes between internal militia groups within DRC have now displaced more than 1.3 million people from the DRC. In 2017, the United Nations High Commissioner for Refugees ("**UNHCR**") estimated that approximately 30,000 refugees from the DRC entered Angola in 2017, seeking safety in and around the city of Dundo on the north-eastern border of Angola where it adjoins the DRC. Between 25 and 27 February 2018, Angola returned 530 Congolese refugees to the DRC, of which, 480 were unregistered refugees staying at a centre managed by aid agencies (*Source:* The United Nations Refugee Agency). Prior to the influx of refugees in 2017, Angola was hosting approximately 15,600 refugees (*Source:* UNHCR Statistical Yearbook of 2015). According to the UNHCR, 4,600 people (comprising 1,170 households) were relocated from urban areas in Dundo to a UNHC settlement in Lóvua where 2,480 shelters were constructed in 2018. See "*Risk Factors – Angola is located in a region that has been subject to ongoing political and security concerns*".

Namibia

Angola contributed decisively to the implementation of UN Security Council Resolution 435/78 that led to the independence of Namibia from South Africa in 1990.

In 1999, Namibia and Angola signed a mutual defence pact as Namibia sought to support the MPLA in the ongoing Civil War. The ruling party in Namibia, the South West Africa People's Organisation, and the MPLA shared common ideological ground, which has resulted in co-operation between the countries from the 1960s.

During the Civil War, a large number of Angolans sought refuge in Namibia. In 2001, there was an estimated 25,000 Angolan refugees in Namibia. Since the end of the Civil War, the majority of Angolan refugees in Namibia have been repatriated (*Source*: UNHCR Statistical Yearbook of 2015).

Angola and Namibia have entered into several agreements on reciprocal protection and promotion of investments, trade and economic cooperation that seek to create favourable business conditions for both countries and to promote and facilitate bilateral trade. The countries continue to be significant trading partners. The countries also cooperate on key infrastructure and resource projects, including water cooperation and resource management and the building of Olubido railway.

Zambia

During the Civil War, Zambia maintained a neutral position although it had an interest in seeing an end to the Civil War in order to promote better trade and cooperation between the two countries. Relations between Zambia and Angola were historically strained due to reports that Zambian citizens were supporting UNITA and UNITA military activities along their common border.

Approximately 220,000 Angolans sought refuge in Zambia during the Civil War but this number had fallen to approximately 19,000 in 2017. Some Angolans also chose to repatriate to Zambia.

Angola and Zambia have signed two bilateral agreements in February 2015 on water and railway transport, which are expected to facilitate the movement of people (particularly in rural areas) and goods and boost trade, particularly in relation to the development of the Shangombo-Rivungu canal, a ten kilometres waterway which links western Zambia to the south-eastern part of Angola. The Benguela railway project has also strengthened cooperation between the two nations. See "*The Economy – Primary Industry Sectors – Infrastructure – Railways*".

Botswana

On 13 October 2015, Angola and Botswana signed a memorandum of understanding to boost co-operation in various areas, including agriculture, energy, water, telecommunications and trade. It is expected that this initiative will improve cross-border investment in several fields, including the mining sector.

International and other territorial disputes

Disputes with DRC

There has been a longstanding diplomatic dispute between the DRC and Angola regarding boundaries in the lower half of the Gulf of Guinea, a border area which is rich in oil and diamonds. In 2007, a bilateral meeting between representatives of both countries was held with the intention of resolving this dispute. A team from the former colonial powers, Portugal and Belgium, demarcated the border of approximately 2,500 kilometres, which was ratified by the African Union. However, the DRC has since made claims in relation to oil deposits in the Gulf of Guinea that were allocated to Angola under the 2007 demarcation. The Government believes that there is no merit in those continuing claims. In 2009, another meeting between representatives of both countries was held, in which the parties reaffirmed their commitment to respecting the borders established during the colonial period. Angola and the DRC remain engaged in dealing with the delimitation and delineation of the disputed maritime areas, in accordance with the 1982 United Nations Convention on the Law of the Sea.

Thousands of illegal diamond miners and DRC illegal immigrants have been deported from Angola in the past and the DRC subsequently retaliated by expelling thousands of Angolan immigrants to Angola. An agreement is in place between Angola and the DRC to prevent further reprisals.

In total, the Government estimates that, between 2004 and 31 December 2017, more than 462,000 DRC citizens have been expelled from Angola as a result of both administrative and judicial proceedings. See "*– History – Province of Cabinda*" above.

Membership of Organisations

Angola has been a member of the UN since 1976 and the World Trade Organization since 1996. In the 2003–2004 term, Angola assumed its first mandate as a non-permanent seat on the UN Security Council and served its second mandate as a non-permanent member for the 2015–2016 term.

Angola supports the purposes and principles of the United Nations Charter, including the maintenance of international peace and security, the development of friendly relations among nations, the achievement of international cooperation on economic, social, cultural and humanitarian issues and the protection of human rights and fundamental freedoms. As a member of the UN, Angola has been working closely with all member states to enhance the UN's effectiveness, particularly in preventing and resolving conflicts around the world with an emphasis on Africa.

Angola is a member of all key agencies of the United Nations, including the Food and Agriculture Organization ("**FAO**"), the United Nations Industrial and Development Organization ("**UNIDO**"), the International Labour Organization ("**ILO**") and the World Tourism Organization ("**WTO**"), among others. Angola works closely with all members of the international community to promote social and economic progress and sustainable development.

Angola has been a member of the World Bank since 1989. Angola extensively cooperates with the World Bank and formerly benefitted from a 'country partnership framework' (a systematic, evidence-based and focused programme aimed at ending extreme poverty), which covered the period from 2010 to 2013. Among other things, the World Bank has implemented a first Water Sector Institutional Development Project and is currently working on the implementation of a second Water Sector Institutional Development Project as well as in the implementation of the Small Holder Agriculture Development Project and the Social Fund Project for Municipal Development and Local Delivery of Public Goods in Angola. In the past, Angola has obtained funding from the International Development Association (the "**IDA**"), a development institution of the World Bank Group designed for assistance to less developed countries. However, since 1 July 2014, Angola is no longer eligible for IDA funding as a result of its economic growth.

In July 2019, Angola and the World Bank entered into three agreements to promote cooperation and to establish in Angola representative offices of IDA, the International Finance Corporation and the Multilateral Investment Guarantee (two other organisations related to the World Bank). Further to that, the World Bank and Angola also entered into a U.S.$2 million *Project Preparation Advance Agreement* intended to create an office in charge of developing a future U.S.$250 million electricity supply project.

Also in July 2019, the World Bank approved a package worth U.S.$1.3 billion to support Angola in its efforts to promote more inclusive growth, improve water services, and strengthen the national social protection system. The approved package will finance projects, including in relation to: (i) Growth and Inclusion Development Policy Operation, a U.S.$500 million loan to support Angola to achieve more sustainable and inclusive growth by strengthening the macro-financial and institutional environment and protecting the poor and vulnerable; (ii) Luanda Bita Water Supply Project, a U.S.$500 million guarantee aimed at improving access to clean water services in selected areas of Luanda by mobilizing commercial financing for the Government; and (iii) Strengthening the National Social Protection System Project (Cash Transfer), a U.S.$320 million loan to provide temporary income support to poor households in selected areas of Angola and to strengthen the delivery of social security services.

Angola has been a member of the IMF since 1989. On 23 November 2009, the IMF approved a 27-month stand-by arrangement facility to Angola under the IMF Stand-By Arrangement Programme which allows IMF members to access general funds. Angola's U.S.$1.4 billion stand-by arrangement, which expired in March 2012, aimed to assist Angola to cope with the effects of the global economic crisis, including restoring Angola's macroeconomic balances and replenishing its international reserves, thus helping to rebuild confidence in the Kwanza and mitigating the repercussions of the adverse terms of trade shocks linked to the global crisis.

In April 2018, the Government and the IMF announced that Angola had requested a policy coordination instrument ("**PCI**") as part of the IMF's technical policy coordination program. In December 2018, the IMF approved a three-year extended fund facility ("**EFF**") in an amount of SDR 2.673 billion (approximately U.S.$3.7 billion to support Angola's economic reform programme (the "**IMF Programme**"). As at the date of this Base Prospectus, the EFF represents the largest IMF financial arrangement by an African country. Critical pillars of the IMF Programme include:

- protecting fiscal sustainability as a result of volatility in oil prices;
- promoting debt sustainability to reduce the debt-to-GDP ratio;
- increasing exchange rate flexibility to restore external competitiveness and facilitate market-based price formation;
- making structural reforms in respect of taxes and subsidies; and
- introducing supportive monetary policy to reduce inflation.

Other pillars of the IMF Programme include strengthening the banking system, enabling a positive business environment , updating the AML/CFT legal framework; and improving governance. As at the date of this Base Prospectus, SDR 894 million (approximately U.S.$1.24 billion) has been disbursed to Angola under the EFF.

Angola has been a member of OPEC since January 2007. Angola joined OPEC because, given the significance of the oil sector to the Angolan economy, the Government considered it important for Angola to have a voice in an organisation that has a substantial influence on oil prices. In 2009, Angola held the OPEC presidency.

The SADC was founded in 1992 as a successor to the Southern African Development Coordinating Conference (the "**SADCC**") founded in 1980. Angola was a founding member of the SADCC in 1980 and later, in 1993, ratified the SADC. Angola currently provides the Deputy Secretary General of SADC and is a member of the body that coordinates policy, defence and security.

Angola is one of 55 members of the AU, the successor to the Organisation of African Unity. The AU is modelled on the European Union and has had a parliament since March 2004, when the Pan African Parliament was created. In addition, the AU aims to have a central bank, a court of justice, a common defence policy and a single currency. The AU's constitution requires member states to pledge 0.5 per cent. of their GDP to fund the AU. This level of funding will allow the AU to double its staff and make headway with the implementation of the New Partnership for Africa's Development ("**NEPAD**"). NEPAD is a vision and strategic framework for Africa, designed to address issues such as escalating poverty levels and underdevelopment in Africa. However, few member states comply with the funding requirement. As a result, the expansion plans have not been implemented and the AU has been reliant on donor support. In addition, many AU members are reluctant to make the necessary concessions regarding their sovereignty. The AU is, however, prepared to sanction military interventions, through its Peace and Security Council. In 2004, it sent 7,000 troops to Sudan on a peacekeeping mission in the Darfur region. In 2007, the AU sent peacekeeping troops to Mogadishu, Somalia. In July 2016, at the 27th AU Summit in Rwanda, a decision was adopted to direct all AU members to implement a 0.2 per cent. levy on eligible imports to further fund the AU. The purpose of the decision, which took effect in January 2017, was, in part, to provide reliable and predictable funding for continental peace and security through the AU's Peace Fund.

Angola is a member of the Economic Community of Central African States (the "**ECCAS**"). The organisation was set up in 1985, but was dormant between 1992 and 1997 before becoming active again in 1998. Ten central African states are members. The organisation focuses on economic, political and cultural development and cooperation; the maintenance of peace, security and stability, the elimination of tariffs on exports between member states and other barriers to commerce , the establishment of a common tariff and foreign policy; the elimination of barriers to the free movement of goods, capital and services , the harmonisation of national policies in areas such as industry, energy and agriculture and the creation of a development and cooperation fund. The ECCAS also operates as a driving force for NEPAD in Central Africa.

Angola is a member of a significant number of other international organisations and development institutions including, but not limited to, the African Development Bank ("**ADB**"), African Countries Diamond Producers Association and the Community of the Portuguese Language Countries.

Legal proceedings

The Republic is not a party to any pending or threatened legal proceedings which could have a material adverse impact on the Republic or its ability to satisfy its payment obligations under the Notes.

Anti-money laundering, anti-bribery, anti-corruption and anti-terrorism measures

According to Transparency International's Corruption Perception Index 2018, Angola was ranked 165th out of the 180 countries surveyed. Since 2011, Angola has enacted several new laws to reduce corruption and to combat money laundering, bribery and terrorism.

Law No. 3/10 of 29 March 2010 – the Probity Law, was the first law addressing anti-corruption measures in Angola, reflecting the need and the concern on the part of Angola to promote accountability and transparency. The law codifies the duties of loyalty, impartiality, probity and others of a professional and public nature, regulates the legal regime applicable to the receipt of offers by public officials and sets forth acts of improbity and the consequence for those who commit such acts.

The Government approved Law No. 34/11 of 12 December 2011 to combat money laundering and the financing of terrorism. This law establishes measures to counter the laundering of the proceeds of illegal activities and terrorism financing. In 2017, Law No. 19/17 of 25 August 2017 repealed Articles 62 to 64 of Law 34/11 of 12 December, and established additional measures to prevent and restrict the financing activities of terrorist movements, organisations, elements and measures that support national security.

Further, Law 34/11 is at an advanced stage of revision in accordance with Angola's commitment to implementing the 2003 recommendations of the International Financial Action Task Force (FATF). Focus remains on the prevention and the combatting of money laundering, the financing of terrorism, combined with the need to equip the national system for the prevention and prosecution of organised crime, which has, since 2010 motivated the need to ensure an optimal and aligned response of the domestic and international financial system. This bill, already approved in principal by the National Assembly, which aims to repeal Law No. 34/11, introduces innovations that respond, with particular emphasis, to the following matters:

- national risk assessment and perceived risk-based approach as per Recommendation Number 1 of the FATF;
- criminalisation of Money Laundering, confiscation and precautionary measures, as per Recommendation 3 and 4 of the FATF;
- criminalisation of the proliferation of mass destruction weapons and is sanctions, as per Recommendations 5-7 of the FATF;
- politically exposed persons (including national PEP's), according to Recommendation 12 of the FATF; and
- money transfer services, according to Recommendation 14 of the FATF.

Law 1/12 of 12 January 2012 on the Designation and Implementation of International Legal Acts provides for procedures to freeze terrorist funds and the other assets of persons designated by the United Nations Security Council Committee, in accordance to the Resolution 1267 of the United Nations Security Council, as well as for the freezing of funds and assets from entities listed on the Angolan designation list. Following the passing of Law 1/12, the Regulation on the Designation and Execution of Legal Acts was passed by way of Presidential Decree 214/13 of 13 December 2013. This Regulation appoints the National

Designation Committee which coordinates the process of implementation of international and national designation and the process for the listing of persons on, and removal from, the Angolan designation list.

Law No. 2/14 of 10 February 2014 regulates searches and seizures in the criminal law context in Angola, including in the domain of money laundering and the financing of terrorism. In February 2016, Angola was removed from the Financial Action Task Force Against Money Laundering, Terrorist Financing and the Financing of Proliferation of Weapons of Mass Destruction (the "**FATF**") list of countries with strategic deficiencies in their anti-money laundering and combating financial terrorism regime.

Further, the Government approved Law No. 3/14 of 10 February 2014 on offences connected to money laundering. This law criminalises money laundering and the financing of terrorism in accordance with the FATF 49 recommendations.

Law No. 13/15 of 19 June 2015 on international judicial cooperation in criminal matters regulates international cooperation, including extradition, the transfer of proceedings to a foreign court, execution of criminal sentences, transfer of persons condemned to imprisonment and mutual legal assistance in criminal matters.

In the context of Capital Repatriation, the following laws were approved:

- Law 9/18 of 26 June , established the terms and conditions for the repatriation of financial resources located abroad, the legal effects of a fiscal, exchange or criminal nature of the voluntary repatriation of said financial resources and the sanctioning regime of the coercive repatriation of illicit resources kept abroad;

- Law no. 15/18, of 26 December, established the conditions for the compulsory repatriation of financial assets and the loss of property in favour of the State, resulting from conviction in criminal proceedings, regardless of whether they are located abroad or in Angola; and

- To ensure the implementation of Law No. 9/18, Presidential Decree No. 289/18, was approved, and established the terms and conditions for the application of repatriated resources, voluntarily and coercively.

In 2018, the strategic plan for the prevention and fight against corruption was approved, and the process of implementation is underway. The measures include:

The restructuring of the National Directorate for the Prevention and Combating of Corruption, which initiated 192 enquiries from 2017 to 2019, in comparison to 18 during the period of 2012-2017. Between 2012 and 2017, 288 declarations of assets by public servants were recorded by Angola's public prosecution. In the last two years alone, 1,327 property declarations were recorded from public office holders.

Over the last two years the National Directorate of Investigation and Criminal Action (DNIAP) has undergone restructuring. Due to this, 11 criminal cases of an economic and financial nature have commenced.

In June 2011, Angola acceded to the United Nations International Convention for the Suppression of the Financing of Terrorism. Angola also acceded to the United Nations Convention against Corruption in August 2006 and signed the African Union Convention on Preventing and Combating Corruption in January 2007. In 2005, Angola ratified the Southern African Development Community Protocol against Corruption.

Presidential Decree 212/13 of 13 December 2013 created the Financial Information Unit (*Unidade de Informação Financeira*), an independent body established in order to combat money laundering and the financing of terrorism in Angola by, among other things, receiving, collating and analysing data regarding suspicious financial transactions in Angola. Presidential Decree 212/13 was replaced by Presidential Decree 2/18 of 11 January 2018, which forms the new legal basis for the Financial Information Unit and

creates a Supervision Committee responsible for assisting the President in defining the guidelines, priorities and strategies of Angola regarding the implementation of anti-money laundering and counter-terrorist financing measures. The Financial Information Unit, previously under the supervision of the BNA, is now directly supervised by the President of Angola who is assisted by a Supervision Committee composed of different Ministries and Secretaries of the President.

Presidential Order 239/14 of 22 December 2014 created a working group tasked with considering the adoption by Angola of the Extractive Industries Transparency Initiative. Representatives of the Ministry of Finance and Ministry of Mineral Resources and Petroleum are represented on the working group, along with the Governor of the BNA and the President's Secretary for Economic Matters.

Angola is currently carrying out a National Risk Assessment Programme with the technical assistance of the World Bank. The aim of this programme is for Angola to implement a comprehensive National Risk Assessment, a risk-based action plan, and detailed working papers. This will help Angola to take suitable anti-money laundering and countering financing of terrorism actions. See "*Monetary System – The Banking System – Government main strategies for the development of the banking sector*".

Presidential Order 17/15 of 20 February 2015 created a technical group that is tasked with developing a National Observatory on Terrorism was updated on 28 May 2019 by way of Presidential Order 87/19. At present, the National Observatory on Terrorism is coordinated by the Minister of the Interior in conjunction with the Director of the *Serviço de Inteligência e Segurança de Estado,* the General Director of the *Serviço de Inteligência Externa*, the Secretaries of State for Foreign Relations and for the National Defence, in addition to a representative of the Security Office for the President, a representative of the Angolan Attorney General, a representative of the Ministry of Telecommunications and Information Technology and the Ministry of the Environment, respectively.

In 2012, the BNA issued a number of notices, decrees and instructions which establish and regulate, in Angola's financial sector, among other things, customer due diligence procedures, reporting requirements in respect of suspicious transactions, the freezing of funds and assets belonging to designated persons, groups and entities, and money laundering procedures for bureau de change. Furthermore, in 2013, the BNA issued Directive 02/DSI/2013 of 1 July 2013 providing guidance for financial institutions on the implementation of their own anti-money laundering and terrorist financing procedures and in 2014, the Ministry of Urbanism and Housing issued Order 713/14 of 27 March 2014 that aims to combat money laundering and the financing of terrorism in the real estate sector. In September 2019, the BNA issued Instruction 13/2018 of 19 September 2018 on the Prevention of Money Laundering and Terrorist Financing in International Trade Operations. Given the recent nature of much of the legislation in this area, there are no statistics currently available in respect of the number of prosecutions or convictions in corruption cases. See "*Political system – Judicial Branch*".

There are investigations currently underway in Angola in connection with various allegations of corruption against public officials. For example:

- the former transport minister from 2008 to 2017, Augusto da Silva Tomás, was found guilty and sentenced to jail for embezzlement, abuse of power and misappropriation of public funds in August 2019 relating to his role at the National Council of Shippers, a state regulator that oversees international shipping and freight to Angola;

- José Filomeno dos Santos, the son of former Angolan president José Eduardo dos Santos, was charged with fraud, embezzlement, criminal association, trafficking of influence and money-laundering in Angola relating to a U.S.$500 million fraud from the BNA while head of the Fundo Soberano de Angola ("**FSDEA**"), the Angolan sovereign wealth fund, from which he was removed by President Lourenço in January 2018. The United Kingdom National Crime Agency ("**UK NCA**") blocked the transfer of the U.S.$500 million on suspicion of fraud and the funds have since been returned to the Government through a process involving the English courts. The UK NCA's investigations are continuing to cooperate with the Angolan authorities. In connection with the same alleged fraud, Valter Filipe da Silva, the former governor of the BNA, was charged

in March 2018 with fraud relating to the unauthorized transfer of the U.S.$500 million from the BNA in 2017. The Government has stated that the transfer of the U.S.$500 million was part of an unsuccessful plan to defraud the Republic of U.S.$1.5 billion;

- in October 2017, Carlos Aires da Fonseca Panzo, the former economic adviser to the President, was removed from office by a formal decree signed by President João Lourenço. The Angolan Attorney General's Office has since launched an investigation into his involvement in alleged criminal conduct;
- in November 2017, Edson Vaz, the former national director of the Angolan Treasury, was detained for allegedly diverting funds from the state through contracts entered into with fictitious companies;
- in November 2017, the Provincial Court of Luanda initiated a trial against three former officials of the Ministry of Health for allegations regarding the diversion of international funds originally designated for fighting malaria in Angola, with charges including fraud and the improper allocation of funds;
- former managers of the Water and Sanitation Company of Benguela and Lobito (*EASBL*) are being tried for alleged diversion of approximately U.S.$60 million. The allegations include suspected under-invoicing and payments for fictitious services;
- Mr. Manuel Vicente, who served as Angola's vice president between 2012 and 2017, was charged in Portugal with corruption and accused of bribing a high-ranking Portuguese prosecutor. The prosecution was transferred to Angola in 2018, see "*The Republic of Angola – International Relations – Portugal*"; and
- in February 2019, the former governor of Luanda, and current MPLA lawmaker, Higino Carneiro, was placed under investigation in connection with money laundering offences as there have been allegations of impropriety relating to the auction of Angola's fourth telecommunications license in April 2019. The licence was awarded to Telstar-Telecomunicações, Lda, an Angolan company incorporated in 2019 with a limited record and controlled by persons with links to the Angolan armed forces. The licence has since been rescinded and a new public tender will be launched in due course. Moreover, there have been allegations of corruption in Angola relating to senior public officials having business interests in sectors for which they have responsibility or can otherwise exert influence or using Government influence to channel lucrative business opportunities to a relatively small political elite. Angola's Attorney General's Office has ordered an investigation into alleged misappropriation of funds at Sonangol.

The Government is currently undertaking an audit process (through an external entity) of the Government's arrears to contractors or other parties with claims against the Government, totalling approximately AOA 1 trillion (approximately U.S.$3.7 billion, as stated in the IMF's June 2019 review report relating to the EEF). However, the Government estimates that approximately 25 per cent., or approximately U.S.$925 million of the arrears could be invalid. The Government's audit process is still ongoing. The Government published a deadline, which has since passed for all claims to be made by contractors or other persons with claims against the Government and to date has paid approximately AOA 300 billion in respect of such claims. The IMF requires the Government to settle validated claims as soon as possible as part of this ongoing audit process.

In addition, Angola's Attorney General's Office has ordered an investigation into alleged misappropriation of funds at Sonangol. It was reported that in April 2018, the Mauritius Supreme Court froze several bank accounts and suspended the business licenses of seven of the funds of Quantum Global Investment Management, a firm through which the FSDEA has invested many of its assets. Quantum Global Investment Management is headed by Jean-Claude Bastos de Morais, a former business partner of José Filomeno dos Santos, referenced above. The FSDEA terminated the asset management agreement with Quantum on 17 April 2018. On 4 May 2018, the FSDEA appointed Investec Asset Management as

its interim asset manager for its liquid asset portfolio and intends to appoint permanent replacement asset managers through an international tender process. Legal proceedings in Mauritius and in the High Court of the United Kingdom ensued. In March 2019, it was reported that the FSDEA and Quantum Global Investment Management had entered into a global settlement agreement whereby the parties agreed to discontinue all damages and commercial claims and not to bring further legal proceedings against the other.

Angola is a member of the Eastern and Southern Africa Anti-Money Laundering Group ("**ESAAMLG**"), the purpose of which is to combat money laundering by implementing FATF Recommendations. This includes co-ordination with other international organisations that focus on anti-money laundering and develop institutional and human resource capacities to deal with anti-money laundering issues. ESAAMLG was launched in August 1999 and was formally established upon signature of the Memorandum of Understanding by its first seven members.

Following an evaluation of Angola's anti-money laundering and counter-terrorist financing regime, the FATF produced in June 2015 a post-evaluation implementation plan and progress report, in which a series of recommendations were made. In February 2016, at a plenary meeting, FATF congratulated Angola for the significant progress made in addressing strategic anti-money laundering and counter-terrorist financing deficiencies earlier identified by FATF and Angola was removed from the FATF's list of countries with strategic deficiencies in their anti-money laundering and combating financial terrorism regime. It was announced that Angola would no longer be subject to FATF's monitoring under its ongoing global anti-money laundering and counter-terrorist financing compliance process. As FATF formalised the announcement, it further welcomed Angola's progress: FATF noted that Angola has established the legal and regulatory framework to meet its commitments in its anti-money laundering action plan to address deficiencies identified between 2010 and 2013. These include (1) adequately criminalizing money laundering and terrorist financing; (2) establishing an adequate legal framework and procedures for the seizure and confiscation of funds related to money laundering and the identification and freezing of terrorist assets; (3) establishing a fully operational and effectively functioning financial intelligence unit; (4) improving customer due diligence measures; (5) ensuring that an appropriate legal basis exists to provide anti-money laundering and counter-terrorist financing related mutual legal assistance and (6) ratifying the UN Convention for the Suppression of the Financing of Terrorism and the UN Convention on Transnational Organised Crime. Angola will now continue to work with ESAAMLG to continue to address issues identified in its anti-money laundering mutual evaluation report.

In March 2018, President Lourenço created a Directorate for Combating Corruption Crimes (the "**Directorate**") within Angola's Criminal Investigation Service which is overseen by Angola's Ministry of Interior. In June 2018, the Government created a specialised unit within the office of the Angolan Attorney General to investigate corruption allegations and to combat economic crime. The unit is equipped with specialised training, legal, technical and human resources. Direct phone lines and email addresses permit the public to report concerns and suspicious activity. The new unit and the Directorate closely coordinate to investigate and prosecute corruption and economic crime allegations.

To tackle bribery and corruption, the Government has implemented the Integrated System of State Finance Management (the "**SIGFE**"). The SIGFE intends to improve transparency and accountability regarding the execution of the budget by formally recording the Government's expenditure and revenue and by preparing monitoring reports.

On 26 June 2018, the Law on the Repatriation of Financial Resources entered into force (Law No. 9/2018 of 26 June 2018). This law established the terms and conditions for the repatriation of funds held outside of Angola by individuals and legal entities with a registered office in Angola, including the granting of a 180 day (effective from 26 June 2018) exemption from criminal proceedings and any obligation or liability to pay tax in respect of funds voluntarily repatriated to an Angolan bank account. Criminal liability is not exempted in connection with terrorism financing and money laundering offences. Although no funds were voluntarily repatriated during the criminal exemption period, the Government (acting

through the Directorate of Repatriation of Financial Resources) has succeeded in repatriating approximately U.S.$.4.0 billion.

Public procurement procedures

Public Contracts Law 2016

Public procurement in Angola is governed by Law No. 9/16 of 16 June 2016 (the "**Public Contracts Law**") and applies to public entities, including the Presidency of the Republic, central and local government authorities, the National Assembly, the courts and the public prosecutor's office, public institutions, public funds, public associations and state-owned companies. The Public Contracts Law establishes certain procedures in relation to tendering for public contracts, which include contracts for public works, leasing or acquiring moveable property, acquiring services provided by a contracting public entity, public-private enterprises, and defence, security and internal order bodies, and other contracts entered into by public entities that are not subject to a special legal regime.

The Public Contracts Law prescribes four key procedures for awarding contracts, namely:(i) direct/simplified contracting; (ii) limited tender by invitation; (iii) restricted tender by previous qualification; and (iv) open/public tender, each of which are described below.

Direct/simplified contracting

Under Articles 143-149 of the Public Contracts Law, direct contracting is permitted if the estimated total contract amount does not exceed AOA 5 million. Direct contracting is permitted for contracts valued above this amount, under the Public Procurement Law and in particular based upon the material criterion set under articles 26 to 30, as long as they are authorized by specified Government officials as follows: President (no value limit); Vice-President (contracts up to AOA 182 million); cabinet ministers (contracts up to AOA 91 million); ministers, provincial governors, and managers of other public services (contracts up to AOA 36 million) and regional administrators (contracts up to AOA 18 million). Under the Public Contracts Law, all the aforementioned public officials are entitled to use the direct contracting procedure to approve contract tenders if it meets one of the following requirements:

- the public expenditure is urgent, strictly necessary and the deadlines or formalities specified for entry into the relevant contract cannot be complied with as a result of an unpredictable event that is not attributable to the contracting public sector entity;

- there are too few contractors, suppliers or service-providers to bid because of a lack of technical or artistic expertise, or because the contract relates to the protection of exclusive rights or copyright;

- a public tender process (or a restricted tender process limited to qualified candidates with specialised expertise) has been followed but no candidate submits a proposed bid. In such instances, the minimum technical and financial requirements of the public or restricted tender process must be adhered to by the contractor appointed by the public official;

- in case of early termination of a contract concluded following a tender procedure, the tender may be awarded to the second ranked candidate, provided the proposal is not more than 10 per cent. more expensive than the price for which the original contract was tendered; or

- in case of a public works contract, service provision, acquisition or lease of movable goods under a framework agreement concluded with a single entity.

Limited tender by invitation

Limited tender by invitation Under Articles 136-142 of the Public Contracts Law, tenders by invitation are only allowed for contracts with an estimated value lower than AOA 182 million. In order to be considered

for tender, an Angolan company must be registered on the centralised Government databank, and a minimum of three entities must be invited to participate in the tender.

Restricted tender by previous qualification and open/public tenders

Restricted tenders by previous qualification and open/public tenders are required for contracts valued above AOA 182 million. If the contracting public entity deems it convenient, it can also adopt either of these two procedures when the estimated contract amount is lower than such threshold. Under Articles 117-135 of the Public Contracts Law, bidders must be pre-qualified in order to participate in a restricted tender. Under Articles 69-116 of the Public Contracts Law, the tender must be announced in the Diário da República (Angolan Gazette), in the Public Procurement Website ("*Portal da Contratação Pública*") and the Jornal de Angola (the Government's daily national newspaper) or another widely circulated newspaper. Cabinet ministers are permitted to authorize tenders for up to AOA 500 million. For open tenders above AOA 500 million, the Ministry responsible for the tender must operate through the President's procurement office.

The new requirement to publicly announce tenders represents a key amendment to the previous public procurement framework (Law No. 20/2010 of 7 September 2010 ("**2010 Public Procurement Law**")), under which there was no such requirement. Given that Sonangol typically operates in joint ventures with private oil producing entities, state-owned Sonangol is now required to formally disclose a vast number of its contracts which are significant procurement tenders, as well as listing these opportunities on its corporate website.

Article 53 and Annex V of the Public Contracts Law states that foreign companies are only allowed to compete directly on tenders above AOA 182 million for leases and acquisitions of movable goods and services, and which are valued above AOA 500 million for public works and for tenders following direct/simplified contracting procedures irrespective of the contract amount based upon the material/substantive criterion set under Articles 27 to 30 of the Public Contracts Law. For tenders valued below this amount, foreign companies are only permitted to participate in government procurements as suppliers or subcontractors to principal Angolan entities if, due to the technical specifications of the services to be provided, it is reasonably foreseeable that no Angolan individuals or legal entities are able to appropriately provide such services. The threshold amount under the Public Contracts Law is higher than that which was set under the 2010 Public Contracts Law, under which foreign companies could bid directly on tenders valued at or above AOA 73 million.

Public Procurement Process

Once a particular contracting public sector entity identifies a project that is to be carried out, it must submit a proposal to the Ministry of Finance which ensures that the proposed project accords with the strategy and priorities of the Government (as set forth in the NDP 2018-2022) and, if so, allocates budget for a feasibility study, which identifies costs and timing for the project. The relevant contracting public sector entity sponsoring the project can thereafter commence a public procurement process to select a contractor in accordance with the Public Contracts Law.

A public tender procedure requires the publication of a notice in the Official Gazette and in a widely-read national newspaper. All entities that meet the requirements of the notice or tender programme may bid. In the case of a restricted tender process involving qualified candidates with specialised expertise for a particular project, once the relevant notices have been published, a second process takes place in order to ascertain the technical and financial capabilities of the entities that have offered to take part in the restricted tender process. Only the entities deemed by the contracting public sector entity sponsoring the project to have suitable qualifications then proceed to submit their final bids.

Once a contractor is selected, the relevant contracting public sector entity then submits details of the public procurement process and the contractor to the National Service of Public Procurement (the "**NSPP**"). If the NSPP approves the project, the Ministry of Finance then allocates budget for the cost and timing of such project. Once the project is budgeted, it is then submitted to the Audit Court for approval.

Once the Audit Court confirms that the costs of the project are in line with budgetary provision, verification is provided confirming that the Public Contracts Law has been complied with and subsequently the project can be implemented. See "– *Supervision and Audit of Public Procurement*" below for a description of the supervisory and auditing role that both the NSPP and Audit Court perform in relation to the public procurement process in Angola.

Public Official Approval of Public Procurement

Public officials are entitled to approve contract tenders in circumstances where the usual public procurement regime described above does not apply, but (unlike the Presidential approval described above which relates to contract tenders of any value) such approvals relate to contracts the value of which are set forth as follows:

- Ministers of State may approve contracts valued at up to AOA 182 million; and
- other ministers, provincial governors and heads of public institutions, public companies and public funds may approve contracts valued at up to AOA 72 million.

Supervision and Audit of Public Procurement

Angola's 2010 Public Procurement Law created the NSPP (previously known as the Public Procurement Office) in 2010. The NSPP supervises and audits the application of the Public Contracts Law. Its director general is appointed by and reports to the Minister of Finance. Rosária Filipe is currently the director general of the NSPP and has previously held executive positions with the Ministry of Finance's public debt management unit and the former Public Procurement Office. While the NSPP is separate from the Ministry of Finance and is an autonomous institution, its director general can be dismissed by the Minister of Finance in cases of non-compliance with rules of conduct and where there have been conflicts of interest.

Angola's Audit Court, introduced under the 1992 Angolan constitution, is the supreme supervisory body responsible for overseeing the legality of public finances (including the Public Contracts Law) and performing several auditing functions with respect to public institutions and the public sector. Audit Court judges are appointed by the President for a seven year term and their independence is guaranteed under the 2010 Constitutional Law. See "*The Republic of Angola – Political System – Judicial Branch*".

Angola's Audit Court is a member of the International Organisation of Supreme Audit Institutions ("**INTOSAI**") (an organisation currently consisting of 188 national institutions – as well as the European Court of Auditors – whose members are the primary external auditors of the United Nations) and INTOSAI's regional working group in Africa, called the African Organisation of Supreme Audit Institutions ("**AFROSAI**").

In addition to receiving information from the NSPP regarding compliance with the Public Contracts Law, before authorizing the budgeted expenditure, the Audit Court also independently confirms compliance with the Public Contracts Law. The Audit Court employs staff with requisite technical, financial and public projects expertise to check and verify budgeted expenditures made in respect of public projects, as well as to conduct ongoing surveillance of the physical progress of public projects. Audit Court staff are independent of the Government, being outside of Angola's civil service and recruited and remunerated directly by the Audit Court (which is largely funded through the proceeds of fines and visa issuances). The Audit Court has the legal power, acting independently of Government, to require relevant public officials to repay funds and to prosecute and punish public officials that violate Angola's Public Contracts Law.

In its supervision and auditing of Angola's public procurement, the Audit Court has full and unfettered access to the Government's financial management system (known as SIGFE), an integrated system for the financial management of government resources which tracks all government revenue and expenditure at both the national and provincial level. SIGFE contains details of the Government's programme of expenditures, the nature and costs of projects to be executed, financing agreements in place and budgetary

classifications. SIGFE is configured such that identified resources for public projects cannot be assigned to other expenditures. With access to SIGFE, the Audit Court performs both preventative evaluation (the assessment of the legality of the public expenditure and the public sector contracts relating thereto, as well as the conformity to the budget) and sequential evaluation (the assessment of the public expenditure relative to the public expenditure and contracts the Audit Court assesses pursuant to its preventative evaluation).

Law 19/19 of 14 August 2019 implemented changes into the existing Law of the Audit Court, now including a new type of evaluation, with the aim of auditing entities that are under its jurisdiction, directly or through auditing companies or technical consultants.

Upon receiving Audit Court approval, all invoices for public sector expenditure are settled in the SIGFE, with payments made directly to the relevant contractor (and not to the contracting public sector entity or any other intermediary).

The debt management unit within the Ministry of Finance has responsibility for the operation and oversight of SIGFE, and the IMF and World Bank each has the right to request and receive information from SIGFE for the purpose of preparing country reports on Angola.

Funding of Public Projects

Public sector projects valued at less than U.S.$10 million are funded from Angola's internal resources. In such instances, the contracting public sector entity approaches the Treasury directly to receive a financial commitment to the project. Once such commitment is received, the project can commence and, as invoices are rendered, they are submitted to the Treasury for verification before they are settled directly with the relevant contractor. The Treasury uses third-party technical project experts to verify such invoices, as well as to monitor the progress of such projects.

Projects valued at greater than U.S.$10 million may be funded either from Angola's internal resources or with external funding. If the project is to be funded from internal resources, it must be approved by the President's Cabinet. Once approved, a Presidential Decree is passed and published in the Official Gazette, at which point the project is budgeted by the Ministry of Finance and then is subject to Audit Court approval, before funding by the Ministry of Finance is given. See "*– Supervision and Audit of Public Procurement*" above.

If a project has a value of over U.S.$10 million and is to be funded from external sources, the debt management unit of the Ministry of Finance must review the project proposal to ensure all approvals have been given and that the project is budgeted. External lenders are then approached to secure financing on a competitive basis. Once financing is secured, the project details and financing arrangements are recorded in SIGFE and the project commences. All payments are made directly to contractors through SIGFE only after Audit Court approval. See "*– Supervision and Audit of Public Procurement*" above.

The Competition law

The Angolan Parliament approved on 19 April 2018 a new competition law (the "**Competition Law**"), which establishes the legal framework for competition in Angola and creates the Competition Regulatory Authority (Autoridade Reguladora da Concorrência or "**ARC**"), which enforces it. The Competition Law was approved through Law No. 5/18, which was published in the Official Gazette on 10 May 2018.

In January 2019, Angola's President appointed Eugénia Chela Pontes Pereira as president of the ARC and José Renato Peres together with Ana Zulmira da Silva Ramalheira as administrators. The Competition Regulatory Authority ("**CRA"**) shall develop its activities under the supervision of the President of the Republic. This power has currently been delegated to the Ministry of Finance. However, the CRA shall have legal autonomy to enforce the competition rules and the necessary power to impose sanctions to companies in breach of such rules.

The Competition Law has a wide scope, as it applies to private companies, state-owned companies, corporate groups, partnerships and any other legal persons or *de facto* undertakings, even if temporary by nature, and covers all economic activities conducted by such entities, on either a permanent or an interim basis, in Angola or affecting or being able to affect Angola. The law prohibits agreements and practices which restrict competition, both between competitors ("horizontal" practices – such as for example price-fixing cartels) and between companies and their suppliers or customers ("vertical" practices).

The Competition Law also prohibits abusive practices by dominant undertakings (including, among others, the refusal to grant access to essential infrastructure, predatory pricing and the unjustified termination of a business relationship), as well as the abuse by one or more companies of the state of economic dependence of their suppliers or customers. The new law also introduced merger control in Angola. All concentrations which meet certain market share or annual turnover criteria have become subject to mandatory notification to the Competition Regulatory Authority, and cannot be implemented before clearance.

Prohibited practices and the implementation of concentrations without clearance are punishable with heavy sanctions, which include fines that may amount to 10 per cent. of the annual turnover of the companies involved, but also economic penalties, prohibition to participate in public procurement procedures for up to three years and the compulsory split-up of companies, transfer of control, sell of shares to third parties or any other corporate restructuring act deemed necessary for purposes of eliminating any harmful effects on competition.

THE ECONOMY

Overview

Before independence in 1975, Angola, as a Portuguese Overseas Colonial province, had a diversified and prosperous economy. Its infrastructure was relatively well developed. Angola was self-sufficient in food and agricultural products and had an export-oriented economy. The mining sector, in particular in diamonds and iron ore, and the manufacturing sector, which focused on light industry and consumption goods were, together with the agricultural sector, the main drivers of Angola's economic activity, while oil production and exports were gradually increasing. In 1973, Angola's GDP was comprised of trade (including exports) (24 per cent.), services (15 per cent.), agriculture (12 per cent.), manufacturing (12 per cent.), public administration (11 per cent.) and extractive industries (mining) (10 per cent.), with other industries making up the remaining 16 per cent. In 1974, GDP per capita was U.S.$639 and exports comprised agriculture (including coffee, cotton and sugar) (44 per cent.), extractive industries (40 per cent.), and fishing (6 per cent.), with other exports making up the remaining 10 per cent.

However, Angola's largely successful pre-independence economy was based on significant social imbalances. Only a small minority of Angola's population – mainly Portuguese settlers and their descendants – enjoyed relatively high levels of education, were engaged in skilled employment, owned businesses and were involved in governance. Colonial policy denied those who did not assimilate into the Portuguese culture access to education and the civil service. A large proportion of agricultural workers were, in essence, slaves, or "contratados".

Following independence, from 1974 to 1976, many Portuguese settlers left Angola, resulting in the departure of the majority of Angola's skilled workforce at that time. During the Civil War, production in all economic sectors virtually came to a halt, except for the petroleum sector. As a result, a well-diversified and largely self-sufficient economy became dependent on oil production and its associated revenues.

Angola's current economic structure, which is dependent on the oil industry, is the legacy of three major political events during the past 40 years that severely disrupted Angola's economic activity. These events were: (i) the turbulent transitional period prior to independence in 1974-75 that led to the outbreak of Civil War; (ii) the sharp decline of crude oil prices in 1985-86; and (iii) the escalation of the Civil War following the 1992 general elections. The oil sector (with most oil output obtained offshore and largely unaffected by the Civil War) became the single most important sector for the Angolan economy. Its contribution to Angola's GDP increased from approximately 12 per cent. in the mid-1970s, to approximately 50-60 per cent. from the mid-1980s. As of 31 December 2018, despite a material increase in the contribution of the non-oil and gas economic sectors to the economy since the end of the Civil War in 2002, the oil and gas sector is still estimated to have represented 29.0 per cent. of total GDP, 96.7 per cent. of export earnings and 59.5 per cent. of total Government revenues.

Angola recorded marginal GDP growth in 2015 and 2016 and a contraction of GDP in 2017 and 2018 of 0.9 per cent, 0.1 per cent, (0.1) per cent and (1.2) per cent., respectively. It is budgeted that in 2019 modest GDP growth of 0.3 per cent. will be achieved and, for the first six months of 2019, a contraction of GDP of (1.1) per cent. was estimated, representing a contraction of (5.2) per cent. and (0.6) per cent. in the oil and gas sector and non-oil and gas sectors, respectively.

In 2018, the Government established the PRODESI, which contains seven key initiatives to reduce imports, increase self-sufficiency and to diversify Angolan exports, with the aim of significantly decreasing its historical over-reliance on oil export revenues. The Government has set out a number of key productive areas in which it intends to invest and foster public-private partnerships, and further initiatives to boost domestic production in order to mitigate its current expenditure on the import of basic goods. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

The major structural changes in the Angolan economy that ensued following independence and during the Civil War may be summarized as follows:

- an increasing reliance on oil production and exports;
- a greater dependence on imports, deterioration in the balance of payments and exchange rate instability;
- an increase in Government intervention in the economy and the repression of economic activity in the financial and private sector;
- macroeconomic instability, in particular rampant inflation as the Government monetized large fiscal deficits; and
- shortages of basic products following the introduction of price controls.

Angola's dependence on the oil sector left it vulnerable to the global decline in oil prices during 1985 and 1986. The sharp fall in oil-related revenues led the Government to default on its obligations to the Paris Club, an informal group of creditor governments from major industrialised countries, formed in 1956, which meets every month in Paris to agree on restructuring debtor countries' debts. Angola's lack of access to international financial markets led the Government to rely on inflationary finance and, later, to resort to oil pre-payment foreign currency loans as the country's only source of foreign exchange funding. See *"Public Debt – External public debt"*.

At the end of the Civil War in 2002, Angola had approximately 4.28 million displaced people, the country's basic infrastructure had been destroyed and the Government held significant external debt arrears. GDP per capita was U.S.$806. Following the end the Civil War in 2002, the Government embarked on the reconciliation and reconstruction of the country. Policies focused on the social and economic integration of those who had been displaced in the conflict, the reconstruction of the country's basic infrastructure and the restoration of macroeconomic stability. Peace and political stability have become entrenched in Angola and there has been significant progress in the reconstruction of Angola's basic infrastructure, including notable improvements in the delivery of essential public services. In addition, Angola has made significant strides towards macroeconomic stabilisation as reflected by the improvements in fiscal and external performance and the normalisation of its relations with external creditors.

Recent Economic Performance

Angola's estimated real GDP in 2018 contracted by (1.2) per cent. compared to a contraction of (0.1) per cent. in 2017 principally due to low levels of oil production (including LNG), a contraction in oil and gas GDP and a less than budgeted growth in non-oil and gas real GDP of 1.0 per cent. The Government has budgeted that GDP growth for 2019 will be approximately 0.3 per cent. driven by non-oil and gas GDP growth of 1.6 per cent. off-set by a contraction in oil and gas GDP of (3.5) per cent. For the first six months of 2019, a contraction of GDP of (1.1) per cent. was estimated, representing a contraction of (5.2) per cent. and (0.6) per cent. in the oil and gas sector and non-oil and gas sectors, respectively.

Angola's GDP per capita is one of the highest amongst sub-Saharan African economies, at U.S.$3,620.58 in 2018. GDP growth has generally suffered since 2014, fuelled by a decline in growth in both the oil and gas sector, resulting from volatility in the price of oil and the non-oil and gas sector, in particular in the agriculture, construction, market services and energy sectors. Annual non-oil and gas real GDP decreased by an average of 0.81 per cent. between 2015 and 2018. The annual oil and gas sector real GDP averaged (1.63) per cent. during the same period.

Annual non-oil and gas real GDP growth is estimated to be 1.0 per cent. in 2018, driven principally by growth in the energy and manufacturing sectors. Annual oil sector real GDP is estimated to have contracted by (9.5) per cent. in 2018 as a result of a decrease in oil production driven by unscheduled downtimes and operational constraints.

Due to the low level of oil prices compared to historical prices and declines in oil production, Angola's gross foreign exchange reserves decreased to approximately U.S.$16.2 billion in December 2018, from U.S.$17.9 billion in December 2017, U.S.$24.4 billion in December 2016, U.S.$24.4 billion in December 2015 and from U.S.$27.7 billion in December 2014. Angola's gross foreign exchange reserves were estimated to be U.S.$16.0 billion as at 30 June 2019.

Angola's external Government debt (excluding Sonangol debt) was approximately 77.8 per cent. of GDP in 2018 compared to 45.2 per cent. in 2015. Angola's net foreign exchange reserves decreased to approximately U.S.$10.6 billion as at December 2018 compared to U.S.$13.6 billion as at 31 December 2017, U.S.$20.8 billion as at 31 December 2016 and U.S.$24.3 billion as at 31 December 2015. Angola's net foreign exchange reserves were estimated to be U.S.$10.2 billion as at 30 June 2019, principally as a result of significant depreciation of the Kwanza and enhanced foreign exchange rates. Angola's banking system has evolved and grown rapidly since the end of the Civil War. There are currently 26 banks operating in Angola, most of which are privately-owned. The Government is actively pursuing several measures to strengthen the banking sector through more proactive BNA oversight and to further develop and expand Angola's banking sector. See "*Monetary System – The Banking System*".

Advances have been made, in particular, in the reconstruction of the country's basic infrastructure, the majority of which was severely damaged or destroyed during the Civil War. At the end of the Civil War in 2002, there were only 5,000 kilometres of usable roads in Angola. Between 2014 and 2018, the Government invested approximately U.S.$7.4 billion in infrastructure projects (an average of 8.5 per cent. of Angola's GDP during the same period). Between 2014 and 2018, 6,000 kilometres of roads were built or rebuilt (out of a total usable road network of 7,000 kilometres), an extensive refurbishment programme has been undertaken in respect of Angola's three largest ports, building of a second international airport near Luanda and continued implementation of a programme for the extensive upgrade and refurbishment of Angola's domestic airports. To date, works on the airports of Ondjiva (Cunene Province), Cuito (Cuito Bié province), Luena (Moxico province) and Saurimo (Lunda-Sul Province) have been completed while works on the airports in Cabinda, Dundo and Soyo are still ongoing.

Although absorption capacity constraints remain, the Government's policy of prioritizing key projects and partnerships with international investors has resulted in an increased realisation of investment plans. With 2019 capital expenditure estimated to reach 22.6 per cent. of budgeted expenditure in 2019, absorption capacity and the implementation of investment plans compare favourably with most sub-Saharan countries. See "*– Infrastructure*" below. See "*The External Sector – Foreign Direct Investment*".

The normalisation of Angola's relations internationally, both politically and economically, has resulted in an increase in FDI and access to external, non-concessional funding.

Angola's economic performance in 2014-2018 has suffered as a result of the decline in oil prices that commenced in mid-2014. Despite ongoing and increased diversification and significant progress towards macroeconomic stability, Angola's economy remains dependent on the oil sector. With average crude oil production of 1.47 million barrels per day in 2018, Angola is one of the largest crude oil producers in sub-Saharan Africa and is amongst the world's top 15 oil-producing nations, according to OPEC (*Source:* OPEC Annual Statistical Bulletin 2019). In 2018, the oil and gas sector was estimated to have accounted for 29.0 per cent. of GDP, 96.7 per cent. of export earnings and 96.6 per cent. of total Government revenues. Economic growth is anticipated to remain subdued in 2019 due to anticipated lower oil production.

The table below sets forth a summary of Angola's key economic ratios for the periods indicated:

	2014	2015	2016	2017	2018 (preliminary)	First six months of 2019 (estimated)
GDP[1] and inflation						
Real GDP growth *(%), of which:*	3.9	0.9	0.1	(0.1)	(1.2)	(1.1)
Oil and gas sector *(%)*	(2.5)	11.3	(2.3)	(5.3)	(9.5)	(5.2)
non-oil and gas sectors *(%)*	4.0	0.9	1.2	1.2	1.0	(0.6)
GDP per capita *(U.S.$)*	4,877.7	3,845.2	3,694.0	4,306.7	3,620.6	-
Nominal GDP at market price *(kwanza bn)*	12,462.3	12,320.8	16,662.3	20,262.3	26,777.9	32,267.5
Nominal GDP at factor cost *(kwanza bn), of which:*	14,247.1	13,561.8	16,249.6	19,747.5	26,212.1	-
Oil and gas sector *(kwanza bn)*	3,999.5	3,116.1	3,493.5	4,240.0	7,762.9	-
Inflation year-end (Luanda) *(%)*	7.5	14.3	42.0	26.3	13.2	-
Inflation year-end (Angola) *(%)*	7.5	14.3	42.0	23.7	18.6	16.9
M3 growth *(%)*	16.2	11.8	14.3	(0.1)	20.4	4.3
Oil						
Production *('000 b/d)*	1,671.7	1,780.9	1,721.6	1,637.3	1,478.9	1,389.4
Average oil export price *(U.S.$/b)*	96.0	50.0	41,8	53.9	70.6	63.2
Fiscal account						
Revenues *(% of GDP)*	35.3	27.3	17.4	17.0	19.9	9.8
of which oil *(% of GDP)*	23.8	15.4	8.2	9.7	13.8	6.1
Total expenditures *(% of GDP)*	41.9	30.6	21.2	23.2	19.3	8.2
Fiscal surplus/(deficit), accrual basis *(% of GDP)*[2]	(6.6)	(3.3)	(3.8)	(4.6)	2.1	0.0
Fiscal surplus/(deficit), cash basis *(% of GDP)*[3]	(2.4)	(2.2)	(3.7)	(5.8)	(1.2)	0.0
Total Government debt *(% of GDP)*	33.2	45.2	64.8	67.0	77.8	86.5
of which domestic debt *(% of GDP)*	16.3	22.3	30.2	32.5	—	33.5
External sector						
Exports FOB *(% of GDP)*	46.8	32.3	27.2	28.3	38.7	37.4
of which oil *(U.S.$ bn)*	45.6	31.1	26.0	27.3	37.5	17.2
Imports FOB *(% of GDP)*	(22.6)	(20.2)	(12.8)	11.8	15.0	25.0
Current account balance *(% of GDP)*	(3.0)	(10.0)	(3.0)	(0.5)	7.0	3.9
Foreign Exchange rate						
Kwanza to U.S.$ *(Average)*	98.6	120.1	164.0	165.9	258.7	340.3
External debt and foreign reserves						
External Government debt (excluding Sonangol debt) *(U.S.$bn)*	21.3	23.6	35.2	38.3	41.0	42.0
External Government debt (excluding Sonangol debt) *(% of GDP)*[4]	16.9	23.0	34.6	34.5	38.9	52.7
External debt service to exports *(%)*	5.5	9.0	14.6	15.4	22.9	26.3
Gross international reserves *(U.S.$bn)*	27.7	24.4	24.4	17.9	16.2	16.0
Gross international reserves to months of imports	6.2	7.7	11.4	7.6	7.5	7.5
Net international reserves *(U.S.$bn)*	27.2	24.3	20.8	13.6	10.6	10.2
Net international reserves to months of imports	6.1	7.7	9.7	5.8	4.9	5.1

[1] GDP data presented in this table for 2016, 2017, 2018 and for the first six months of 2019 produced by the Ministry of Economy and Planning and the Republic's official GDP data for 2015 and prior years is produced by the Angolan National Institute of Statistics

[2] Fiscal surplus / (deficit) on an accrual basis measures the cost of the Government's annual operations and represents the amount by which the Government's expenses exceed its revenues in a given fiscal year. The accrual deficit records costs that are known to have occurred in a particular period (as opposed to recording the resulting cash payments) and includes assumptions for interest rates, inflation and wage growth, among other things. The accrual deficit provides information on the longer-term implications of current Government operations.

[3] Fiscal surplus / (deficit) on a cash basis represents the amount by which the Government's cash outlays exceed its cash receipts in a given fiscal year. The cash deficit closely approximates to the Government's short-term borrowing needs.

[4] End of year changes in inflation rates across Angola were not recorded before 2015. Before 2015, the inflation rate in Luanda was recorded.

Source: Ministry of Finance, Ministry of Economy and Planning and National Bank of Angola (BNA). See "*Public Reforms– Fiscal Reforms for 2019*" and the"*– Revised 2019 National Budget*" for a description of the Government's Revised 2019 National Budget.

In March 2019, the IMF conducted its periodic Article IV consultations and noted the new Government's focus on restoring macroeconomic stability and improving governance and that the outlook for oil prices gives the Government an opportunity to strengthen macroeconomic policies and to give new impetus to structural reforms.

The IMF has stated that growth, in 2019, is projected to increase by 0.3 per cent., driven by a more efficient foreign exchange allocation system and additional availability of foreign exchange due to higher oil prices; LNG production increasing to full capacity; and improved business sentiment. Over the medium term, the IMF noted that the outlook for the Angolan economy is for a continued gradual

recovery in economic activity based on the Government's plans to manage its public debt, enlarge its tax base and rationalise public spending. The IMF also expects an increase in Government revenues in 2019 if the oil price realised in 2019 exceeds the assumed oil price of U.S.$55/bbl in the Revised 2019 National Budget.

On 30 October 2019, a draft 2020 national budget was submitted to the National Assembly. The draft 2020 national budget is currently being considered by the National Assembly and is expected to be approved by 15 December 2019. Although subject to amendment by the National Assembly during the deliberation and approval process, the key features or projections (as the case may be) of the draft 2020 national budget include: (i) an assumed oil price of U.S.$55 per barrel, (ii) a resumption of economic growth, (iii) the recording of a fiscal surplus; and (iv) the amortisation and control of public debt.

The Government's Principal Economic Strategies

Since the 2002 Peace Accord that ended the Civil War, the key to Angola's reconstruction and economic success has been the rapid progress in implementing the Government's 2025 Strategy. The Government is currently considering setting up a long-term 2050 Strategy.

A more detailed plan for the development of Angola's economy was laid down in the national programme adopted in December 2012 (the "**National Development Plan 2013 – 2017**"). The National Development Plan 2013 – 2017 was the first medium-term plan drawn up after Angola's 2010 Constitutional Law took effect. The National Development Plan 2013 – 2017 focused in particular on energy and water supplies, education, health and the diversification of the Angolan economy.

Between 2013 and 2017, the Government spent U.S.$26.2 billion (of which U.S.$1.3 billion was spent in 2017) on various infrastructure projects identified in the National Development Plan 2013-2017, including those in the energy generation, transmission and distribution, water supply and sanitation, road, rail, maritime and airport and telecommunications sectors. See "*– Infrastructure*" below and "*Risk Factors – Angola's economic growth targets may not be achievable if it fails to rebuild and rehabilitate its infrastructure efficiently*".

The medium-term plan for the development of Angola's economy between 2018 and 2022 was approved by the Cabinet Council on 26 April 2018 and was published in June 2018 through the Presidential Decree no. 158/18 of 29 June 2018. For a discussion on the principal strategic pillars of the NDP 2018-2022, see "*The Republic of Angola – National Development Plan 2018-2022".*

Gross Domestic Product

GDP is a measure of the total value of final products and services produced in a country in a specific year. Nominal GDP measures the total value of final production in current prices. Real GDP measures the total value of final production in constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effect of inflation. Real GDP figures are based on constant 2002 prices. The Republic's official GDP data presented in this Base Prospectus for 2016, 2017, 2018 and for the first six months of 2019 is produced by the Ministry of Economy and Planning and the Republic's official GDP data for 2015 and prior years is produced by the Angolan National Institute of Statistics. The Ministry of Economy and Planning prepares projections of GDP derived from the supply of goods and services in Angola, while the Angolan National Institute of Statistics is responsible for preparing preliminary and final GDP data based on both the supply and the demand for goods and services in Angola. See "*Public Finance – The Revised 2019 National Budget"* and "*The Economy – Recent Economic Performance – The Government's Principal Economic Strategies*".

Prior to 2014, Angola experienced high real GDP growth rates since the end of the Civil War in 2002, driven mostly by the production and export of oil. In recent years, Angola's real GDP growth has been impacted by volatility in oil prices, off-setting growth of the non-oil and gas sector, in particular in agriculture, construction and services. In 2018, non-oil and gas real GDP growth is estimated at 1.0 per cent., whereas oil and gas sector GDP is estimated to have decreased by 9.5 per cent. The nominal GDP

(market price) was estimated by the Ministry of Economy and Planning at AOA 12,462.3 billion in 2014, AOA 12,320.8 billion in 2015, AOA 16,662.3 billion in 2016, AOA 20,262.3 billion in 2017, AOA 26,777.9 billion in 2018 and AOA 32,267.5 billion for the first six months of 2019. The nominal GDP (market price) denominated in U.S. dollars was estimated by the Ministry of Economy and Planning at U.S.$126.3 billion in 2014, U.S.$116.2 billion in 2015, U.S.$100.9 billion in 2016, U.S.$122.1 billion in 2017, U.S.$105.9 billion in 2018 and U.S.$48.2 billion for the first six months of 2019.

GDP by Sector

The table below provides information regarding Angola's nominal GDP (factor cost) by sector for the periods indicated unless otherwise stated:

	2014	**2015**	**2016**	**2017**	**2018 (preliminary)**	**First six months of 2019 (estimated)**
			(U.S.$billions)			
Oil and gas GDP (factor cost)	-	25.9	21.1	25.6	30.7	-
Non-oil and gas GDP (factor cost)	-	90.3	79.8	96.6	75.2	-
Total nominal GDP (factor cost)[1]	**-**	**116.2**	**100.9**	**122.1**	**105.9**	**-**
			(% of GDP)			
Primary sector	**8.2**	**9.1**	**9.8**	**10.0**	**8.3**	**8.1**
Agriculture	5.4	5.7	6.1	6.3	5.6	5.5
Livestock and fishing	2.8	3.4	3.7	3.7	2.7	2.6
Secondary sector	**46.7**	**41.9**	**42.6**	**42.2**	**48.7**	**50.2**
Extractive industries, *of which*						
Oil and gas	28.1	22.3	20.9	20.9	29.0	30.0
Diamonds and other extractive industries	0.6	0.6	0.7	0.6	0.8	1.1
Manufacturing industries	5.0	5.7	6.8	6.6	6.2	6.2
Construction	12.6	12.9	13.8	13.7	12.3	12.4
Energy	0.4	0.5	0.6	0.5	0.5	0.5
Tertiary sector	**45.7**	**48.9**	**47.5**	**47.8**	**43.0**	**40.7**
Commercial services[2]	45.7	36.4	36.4	37.7	33.8	33.0
Non-commercial services[3]	—	12.6	11.2	10.1	9.2	7.7

[1] GDP data presented in this table for 2016, 2017, 2018 and the first six months of 2019 is produced by the Ministry of Economy and Planning and the Republic's official GDP data for 2015 and prior years is produced by the Angolan National Institute of Statistics. Oil and gas GDP and non-oil and gas GDP for the first six months of 2019 is not available as such data is only recorded on an annual basis. Oil and gas GDP and non-oil and gas GDP for 2014 is not available in a form that is compatible with the format of this table.

[2] Principally compromising financial services and the insurance sector (see "*Monetary System – The Angolan Banking System*"), as well as tourism and food and beverage services.

[3] Principally compromising private education and private healthcare services.

Source: Ministry of Economy and Planning; National Institute of Statistics

The table below provides information regarding Angola's real GDP growth rates with a breakdown between oil and gas and non-oil and gas sectors for the periods indicated unless otherwise stated:

	2014	**2015**	**2016**	**2017**	**2018**	**First six months of 2019 (estimated)**
			(%)			
Oil and gas GDP	(2.5)	11.3	(2.7)	(5.3)	(9.5)	(5.2)
Non-oil and gas GDP	4.0	(3.0)	(2.5)	1.2	1.0	(0.6)
Total real GDP[1]	3.9	0.9	(2.6)	(0.1)	(1.2)	(1.1)

[1] GDP data presented in this table for 2016, 2017, 2018 and the first six months of 2019 is produced by the Ministry of Economy and Planning and the Republic's official GDP data for 2015 and prior years is produced by the Angolan National Institute of Statistics.

Source: Ministry of Economy and Planning; National Institute of Statistics

See also "*The External Sector – Fiscal Performance" and "– Revised 2019 National Budget*" for a description of the Government's 2019 National Budget.

Primary Industry Sectors

Oil Industry

Overview

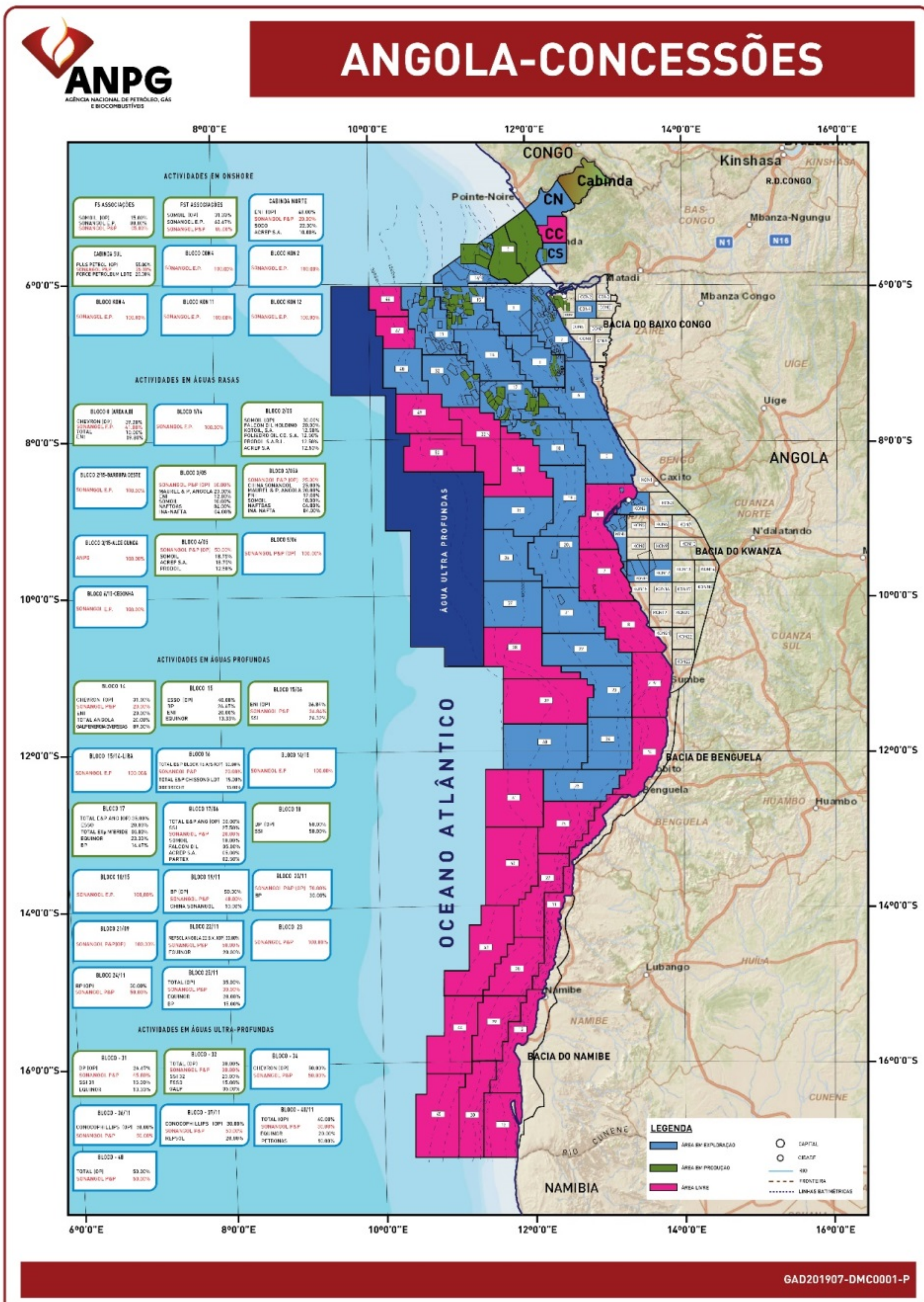
The oil industry is Angola's single most important economic sector and oil is the most important Angolan export. In 2018, the oil sector accounted for 90.7 per cent. of Angola's exports and accounted for 29.0 per cent. of Angola's GDP. In turn, Angola's dependence on oil revenue has made its economy susceptible to crude oil price volatility.

In 2016, Angola was the largest crude oil producer in sub-Saharan Africa and the twelfth largest producer in the world (*Source:* OPEC Annual Statistical Bulletin 2019). According to the Ministry of Mineral Resources and Petroleum, Angola produced a total of 539.81 million barrels of oil in 2018. In 2018, Angola's state-owned oil company, Sonangol, produced 213.29 million barrels (as national concessionaire and as investor), equivalent to 39.51 per cent. of total production. In 2018, Angola produced an average of 1.48 million barrels per day ("**bbl/d**"). The Ministry of Mineral Resources and Petroleum estimated that Angola's proven and probable oil reserves stood at 7.8 billion barrels in 2018. See *"– Reserves"* below. Investment in the oil sector has been significant with companies investing in excess of U.S.$2 billion in oil exploration and development expenditure in 2019 alone and a total of U.S.$60 billion for the period from 2014 to 2019. See "*– Investment*" below. Angola's oil production grew by an annual average of 13.4 per cent. from 2002 to 2008 as production started from multiple deepwater fields that were discovered in the 1990s. Angola's oil production contracted by an average of 12.6 per cent. per year in the five-year period 2014 to 2018 and, except in 2015, has declined year-on-year since 2014. See "*– Production*" below. The first deepwater field to come online was the Chevron-operated Kuito field (Block 14) in 1999.

Angola's current oil reserves are divided, for exploration and production purposes, into license areas or "Blocks". Under the Petroleum Activities Law, 2019 (as defined below), the Angolan National Agency of Petroleum and Gas Agency created by Presidential Decree 49/19 of 6 February 2019 (the "**ANPG**"), has replaced Sonangol as the national concessionaire ("**National Concessionaire**"), for all oil and gas exploration and production activities. Any company that wishes to carry out petroleum operations in Angola outside the scope of a survey license may only do so with the approval and supervision of the National Concessionaire, subject to the prior consent of the Government pursuant to a concession Decree (a "**Concession Decree**"). The Blocks are licensed for exploration and production activities under production sharing agreements ("**PSAs**"), unincorporated joint venture agreements ("**JVs**") or Risk Service Contracts ("**RSCs**"). The power to negotiate and execute such arrangements on behalf of Angola belongs to ANPG. See *"Current principal commercial and fiscal terms of oil production"* below.

Sonangol P&P, a Sonangol subsidiary, operates as an exploration and production company that participates in the PSAs and JVs along with petroleum companies which were permitted to engage in the exploration and production of petroleum in association with Sonangol E.P. The oil company associates of Sonangol E.P. are typically major international petroleum companies and include Chevron, ESSO Angola, BP, Total, Statoil and Eni. China's national oil companies Sinopec and the China National Offshore Oil Corporation ("**CNOOC**") participate in Angola's oil production industry and provide development assistance as well as oil-based loans and trade. China Sonangol, established in 2004, in which Sonangol E.P. has a 30 per cent. interest, and Sinopec have a joint venture company called Sonangol Sinopec International ("**SSI**"), which is a non-operator shareholder in three major producing deepwater projects.

Set forth below is a map showing Angola's oil Blocks and companies engaged in exploration and production activities on those Blocks. (*Source:* ANPG 2019)



Source: ANPG 2019

Reserves

The Ministry of Mineral Resources and Petroleum estimates that Angola's proven oil reserves stood at 5.2 billion barrels, and that Angola's proven and probable reserves stood at 7.8 billion barrels in 2018. In accordance with estimates by OPEC (which uses different methodology and sources for reserve estimation), Angola's proven crude oil reserves as at 31 December 2018 stood at 6.6 billion barrels. Angola uses the PRMS methodology to estimate its proven and probable reserves.

The following table sets forth provisional information regarding Angola's proven and probable reserves as at 31 December 2018:

Block	Proven (1P)	Proven and Probable (2P)
	(million barrels)	
Block 0	1,896.4	2,110.0
Block 2	3.2	3.4
Block 2/05	17.3	13.3
Block 3/05	209.0	243.3
Block 4/05	1.4	3.9
Block 14	911.2	941.4
Block 15	562.5	612.0
Block 15/06	260.3	376.0
Block 17	287.6	1984.4
Block 18	321.6	373.7
Block 31	329.4	402.3
Block 32	376.5	692.7
FS/FST Onshore Blocks	22.5	26.6
Cabinda South	—	1.0
Total	5,198.9	7,783.9

Source: ANPG 2019

Angola's deepwater offshore reserves account for 66.5 per cent. of proven and probable reserves, shallow water offshore reserves account for 33.3 per cent. of proven and probable reserves and onshore reserves account for less than 0.5 per cent. of proven and probable reserves.

Exploration

During the Civil War, onshore exploration activities were limited and the majority of discoveries were made offshore in the Lower Congo basin. However, from 2004 onwards, onshore exploration, including in Cabinda South and the Kwanza basin, resumed. In 1979, Angola's oil exploration areas were divided into 14 Blocks. Over the years, various new Blocks, both onshore and offshore, have been opened up to exploration and, currently, there are 16 offshore Blocks and 4 onshore Blocks covering a total surface area of 70,101.4 square kilometres. As of 1 October 2019, 24 per cent. of Angola's total exploration area, was operational.

Most of Angola's current resources are located in the offshore parts of the Lower Congo and Kwanza basins. Most exploration and production activities have been located in the offshore part of the Lower Congo basin, but the onshore and offshore Kwanza basin is receiving more attention from international oil companies ("**IOCs**") and Sonangol because of its pre-salt formations, which are estimated to hold large quantities of hydrocarbon resources.

Between 2014 and 2018, 2.9 billion barrels of oil (STOOIP) and 15.1 cf of gas billion barrels of condensate were discovered in Angola, which represents an annual average of 0.6 billion barrels of oil and 3.0 cf of gas billion barrels of condensate per year in new discoveries. In addition to expanding Angola's oil reserves, this has generated substantial commercial discovery bonus payments by contractor groups to Angola. See "– *Current principal commercial and fiscal terms of oil production*" below.

The table below sets forth the historical data for exploration expenditure on Angola's oil Blocks from 2015 to 2018. Exploration expenditure includes expenditure up to the point of declaration of commercial discovery and excludes capital expenditure incurred subsequent to the declaration of commercial

discovery, during the development stage (such as capital expenditure on infrastructure and wells and labour costs):

Block	Operator	2014	2015	2016	2017	2018
			(U.S.$ millions)			
18	BP Exploration Angola	7	(17)	27	(13)	(1)
19		29	147	(11)	0	0
24		214	154	9	(4)	1
31		18	123	(17)	1	6
20/11	Cobalt International Energy	179	168	207	6	0
21/09		415	465	20	1	1
09/09		106	1	(5)	0	0
0	Chevron	317	67	(16)	1	19
14		3	(0.1)	(0.4)	0	0
36/11	ConocoPhillips Angola	304	55	98	0	0
		136	402	97	0	0
15/06	ENI Angola SPA	955	121	(899)	387	0
35/11		116	(1)	69	(0.2)	(315)
CABN		0	0	0	0	0
15	ESSO Exploration Angola	(2)	(1)	10	0	0
EQAP	Angola LNG Limited	9	6	4	2	1
16	Maersk Oil Angola	181	(200)	57	(12)	0
23		11	0	0	0	0
8		17	0	0	0	0
CABS	Pluspetrol Angola Corporation	18	(26)	(1)	0	0
18	Petrobrás Angola	36	0	0	0	0
26		(55)	0	0	0	0
06/06		1	0	0	0	0
38/11	Statoil Angola	270	3	2	0	0
39/11		228	11	12	0	0
22/11	Repsol Angolal	294	252	1	5	2
CABS	ROC Oil Company	0	0	0	0	0
GB2	Sonangol Gás Natural	15	3	(2)	0	(6)
02_05	Sonangol Pesquisa & Produção	19	(3)	0	0	0
3/05A		0	0	0	0	0
3/05		0	0	0	0	0
04/05		6	0	0	0	0
CABN		32	3	0.3	0	0
16	TOTAL E&P Angola	0	0	0	0	6
17		2	2	(0.1)	0.3	2
17_06		3	4	2	1	1
25/11		194	6	3	1	2
32		475	42	22	10	7
33		(2)	0	0	0	0
40		115	59	1	2	2
48		0	0	0	0	13
1/06	Tullow Angola BV	0	0	0	0	1
5/06	Vaalco Angola Kwanza	9	46	2	0	0
Total		**4,677**	**1,893**	**(305)**	**387**	**(257)**

Source: ANPG 2019

As the former national concessionaire, Sonangol announced an invitation for bids for part of its stakes in oil exploration blocks 21/09 and 20/11 offshore. In April 2018, Sonangol announced an invitation for bids for part of its stakes in oil exploration blocks 21/09 and 20/11 offshore. The bids seek a participatory interest of up to 40 per cent. In October 2019, the ANPG (as the successor National Concessionaire) announced the terms of reference in respect of ten frontier blocks located in Namibe (nine blocks) and Benguela basin (1 block).

The table below sets forth the historical data for development costs on Angola's oil Blocks for 2015 to 2018:

Block	Operator	2015	2016	2017	2018
			(U.S.$ millions)		
Cabinda South	Pluspetrol Angola	16	(1)	0.3	(0.2)
FS/FST	Somoil	28	16	6	4
Block 0	Chevron	2,483	1,040	670	360
Block 2/05	Sonangol P&P	2	-	6	4
Block 2/85	Sonangol P&P	-	-	-	-
Blok 3/85	Total E&P Angola	-	-	-	-
Block 3/91	Total E&P Angola	-	-	-	-
Block 3/05	Sonangol P&P	156	87	24	31
Block 3/05-A	Sonangol P&P	51	3	1	3
Block 4/05	Sonangol P&P	-	-	-	7
Block 14	Chevron	558	195	(10)	15
Block 15	Esso Angola	1,450	1,113	583	152
Block 15/06	ENI Angola	1,949	2,731	830	1,440
Block 17	Total E&P Angola	2,603	1,125	590	158
Block 18	BP Angola	800	82	2	20
Block 31	BP Angola	722	529	(36)	34
Block 32	Total E&P Angola	3,404	4,092	2,800	2,349
Total		**14,221**	**11,013**	**5,463**	**4,575**

Source: ANPG 2019

For an update on exploration strategies for the years 2019-2025, see "*Development of regulatory framework*" below.

Production

Angola produced a total of 539.8 million barrels of oil in 2018 (or 1.5 million barrels of oil per day), a decrease of 9.4 per cent. in comparison to the 597.6 million barrels of oil it produced in 2017 (or 1.6 million barrels per day), a decrease of 14.0 per cent. in comparison to the 630.1 million barrels of oil it produced in 2016 (or 1.7 million barrels per day). In 2017, in accordance with OPEC's statistics, Angola was the 12th largest oil producer in the world.

For the first six months of 2019, Angola estimates to have produced a total of 253.5 million barrels of oil.

The following table sets forth the 16 leading world crude oil producers by country, between 2014 and 2018:

	2014	2015	2016	2017	2018
			(1,000 b/d)		
Saudi Arabia[1]	9,712.7	10,192.6	10,460.2	9,959.2	10,317.3
Russia	10,087.5	10,111.1	10,292.2	10,348.9	10,527.4
United States	8,758.7	9,430.8	8,830.6	9,351.6	10,961.7
Iraq	3,110.5	3,504.1	4,647.8	4,468.7	4,410.0
China	4,208.3	4,287.8	3,984.9	3,821.5	3,781.0
Iran	3,117.1	3,151.6	3,651.3	3,867.3	3,553.0
United Arab Emirates	2,794.0	2,988.9	3,088.3	2,966.5	3,008.3
Kuwait[1]	2,866.8	2,858.7	2,954.3	2,9704.2	2,736.6
Brazil	2,254.6	2,437.3	2,510.0	2,621.8	2,586.5
Venezuela	2,682.6	2,653.9	2,372.5	2,034.8	1,510.2
Mexico	2,428.9	2,266.8	2,153.5	1,948.4	1,813.0
Angola[2]	1,653.7	1,767.1	1,721.6	1,632.2	1,473.3
Norway	1,511.8	1,567.4	1,614.6	1,588.3	1,485.3
Nigeria	1,807.0	1,748.2	1,427.3	1,535.6	1,601.6
Kazakhstan	1,344.8	1,321.6	1,295.0	1,466.8	1,547.2
Canada	1,399.8	1,263.4	1,185.8	1,212.8	1,276.0

1 Figures include share of production from Neutral Zone.

2 The statistics for Angola included in this table are those of OPEC. The Government's own crude oil production statistics are different.

Source: OPEC Statistical Bulletin, 2019. OPEC may use methodology and sources for compilation of production data other than the methodology and sources used by the Ministry of Mineral Resources and Petroleum, and OPEC data may differ from the data produced by the Ministry of Mineral Resources and Petroleum.

The following table sets forth information regarding Angola's oil production by Block, for the years 2014 to 2018:

Block	2014	2015	2016	2017	2018
		Oil produced (bopd)			
Block 0	256.9	252.9	234.6	245.3	239.9
Block 2	4.6	—	0.9	0.9	1.2
Block 3	47.9	45.7	39.8	30.9	23.2
Block 4	7.3	9.4	7.6	6.1	4.8
Block 14	118.5	107.2	96.2	78.7	63.1
Block 14K	—	1.4	12.5	9.2	7.7
Block 15	327.5	313.7	315.4	280.5	235.4
Block 15/06	2.8	47.7	77.7	119.6	135.0
Block 17	596.5	695.3	626.7	598.5	529.4
Block 18	137.6	147.5	138.7	112.9	81.3
Block 31	166.2	156.9	162.5	142.1	109.9
Block 32	—	—	—	—	36.4
FS/FST Onshore Blocks	4.2	1.8	7.5	6.6	4.9
Cabinda South	1.9	1.3	1.5	1.2	1.0
Total	**1,671.7**	**1,780.9**	**1,721.6**	**1.632.4**	**1,473.3**

Source: Ministry of Mineral Resources and Petroleum and Sonangol

Angola produces 14 types of crude, most of which are medium viscosity. Cabinda Blend, which is a medium viscosity and low sulphur content (32.5º API and 0.13 per cent. sulphur), is the standard type of crude for evaluation of crude produced in Angola and is used for reference purposes internationally. Nemba Blend type crude produced in both Block 0 and Block 14 has the highest gravity (39.7º API and 0.23 per cent. sulphur) with low viscosity and low sulphur content. Dalia type crude produced in Block 17 has medium viscosity (22.7º API and 0.49 per cent. sulphur) and is considered to be semi-acidic type. The closest international price reference for Angolan crude is the Brent Crude Oil Index.

The following table sets forth information regarding Angola's current oil producing projects, operators and loading:

Operator	Partners	Location	Projects	Crude Streams	Leading Ports	2018 Loadings (bopd)
ExxonMobil	BP, Eni, Statoil	Block 15 deepwater	Kizomba A (Clochas, Hungo, Marimba, Mavacola)	Hungo	Kizomba A FPSO	64,686.61
			Kizomba B (Bavuca, Clochas, Dikanza, Kakocha, Kissange, Mavacola)	Kissanje	Kizomba B FPSO	86,381.43
			Kizomba C (Mondo Saxi Batuque	Mondo; Saxi Batuque	Mondo FPSO Saxi Batuque FPSO	45,878.19 31,277.58
Chevron	Sonangol, Total, Eni	Block 0- Area A offshore	Takula, Malongo, Mafumeira Norte	Cabinda	Malongo terminal	166,999.00
		Block 0- Area B offshore	Nemba, Tombua, Landana	Nemba		88,407.00
	Chevron, Sonangol P&P, Eni, Galp, Total	Block 14 deepwater	Kuito, BBLT (Benguela-Belize-Lobito-Tomboco)			42,283.00
	Chevron, Sonangol P&P, Eni, Galp, Total, SNCP	Block 14K deep water	Lianze		Plataforma BBLT	7,044.00
BP	Sonangol Sinopec International (SSI)	Block 18 deepwater	Greater Plutonio (Plutonio, Galio, Cromio, Paladop, Cobalto)	Plutonio	Plutonio FPSO	67,752.99
	Statoil, Sonangol, Marathon, SSI	Block 31 ultra deepwater	PSVM (Plutão, Saturno, Vênus, Marte)	Saturno	PSVM FPSO	109,491.56
Total	Statoil, ExxonMobil, BP	Block 17 deepwater	Dalia	Dalia	Dalia FPSO	167,703.00
			Pazflor (Perpetua, Zinia, Hortensia, Acacia)	Pazflor	Pazflor FPSO	113,170.00
			Girassol, Jasmin, Rosa	Girassol	Girassol FPSO	113,170.00
			Clov (Cravo, Lirio, Orquidea and Violeta)	CLOV	CLOV FPSO	162,950.00
	SNL PP, SSI, ESSO Angola, GALP	Block 32 Offshore -Total	Projecto Kaombo North & South		FPSO Kaombo North & South	36,500.00
Eni	Sonangol, SSI, Falcon	Block 15/06 deepwater	West Hub[1]	NA	N'Goma FPSO	57,584.00
			East Hub	NA	Olombendo	63,394.00
Pluspetrol	Sonangol, Force Petroleum, Cubapetroleo	123-5 Cabinda onshore	Cabinda C (South)	Cabinda	Malongo terminal	1,009.79
Somoil	Chevron, Sonangol	Onshore	Soyo	Palanca	Palanca Terminal	3,941.66
Sonangol	Total, Chevron, Petrobras, Somoil, Kotoil, Poliedro, BTG Pactual	Block 2/85 offshore	Essungo	Palanca	Palanca Terminal	1,230.68
	Total, Eni, Inpex, Mitsui, Naftagas, Naftaplin,	Block 3 offshore	Palanca, Cobo, Pambi, Oombo, Nunce Sul	Palanca	Palanca terminal	7,295.75
	Mitsubishi, Somoil, Svenska	Block 3/05A offshore	Caco-Gazela	Palanca	Palanca terminal	0.00
	Statoil, Somoil, Angola	Block 4/05 offshore	Gimboa	Gimboa	Gimboa FPSO	5,205.50

	Consulting Resources	
Total		1,417,567.75

Source: APNG- 2019

One of the latest projects to start production is the East Hub development, operated by Eni. The Lianzi field, operated by Chevron Congo, is located in a unitized offshore zone between Angola and the Republic of Congo (Brazzaville), and it is the first cross-border development of its kind in the region.

There are nine oil projects scheduled to start production over the next five years in Angola, three of which (the Kaombo Project (230,000 bbl/d of crude oil), the UM8 field (5,000 bb1/d of crude oil) and the Ochigufu field (22,000 bbl/d of crude oil) are deepwater fields and are scheduled to start production in 2018. The UM8 field and the Ochigufu field commenced oil production in early 2018, one and a half years after the presentation of the plan of development. Construction delays in 2018 contributed to the Kaombo Project starting production in early 2019 on the Kaombo Sul, marking the second floating production storage and offloading unit. The project is located on Block 32, 260 km off the coast of Luanda, in water depths ranging from 1,400 to 2,000m.

Angola has more than 11 offshore and/or deepwater oil projects projected to come online within the next seven years. Of those planned projects, four have received a final investment decision to develop and those projects in aggregate are estimated by the Government to potentially contribute approximately 500,000 bbl/d of new crude oil production

The following table sets forth information regarding upcoming crude oil projects in Angola:

Project	Plateau output (,000 bbl/d)	Operator	Estimated	Location	FID[1]	Notes
Platina	20	BP	2021	Block 18 Deepwater	Yes	The field will produce an additional 20 000 BOPD to Great Plutonio FPSO
PAJ (Palas, Astraea, Juno)	70	BP	2023	Block 31 Ultra Deep Offshore	No	The FID to develop the project will be in November 2020 and will produce around 70 000 BOPD
Caril POP-UP	6	Total	2021	Block 32 Ultra Deep Offshore	Yes	The field will produce an additional 6 000 BOPD to Kaombo FPSO
Mostarda	4	Total	2020	Block 32 Ultra Deep Offshore	Yes	The field will produce an additional 6 000 BOPD to Kaombo FPSO
83N F1	6	Chevron Block 0	2020	Block 0 Shallow Water	Yes	
83N F2	7	Chevron Block 0	2021	Block 0 Shallow Water	No	The FID to develop the project will be in 2020
AGOGO F1	20	ENI	2019		Yes	The field will produce an additional 20 000 BOPD to Ngoma FPSO
AGOGO F 2	25	ENI	2022		Yes	The field will produce an additional 25 000 BOPD to Ngoma FPSO
UM8 & UM4-5	12	ENI	2021	Block 15/06 deepwater	No	The FID to develop the project will be in December 2020
CLOV F2	12	Total	2020	Block 17 deepwater	Yes	The field will produce an additional 12 000 BOPD to CLOV FPSO
PAZ Miocénico	22	Total	2020	Block 17 deepwater	No	The FID to develop

						the project will be in December 2019
Zinia Fase 2	22	Total	2021	Block 17 deepwater	Yes	
Dalia Infill	12	Total	2020	Block 17 deepwater	No	The field is expected to produce maximum of 12 000 BOPD
Dalia Fase 3	17	Total	2021	Block 17 deepwater	No	The field is expected to produce maximum of 17 000 BOPD
Bavuca Sul	16	Esso	2021	Block 15 deepwater	No	
Cameia	70	Sonangol	2025	Block 21/09 offshore pre-salt	No	
Lifua A	6	Chevron	2020	Block 0 Shallow Water	No	The FID to develop the project will be in December 2019
Lifua B	7	Chevron Block 0	2022	Block 0 Shallow Water	No	The FID to develop the project will be in 2021
Lifua C	6	Chevron	2024	Block 0 Shallow Water	No	The FID to develop the project will be in 2023
South N'Dola	21	Chevron	2023	Block 0 Shallow Water	No	The FID to develop the project will be in 2022
KAMBALA	9	Chevron Block 0	2022	Block 0 Shallow Water	No	The FID to develop the project will be in 2020
BBLT Infills	8	Chevron Block 14	2019	Block 0 Shallow Water	Yes	

[1] Companies have made a final investment decision ("**FID**") to develop the project.

Source: APNG-2019

Onshore exploration

Most exploration activity is conducted offshore at depths of more than 1,200 meters (3,937 feet). Exploration activities in Angola's onshore have been limited over the past decades because of the Civil War. Over the past few years, onshore exploration has resumed, but at a slower pace compared with offshore activities.

Recent onshore exploration activity is mostly conducted in the Lower Congo basin onshore area in the Cabinda North and South Blocks. Sonangol, with China Sonangol, carried out exploration activity at Cabinda North. Exploration at the onshore Cabinda South Block was initially led by Roc Oil Company based in Australia, but was later taken over by Pluspetrol Angola, a subsidiary of Argentine group Pluspetrol, with partners Sonangol and Cubapetroleo. Exploration at the Cabinda South Block initially commenced in 2007, and production started in late 2013.

Somoil, a privately-owned Angolan company, is pursuing exploration activities in the onshore Soyo areas. Somoil typically produces small quantities of oil (less than 5,000 bbl/d), which is blended and exported with oil produced at the Sonangol-operated fields. The Soyo fields were initially closed for operational reasons and reopened in 2016. Somoil is the only privately-owned company based in Angola that operated oil fields in the country.

Pre-salt exploration

The first pre-salt discoveries in Angola were the Denden 1 well in Block 9 in 1983, operated by Cities Services at the time, and the Baleia 1A well in Block 20 in 1996, operated by Mobil (now ExxonMobil) at the time. Maersk Oil made the first recent pre-salt discovery in the Kwanza basin in late 2011 with the Azul well on Block 23. Maersk continues to study the results of the well and plans to appraise it.

Multiple pre-salt well discoveries have been made in Blocks 20 and 21 (Cameia, Mavinga, Lontra, Bicuar, and Orca) in the form of liquid and gas. Pre-salt discovery in the Cameia field in Angola is the only commercially viable discovery to date. However, the Cameia field is not yet in operation.

In January 2011, Angola announced that it awarded 11 pre-salt offshore Blocks in the Kwanza basin, following a closed licensing round in which a few selected IOCs were invited. IOCs that were awarded Blocks included Petrobras, Maersk Oil, BP, Repsol, Total, Eni, Conoco Phillips and Statoil. Some of these companies have slowed their investments in Angola's pre-salt, and some wells have been closed and abandoned. The combination of disappointing results and geological complexity, compounded by the low-oil-price environment, has resulted in reduced investment in Angola's pre-salt areas. Nonetheless, Angola has commenced the auction of ten onshore Blocks believed to hold pre-salt prospects in the Kwanza and Lower Congo basins and was expected to announce a decision in relation to the bids received, by the end of November 2015. However, due to the significant decrease in the price of oil in mid-2014, and its impact on Angola's economy and finances, which adversely impacted the viability of the oil concessions subject to public tender, the bidding process was cancelled.

Development of regulatory framework

Oil was first discovered in Angola in the 1950s, but significant production did not begin until the late 1960s, when oil was discovered offshore in the province of Cabinda. The early oil industry in Angola was regulated by colonial Portuguese law, under which initially taxes and later also royalties were payable to Portugal.

Following Angola's independence in November 1975, a restructuring of the regulatory framework took place. The major change was the creation of the state oil company, Sociedade Nacional de Combustiveis de Angola ("**Sonangol**"). Under a 1978 Angolan law governing operations in the petroleum sector, Sonangol was granted exclusive rights for the exploration and production of oil in Angola and, in addition, the power to grant, on behalf of Angola pursuant to decrees (the "**Concession Decrees**"), exploration and production rights to other petroleum companies, which were permitted to engage in the exploration and production of petroleum in partnership with Sonangol. This position was confirmed in Law No. 10/04 of 12 November 2004, for Petroleum Activities Law (the "**Petroleum Activities Law 2004**") which maintained the fundamental principle of state ownership of petroleum resources and the regime of a sole concessionaire.

Since 2004, various legislation has been enacted to regulate the oil and gas industries in Angola, including the introduction of a specific tax regime for this sector and regulations regarding customs, training for workers, refining, transportation and the storage of oil products. For instance, on 18 May 2018, Presidential Legislative Decree No. 7/18 was published in the Official Gazette. It approved further rules on the legal and tax regime applicable to the activities of prospecting, exploration, measurement, development production and sale of natural gas in Angola, and is aimed at encouraging the exploration of natural gas whilst ensuring flexibility and adaptability.

Following the creation of the National Institute for the Regulations of Oil Derivatives (the "**NIROD**") (originally created by Presidential Decree 133/13 of 5 September 2013 which was later revoked and replaced by Presidential Decree 133/18 of 18 May 2018) in February 2018, the President approved its internal protocols. The primary function of the NIROD is to protect the rights and interest of consumers in relation to prices and quality of service, promote competition within the industry, incorporate relevant international practices in the regulation of oil derivatives, liaise with relevant international organisms and regulate the commercial relationships between the different companies and agencies.

The new framework for the downstream sector in Angola was established by Presidential Decree 208/19 of 1 July 2018. Under this Presidential Decree, refining of crude oil, import, reception, supply, storage, transportation, distribution, marketing and export and petroleum products, are now subject to, the free competition principle and further rules aimed at the promotion and defence of competition provided for in the Competition Law.

Through the enactment of Presidential Decree 49/19 of 6 February 2019, Angolan National Agency of Petroleum and Gas Agency ("**ANPG**") was created and its by-laws approved. In lieu of Sonangol, ANPG was created as the new National Concessionaire whose main goal is to regulate, supervise and promote the execution of oil and biofuel activities in Angola.

In April 2019, and following the creation of the ANPG by Law No. 5/19 of 18 April 2019, the Government introduced modifications to the Petroleum Activities Law 2004 (the "**Petroleum Activities Law 2019**") in order to provide a transparent and efficient coordination of the exploration of oil resources in the country in addition to, creating favourable conditions to attract foreign investment to the Angolan Oil Sector. As per the Petroleum Activities Law 2019, the ANPG has the exclusive rights and power, which formerly belonged to Sonangol in the Petroleum Activities Law 2004, for the exploration and production of oil in Angola. The ANPG also has the prerogative to grant exploration and production of oil in Angola.

The ANPG also has the prerogative to grant permits for the exploration and production rights to petroleum companies, providing this is subsequently approved by means of a Concession Decree. Companies designated in Concession Decrees are permitted to engage in the exploration and production of production of petroleum in partnership with the ANPG.

Pursuant to the Petroleum Activities Law 2019, Sonangol (directly or through an affiliate company) has preferential rights to receive a minimum participative interest of 20 per cent. in all new oil concessions to be designated as producer in all oil concessions if technical and financial capacities are demonstrated in accordance with the internationally accepted practices in the oil industry.

As an integral part of the recent Petroleum Activities Law 2019, and the new 2019 regulatory oil scheme described above, Angola passed the Presidential Decree 52/19 of 18 February 2019 and established a 2019-2025 General Strategy for oil concessions (the "**2019-2025 Oil Concessions Strategy**" or the "**Oil Strategy**") that aims at increasing oil and gas production in the country. Pursuant to the 2019-2025 Oil Concessions Strategy, oil concessions shall be granted public tenders, limited public tenders and direct negotiations.

In a public tender processes, the National Concessionaire shall partner with other entities to execute projects in a specific area. In such a process, Sonangol will have the right to 20 per cent. minimum interests in all new concessions and to receive up to a 20 per cent. financing in all exploration concessions in which it does not act as producer. The ANPG also has the prerogative to grant permission to trade oil on behalf of Angola. The ANPG has granted this exclusive right to Sonangol. Pursuant to the 2019-2025 Oil Concessions Strategy, concessions by way of public tenders will apply to approximately 10 Blocks in 2019 located in Bacia de Benguela; to approximately nine Blocks in 2020 located in Bacia Terreste do Congo and Bacia Terreste do Cuanza; and to approximately 12 Blocks in 2023 located in Bacia do Congo and Bacia Cuanza.

In limited public tender processes, concessions shall be granted over areas that are of strategic interest for Angola and only for companies previously selected by the National Concessionaire. Pursuant to the 2019-2025 Oil Concessions Strategy, limited public tenders will apply to concessions in respect of approximately six offshore Blocks and two Blocks in free areas in 2021; and to approximately ten more Blocks in 2025.

In direct negotiation processes, a Concession Decree shall grant the National Concessionaire authority to enter into commercial contracts with companies that possess proven experience in oil exploration and production in similar geological areas. Initial negotiations for those contracts shall be approved by the Ministry of Mineral Resources and Petroleum. Pursuant to the 2019-2025 Oil Concessions Strategy, direct negotiation processes will apply to approximately six Blocks in the first half of 2019, although it is stated in the Oil Strategy that the process of ascertaining the most adequate type of contract may affect the execution of these concessions.

The 2019-2025 Oil Concessions Strategy also promotes the exploration and analysis of new areas by entering into contracts with different companies. This includes areas such as the internal Bacias do Etosha, Okavango and Cassange and the offshore zones of Bacia do Namibe. According to the Oil Strategy, all the internal Bacias are expected to be divided in Blocks in 2022 and included in tenders in the year 2023. Further Blocks that have been returned to the Government from the 2012 Pre-salt exploration campaign shall be given in concession in 2025. The Oil Strategy also encourages the collection of data of

the Bacia do Congo in order to determine the productive potential around the already identified areas. To achieve these objectives, the 2019-2025 Oil Strategy allows the opening of new public tenders not listed therein provided the approval of the Ministry of Mineral Resources and Petroleum is granted.

While the existing regulatory framework functions across all elements of the oil and gas sector, the Government is currently considering introducing new regulations to cater specifically for the natural gas sector and the development and exploration of marginal fields.

Description of Sonangol's corporate structure

Sonangol is currently a shareholder in almost all oil and natural gas production and exploration projects in Angola, with the exception of two deepwater producing projects, and Sonangol operates Angola's only oil refinery, Refinaria De Luanda. Sonangol owns 61 subsidiaries (as stated in its audited financial statements for the year ended 31 December 2018), nine of which operate throughout the oil and natural gas industry, performing functions such as exploration, production and marketing of crude oil, storage and marketing of petroleum derivatives.

Sonangol's key subsidiaries include the following:

- Sonangol Pesquisa e Producão ("**P&P**"), which undertakes exploration and production activities for Sonangol in Angola;
- Sonaref, which runs refining operations in Angola; and
- Sonagás, which runs Angola's natural gas sector. Sonagás was formed in 2004 and is tasked with the exploration, evaluation, production, storage and transport of Angola's natural gas and natural gas products. Sonagás is working with Sonangol P&P to establish a regulatory environment including taxation (to help increase research and development in the natural gas sector of Angola).

Sonangol is becoming increasingly involved in international ventures, and currently has interests in Brazil, Cuba, São Tome and Principe, Venezuela, Iraq and in the Gulf of Mexico. In early 2012, Sonangol pulled out of Iran's South Pars-12 natural gas project after U.S. sanctions on Iran were tightened. Sonangol was also forced to halt operational activities in Iraq in 2012 because it had been experiencing repeated attacks on the oil fields it was operating (Qaiyarah and Najmah) because of militant violence in Iraq's northwest Ninawa Province. After the Iraqi government reclaimed the area in 2016, the security environment improved and in February 2018 Sonangol announced that it would resume oil operations in Iraq. Sonangol continues to explore opportunities around the globe as it aims to establish itself as a major international player.

In May 2019, Angola passed the Privatisation Law (as defined below), in order to reduce the Government's participation in the economy as a direct producer of goods and services and to promote favourable conditions to private initiatives, foreign investments and the acquisition of specific know-how that is beneficial to the companies in the public sector. The Privatisation Law is complemented by the PROPRIV (as defined below), which as regards Sonangol, lays out a 2019-2022 schedule for the privatisation of the Sonangol Subsidiary Companies (as defined under "- *Privatisation and Public-Private Companies*"). As per the PROPRIV, Sonangol shall also be privatized through an initial public offering process expected in 2022. See " -*Privatisation and Public-Private Companies".*

Current principal commercial and fiscal terms of oil production

The ANPG (as the successor National Concessionaire to Sonangol) has three principal commercial arrangements for the exploration for, and production of, oil:

- production sharing arrangements (PSAs);
- joint ventures; and

- risk service contracts,

each of which is more fully described below.

In 2018, PSAs accounted for 88.0 per cent. of revenues in the oil industry derived from the oil exploration and production activities in Angola, while joint ventures accounted for 12.0 per cent. No risk service contracts have been granted since 2009.

- *Production sharing agreements (PSAs)* – Since 1978, when the first PSAs were implemented, PSAs have become the most commonly used type of arrangement for exploration for, and production of, oil in Angola. PSAs provide significant benefits to Angola in that unlike under JV arrangements, all capital costs associated with exploration, development and production are incurred by the contractors (typically, major international oil companies), thus minimizing the burden on Angola for development of the industry, but still giving Angola ownership of the resources. Where the contractor retains a stake in a PSA, it will incur costs pro rata to this stake in its capacity as a contractor. In addition, the contractor companies are typically able to provide the projects with the benefit of modern and advanced oil exploration and extraction techniques, which is particularly useful with the predominance of deepwater reserves. The terms of each PSA vary according to the different circumstances of the relevant area, including the difficulty of extracting oil and the size of the relevant reserves. Up until the mid-1990s, Sonangol generally took around a 25 per cent. stake as a contractor in the PSAs; more recently, its stake has tended to be closer to 20 per cent. The general terms such PSAs typically provide are as follows:

    - *Production and profit sharing*: Production from the particular concession area is used firstly for the recovery of production costs (including a yearly surface rental of U.S.$300 per square kilometre payable by the contractors). Cost recovery is generally fixed at 50 per cent. of revenues from the total production, with variations up to 65 per cent. for some deeper water Blocks and in circumstances where development expenditures have not been recovered within four years. The remainder of the oil so produced (i.e. profit oil) is then divided as profit between the contractors and the national concessionaire. Since 1991, the split has been calculated quarterly based on the contractors' rate of return in respect of the relevant Block (with the national concessionaire's share increasing as the contractors' rate of return increases), having previously been based on cumulative production in the relevant development area with specified profit splits applicable to each tier. While it was national concessionaire, 90 per cent. of Sonangol's revenues derived from the sale of its share of profit oil and was remitted to Angola, with Sonangol retaining 10 per cent. to cover its costs relating to acting as Angola's oil sector concessionaire.

    - *Bonuses:* Signature bonuses (one-time fees for the assignment and securing of licenses paid irrespective of success for the contractor or licensee) and commercial discovery and production bonuses are payable by the contractor group, which vary depending on the type of concession to which the PSA relates, with deepwater and more promising concessions being subject to higher signature and production bonuses. The bonuses are neither cost recoverable nor tax deductible and are collected from the contractors by national concessionaire and are passed on to Angola.

    - *Taxes and royalties:* Goods and production imported and exported under PSAs are exempt from import and export duties. No royalties are payable by contractors under PSAs. However, petroleum income tax is charged on the contractors' share of profit oil (at 50 per cent.) less any price cap excess fee (see below), where applicable. This tax is paid directly by the contractors to the state revenue. There are also minor taxes due, including payroll and training taxes.

    - *Price cap:* A price cap mechanism, which incorporates an annual inflation index rate based on the UN price index, sets a limit on the excess fee due to ANPG in its capacity as

concessionaire under the PSA and only applies to cumulative production profit share under the PSA.

  - *Other duties:* PSAs normally impose social development, training of local personnel and environmental duties on the contractors, and the Government is entitled to request that the contractors supply 50 per cent. of total production from the concession to Sonangol at market price in order to satisfy Angola's domestic oil consumption requirements.
  - *Depreciation:* Depreciation rate is 25 per cent. on a straight line basis.

- *Joint ventures*: JVs are used for concessions in Congo onshore and Block 0 and the typical principal provisions of such JVs are as follows:
  - *Participation:* Sonangol acts as a joint venture partner of foreign oil companies in Congo onshore (where it holds approximately 80 per cent. in the joint venture, with CABGOC holding a minority interest) and in Block 0 (where Sonangol initially held 51 per cent. and since 1991, 41 per cent. in joint ventures). All costs are shared according to the partners' respective participation interests.
  - *Bonuses:* Signature and production bonuses are payable, and not tax deductible.
  - *Taxes and royalties:* Import and export duties are not payable, but royalties are charged at 20 per cent. Corporate income tax from petroleum revenue is payable at the rate of 65.8 per cent. Additional profits are also taxed at a rate of 70 per cent. Other minor taxes such as training taxes are payable.
  - *Depreciation*: Depreciation rate is 16.7 per cent. on a straight line basis.
  - *Other duties:* JV agreements normally impose social development, training of local personnel and environmental duties.
- *Risk service contracts (RSCs)* – In 2009, Angola re-introduced into its oil industry RSCs. Two RSCs were granted to Cobalt International Energy in 2009 for pre-salt concessions in Blocks 9/09 and 21/09, and their terms differ significantly from those granted previously. Cobalt International Energy sold its interest in Block 21/09 to Sonangol effective 1 January 2015. See *"– Primary Industry Sectors – Oil Industry – Exploration*". No RSCs have been granted since 2009. Principal provisions of the 2009 RSCs are as follows:
  - *Costs:* All costs are borne by the consortium of contractors, and at their own risk in the event that no oil is eventually discovered.
  - *Ownership of oil and payment to consortium:* All produced oil belongs to the national concessionaire but the national concessionaire must pay the consortium an agreed fee, in the form of part of the oil production.
  - *Taxes and royalties:* Tax and royalties terms are similar to those used under JV arrangements. Import and export duties are not payable, but royalties are charged at 20 per cent. Corporate income tax from petroleum revenue is payable at the rate of 65.75 per cent. Additional profits are also taxed at a rate of 70 per cent. Other minor taxes such as training taxes are payable.
  - *Depreciation*: The depreciation rate is 16.66 per cent. on a straight line basis, which is the same as for JV arrangements.

Based on the above structures of arrangements used in the oil industry, Angola's revenues derived from oil production activities comprise principally (i) taxes collected from foreign contractors and from Sonangol operating in its capacity as an oil production company; (ii) 93.0 per cent. of ANPG's share of profit oil under PSAs (Sonangol retained 7.0 per cent. of its profit oil on account of its costs incurred in

acting in its capacity as the concessionaire in 2017 and retained 8.0 per cent. starting in 2018); and (iii) bonuses and royalties payable to ANPG in respect of upstream contracts. In addition, as the company is wholly owned by Angola, Sonangol pays dividends to Angola as its sole shareholder.

The table below sets forth information concerning revenues of Angola derived from the oil production activities in Angola for the years indicated:

	2014	2015	2016	2017	2018
			(U.S.$ billions)		
Oil tax revenue, of which:	30.1	15.8	8.4	10.3	15.2
From Sonangol	20.2	10.9	5.5	6.6	10.0
From foreign operators	9.9	4.9	2.8	3.7	5.2
Dividends from Sonangol	—	—	—	—	0.0
Total	**30.1**	**15.8**	**8.4**	**10.3**	**15.1**

Source: Ministry of Finance

Sonangol

- *History* – There were only two producing regions in Angola prior to independence, being the Cabinda concession (Block 0, operated by CABGOC) and the onshore concession operated by Fina (known as FS and FST). Both of these concessions had been initially awarded by the Portuguese colonial authorities that had control of Angola at the time. In June 1976, Sonangol was established by the new Angolan Government. Sonangol took 51 per cent. interests in each of these concessions under contract reorganisations conducted in 1978, although its stake in Cabinda offshore (Block 0) was reduced to 41 per cent. in 1991. As stated above, and until the Petroleum Activities Law 2019 was passed, under an Angolan law governing operations in the petroleum sector, which was passed in 1978, Sonangol was granted the exclusive rights to exploration for, and production of, petroleum in Angola and, in addition, the right to contract with domestic and international petroleum companies to permit them to engage in the exploration and production of petroleum in partnership with Sonangol, subject to the consent of the Government .
- *Governance* – Sonangol is managed by its board of directors, consisting of seven executive directors and four non-executive directors. All directors, including the Chairman, are appointed by the President of the Republic.
- *Revenues* – Sonangol derived its revenues from three main sources: (a) from its participation as a contractor in PSAs, from its participation in JVs and from revenues from RSCs and (c) from non-upstream activities including logistics and supply chain, retail and marketing, shipping, aviation and telecommunications. In 2018, Sonangol’s profits increased by 106 per cent., with sales increasing by 18.9 per cent. and earnings before interest, taxes, depreciation and amortisation increasing by 19.0 per cent. compared to 2017. Sonangol’s net profits increased by 192.3 per cent. in 2018. Sonangol’s assets as of 31 December 2018 amounted to AOA 13,858.6 billion (U.S.$44.7 billion).

Sonangol does not undertake any quasi-fiscal operations on behalf of the Government.

Sonangol has seven separate commercial divisions operated through subsidiaries, each generating their own income. These subsidiaries are engaged in exploration and production of oil; gas; logistics and supply; retail and marketing; shipping; aviation and telecommunications. Although in the long-term, Sonangol’s intention is to spin-off its non-core activities, the current lack of relevant services in the market makes Sonangol rely on those services from its subsidiaries.

- *Funding* – Sonangol has borrowed approximately U.S.$33.5. billion over the last thirteen years from the syndicated loan market, for which loans Credit Agricole Corporate and Investment Bank (formerly CALYON), Standard Chartered Bank, China Development Bank, Industrial and

Commercial Bank of China and BNP Paribas have acted as agents. As of 31 December 2017, approximately U.S.$4.9 billion was outstanding under these loans. Sonangol's financial indebtedness was U.S.$4.5 billion as of 31 December 2018.

Historically, Sonangol's borrowing policy was based on dedicated revenue streams deriving from its sales of crude oil accruing to it from its oil interests in Angola. Since 2006, however, Sonangol's borrowings have assumed a more typically corporate structure. Borrowings are contracted by Sonangol's wholly-owned subsidiary, Sonangol Finance Limited ("**SFL**"), under guarantee of Sonangol, supported by oil receivables sale and purchase agreements between Sonangol and SFL. Since the Government established a policy of not borrowing against its future oil sales revenues, Sonangol has discontinued its former policy of hedging against changes in oil prices.

Sonangol intends to invest across its business U.S.$7.1 billion between 2019 and 2021 which it intends to fund through a combination of Sonangol's own cash flow, as well as debt financing with commercial banks and the proceeds of the disposal of certain of its non-core assets. In 2019, Sonangol has raised approximately U.S.$1.1 billion in debt financing from commercial banks. The balance of its funding requirements for 2019 will be met through Sonangol's internal funds.

Sonangol's capital expenditure principally consists of costs associated with building facilities for the exploration and production of oil, LNG and natural gas. Over the past three years, Sonangol has spent approximately U.S.$1.9 billion per annum on capital expenditure. It estimates that it will spend U.S.$7.1 billion per annum in the next three years (2019-2021) on capital expenditure related to exploration and production of oil and gas. These capital expenditure figures exclude Sonangol's investment in the Lobito refinery (described below under "– *Midstream and downstream services – Refining*"), which was originally estimated to cost U.S.$6.4 billion, of which U.S.$1.4 billion has been invested to date.

In response to reduced revenues driven by the relatively low price of oil since 2016, Sonangol cut its costs by approximately U.S.$542.5 million, having reduced expenditure in 2017 by approximately 40 per cent. compared to 2016 and by approximately 1.0 per cent. in 2018 compared to 2017, principally through renegotiating contractual arrangements with its partners. Sonangol has cut its costs further by approximately U.S.$1.0 billion as at the end of 2018.

The following table sets forth Sonangol's historic investment programme for the periods indicated:

Description	**2016**	**2017**	**2018**
		(U.S.$ millions)	
Exploration and production	2,792.0	1,516.2	1,114.8
Refining and shipping	122.1	154.1	14.7
Distribution and transportation	5.0	—	—
Total	**2,919.1**	**1,670.3**	**1,129.4**

Source: Sonangol

The following table sets forth Sonangol's projected investment programme for the periods indicated:

Description	**2019**	**2020**	**2021**
		(U.S.$ millions)	
Exploration and production (crude oil and natural gas)	2,187.2	1,823.5	1,971.2
Refining and shipping	130.2	260.3	560.7
Logistics and distribution of refined products	61.7	7.5	0.3
Non-core activities	60.8	6.8	5.3
Total	**2,440.0**	**2,098.0**	**2,537.4**

Source: Sonangol

- *Investments and international operations* – Sonangol has a number of financial investments from which it derives dividend income. Investments outside of Angola include direct and indirect shareholdings in Puma Energy (27.93 per cent.), Millennium BCP (19.5 per cent.), GALP (9 per

cent.) and Carlyle Energy Funds II and III (10 per cent. in each). Sonangol's investments in Angola include, among others, shareholdings in Banco Económico (39.4 per cent.), Banco Africano de Investimentos (8.5 per cent.), Banco do Comércio e Indústria (1.04 per cent.), Manubito (33.3 per cent.) and Banco Caixa Geral Tota de Angola (25 per cent.). Sonangol's telecommunications subsidiary also owns a 25 per cent. shareholding in Unitel.

In addition to petroleum production activities in Angola, Sonangol holds a number of concessions internationally. These include concessions in the Gulf of Mexico, Iraq and Brazil. In addition to being engaged in the petroleum industry, the Sonangol corporate group holds equity interests in a variety of industries including telecommunications and banking.

Midstream and downstream services

- Transportation – Oil produced offshore is directly exported by tanker from Floating Production, Storage and Offloading systems ("**FPSOs**" or "**FSOs**"). Oil produced in the shallow water of Cabinda and onshore is transported by pipeline to onshore terminals and then exported overseas by tanker.

- Refining – Angola has one operating oil refinery, which was built in 1955 outside Luanda and has a capacity of 65,500 bbl/d. It currently meets between only approximately 20 per cent. and 30 per cent. of Angola's refined petroleum needs and has experienced several maintenance-related shutdowns.

In order to support Angola's need for oil and its continuously expanding oil industry, Angola started construction of a second refinery at Lobito in Benguela province in December 2012 and it is currently expected to be operational in 2025. This refinery was being constructed by Odebrecht with the construction being supervised by KBR Inc., the NYSE listed U.S. engineering, procurement and construction company. KBR has been operating in Angola since 1968 and has executed a significant number of projects in the region. However, Sonangol is currently in discussions with other partners for the completion of the Lobito refinery which is currently on hold. The Lobito refinery was originally estimated to cost Sonangol U.S.$6.4 billion, of which U.S.$1.4 billion has been invested to date, mainly in supporting infrastructure. Financing for the Lobito refinery is being provided by Sonangol, as the investor in this refinery. The Lobito refinery is expected to initially process 120,000 bbl/d, increasing to 200,000 bbl/d within a year of becoming operational. The new refinery is expected to run on Angola's crude oil with refined products sold to domestic and international markets.

In October 2019, Angola commenced an international public tender for the Construction of the Soyo Refinery, the results of which are expected to be announced in March 2020. The public tender is part of the Government's strategy for the oil and gas sector and is part of a programme that also includes the construction of similar facilities in Cabinda and Lobito. In October 2019, a memorandum of understanding was entered into by certain private sector participants (including Sonangol) for the prospective construction and development of the Cabinda refinery. Subject to completion of feasibility studies and a final investment decision being made, the project is expected to cost approximately U.S.$1 billion and to take more than five years to complete. The Cabinda refinery is expected to process 60,000 bbl/d once completed and have a positive impact on job creation in the region. Sonangol is expected to hold a minority stake in the refinery once completed.

- *Marketing and retail* – Sonangol markets its own oil through its three trading offices in London, Houston and Singapore. Oil is marketed and sold on a cargo by cargo basis, at market prices.

Angolan consumption of refined petroleum products

Angola consumed approximately 3.5 million metric tons of refined petroleum products in 2018. Angola imports approximately 70 per cent. to 80 per cent. of the refined petroleum products it consumes. Low fuel prices in Angola have contributed to rising refined petroleum products demand. Angola's energy subsidies accounted for an estimated 0.0 per cent. of GDP in 2018. The Government is in the process of

reviewing and gradually reducing energy subsidies, particularly in relation to gasoline and diesel, and intends to remove all oil product subsidies by the third quarter 2020.

Between 2014 and 2018, the Government raised (in cumulative terms) retail fuel prices (by 113.0 per cent. for gasoline , by 170.0 per cent. for diesel, by 170.0 per cent. for liquefied petroleum gas, by 100.0 per cent. for kerosene, by 43.0 per cent. for heavy fuels and by 335.0 per cent. for asphalt). Between 2014 and 2018, expenditure on subsidies has decreased by 3.2 per cent. of 2017 estimated GDP. Sonangol is currently the only entity in Angola which can import petroleum products, which are subsidized. The Government's policy of eliminating petroleum subsidies by the third quarter of 2020 is expected to open the market to allow entities other than Sonangol to competitively import petroleum products. *See "Public Finance – Budget Framework and Process – Framework*".

Exports

For a period in excess of 13 years, China was the largest importer of Angola's oil. China is currently the fastest growing market for Angolan oil, accounting for 65.0 per cent. of Angola's crude oil exports. The United States (3.2 per cent. in 2018), India (8.9 per cent. in 2018) and the European Union (5.0 per cent. in 2018) are also major destinations for Angolan oil. However, U.S. imports of Angolan crude oil continue to decline because of increased U.S. production of similar quality crude grades. Angola's crude oil exports to the United States accounted for 3.2 per cent. of Angola's total crude oil exports in 2018, compared to 3.6 per cent. in 2014.

Most Angolan crude oil is medium-to-light in density, but some grades (such as Dalia, Pazflor and Hungo), are heavy grades. A large proportion of Angola's oil production is exported because Angola's domestic refining capacity is limited.

The table below sets forth certain information regarding the composition of Angola's crude oil exports for the years indicated, unless otherwise stated, by country:

	2014	**2015**	**2016**	**2017**	**2018**	**First six months of 2019**
			(U.S.$ billions)			
China	27.7	14.1	13.9	19.2	23.7	11.2
United States	2.0	1.0	1.3	0.9	1.2	0.5
Canada	2.7	1.0	0.9	1.1	0.7	0.0
France	2.0	1.5	0.9	0.3	0.6	0.2
India	4.7	2.7	1.9	2.6	3.2	1.5
South Africa	2.0	1.3	1.3	1.3	1.1	0.2
The Netherlands	2.1	1.0	0.4	0.0	0.1	0.0
Spain	3.7	2.2	0.8	0.9	1.2	0.5
Chile	0.4	0.1	0.0	0.0	0.0	0.1
Taiwan	2.3	1.4	1.1	1.4	0.2	0.0
Brazil	1.0	0.0	0.0	0.0	0.0	0.0
Others	5.8	5.1	3.3	3.4	4.4	1.9
Total	**56.4**	**31.4**	**25.6**	**31.1**	**36.5**	**16.2**

Source: Ministry of Mineral Resources and Petroleum

Investment

Investment in the oil sector amounted to U.S.$3.8 billion in 2018 and totalled U.S.$56.4 billion for the period from 2014 to 2018.

The following table sets forth the investment in the oil sector for the years indicated, showing a tendency to decrease, due to various market factors:

	2014	2015	2016	2017	2018
			(U.S.$ billions)		
Exploration ………………………………...	4.7	1.9	(0.3)	0.4	(0.6)
Development …………………………………	15.3	14.2	11.0	5.5	4.6
Administration & Services (A&S) …………...	0.2	0.1	0.1	-	-
Total ………………………………………….	**20.2**	**16.2**	**10.8**	**5.9**	**4.0**

Source: Ministry of Mineral Resources and Petroleum and Sonangol

In 2018, oil companies investment decreased to U.S.$3.8 billion in the exploration and development of new fields in 2018, in comparison to U.S.$5.8 billion in 2017 and U.S.$10.9 billion in 2016. The Government expects that between 2020 and 2022 investment in the exploration and development of new fields will increase.

Natural Gas

Alongside its oil reserves, Angola has significant reserves of natural gas. Most of Angola's natural gas production is associated gas at oil fields. However, currently, natural gas is reinjected into oil wells to enhance oil recovery. See " – *Environment*" for a discussion of the Government's restrictions on the flaring of natural gas. The Government seeks to make the extraction of natural gas economically viable and built a major LNG plant at Soyo, in the Zaire region of Angola. This project has been established jointly by Sonangol, Chevron, BP, Eni and Total. The plant cost approximately U.S.$10 billion in total, representing the largest single investment in Angola's history. It exported its first cargo in June 2013 to Brazil, also exporting to Japan, China and South Korea. This plant temporarily closed between April 2014 and June 2016 due to technical issues (including an electrical fire) but has since resumed production in 2016. The closure of this plant has limited gas production growth in 2014 and 2016 and has resulted in a decrease in gas production in 2015. The plant was built with a capacity to process 110,000 bpd, producing 5.2 million tons per year of LNG, as well as natural gas plant liquids (such as petrol, benzene, jet fuel and kerosene), thus helping Angola reduce imports of fuel products.

Between 2014 and 2018, 15.1 billion cubic feet of gas were discovered in Angola, which represents an annual average of 3.0 billion cubic feet of gas per year in new discoveries.

The Presidential Legislative Decree No. 7/18 of 18 May 2018 established the inaugural legal and fiscal regime applicable to the activities of research, evaluation, development, production and the sale of natural gas in Angola. The purpose of this Decree is twofold, promoting the exploitation of natural gas, whilst ensuring the flexibility and adaptability to allow the economic viability of future products. This Decree provides both the National Concessionaire and investor companies, the joint rights to develop, produce and sell natural gas both in the domestic and international markets. In addition, the Decree establishes the tax regime applicable to activities carried out under this legislation (although, the Petroleum Activities Law, the Law on Taxation of Petroleum Activities and other relevant petroleum legislation continues to apply in any matters not provided for in Presidential Legislative Decree 7/18).

Mining

While oil represents the single most important mineral resource produced in Angola, the country has significant reserves of other minerals. Prior to gaining independence, Angola had been a significant producer of diamonds, iron ore, gold and copper. The country's mining infrastructure was severely disrupted during the Civil War, but, towards the end of the Civil War, the diamond industry, in particular, began to recover. The Government is currently seeking to expand and diversify its mining sector, which it sees as playing an important part in reducing Angola's reliance on the oil sector. The mining sector real GDP has grown between 2014 and 2018, at a rate of 0.7 per cent. in 2014, 6.6 per cent. in 2015, 0.03 per cent. in 2016, 4.5 per cent. in 2017 and 0.7 per cent. in 2018. In addition to improving revenue streams from the mining sector, the Government considers the expansion of the mining sector to be an important tool in improving employment rates across Angola, particularly in rural areas. In contrast to the oil sector, which is capital-intensive but does not require a large number of employees, the mining sector is significantly more labour-intensive. Furthermore, unlike the oil sector, employment in the mining sector

does not require a high level of skill, thus a significantly broader segment of Angola's population is eligible for employment in mining.

Before independence, Portuguese mining companies embarked on a wide-scale comprehensive geological survey of Angola's mineral resources. This work was interrupted by the Civil War. Countries neighbouring Angola, such as the DRC, Namibia and Zambia have significant proven reserves of a variety of mineral resources, including diamonds, copper, gold, manganese and phosphate. The Government has adopted a five-year geological survey program, which commenced in 2013, to identify other mineral resources in Angola with the use of highly sophisticated technology. The first phase (geophysical air survey) has been completed, however, the second (geochemical survey) and the third (geological survey) phases are still ongoing. The Government held a tender among major international geological exploration companies to perform the survey. The programme involves airborne and radiometric surveys of the entire territory of Angola, as well as gravity and electromagnetic surveys over selected areas.

As part of the PRODESI, an international tender for the acquisition of rights to exploit diamonds, iron and phosphate in five regions in Angola was launched in October 2019.

Diamonds

Mining for diamonds commenced in Angola in the early twentieth century. Angola continues to possess considerable diamond reserves, particularly in the Lunda Norte and Lunda Sul provinces, and the Government estimates that Angola's total diamond reserves amount to 180 million carats. Angolan diamond production amounted to 9.4 million carats in 2018 as compared to 9.2 million carats in 2017, 9.2 million carats in 2016, 9.0 million carats in 2015. The diamond sector represented 0.8 per cent. of GDP in 2018 as compared to 0.6 per cent. of GDP in 2017, 0.7 per cent. of Angola's GDP in 2016, 0.6 per cent. of Angola's GDP in 2015 and 0.7 per cent. of GDP in 2014. Total diamond production in 2018 amounted to 9.4 million carats, generating revenue of U.S.$1.3 billion.

As world diamond prices declined by approximately 20-30 per cent. in 2007-2008, mainly as a result of the global financial crisis, the Government introduced a policy providing that, should diamond prices fall below the point at which production under the relevant concession would be loss-making (the "break even price"), the Government would purchase diamonds from Angolan mines at the break-even price to ensure continued employment in the Angolan mining sector. However, since the policy was introduced, world diamond prices have not fallen below the break-even price and Angola has not needed to purchase any diamonds on this basis.

Both local and foreign companies are allowed to operate in the diamond sector. However, in order to explore for diamonds in Angola, companies must, by law, partner with the state-owned mining company, Endiama. Endiama's interest in each project must not be less than 10 per cent. In addition to being engaged in diamond production, Endiama acts as the agent of the Government in granting rights to diamond mining projects to third parties. In doing so, Endiama holds competitive tenders in respect of mining fields nominated by the Government and grants concessions on behalf of the Government to the successful bidders for such tenders. Endiama is one of the state-owned companies scheduled to be privatized under the PROPRIV.

Major mining companies operating in Angola's mining sector, apart from Endiama, include De Beers (South Africa), Alrosa (Russia) and Odebrecht (Brazil). In most mining projects, they act as investors and/or project operators. Participation of local private companies in the mining sector remains limited to the investor role, with the operator role typically taken by a major international mining company (which may or may not also act as an investor in the same project).

Angola's major mining projects include the following:

- *Catoca Mine.* The Catoca diamond mine is located in the Lunda Sul province and covers an area of 370 square kilometres. It is owned by a consortium comprising Endiama (which holds a 41.0 per cent. interest in the project), Alrosa (also 41.0 per cent.) and LL International Holding B.V

(18.0 per cent.). The Catoca mine produced 7.1 million carats of diamonds in 2018. The mine's production is 35 per cent. gem quality, compared to a global average of 20 per cent. The diamonds produced at Catoca had an average value of U.S.$106.2 per carat in 2018. Estimated reserves are 150 million carats.

- *Cuango Mine.* The Cuango diamond mine is located in Lunda Norte province, between the municipalities of Cuango and Xá-Muteba, alongside the Cuango River, and covers an area of 3,000 square kilometers. It is owned by a consortium comprising Endiama (41 per cent.), ITM Mining (38 per cent.) and Sociedade Mineira de Lumanhe (21 per cent.). The Cuango mine produced 279.7 thousand carats of diamonds in 2018. The diamonds produced at Cuango had an average value of U.S.$359.4 per carat in 2018.

- *Chitotolo Mine.* The Chitotolo diamond mine is located in Lunda Norte Province, in the Nzagi region and covers an area of 5,400 square kilometers. It is owned by a consortium comprising Endiama (45 per cent.), ITM Mining (40 per cent.) and Sociedade Mineira de Lumanhe (15 per cent.). The Chitotolo mine produced 192.1 thousand carats of diamonds in 2018. The mine's production is 80 per cent. gem quality, compared to the global average of 20 per cent. The diamonds produced at Chitotolo had an average value of U.S.$544.1 per carat in 2018.

In accordance with the Government's strategic plans, Angola's diamond deposits have been offered up for private investment from foreign buyers. Furthermore, Angola intends to establish a diamond bourse in Luanda, which would increase Angola's capacity to become the largest diamond mining country in the world.

In September 2019, a third diamond cutting factory opened in Angola, with a reported production capacity to process 5,000 carats per month. The aforementioned factory is located in an area of 458 square meters, in the district of Maianga in Luanda. In 2018, the major importers of Angola's diamonds were the United Arab Emirates (88.78 per cent.), Switzerland (6.22 per cent.) Hong Kong (2.23 per cent.), Belgium (1.89 per cent. and Israel (0.88 per cent.).

As a country that has suffered from conflict financed by diamonds in the past, Angola is taking steps to achieve full compliance with the Kimberley Process Certification Scheme (an international government, industry and civil society initiative to stem the flow of rough diamonds used by rebel movements to finance wars against legitimate governments) in the foreseeable future. The Kimberley Process was introduced by the United Nations in 2003 to certify the origin of rough diamonds, providing an assurance to purchasers that in buying diamonds certified under the Scheme, they are not financing war and human rights abuses. This was a consequence of the 1998 U.N. Security Council Resolution 1173, in which it imposed sanctions against UNITA, requiring all UN member states to prohibit the import of Angolan diamonds unless they bore a certificate of origin issued by the Government. Angola has participated in the Kimberley Process since its inception and has chaired the working group for the Artisan Alluvial Producers since 2006. Angola received its first peer review of compliance in 2005 and its second peer review of compliance in December 2009. Angola has not been sanctioned under the Scheme.

Angola chaired the Kimberley Process Certification Scheme and hosted the annual Kimberley Process meeting in Luanda in June 2015 and November 2015. Angola is currently the seventh-largest diamond producing country by volume, producing 9.4 million carats in 2017, based on statistics from the Kimberley Process. Due to a recent increase in demand for rough diamonds, Angola's state owned national trading company Sodium announced in August 2019 that it had suspended receiving proposals to purchase rough diamonds as demand is higher than supply. Angola's inaugural rough diamond tender (the "**Tender**") took place in Luanda in January 2019. The Tender marked the beginning of a new era for the Angolan mining industry, being the first Angolan production for sale offered via competitive tender under the new diamond marketing policy as amended by the Presidential Decree No. 175/18 of 27 July 2018 (the "**Policy**"). The Policy is among measures introduced by the Government with the intention of increasing foreign direct investment into Angola's diamond sector. The Tender achieved a total sales price of U.S.$$16.7 million, representing an average price of $33,530 per carat, a price reflecting the

highly-competitive bidding from a reported 31 leading international diamond traders and large stone manufacturer that participated in the Tender.

Agriculture

Crops

Prior to Angola gaining independence and the outbreak of the Civil War, much of Angola's arable land was farmed. Angola was self-sufficient for food crops and was an exporter of certain crops such as coffee, cotton and sugar, with coffee being Angola's major export prior to the discovery of its oil reserves. Angola, by 1973, was the world's second-largest coffee producer. However, the 27-year Civil War and a failure to maintain systematic and continuous agricultural practices post-independence, led to a decrease in agricultural activity and Angola's consequent shortfalls in food production have meant that, in recent years, it has needed to rely on food imports to satisfy domestic food requirements.

Currently, one of the Government's priorities is to significantly improve the agricultural sector in order to reduce Angola's dependency on imports from other countries to a minimum and to reduce agriculture's susceptibility to natural conditions, including Angola's rainy season that lasts four to five months each year. Angola's agricultural production declined during the 2018/19 agricultural season in comparison to the 2017/2018 period. The most fertile areas are located in and around the centre of Angola, such as in the Huíla, Huambo, Malanje and Bié provinces, where there is abundant rainfall between September and April. Under the PRODESI, the Government identified a number of agroindustrial products for which investment will be prioritized in order to diversify Angola's exports and replace imports with domestically produced goods which make up the basic food basket. These include, among others, industrialised crops and livestock such as rice, sugar, beans, maize, manioc flour, wheat, soy bean, palm oil, chicken and eggs, beef, goats, pigs, coffee, bananas and salt. See "*The External Sector – Trade Policy" and "Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports".*

While it currently constitutes a limited proportion of Angola's GDP, agriculture is, nonetheless, the biggest and fastest growing non-mineral sector of Angola's economy.

The table below sets forth information regarding Angola's agricultural production in the crop years indicated, with a breakdown by product:

Products	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
			(tons per crop year)			
Corn	1,686,869	1,878,305	2,238,790	2,401,812	2,762,619	2,818,684
Millet/ Sorghum	91,191	92,939	104,052	87,893	101,214	69,500
Rice	26,970	29,000	24,576	9,426	9,699	10,102
Beans	401,500	397,842	353,322	313,549	323,648	325,828
Ground nut	252,456	267,234	270,361	217,822	212,091	211,776
Soya	13,763	14,835	21,534	36,001	35,266	37,350
Cassava	7,638,880	7,727,413	7,921,190	8,249,276	8,730,517	9,000,432
Potato	671,468	668,566	670,458	461,186	458,217	455,249
Sweet potato	1,928,954	1,932,812	1,942,901	2,094,957	1,688,123	1,680,146
Commercial coffee	7,204	7,050	7,100	6,942	6,510	4,369

Source: Ministry of Agriculture

Agricultural production in Angola is currently mostly carried out by small-holders and community co-operatives in which approximately three million households (or approximately nine million people or 46 per cent. of Angola's population) are involved. The Government intends to adopt a national programme for the development of the agricultural sector in the National Development Plan 2018-2022, the two principal objectives of which are the modernisation of small-holdings to become more market-orientated businesses and the establishment of large, modern industrial farming businesses.

Small-holder farms, on which Angola's agricultural sector is currently based, have much lower production efficiency levels and scale than those in more developed countries. Under the National Development Plan 2013-2017, the Government aimed to increase production efficiency through an increased and wider use of fertilisers, agricultural machinery and seed production and the construction of irrigation systems.

Between 2015 and 2017, the agriculture sector GDP in Angola experienced high real GDP growth rates. In 2018, the real GDP of the agriculture sector decreased to 5.6 per cent, compared to 6.3 per cent. in 2017, 6.1 per cent. in 2016 and 5.7 per cent 2015. Under the Original 2019 National Budget, real GDP growth of the agriculture sector has been budgeted at 1.5 per cent. The Government has launched several programmes for the construction of irrigation systems with the assistance of export credit lines from China, Brazil and Spain, with a number of large-scale irrigation systems already completed and in operation in the Bengo (Caxito) province next to Luanda, the Kwanza Sul province in the centre of Angola, the Huíla province in the south and the Moxico province in the east of Angola. Additionally, the Government has launched a U.S.$350 million agricultural loan guarantee programme under which it guarantees loans granted by Angolan commercial banks to small-holder businesses. U.S.$150 million of this will be lent by local banks with the interest payments being subsidized by the Government. The remaining U.S.$200 million will be lent by the Angolan Development Bank ("**BDA**"), for development of commercial farming.

In January 2018, the African Development Bank announced that it will be investing U.S.$101 million to the Projecto de Desenvolvimento da Cadeia de Valor, in the Province of Cabinda ("**DCVAPC**"). The key objectives of the DCVAPC Project are to increase food security, nutrition and farmer's income, through, increasing agricultural production and value creation, along with increasing the income of small and medium-sized enterprises involved in the supply, production, processing, storage and marketing of selected products in a sustainable way. It is intended that, the DCVAPC project will be implemented in the 4 municipalities of the province of Cabinda, namely: Belize, Buco-Zau, Cacongo and Cabinda, with a total population estimated at approximately 688,000 inhabitants. The direct beneficiaries are 51,000 small economically active owners living in the rural areas of four municipalities in the province of Cabinda, who are already participating or being encouraged to participate in agriculture.

There are several smaller programmes aimed at developing the agricultural sector that are being implemented in Angola, including programmes being implemented with the technical collaboration of the U.N. Food and Agriculture Organisation, other programs being implemented with the support of U.S. Aid and the European Community. Other examples include, but are not limited to:

- In February 2018, the Korea Eximbank announced that it will be investing U.S.$100 million to the Agro Mechanisation Project (Projecto para a Mecanização Agrícola). Creating opportunity for the acquisition of 990 Tractors, 100 Tillers and 20 Toyota Land Cruiser pick-ups and 15 brigades of Rural Engineering.

- In August 2018, FIDA (International Fund for Agricultural Development) announced that it will be investing U.S.$28.8 million in the Smallholders Agriculture and Market Access Project ("**SAMAP**"). SAMAP aims to increase production, productivity, and marketing of family farming for selected crops. This project is due to cover 60,000 agricultural families exploring up to 2 hectares of land.

- In December 2018, the World Bank together with the French Development Agency announced that it will be providing U.S.$230 million for the implementation of the Commercial Agriculture Development Project ("**CADP**"). The project's development goal is to increase productivity and increase access to markets by producer groups, individual producers, small and medium-sized enterprises and in selected geographic areas. This project has a geographical scope in two principal corridors: 1) Luanda – Bengo – Cuanza Norte – Malanje and 2) Luanda – Bengo – Cuanza Sul – Huambo – Bié – Norte de Huila – Benguela.

In March 2018, the World Bank invested U.S.$70 million in the Family Farm and Trading Development Project ("MOSAP II"). MOSAP II aims to improve the competitiveness of agricultural and cattle raising

products of Angola and stimulate agribusiness in the country. The project covers 175,000 families in 80 communes and 26 municipalities of the provinces of Bié, Huambo and Malange.

In 2018 the Biocom sugar-to-fuel plant in Malanje produced 16,500 cubic meters of industrial hydrated ethanol, compared to 12 thousand cu meters in 2017 and 14 thousand cu meters in 2016. The facility in Malanje has produced 73 thousand tons/year of sugar in 2018, compared to 58 thousand tons/year in 2017 and 52 thousand tons/year in 2016. Electricity generated by biomass waste at the plant will power the nearby city of Malanje. The business is run by a Brazilian conglomerate, Odebrecht, which has a 40 per cent. stake in the operation, along with private Angolan investors and Sonangol.

The aforementioned programmes aim at improving productivity of small-holder businesses and improving social infrastructure in rural communities. A recent example of such initiative is the approval of a new Integrated Programme for the Development of Rural Commerce in late August 2019, for the 2019/20 agricultural season by the Conselho de Ministros (the executive's highest-decision making body). This new programme will be led by the private sector and overseen by the Ministry of Commerce in conjunction with other ministries. Increasing private sector influence in the agricultural sector is seen as a positive step and should aid in improving competition, quality and efficiency. The Civil War resulted in a large number of landmines being left throughout much of rural Angola, impacting agricultural growth and development. The Government, with technical assistance from international organisations, is carrying out de-mining projects to be able to normalise and expand the agricultural sector. See "*The External Sector – Trade Policy*".

In October 2019, a memorandum of understanding was signed between URALCHEM – the Russian nitrogen and phosphate fertiliser producer - and Grupo Opaia SA an Angolan civil engineering company - for the creation of a joint ammonia and urea production complex in Angola. Construction of the complex is scheduled to be completed in 2023, at a projected cost of up to U.S.$1.3 billion. URALCHEM is responsible for procuring financing for the project.

Livestock

Angola's livestock production consists principally of poultry, goats and cattle farming. This sub-sector has declined in recent years due to a decrease in commercial farming activity levels generally and a deterioration of facilities and services, especially vaccinations, that are crucial for livestock production. Consequently volumes of livestock slaughtered have declined in the years 2014 to 2018.

Fisheries

Angola has 1,650 kilometres of coast line. Currently, fishing does not significantly contribute to the Angolan economy because Angolan fisheries are small, family run businesses. However, Angolan waters are rich in a variety of sea products, including prawn, fish, mussels and squid. In the 2014 to 2018 period, total fishing production increased, with most of the fishing production consumed domestically.

The Government intends to increase the protection and production of this resource, particularly by replacing and restoring fishing boats; improving fishing infrastructure, such as the ports in Luanda, Zaire, Namibe and Kwanza-Sul; establishing codes of conduct for fisheries, aquaculture and aquatic environment; and preventing unauthorized fishing in its waters. The Government investigates fish stocks on an annual basis and imposes an annual moratorium on fishing activities, the length of which depends on the Government's assessment of depletion of this reserve. The Ministry of Fisheries and Sea, in partnership with Norway, is currently working on a national strategic plan for the sea with the objective of managing the exploration of Angola's marine resources in an effective and sustainable manner.

Under the PRODESI, the Government identified a number of fishery and aquaculture products for which investment will be prioritized in order to diversify Angola's exports and replace imports with domestically produced goods which make up the basic food basket. These include, among others, crustaceans, molluscs, and derivatives such as fishmeal and fish oils. See *"Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports"*.

Construction

Construction is a major growth industry in Angola, driven by the efforts to rebuild the country following the end of the Civil War. The industry is very competitive and driven by the provision of bilateral infrastructure financing agreements, which specify the nationalities of the contractors. The main companies are from Brazil, China, Portugal, Spain and South Africa, with a number of well-established local companies.

In recent years, the construction industry has contracted, reaching 12.3 per cent. of GDP in 2018, as compared to 13.7 per cent. of GDP in 2017 and 13.8 per cent. of GDP in 2016. Real GDP growth in the construction industry for the same period was 2.2 per cent. in 2018, 2.2 per cent. in 2017 and 3.2 per cent. in 2016. Continued real GDP growth of the construction sector of 3.5 per cent. is budgeted for in the Revised 2019 National Budget. S*ee "– Infrastructure" and "The Republic of Angola – Population, Education, Health and Housing".*

The relatively low price of crude oil has placed pressure on the Angolan construction sector and job creation in this sector has decreased during the course of 2017 but increased again in 2018.

Under the PRODESI, the Government identified a number of measures to support development in the construction sector. As part of its initiative to improve the business environment, the Government intends to facilitate businesses obtaining building permits by improving the availability of information on construction sector regulations, reviewing approval procedures, introducing compulsory defects against latent defects and improving the professional qualifications of public officials in various areas. Additionally, the Government has identified various construction related products for which investment will be prioritized in order to diversify Angola's exports and facilitate the replacement of imported goods. These include, for example, wood and cork products (such as plywood) for building carpentry, cement, plastics and glass. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports".*

Infrastructure

Angola has made and continues to make significant investments with a view to rebuilding its infrastructure, which was severely damaged during Civil War, and to substantially upgrading key infrastructure facilities that survived. The Government considers this of vital importance not only to service its current economic needs, but also to achieve further sustainable economic growth and diversification of its economy.

Angola's total capital expenditure on infrastructure projects (both construction infrastructure projects and other infrastructure projects) was U.S.$5.3 billion in 2018, U.S.$5.1 billion in 2017, U.S.$3.9 billion in 2016, U.S.$6.1 billion in 2015 and U.S.$15.8 billion in 2014, accounting for 3.9 per cent., 4.6 per cent., 3.9 per cent., 6.0 per cent. and 12.5 per cent. of Angola's GDP in those years, respectively. Angola's capital expenditure on construction infrastructure projects is principally focused on water and public health, construction and urban projects (including integrated infrastructure, sea ports, airports and drainage), energy, telecommunications, information technology and transport projects. Angola's capital expenditure on other infrastructure projects is principally focused on defence, education, housing, health and security projects.

In 2018, total capital expenditure on construction infrastructure projects was U.S.$4.13 billion, of which 19.0 per cent. was allocated to the water sector, 39.0 per cent. to construction and urbanism, 36.0 per cent.to the energy sector and 1.0 per cent. for telecommunications and 6.0 per cent for the transportation sector projects. Angola's capital expenditure on other infrastructure projects was U.S.$1.18 billion, of which 13.0 per cent. was allocated for the economic sector (agriculture, environment, trade, manufacturing and fisheries), 31.0 per cent. for the institutional sector (public administration, defence and territorial management) and 56.0 per cent. for the social sector (science and technology, culture, education, vocational training, housing, sports infrastructure, social reintegration and health).

In 2019, the proposed total budget for capital expenditure on infrastructure projects (both construction infrastructure projects and other infrastructure projects) is U.S.$3.19 billion, although this may be revised upwards if the oil price rises above the U.S.$55 per barrel assumed in Angola's Revised 2019 National Budget. Of this U.S.$3.19 billion, U.S.$2.06 billion is budgeted for construction infrastructure projects, of which 21.0 per cent. is allocated for the water sector, 28.0 per cent. for construction and urbanism, 33.0 per cent. for the energy sector, 3.0 per cent. for the telecommunication sector and 15.0 per cent. for the transport sector.

Angola's budgeted 2019 capital expenditure on other infrastructure projects is U.S.$1.13 billion, of which 16.0 per cent.is allocated for the economic sector. 36.0 per cent. for the institutional sector (public administration, defence and territorial management) and 48.0 per cent to the social sector (science and technology, culture, education, vocational training, housing, sports infrastructure, social reintegration and health).

The funding of Angola's infrastructure projects is derived from oil proceeds and external financing, including bilateral financing agreements with countries including Brazil, China and Portugal. Such agreements often require a large proportion of works to be contracted to companies from the financing countries. See "*Risk Factors – Failure to adequately address actual and perceived risks of corruption may adversely affect Angola's economy*" and "*Risk Factors – Angola's economic growth targets may not be achievable if it fails to rebuild and rehabilitate its infrastructure efficiently*."

Under the PRODESI, the Government identified a number of measures to support infrastructure development. As the lack of infrastructure in key areas is contributing to the high cost of productive activity, the Government has prioritized supporting the development of physical infrastructure in areas which it has designated as priority productive areas. These include, among others, telecommunications, healthcare, education, utilities and transport infrastructure. One of the Government's key initiatives is to consolidate physical infrastructure by promoting public-private partnerships in these fields, encouraging the creation of marketing networks, and strengthening industrial development centres and special economic and free-trade zones. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

Roads

In 2005, the Government commenced concerted efforts to clear landmines from, and rebuild and repair, Angola's road network, which had suffered significant damage during the Civil War. Post-independence and prior to the Civil War, Angola had a road network comprising 8,953 kilometres of useable roads. Improving road safety and the re-establishment of the road network remains a key priority for the Government in its efforts to improve Angola's infrastructure, and there are a number of programmes in place to rebuild roads and bridges so as to re-establish the main road routes around the country.

Between 2014 and 2018, 6,000 kilometres of roads were built or rebuilt out of a total road network of 76,000 kilometres. The completion of these actions have improved the movement of people and goods, connecting all of Angola's 18 provincial capital cities and has improved the link between the provincial capitals and municipalities. At present, the priority national roads are 100, 120, 180, 225, 230, 321 and also the road corridors in the SADC region, in particular the links with Namibia, DRC and Zambia.

Construction of roads and bridges is managed by the Angolan Roads Institute ("**INEA**") which is supervised by the Ministry of Construction and Public Works. Road construction is carried out mainly by international construction companies. Road construction is financed mainly by export credit lines and from Angola's public funds. The logistics platform network is fundamental to support the economic leverage and diversification in Angola, namely through the facilitation of transport support services and logistics operations that will reduce input costs. The Ministry of Transport intends to expand the logistic infrastructure to include, but not limited to the Luanda- Malanje Corrider and the Lobito Corridor. Construction is intended to commence in 2020.

Railways

Similarly to Angola's road network, the Angolan rail network suffered significant deterioration during the Civil War, but efforts have been made to commence its rebuilding and reorganisation since 2007, when the Government began a repair and refurbishment program. This programme aims to fully rebuild the three main railway lines in Angola, being the Benguela ("**CFB**"), Luanda ("**CFL**"), and Mocamedes ("**CFM**") railways, with budgets for each line of U.S.$1.8 billion, U.S.$532 million and U.S.$931 million, respectively. The lines, which are connected, cross Angola from west to east, with a total length of approximately 2,700 kilometres and serve the main agricultural and mining areas. The main line is the Benguela line, which links central southern Angola to the DRC and Zambia and ends on the coast at the port of Lobito, upon which substantial work has been carried out in order to make the line fully operational once more.

The reconstruction of Angola's railway network is managed by CFL (Luanda Railway Company), CFB (Benguela Railway Company) and CFM (Mocamedes Railway Company), state-owned companies responsible for the Benguela, Luanda, and Mocamedes lines, respectively. These companies report to the Ministry of Transport and Ministry of Economy and Planning. The reconstruction of the railways is mainly being carried out by Chinese railway construction companies, with equipment supplied and financed by the Export-Import Bank of China and the Government. A concession contract for CFB to operate rolling stock on the Benguela line was approved by the Government and a concession for CFM to operate rolling stock on the Mocamedes line is currently being considered by the Government.

In addition to being responsible for the reconstruction of railways, CFB, CFL and CFM own railway rolling stock and are monopoly providers of cargo and passenger railway transportation services on the Benguela, Luanda, and Mocamedes lines, respectively.

In line with the Government's plans to expand the railway network, the Benguela railway line was handed over to the Government by the developers of the railway line in October 2019. The 1,344km railway line runs through Angola and between the city of Lobito and the municipality of Baía Farta, and this in turn has the ability to create beneficial commercial opportunities for sectors such as agriculture.

Further, the proposed railway connection to Zambia is one of high importance to the Angolan economy. The link will run 259km between Luacano and the Jimbe border post. The estimated cost of the project is U.S.$1.3 million.

In November 2019, the Government announced that construction for an above-ground metro line will commence in Luanda in 2020. The metro line is expected to start at Porto de Luanda and travel through the centre of Luanda. The project is expected to cost approximately U.S.$3.5 billion.

Ports

Angola has six ports: Luanda, Lobito, Namibe, Cabinda, Porto Amboim and Soyo. Of these, Luanda, Lobito, Namibe and Cabinda are of strategic importance for Angola's economy as it currently relies heavily on imports. Accordingly, the ports primarily cater for imports into Angola, with export activity being limited.

Luanda is the biggest port, handling approximately 5.4 million tons of cargo a year in 2018. Luanda port underwent a U.S.$130 million refurbishment program, which was completed in 2014. Prior to this, Luanda port was highly congested with the waiting time averaging ten days or more. The Government plans to build a second commercial port in the vicinity of Luanda, the port of Barra do Dande (approximately 30 kilometers north of Luanda), with the capacity to handle 3.2 million tons of cargo a year. In 2017, the Government announced that it was considering issuing a guarantee for the construction of the Barra do Dande port and the issue of such a guarantee was authorized pursuant to the Presidential Decree 207/17 of 20 September 2017 up to a total amount of U.S.$1.5 billion. To date, the Government has not issued such a guarantee, however, in 2018, the Government issued an international tender for a U.S. $1.5 billion concession for the construction of the Barra do Dande port and set up a body comprising

members of the Maritime and Port Institute of Angola and the Ministries of Transport, Finance and Public Works to supervise the tender process for the scheme. The scope of work will cover the design, construction and operation of the port. Luanda port is owned by Angola, but the concession for the operation of its terminals is held by eight private companies.

Moreover, there is a process underway to launch an international public tender for the concession of the multi-purpose terminal within the Port of Luanda, in accordance with Angola's need to increase port capacity and operational efficiency levels in line with predicted demand estimates.

The second-largest port is Lobito, which was refurbished in 2014 in anticipation of the completion of the Benguela railway for the export of copper and other minerals from Zambia and the DRC, in a U.S.$1.2 billion program. Lobito port now has the capacity to handle 2.9 million tons of cargo a year including the export of refined oil products.

Namibe is currently Angola's third-largest port. Namibe port is mostly used for transportation of mining products, including exports of granite and iron ore as well as transportation of fuel to Angola's southern provinces. Namibe underwent a U.S.$3 billion refurbishment programme completed in 2015 and has the capacity to handle 1.4 million tons of cargo a year.

Cabinda is a relatively small port, through which a variety of cargo is currently transported. However, Cabinda port capacity is insufficient for the growing needs of Cabinda's cargo traffic, the majority of which is currently transported through Pointe Noire in the Republic of Congo. The Government is currently constructing a breakwater to allow for expansion of this port and to increase its capacity so that it can satisfy the transportation needs of the Cabinda enclave. The Government has assumed approximately 85 per cent. of the debt of the works contract signed between Caio Porto and the China Road and Bridge Corporation for the construction of a new port at Caio at Cabinda. This port, named 'Porto de Caio', is expected to commence operation in late 2020 and is expected to increase Angola's trade by at least 30 per cent.

Air travel played a key role in Angola's recent history as it was the primary method of transportation during the Civil War. The air network is, as a result, well-established.

Angola currently has one international airport, in Luanda, and domestic airports in all provincial capital cities. A new international airport is currently being built at Bom Jesus, in the eastern Luanda province with a budget of approximately U.S.$3.6 billion. Work began in 2007. The airport was originally scheduled to start operating in December 2015, but the start of operations was initially delayed to mid-2017 due to negotiations surrounding a change in the nature of the contractual arrangement between the Government and the contractor, from a build-operate-transfer arrangement to a turnkey project arrangement. The scheduled opening of the airport has since been delayed again due to renegotiations with the new contractor and the revaluation of the construction plans for the site. Construction of the airport is currently suspended and there is no scheduled completion date. See "*Risk Factors – Angola's economic growth targets may not be achievable if it fails to rebuild and rehabilitate its infrastructure efficiently*".

15 per cent. of the construction of Bom Jesus airport has been funded by the internal resources of the Government, which has invested approximately U.S.$210 million in the project as of 31 December 2018. In 2018, Angola has entered into a U.S.$1.3 billion term loan agreement with ICBC for the purpose of financing up to 85.0 per cent. of the contract price. The facility is currently undrawn. See "*Public Debt – Composition of Angola's external debt – ICBC Facilities*". The current contractor is China National Aero-Technology International Engineering Corporation (AVIC-Eng). A number of projects that are synergistic to the construction of Bom Jesus airport are expected to be financed through export credit lines from China.

In addition to the construction of Bom Jesus airport, the Government is carrying out an extensive airport refurbishment programme that covers all of Angola's domestic airports. Refurbishment work on the airports of Catumbala, Benguela, Cabinda, Huambo, Namibe, Luena, Saurimo, Soyo, Uíge, Luau,

Menongue and Kuito Kuanavale was completed in 2012. However, further refurbishment work is currently required in respect of several airports for which a permanent a maintenance programme is not in place, including the airports at Huambo, Lubango, Cabinda and Benguela. The Government's airport refurbishment programme did not extend to the modernisation of equipment, which requires the further allocation of funds, as well as for the modernisation of passenger and freight terminals, runways and aerial navigation support equipment. The programme provides for the conversion of two domestic airports into airports able to accept international air traffic – Catumbela in the centre of Angola's shoreline and Huambo in the central region of Angola.

All airports in Angola are operated by a state-owned company, Sociedade Gestora de Aeroportos S.A. ("**SGA**") (which was established as the successor of ENANA E.P. in all the matters related to operation of airports in Angola by Presidential Decree 207/19 dated 1 July 2019). The national airline is TAAG – Linhas Aéreas de Angola, E.P. which provides both international and domestic flights. A number of major international airlines operate flights in and out of Luanda, including Air France, KLM, TAP Air Portugal, South African Airways, Ethiopian Airlines, China Airways, Lufthansa and, starting in March 2020, Qatar Airways.

The Government has recently carried out the separation of Empresa de Navegação Aérea e Gestão de Aeroportos (ENANA), creating two new companies: (i) Sociedade de Gestão de Aeroportos (SGA SA) (an airport management company that operates all airports in Angola according to Presidential Decree 207/19 dated 1 July 2019, and (ii) Empresa Nacional de Navegação Aérea (ENNA EP) a national air navigation company. This separation was complemented by the transformation of the National Civil Aviation Institute into the Civil Aviation Authority and the creation of the Air Incident and Incident Prevention Authority.

Telecommunications

Telecommunication sector revenue is estimated at 0.25 per cent. of GDP in 2018. The Government has invested heavily in the telecommunications sector in recent years. Approximately 46.0 per cent. of Angola's population has either fixed-line or cellular telephone service.

The table below sets forth the number of telecommunications subscribers at the end of the years indicated:

	2014	2015	2016	2017	2018
	(Number of subscribers, millions)				
Telephone, of which:	14.9	14.7	13.9	13.7	13.6
Fixed-line	0.3	0.8	0.9	0.4	0.4
Cellular	13.9	13.8	13.0	13.3	13.2
Broadband	3.7	4.5	4.1	4.4	5.9

Source: Ministry of Economy and Planning

Under the PRODESI, the Government identified a number of measures to support the development of the telecommunications infrastructure. The Government intends to promote public-private partnerships in order to develop the construction and management of telecommunications infrastructure, in an effort to boost the export of products and services in this sector. The Government intends to make telecommunications services more accessible and to improve quality, particularly for corporate and SME customers, in part by introducing more operators. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

Fixed line communication

In 2018, Angola had approximately 171.8 thousand fixed-line subscribers as compared with approximately 287.4 thousand subscribers in 2014.

Angola's fixed line sector is dominated by the state-owned fixed-line operator Angola Telecom ("**AT**"), which in 2018 provided telephone services to 57.91 per cent. of Angola's fixed-line subscribers. The remainder of the market is currently shared by two small telecommunication companies – Mundo Startel

and Mstelcom, which started providing fixed line telephone services following demonopolisation of the sector in 2002.

Mobile network

Angola's mobile network has grown rapidly since its inception in 1993. Angola had approximately 14.1 million mobile telephone subscribers as of 31 December 2018, compared to 13.3 million as of 31 December 2017 and 13.0 million as of 31 December 2016. There are currently only three mobile network operators in Angola – Unitel, whose market share of mobile telecommunications subscribers accounted for 81.6 per cent. as of 31 December 2018, as compared with 75 per cent. as of 31 December 2017 and 73 per cent. as of 31 December 2016, and Movicel, whose market share was 18.2 per cent. as of December 2018 as compared with 25 per cent. as of 31 December 2017 and 27 per cent. as of 31 December 2016, and Angola Telecom with a small market share of subscribers.

Unitel is 25 per cent. owned by AfricaTel (a 75 per cent. subsidiary of Portugal Telecom), 25 per cent. owned by Mercury Telecom (a subsidiary of Angolan state-owned oil company, Sonangol), with other local companies holding the remaining shareholding.

Movicel was initially established as a subsidiary of Angola Telecom, which is the country's third communications licensee covering mobile, fixed line ("**AT**") in 1993. In 2009, Movicel was sold, with AT retaining 18 per cent. of shares, 40 per cent. being sold to Angolan-registered investment fund Porturil, 19 per cent. to communications company Modus Comunicare and 10 per cent. to industrial company Ipang (Indústria de Papel e Derivados), with the remainder sold mostly to private industrial and communications companies.

Both Movicel and Unitel currently provide Angola with a GSM-based mobile network.

Pursuant to the PROPRIV, it is intended that AT, Unitel (including the Government's share)and Angola Cables S.A., the company operating international IP and communication submarine cables in Angola, together with several other companies in the telecommunications and information technology industry, will be privatized. These privatisations will be carried out through public tenders and listings on the Angolan Stock Exchange. Please *see "Privatisation and Public-Private Companies"* for further information on the PROPRIV.

An International tender for Angola's fourth telecommunications operator was launched in May 2019 and after the licence to Telstar-Telecomunicações rescinded in early 2019.

The South Atlantic 3/West Africa Cable ("**WACS**") is a submarine communications cable linking Portugal and Spain to South Africa, with connections to several West African countries along the route. It was built by a consortium of operators that currently has 36 shareholders, including Vodafone, MTN and France Telecom. None of the members of the consortium currently operate in Angola. Therefore, so as to benefit from the reduced costs and better quality of using WACS as opposed to satellite, the Government has paid for the integration of Angola into the WACS system.

Internet services

Internet services began in Angola in 1994. Internet services are provided by AT, Mundo Startel, TV Cabo and Mercury Telecom, with mobile internet services being provided by Movicel and Unitel. Numbers of subscribers and coverage, particularly of broadband quality, is limited, with only 5.9 million subscribers as of 31 December 2018.

AT, TV Cabo and Unicel are among the companies to be privatized through the PROPRIV (as defined below). See "*Mobile network*" above and "*Privatisation and Public- Private Companies"* for further information.

Telecommunications regulator

The Instituto Angolano das Comunicações was created in June 1999 to act as Angola's Communication regulator. It is, in turn, overseen by the Ministry of Telecommunications and Information Technology.

Financial services

Banking

See *"Monetary System – The Angolan Banking System".*

Insurance

At the end of the Civil War in 2002, there was only one insurance company. There are now five major insurance companies in Angola out of a total of 28 countrywide in 2019. The largest is the state-owned ENSA which is expected to be privatized pursuant to the PROPRIV. See "*Privatisation and Public-Private Companies" for further information*). ENSA possessed a monopoly in the Angolan insurance market until 2000, when AAA was registered as the first private Angolan insurance company post-independence. ENSA, SAHAM Seguros (2005), NOSSA Seguros (2005), Fidelidade (2010 as Universal Seguros) and Global Seguros (2006) are the five main competitors in the Angolan insurance market.

Although attempts have been made to modernise and reform the insurance market in recent years, the range of insurance services available in Angola remains limited.

Manufacturing

Angola's manufacturing sector is currently small, making up only 6.2 per cent. of its GDP in 2018, but having increased from 5.7 per cent. in 2014. Under the National Development Plan 2018-2022, the Government was seeking to support a diversified and competitive industrial structure, to modernise the legal and institutional framework, to develop industrial production to meet the needs of the population and to use manufacturing to increase local employment. Currently, the Government is focusing the industry on expanding its manufacturing of building materials and chemicals, due to the construction boom following the end of the Civil War. Investments in agro-industry, textiles, clothing and paper are also fostering the emergence of a diversified and competitive industrial structure that can increasingly meet the needs of the population and generate employment. Additionally, in 2018, the Government established the PRODESI, which contains seven key initiatives to reduce imports, increase self-sufficiency and diversify Angolan exports, with the aim of significantly decreasing its historical over-reliance on oil export revenues. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

Building materials

With the current and expected level of construction, particularly in the infrastructure and housing sectors, the Government views the construction materials industry as one of the most significant growth segments of the industrial sector. National reconstruction has been a key priority of the Government which continues to focus on creating conditions and supporting projects aimed at the production of building materials to meet the reconstruction needs of Angola.

Angola has faced construction materials shortages in the past. For example, historically the supply of locally produced cement, which is one of the main construction materials used, accounted for approximately 30 per cent. of the aggregate consumption of cement in Angola, with the balance being mainly imported from China, Turkey and other countries. However, since 2013 the Government has taken significant steps to develop Angola's domestic construction materials sector and to encourage private sector participation in the sector. As a result of the Government's support of private sector investment in the building materials sub-sector over the last five years, in 2018 almost all building materials used in Angola were produced domestically and domestic production of building materials resulted in a surplus during the course of 2018.

The Government is currently assessing the existing production chains in the Angolan building materials sector to identify where it is necessary to attract further private investment, such as the production of ceramic products (including sanitary ware).

Food and beverages

Alcoholic and soft drink beverages constituted one of the largest sub-sectors within Angola's manufacturing sector. Beer beverages were dominated by the national beer, "Cuca". Under the PRODESI, the Government identified the need to boost the domestic production of goods and services in order to reduce imports, increase self-sufficiency and to diversify Angolan exports. The Government intends to prioritize investments in the infrastructure and the business environment of alcoholic and non-alcoholic beverages. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

Packaging (light) industry

The remainder of Angola's manufacturing segment is made up of the production of plastics, glass and plastic bottles, paper packages (boxes and crates principally used in the agricultural and beverage industries), detergents, clothing, hygiene and cleaning products, metal products (steel pipes, window frames, wood products and furniture) and books.

Employment and Labour

The labour market in Angola can be divided into three segments: the public sector, the private formal sector (including state-owned companies) and the informal sector. The informal sector is made up of unofficial economic activities that are outside mainstream industry and commerce. Available data on the labour market is limited because a significant part of Angola's workforce is employed in the informal sector and the surveys of the labour market that are made on a regular basis do not include the informal sector. The Government is the biggest formal employer in the country.

As of 31 December 2017, approximately 385,423 people were employed in the public sector, as compared to approximately 360,381 people in 2016.

Angola has strict local content requirements in its oil and natural gas industry. The Government aims to increase the number of Angolans in management positions and Angolans hired as local contractors. Government regulations require independent oil companies ("**IOCs**") operating in Angola to employ a minimum of 70 per cent. local Angolans in their projects. IOCs are also required to use local banks for all their transactions and contribute to training programmes in Angola. The table below sets forth information regarding the number of jobs created in each division of the public and private sectors for the years indicated:

	2014	2015	2016	2017	2018
Private Sector			*(Number of jobs created)*		
Commerce	84,785	47,762	13,161	-	4, 932
Agriculture	4,144	26,506	18,465	7, 895	1, 888
Fishing	671	1,527	1,021	457	-
Transport	40,599	70,459	8,336	4,346	17,207
Mining Industry	2,999	20,675	54,899	-	2,071
Manufacture	3,756	-	-	3,355	3,236
Energy and Water	57,349	50,064	52,617	2,199	-
Urbanisation and Construction	19,078	3,744	941	381	19,529
Hospitality and Tourism	29,288	16,371	1, 947	623	3,327
Education	4,137	5,160	812	-	485
Health	20,059	1,924	-	-	-
Telecommunications and ICT's	-	-	-	724	2,128
Public Administration and State Reform	-	-	-	-	881
Land Use Planning and Housing	-	-	-	-	-
Higher Education, Science and Technology	-	-	-	-	432

Inland	-	-	-	-	-
Culture	-	-	-	-	-
Security Firms	-	15, 539	-	-	-
Subtotal	**266,865**	**259,731**	**152, 199**	**19, 980**	**56, 116**
Public Sector					
Public Officials	6,871	40	-	-	-
Education	20,059	-	-	-	-
Health	4,137	-	-	-	-
Other	33,311	-	-	-	-
Job Creation Projects	9,416	1,328	3, 010	328	-
Subtotal	**73,704**	**1,368**	**3,010**	**328**	**-**
Total	**340,569**	**261, 099**	**155, 209**	**20, 308**	**56, 116**

Source: Ministry of Public Administration, Labour and Social Security

The Government believes there are a substantial number of people of working age that are engaged in part-time employment and a substantial number that are employed in the informal economy. The Government hopes that the diversification of the economy sectors and the external investment in Angola will reduce unemployment and increase employment in the formal economy.

In 2011, a study into the informal sector in the Province of Luanda was carried out at the request of the National Bank of Angola. The study concluded that out of the estimated population of 5.1 million inhabitants, 1.8 million were working in the informal sector. However, no study has been carried out on a country-wide basis.

The right to form unions and to strike is guaranteed under Angola's constitutional laws. However, there are only a small number of trades unions and trade union membership in Angola is limited due both to a limited formal economy and a high unemployment rate. Currently, the main Angolan trade unions are SIPEQMA, STOSPA and SAECGOC which operate in the oil and gas sector. Within the non-oil and gas sector, UNTA and SIMA – for maritime employees – are the most active trade unions. Historically, strike action in Angola – particularly in the public sector - has been rare. However, in April 2018 Angolan teachers commenced a strike to encourage more investment in the education system and higher pay (see "*The Republic of Angola – Population, Education, Health and Housing – Education"*). In January 2018, more than 2,000 employees in Angola's Public Prosecutor's Office took action over pay and training issues and, on 28 May 2018, the Angolan Justice Officers' Union commenced a five day strike of Angolan court staff after government-union negotiations over revised contract terms and salaries broke down. The strike ended on 1 June 2018.

Increasing employment among young Angolans and reintegrating workers into the labour market is the Government's principal objective for employment. The Government intends to achieve this by improving the quality of education across the board, developing specialist courses aimed at developing skills in those industries in which there is a lack of skilled workers, providing incentives for newly established local businesses and entrepreneurship, introducing the opportunity for part-time and temporary work and working in partnership with the private sector to develop employment opportunities and provide on-the-job training. In the National Development Plan 2013-2017, the Government set a goal of providing one million young Angolans with their first job in the private and public sector by 2017. Between 2013 and 2017 the Government estimates that in excess of 912,900 jobs have been created.

In order to boost local employment, in May 2015, Angola passed the Lei Geral do Trabalho. This law reduces redundancy payments and cuts statutory overtime rates and sick pay. It also abolishes the requirement for employers to notify provincial authorities when they wish to terminate an employee's employment.

Social Security

Angola provides a social security system to public and private employees, to which employees and employers must contribute three per cent. and eight per cent. of the employee's salary, respectively.

To be eligible to receive a pension under the social security system, a person must either have worked and contributed to national social insurance for 35 years or must have reached 60 years of age and must have had a minimum of 15 years of contributions.

Pension payments are capped at a maximum of 35 times the minimum wage. Pensions provided to the families of military personnel and to working mothers are treated separately.

The Government's contribution expense to the social security system was an estimated U.S.$0.4 billion in 2018.

Environment

Angola faces a number of environmental issues, including those arising from waste management, deforestation, soil degradation, droughts, desertification, a decrease in biodiversity, the alteration of water courses, water pollution and the negative effects of the mining and oil industries. During the Civil War, many of these long-standing environmental problems were not addressed and many of them were aggravated. The Ministry of Environment, established in 2008 and charged with ensuring the preservation of Angola's environment and the promotion of sustainable development, has adopted a number of policies and programmes to tackle these problems pursuant to a Government-approved National Environmental Management Plan.

All proposed projects that could potentially negatively impact Angola's environment must be submitted to the Ministry of Environment for evaluation before an environment license is granted for the project. Angola has a multi-sectorial environmental commission, constituting technical experts from each ministry, to encourage the open discussion of environmental issues. There are also various steering committees, such as for climate change and national oil spillages. The president of these committees is the Minister of Environment, who may then approach the relevant ministry or the Council of Ministers if an issue remains unresolved.

There is only one controlled landfill site in Angola established in 2004 in Luanda. Waste in the other provinces of Angola is dumped unsystematically, causing health and safety issues together with the degradation of the local environment. On 10 August 2017, the Luanda provincial government has entered into a concession agreement to build further landfill sites in other provinces of Angola.

The decrease in biodiversity is an issue in Angola. This is largely attributable to deforestation for the sale of timber and the production of biomass. It is estimated that 80 per cent. of Angolans depend on biomass (e.g. charcoal) for their daily needs, such as cooking and fuel. There are currently six national parks and eight national reserves in Angola.

Angola is addressing the environmental issue caused by the flaring of natural gas. Flaring is where gas is burnt off as a by-product of oil production, which has damaging consequences for the biodiversity in the environment. In 2007, the Government issued Decree No. 59/07 of 13 July 2007 that restricted flaring unless it was necessary for safety purposes. Non-flared gas is re-injected into oil wells to enhance oil recovery or transported to the LNG plant at Soyo, which transforms unused gas to make it commercially usable and exports it. See "*Primary Industry Sections – Oil Industry – Natural Gas*".

The Environment Fund, approved by the Council of Ministers in January 2010, has the authority to institute financial incentives to discourage companies in Angola from damaging the environment. The Environment Fund provides financial support to management to promote environmental conservation; promotes the sound management of environmental protection in sensitive areas, as well as the rehabilitation and restoration of degraded areas; supports technical scientific activities relating to clean technologies and sustainable development and supports the activities of various environmental associations and civil society participation in environmental initiatives. The Ministry of Environment has administrative oversight of the Environment Fund and is also committed to increasing the general awareness of environmental issues and environmental compliance in Angola.

Angola has received environmental loans from a number of bilateral and multilateral providers, including the European Union, United Nations Environment Program, the Global Environment Facility, the African Development Fund and the United Nations Development Program. Angola also received a loan of U.S.$22 million from the African Development Bank for the implementation of a variety of projects in natural resource management in four provinces and the creation of a biodiversity institute.

Energy

The supply of electricity varies across Angola, with availability being notably higher in urban rather than rural areas. While Angola has extensive hydroelectricity resources capable of supplying sufficient power for the country's needs, the Civil War damaged much of the electricity infrastructure needed to deliver electricity to a significant portion of Angola's population. The Government, with financial assistance from, amongst others, China, has made significant improvements to its power sector, with installed electricity capacity almost doubling from 2.2 MW 2014 to 4.8 MW in 2018. In 2018, electricity production in Angola was 13,076 MWh an increase of 72.6 per cent. compared with electricity production in 2014. Approximately 42.0 per cent. of Angola's population has access to the state-owned electricity supply, although it is estimated that some additional users have access to small private electricity sources leaving an estimated 15 million Angolans without access.

During the months of December to May Angola typically experiences energy shortages. To reduce these energy shortages, Angola is investing in the construction of hydroelectric power generation facilities. *See "The Economy – Power Generation – Hydroelectric generation facilities"*.

Energy is one of the Government's key priorities. In 2014, Angola implemented a Power Sector Reform Support Programme ("**PSRSP**"), pursuant to which it restructured its power sector, improved the power sector regulatory environment, improved private sector participation in the power sector, improved budgetary transparency and improved efficiencies in procurement.

The PSRSP unbundled the generation, transmission and distribution systems in Angola previously carried out through state-owned enterprises, National Electricity Enterprise ("**ENE**") and Electricity Distribution Company of Luanda ("**EDEL**"). Previously ENE managed and operated most of Angola's transmission system and its power generation plant outside of Luanda, whereas EDEL previously operated the distribution system in Luanda. Under Angola's electricity sector transformation program, both ENE and EDEL were dissolved and three new utility companies were created: (a) Empresa Pública de Produção de Electricidade ("**PRODEL**"), focused on power production, (b) Rede Nacional de Transporte de Electricidade ("**RNT**"), the new national transmission company and sole purchaser of electricity and (c) Empresa Nacional de Distribuição de Electricidade ("**ENDE**"), the new national distribution company.

Angola's power generation, transmission and distribution network underwent a wide-scale refurbishment, modernisation and expansion process under the PSRSP. The Government had originally planned to invest U.S.$23.0 billion in the power sector through 2018 under the PSRSP. However, due to the adverse effect the decrease in oil price has had on Angola's revenues between 2014 and 2018, funding under the PSRSP was revised downwards by 40.0 per cent. and was budgeted at U.S.$10.8 billion between 2014 through 2018. Under the PRSP, the Government aimed to increase power output and the volume of power generation at the existing and newly built hydro- and diesel-power generation plants as well as diversifying Angola's energy generation capabilities, through the establishment of a small-scale hydrothermal generation facilities programme as well as researching the feasibility of solar and wind power generation.

The Government has established the Action Plan for the Energy and Water Sector 2018-2022 to continue refurbishing, modernising and expanding Angola's power generation, transmission and distribution network. Under its Action Plan for the Energy and Water Sector 2018-2022, the Government intends to establish a public investment programme to (i) expand access to electricity in urban and rural areas; (ii) promote financial efficiencies and sustainable management in the electrical power sector, including by reducing the dependence on diesel in electricity production and eliminating subsidies; and (iii) promote private sector participation in the production and distribution of electricity.

For the 2018 to 2022 period, the projected total investment in the energy and water sectors is estimated to be approximately U.S.$13.5 billion, which will be funded through a public investment program. Of this U.S.$13.5 billion, the Government expects that 70 per cent. will be earmarked for energy projects and 30 per cent. will be earmarked for water sector projects, and that approximately U.S.$9.2 billion and U.S.$4.3 billion will be spent on existing projects and new projects, respectively.

Under the Action Plan for the Energy and Water Sector 2018-2022, the Government aims to:

- connect 50 per cent. of the population to an electricity supply by 2022 and increasing the number of customers with access to the electricity network to 2.6 million;
- promote the quality and sustainable supply of energy to drive economic development and diversification. The Government plans to achieve these goals by, among other things, accelerating the interconnection between the existing national transmission network, investing in new hydropower plants and starting exploring the feasibility of converting diesel thermal power plants to heavy fuel oil power plants; and
- increase the involvement of the private sector in the development of the energy infrastructure through technical assistance and potentially by licensing certain distribution activities to private sector entities.

The Government's medium-term plan is to increase energy installed capacity in Angola to 7.5 GW by 2022 from 4.8 GW in 2018, including by increasing hydropower capacity and investment in renewable energy, particularly solar and wind energy. The significant modernisation and expansion of Angola's power transmission facilities aims at establishing a single national power grid, which is intended to be integrated into the regional power pool covering Southern Africa and to bring electricity to Angola's remote rural regions. The Ministry of Energy is responsible for the overall policy in the energy sector.

Currently, Angola does not have a national electricity grid and instead relies on three principal independent systems that provide electricity to different parts of the country: the Northern, Central and Southern Systems. The Government hopes to link the three independent grids as part of a national grid system and eventually link its grid with neighbouring Southern African Power Pool ("**SAPP**") members. Angola is a member of SAPP, a group of African countries that includes Botswana, the Democratic Republic of the Congo (DRC), Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The SAPP is designed to promote cooperation among member countries with the aim of creating a common electricity market that can provide reliable and affordable electricity to the citizens of SAPP's member countries.

Recently, the UK Export Finance ("**UKEF**") announced in September 2019 that U.S.$172 million will be released to fund new development projects in Angola. The project is part of the Government's efforts to improve electricity supply with the intention of providing 7,000 homes with electricity. In 2015, the General Electricity Law was amended by Law No. 27/15 of 14 December 2015 which is intended to facilitate private sector involvement in the production, distribution and sale of electricity by creating the necessary mechanisms to allow private companies to take part in the industry's activities alongside and in close cooperation with the relevant public companies.

Furthermore, Presidential Decree No. 256/11 of 29 September 2011 approved the Policy and Strategy for the National Energy Safety. In accordance with the approved strategy, the Government is committed to reforming the energy sector, and amongst others, the Government is focused on:

- restructuring public companies;
- developing a strategic and regulatory framework for renewable energies;
- reinforcing powers of the Regulatory Institute of the Electric and Waters Sector ("**IRSEA**");
- revising the legal framework for the electricity sector;

- defining an attractive model for private investment and development of its legal framework; and
- progressively eliminating electricity price subsidies.

The Angolan electricity system is divided into two separate segments:

- the Public Electricity System ("**PES**"), which encompasses the Electricity National and Transmission Network ("**NTN**") and all generation and distribution infrastructures tied to the NTN; and
- the Non-Tied Electricity System, which encompasses non-tied producers, self-producers and non-tied customers (collectively, non-tied agents).

The producers tied to the PES are public service concessionaires or licence holders who have the obligation to sell electricity to the NTN concessionaire. Under its capacity as a 'single buyer', the NTN concessionaire is required to acquire all power generated by tied producers. To do so, tied producers and the NTN concessionaire must enter into power purchase agreements, which set out the terms and conditions of their commercial relations.

Without prejudice to the necessities of the PES, the non-tied agents are committed to the role of strengthening the competitive regime on the supply and consumer markets of the Angolan electric system. Hence, non-tied producers and customers are entitled to establish bilateral agreements, freely negotiated between the parties, governing the terms and conditions of the supply of electricity, provided that the terms and conditions of such agreements comply with the Regulation for the Licensing and Security of Electric Facilities and the Networks Access Regulation, as well as the rules and procedures put into force by the IRSEA.

With the reform of the General Electricity Law, non-tied producers who wish to sell their electricity to the PES are no longer required to enter into generation concession agreements or request the award of a power generation licence. The commercial relationships established under the regime of the PES are therefore regulated, with contractual terms and sale prices administratively set, as opposed to relations between non-tied agents, whose contractual terms and prices can be freely established by the parties.

Prior to the implantation of a new tariff table in July 2019, electricity prices were heavily subsidized by the Government, with the Government subsidizing approximately 60 per cent. of the operational cost of electricity in Angola. With the coming into force of the new tariff table, the operational costs of the sector, other than fuel for electricity generation, are covered by the final customer at an average indicated price of U.S.$3.32/KWh. See *"Public Finance – Budget Framework and Process"*.

The equivalent U.S.$ amounts are based on an exchange rate set at U.S.$1 as equivalent to AOA 385.00

Power generation

The table below sets forth information regarding generation of electricity in Angola for the years indicated:

	2014	2015	2016	2017	2018
	(Production in MWh)				
Hydro	4,990	5,252	6,362	7,663	10,374
Thermal	4,509	4,444	4,546	3,086	2,702
Total	**9,499**	**9,696**	**10,908**	**10,749**	**13,076**

Source: Ministry of Energy and Water

In 2018, the amount of electricity generated in Angola was 13,068MWh, approximately 79 per cent. of which was generated by hydroelectric plants and the remaining 20.6 per cent. by thermal power plants. Most power generation facilities are owned and operated by PRODEL (the successor entity to ENE), and only a small share of power generation facilities have been subject to concessions on the basis of build-operate-transfer schemes.

Hydroelectric generation facilities

In 2018, approximately 79 per cent. of Angola's electricity output was generated by hydroelectric plants, primarily from hydroelectric dams on the Kwanza, Catumbela and Cunene Rivers. The Government estimates that Angola's potential hydroelectric generating capacity is at least ten times Angola's current installed capacity. The current structure of Angola's hydroelectric power generation sector is heavily reliant on its pre-independence infrastructure, when the Portuguese carried out a comprehensive plan for power generation throughout Angola. Angola has a number of large operating hydroelectric power plants with current aggregate generation capacity of 4.898MW as of 31 December 2018. Angola has been investing significantly in developing its hydroelectric power plants, with works on the Capanda hydroelectric power plant (520MW capacity) completing in 2007, the Matala hydroelectric power plant (40.8MW capacity) in June 2015, the Mabubas facility (25.6MW capacity) which has been operational since 2013 and the Lomaum facility (50MW capacity) which was commissioned in 2015. There are, in addition, further plants that are under construction or are being refurbished and/or modernised, and the principal such plants are detailed below, with the Ministry of Energy expecting additional capacity of 2,500MW to come online in the period 2019 to 2020, 200MW to come online in 2020, 500MW to come online in 2021 and a further 400MW to come online in 2022, at an estimated combined cost of U.S.$13.5 billion. See "*Risk factors – Angola's growth prospects are vulnerable to the performance of the power sector*".

- Luachimo hydroelectric power plant. Construction on the Luachimo hydroelectric power plant commenced in 2017. The Luachimo dam is located on the Luachimo River, near Dundo village in Lunda-North Province and was originally built in the 1950s. The Luachimo hydroelectric power plant is expected to have a capacity of 36MW. Commercial operation of the new hydropower plant is scheduled to start in 2020. The total cost of the development of the plant is U.S.$210 million and it is principally being financed by Industrial and Commercial Bank of China Limited.

- Cambambe hydroelectric power plant. Cambambe hydroelectric power plant is located in the Kwanza Norte province in the north west of Angola. The Cambambe plant has a capacity of 180MW. It was built by the Portuguese prior to independence, in 1962. The Cambambe plant has been upgraded to increase its capacity to 960MW and modernise the facility. The total cost of the upgrade was approximately U.S.$1.4 billion and it was financed from the Government's internal resources as well as external financing. The upgrade works were carried out by a consortium of Brazilian, Spanish and German companies and were commissioned in 2016.

- Gove hydroelectric power plant. Gove hydroelectric power plant was constructed in 2012. The project is located in the Huambo province in the centre of Angola. Gove plant was constructed on the basis of the dam built by the Portuguese before independence for agricultural irrigation purposes. The Gove plant's capacity is 60MW. The budgeted cost of the project was U.S.$279 million and it was being financed from the Government's internal resources. The project was built by a consortium of Brazilian, Spanish and German companies.

- Matala hydroelectric power plant. Matala hydroelectric power plant is located in Huíla province in the south west of Angola. In addition to generating electricity, the Matala dam plays an important role in agricultural irrigation. The Matala plant has a current capacity of 40.8MW. It was built by the Portuguese prior to independence, in 1958, and certain upgrade works were completed in June 2015. The Government intends to upgrade the Matala plant further and rehabilitate and modernise the electro mechanic equipment and the substation at a cost of Euros

106.9 million, which remains to be financed. Following a bidding process, Elecnor, a Spanish company, has been appointed to carry out the works.

- Chicapa hydroelectric power plant. Chicapa hydroelectric power plant is a build-operate-transfer project built by a consortium of mining companies comprising Endiama, Alrosa, Odebrecht and PRODEL (the successor entity to ENE) as part of the Catoca diamond mining project – primarily to supply power to Catoca mine, with excess capacity intended to be supplied to the Saurimo village grid. The Chicapa plant is located in Lunda Sul province in the east of Angola and has current capacity of 16MW. The Government also plans to build Chicapa II, a new hydro power station which is expected to have an installed capacity of 31.2MW with an estimated cost of U.S.$178.5 million.

- Laúca hydroelectric power plant. Laúca hydroelectric power plant is located on the Kwanza river between the Capanda and Cambambe hydroelectric power plants. The project contractors and sub-contractors are Odebrecht, Bardella and Andritz. The construction of the Laúca plant was started in 2012 and the plant began operating in 2017 with two of its 334MW turbines. By the end of 2019, the remaining two of Lauca's six 334MW turbines are expected to become operational and it is expected that the Laúca plant will have an installed capacity of approximately 2,070 MW when all turbines and its ecological power station become operational. The project was budgeted to cost approximately U.S.$5.2 billion. Financing of up to U.S.$1.8 billion for the civil engineering aspects of the project was intended to be provided by BNDES, however, as a result of the suspension by BNDES of credit for projects involving Brazilian contractors active in Angola, the Government has made available funding for the Laúca hydroelectric power plant to cover the financing suspended by BNDES. The Government has financed U.S.$3.2 billion for Laúca hydroelectric power plant. Financing of up to U.S.$1.2 billion for the supply and installation of equipment at the plant involves nine international banks with export credit cover from Euler Hermes and CESCE.

- Caculo Cabaça hydroelectric power plant. On 11 June 2015, a consortium led by China Gezhouba Group Corporation entered into an engineering, procurement and construction contract with the Government for the construction of the Caculo Cabaça hydroelectric power plant. The Caculo Cabaça plant will be located on the middle reaches of the Cuanza River and, when completed, is expected to have a capacity of 2,171MW. The project is expected to cost approximately U.S.$4.5 billion and the financing of this project is currently being negotiated with Industrial and Commercial Bank of China Limited. See "*Public Debt—External Public Debt—New Facilities*".

- Other hydroelectric generation facilities. There are four further smaller hydroelectric generation plants throughout Angola with current capacities ranging between 0.9 and 14.4MW, all of which were damaged during the Civil War. The National Development Plan 2018-2022 envisages the refurbishment and expansion of these four plants, although a specific budget and project plans have yet to be approved.

- Small-scale hydroelectric generation facilities ("**minihydros**"). Minihydros are small-scale hydroelectric generation plants that typically have power generation capacity of between 1.5 and 4MW and are intended for rural electrification as well as small-scale irrigation and water supply. The Government launched a scheme for establishing 140 minihydros by using a programme of tenders but this programme was not successful. The Government intends to re-launch the mini-hydro capacity program. The first project to be launched and for which preliminary studies have already been completed is the 12MW Mini-hydroelectric Cutato dam to interconnect with the future Capelongo/Cuvango sub-station. The Government expects that by 2022, 500MW of energy will be installed with the contribution of the private sector.

Thermal power generation

In 2018, approximately 20.6 per cent. of Angola's electricity was generated by thermal power plants. There are currently over 267 diesel power plants with an average generation capacity of 1.7MW from which 54 are located in isolated systems not covered by the national grid. Most of them are owned and operated by PRODEL (the successor entity to ENE).

In the future, in addition to satisfying a large proportion of Angola's energy needs in those localities, diesel power plants are expected to play an important part in balancing power supply in the event of significant future fluctuations in demand for power after the hydroelectric modernisation programme has been completed.

Renewable Energy

The commitment to increasing the role of renewable energy in Angola's power generation is a priority for the Government, and the Government targets that 500 MW of power will come from renewable energy by 2022 (from 6.43MW in 2018). Angola has a promising solar energy resource in the form of the Laúca reservoir, and it is planned that solar energy will play a role in supporting existing and new thermal power plants. In line with this approach, by 2022 the Government plans to install up to 30,000 solar photovoltaic systems in rural areas to produce 600MW of electricity. Currently, less than 40 per cent. of rural communities have access to electricity. The African Development Bank is supporting this initiative and lent the Government U.S.$1 billion to be used to fund the Angola Renewable Energy Program. The Government has also identified seven possible sites to construct wind farms, and the Government plans to undertake feasibility studies for the construction of such wind farms in the short term.

Electricity transmission

Angola's power transmission system comprises three independent transmission systems in each of the northern, central and southern regions of Angola. Since the end of the Civil War, the Government has worked on the rebuilding and refurbishment of each of the systems and, in 2007, commenced works on connecting the three independent systems into a national grid network and further integrating Angola's national grid into the regional power pool which covers Southern Africa. This involves the installation of new power transmission lines of more than 4,500 kilometers long across Angola, of which 4,448 kilometers was completed in 2017. The entire project is expected to be completed by 2022, and involves strengthening Lauca's and Caculo Cabaça's infrastructure and to connect the northern, central and southern electricity grids. The first phase of this programme is being financed mainly through export credit lines from Brazil, China, Portugal and Spain.

Power distribution

Electricity is currently distributed through the state-controlled electricity network by RNT and, in provincial capitals, ENDE.

At the end of December 2018, ENDE served approximately 1.3 million customers in 73 municipalities, corresponding to an electrification rate of 36 per cent. (a 4 per cent. increase since 2015). This electrification rate varies significantly throughout the country, and can range from 75 per cent. in Luanda to 8 per cent. in Bié. Of the approximate 1.3 million customers served by ENDE as at the end of December 2018, only 289,000 were supplied through prepaid meters. In respect of the remaining 1 million customers, metering was mostly estimated.

The provision of electricity is subsidized in Angola, with the 2018 cost of distribution being approximately (15,100.00 Kz/MWh equating to U.S. $44.0 per MWh and the retail price being U.S. $17.0 per MWh, representing a total subsidy of U.S.$26.4 per MWh in 2018. The Government has been working to gradually reduce power subsidies. See "*Public Finance – Budget Framework and Process*". Following a Government review of electricity tariffs, a new tariff regime was implemented in June 2019. The reform of electricity tariffs is consistent with reducing expenditure as a part of the IMF programme. Pursuant to its Action Plan for the Energy and Water Sector 2018-2022, the Government will focus on

private sector participation in the management and maintenance of dispersed infrastructure, including by licensing distribution activity in isolated systems to private sector participants.

Water Supply

The table below sets forth information regarding the supply of water in Angola for the years indicated, unless otherwise stated:

Supply	2014	2015	2016	2017	2018
			(m3/day)		
Production of drinking water in the provincial offices	536,300	595,100	587,300	588,900	590,320

Source: Ministry of Energy and Water

The Ministry of Energy and the Secretary of State for Water are responsible for overall policy in the water sector. In eight out of 18 of Angola's provinces, the production, treatment and distribution of water is managed by the local governments. In the other provinces, it is provided by state-owned water companies.

Safe drinking water is less readily available in Angola's rural regions than in urban areas. However, a number of Angolan and international initiatives have sought to address this key issue in recent years and work continues to ensure the supply of safe drinking water in rural areas throughout Angola.

Supply of safe, clean water to the population is one of the Government's key social policy priorities, along with social housing and electricity. To promote supply of safe, clean water to those areas where the water distribution network has yet to be built or expanded, the Government has implemented and continues to promote the creation of suitable communal water distribution points. The Government estimates that in rural areas in 2018, approximately 6.3 million people benefited from such facilities, as compared to approximately 4.6 million people in 2014. Under the Action Plan for the Energy and Water Sector 2018-2022, the Government intends to increase access to water by continuing to develop the water supply systems in urban and rural areas, sustainably manage the water sector and by building systems for the collection and treatment of waste water in all provincial capitals of Angola. Under the Action Plan For the Energy and Water Sector 2018-2022 the Government intends to maximize access to water by continuing to strengthen the supply capacity of water to Luanda through the Bita and Quilonga systems and through rural parts of Angola and intends that the urban population with access to water will increase to 85 per cent. in urban areas by 2022 (and 80 per cent. in rural areas) from an average rate of water supply coverage of 63 per cent. in 2014. Water supply in Angola is subsidized. See "*Public Finance – Budget Framework and Process*".

The number of people with access to clean water has increased, principally as a result of the improved water supply to Luanda through the Quilonga and Bita water systems. In addition, in the period 2010 to 2017, the construction and/or expansion of the water supply systems in the following provincial capitals was achieved:

- Caxito;
- Ondjiva;
- Moçâmedes;
- Sumbe;
- Luena;
- Menongue;

- Cuito;
- Huambo;
- Uíge;
- Lubango;
- Saurimo; and
- Dundo.

The Government believes that as a result there has been a significant reduction in fatalities caused by the use of untreated water over the past several years. Under the Action Plan for the Energy and Water Sector 2018-2022, the Government plans to invest approximately U.S.$2.3 billion to further develop Angola's water supply infrastructure between 2018-2022.

Privatisation and Public-Private Companies

In 1994, Angola introduced a new privatisation law (the "**Privatisation Law 1994**") that sought to increase the efficiency and productivity of, and competition in, Angola's economy through a wider participation in business and enterprise by, in particular, Angolan individual investors and small businesses. The Privatisation Law 1994 provided for privatisation through a public tender, although in certain circumstances companies under the Privatisation Law 1994, could be privatized through a direct private sale to a restricted circle of investors, as happened with the privatisations of CUCA and NGOLA (beverage companies), Liangol (a coffee company), Manauto 4 (a transportation company) and Vidrul (a glass factory). Angola also adopted the Private Enterprise Law which was intended to serve as the legal basis for the operation of privatized companies. However, the privatisation legislation remained largely dormant in subsequent years largely because no implementing regulations were adopted and the Civil War distracted the Government's privatisation efforts. In 2001, the Government set out a PROPRIV and adopted privatisation strategies for the period from 2001 to 2005, naming approximately 102 businesses or business units as designated for full or partial privatisation (including through management privatisation) during that period (the "**2001-2005 Programme**"). However, the Government's 2001-2005 Programme remained largely uncompleted.

In August 2009, the Council of Ministers of Angola established the Institute for the Public Sector Enterprises ("**ISEP**") under the auspices of the Ministry of Economy and Planning, with the purpose of reviving the privatisation process. Shortly after its establishment, following a public tender, ISEP produced a study of Angola's privatisation experience in the period 1989-2009, which was approved by the Government in 2011. It was intended that the study will form the basis for the Government's efforts to develop a privatisation programme for the short to medium term. Between 2013 and 2017, 29 small companies were privatized which generated approximately U.S.$23.4 million in Government revenues.

In February 2018, through Presidential Order No. 19/18 of 20 February 2018, a committee was established with the purpose of preparing and implementing a privatisation process on the Angolan Stock Exchange for certain public companies. This committee was coordinated by the Minister of State for the Economic and Social Development and included the Minister of Finance, Minister of Planning and Economy, Secretary of the Angolan President for the Economic Affairs, Secretary of State for the Treasury and Finance, Chairman of ISEP, Chairman of the Capital Markets Commission, and BODIVA´s chairman of the executive committee. The Ministry of Finance was appointed by Presidential Decree No. 141/18 of 7 June 2018 to proceed with and support the Government in the regulation and execution of the privatisation process, as well as with the process related to the management of public-private companies. As a result of that Decree, the name of ISEP was changed to the *Instituto de Gestao de Activos e Pariticipaçoes do Estado* ("**IGAPE**"). The IGAPE carries out the function of managing Angola's interests in public-private companies, as well as the execution of the privatisation process and the supervision of public funds and is directed by the Ministry of Finance.

In May 2019, to facilitate the privatisation of certain Angolan companies and to ensure that privatisations are carried out through a clear and competitive process, Angola passed Law No. 10/19 of 14 May 2019 establishing a new privatisation process (the "**Privatisation Law 2019**") and Law No. 11/19 of 14 May 2019 governing the management of public-private partnerships companies (the "**Public-private Companies Law**").

The Privatisation Law 2019 repealed the Privatisation Law 1994. The current Privatisation Law 2019 applies to the privatisations of assets and stock holdings of Angola as well as those of other public entities. The assignment of rights for the discovery and exploitation of resources that were formally restricted to the Government on the grounds of public interest are also a subject of privatisation under the Privatisation Law 2019. Privatisations can only be performed by decision of Angola's President as a public tender or via a process on the Angolan Stock Exchange. Under the Privatisation Law 2019, certain restricted public tenders addressed to qualified bidders only can also be used.

On 5 August 2019, Presidential Decree 250/19 approved a mandatory privatisation programme to complement the Privatisation Law 2019 (the "**PROPRIV**"). The PROPRIV will be carried out as a part of the NDP 2018-2022 strategic objectives and has been designed in collaboration with the World Bank, in order to guarantee transparency and as a further step in Angola incorporating international practices into the process.

The PROPRIV lays out a schedule for the privatisation of wholly or partially publicly owned companies from 2019 to 2022. Its aim is to reduce the Government's participation in the economy as a direct producer of goods and services and to promote favourable conditions to private initiatives, foreign investments and the acquisition of specific know-how that is beneficial to the companies in the public sector. Simultaneously with the execution of the PROPRIV, the Government will seek to strengthen its role as regulator and coordinator of Angola's development, allowing more opportunity for the private sector to promote growth in the Angolan economy.

As part of the PROPRIV, approximately 175 companies will be fully or partially privatized through public tenders, 11 companies through bids in the Angolan Stock Exchange and nine companies through initial public offerings. The method of each privatisation, its date and the specific amount to be privatised shall be specified in complementary Presidential Decrees to be issued. The specific portion of each company to be privatized shall also be specified in said Presidential Decrees.

The PROPRIV extends to a range of diverse industries including mining and natural resources, telecommunications and technology, finance, transportation and hotels and tourism. For example Angola Telecom, Banco Economico S.A., Endiama and TAAG Angola Airlines.

The schedule starting with the execution of the PROPRIV began in 2019 to 2020 in which most of the simple privatisation processes, mainly executed through public tenders. Pursuant to the PROPRIV, approximately 161 companies will be privatized through public tender during this initial stage, including companies such as Bai S.A., Biocom, Textang II and Africa Textil.

The PROPRIV also details a 2019-2022 restructuring process for Sonangol and the subsidiary companies totally or partially owned by Sonangol (the "**Sonangol Subsidiary Companies**") as a separate independent process (the "**Sonangol Restructuring Process**"). Pursuant to the Sonangol Restructuring Process, a majority of Sonangol Subsidiary Companies will be privatized in different stages.

Most of the Sonangol Subsidiary Companies operating in industries such as real estate, tourism, health and education will be privatized first and those operating in the oil industry will be privatized at a later stage. The Sonangol Restructuring Process contemplates that a part of Sonangol shares will be privatized through an initial public offering process expected in 2022, subject to further specifications in the relevant Presidential Decrees.

THE EXTERNAL SECTOR

Balance of Payments

Angola's current account recorded a surplus in 2018 of U.S.$7.4 billion (6.9 per cent. of GDP) driven by large trade surpluses generated from Angola's oil exports. Angola estimates that its current account recorded a surplus for the first six months of 2019 of U.S.$1.9 billion, but the Government projects a current account deficit of approximately 2.0 per cent. of GDP for the fiscal year 2019, with net capital inflows insufficient to cover the current account, which may further contract net foreign reserves. In 2017, 2016, 2015 and 2014 Angola's current account recorded a deficit of U.S.$0.6 billion (0.8 per cent. of GDP), U.S.$3.1 billion (3.0 per cent. of GDP), U.S.$10.3 billion (10.0 per cent. of GDP) and U.S.$3.7 billion (3.0 per cent. of GDP), respectively. The services and income balances have shown consistent deficits due to the level of imports of services required by the oil industry, as well as large payments resulting from the repatriation of profits and the repayment of external debt arrears since 2007 increased between 2013 and 2015, largely in the oil industry, but has since decreased. Investment outside Angola by Angolan companies (primarily Sonangol) coupled with disposals by Portuguese banks of their investments in the Angolan banking sector, have resulted in net FDI outflows. Angola's capital and financial account recorded a deficit in 2017 (U.S.$4.2 billion) and 2018 (U.S.$6.9 billion), due to the deficits in the financial account resulting from the Government's substantial investment in Angola's infrastructure and its service of external debt obligations. The capital and financial account recorded a significant surplus in 2015 (U.S.$8.4 billion) and 2016 (U.S.$5.3 billion). The deficit in the capital and financial account in 2017 and 2018 was primarily driven by a decrease in net FDI contributions which accounted for an outflow of U.S.$8.7 billion in 2017 and U.S.$5.7 billion in 2018, compared to an inflow of U.S.$1.4 billion in 2016.

Capital account contributions are insignificant in Angola. This is due to the absence of forgiveness of Angola's debt by foreign countries and low levels of donor aid.

Angola's balance of payments accounts are compiled and disseminated by the BNA. The table below sets forth certain information regarding Angola's balance of payments for the periods indicated:

	2014	2015	2016	2017	2018 (preliminary)	First six months of 2019 (estimated)
			(U.S.$ billions)			
Current account	**(3.7)**	**(10.3)**	**(3.1)**	**(0.6)**	**7.4**	**1.9**
Trade balance	30.6	12.5	14.5	20.2	25.0	9.9
Exports FOB	59.2	33.2	27.6	34.6	40.8	17.8
of which oil and gas sector	57.6	31.9	26.4	33.3	39.4	17.1
of which non-oil and gas sector	1.5	1.3	1.2	1.3	1.3	0.7
Imports FOB	(28.6)	(20.7)	(13.0)	(14.5)	(15.8)	(7.8)
Services (net)	(23.3)	(16.0)	(11.9)	(12.8)	(9.5)	(3.9)
Income (net)	(8.8)	(5.9)	(5.3)	(7.5)	(7.8)	(4.0)
Current transfers (net)	(2.2)	(0.8)	(0.5)	(0.5)	(0.3)	(0.1)
	3.7	**8.4**	**5.3**	**(4.2)**	**(6.9)**	**(1.3)**
Capital and Financial Account						
Capital account	—	—	—	—	—	—
Financial account	(3.7)	8.4	5.3	(4.2)	(6.9)	(1.3)
FDI (net)	(2.8)	10.8	(0.5)	(8.7)	(5.7))	(0.7)
Medium and long term capital (net)	7.2	(0.4)	8.0	(1.1)	(3.5))	0.0
Disbursements	13.3	5.7	14.4	7.3	10.3	3.0
of which oil companies	5.5	1.0	0.0	0.5	1.0	1.5
Amortizations	(6.1)	(6.1)	(6.4)	(8.4)	(6.8)	(3.3)
of which oil companies	(3.2)	(3.2)	(3.6)	(5.0)	(1.4)	(0.7)
Other Capital (net)	(6.3)	(2.0)	(2.3)	5.7	(4.7)	(2.0)
Errors and omissions	(3.8	(1.2)	(1.8)	(0.1)	(1.0)	(1.1)
Overall balance	**(3.9)**	**(3.0)**	**0.4**	**(4.9)**	**(0.5)**	**(0.5)**
Financing	3.9	3.0	(0.4)	4.9	(0.5)	(0.5)
Variation of reserves	3.9	3.1	(0.4)	5.0.	0.9	(0.5)
Arrears	0.0	0.0	0.0	(0.1)	(0.4)	0.0
Rescheduling	—	—	—	—	—	—
Debt forgiveness	—	—	—	—	—	—

Source: National Bank of Angola (BNA)

Foreign trade

The following table below sets forth an overview of Angola's trade balance for the periods stated:

	2014	2015	2016	2017	2018 (preliminary)	First six months of 2019 (estimated)
			(U.S.$ billions)			
Exports						
Crude Oil	56.4	31.4	25.6	31.1	**36.5**	**16.2**
Refined Oil	0.7	0.4	0.3	0.5	**0.4**	**0.1**
Gas (including LNG)	0.6	0.1	0.5	1.8	**2.4**	**0.8**
Diamonds	1.3	1.1	1.0	1.1	**1.2**	**0.6**
Other	0.2	0.2	0.2	0.2	**0.2**	**0.1**
Total exports	**59.2**	**33.2**	**27.6**	**34.6**	**40.7**	**17.8**
Imports						
Current consumption goods	17.7	11.5	7.8	9.6	**9.3**	**4.0**
Intermediate consumption goods	4.3	3.3	1.7	1.5	**1.7**	**0.8**
Capital goods	6.5	5.8	3.6	3.4	**4.9**	**3.0**
Total imports	**28.6**	**20.7**	**13.0**	**14.5**	**15.9**	**7.8**

Source: National Bank of Angola (BNA)

Between 2014 and 2018, the total value of exports decreased by 31.1 per cent., from U.S.$59.2billion to U.S.$40.8 billion, principally driven by the decrease in oil price causing a decrease in the value of oil exports from U.S.$56.3 billion to U.S.$36.5 billion, a 35.1 per cent. decrease, in the same period.

Between 2014 and 2018 there has been little change in the total value of non-oil and gas exports which had a total value of approximately U.S.$1.3 billion in both 2014 and 2018. Non-oil and gas exports continued to represent a very modest 3.3 per cent. of total Angolan exports in 2018. The pace of growth of non-oil and gas exports in the past couple of years has slowed due to a decrease in diamond prices, Angola's second largest export. In 2018, the value of diamond exports accounted for 2.8 per cent. of total exports.

Between 2014 and 2018, the total value of imports decreased from U.S.$28.6 billion to U.S.$15.8 billion, a decrease of 44.7 per cent**.** This decrease was largely driven by a decrease in imports of consumer goods, which accounted for 58.0 per cent. of total imports in 2018. Since the end of the Civil War, Angola has developed into a consumer society. In addition, the ongoing gradual recovery in the agricultural and manufacturing sectors keeps the economy highly dependent on imports of foods and consumption goods. While imports have decreased year on year between 2014 and 2016, total imports increased to U.S.$14.5 billion in 2017 from U.S.$13.0 billion in 2016, in part due to a decrease in food stock in Angola which drove an increase in the import of food in 2017. In 2018, food imports further increased to U.S.$0.9 billion compared to U.S.$0.8 billion in 2018.

Capital goods represented 30.8 per cent. of Angola's imports in 2018. This can be largely ascribed to the Government's investment in the reconstruction of Angola's infrastructure and in the oil and gas and diamond sectors.

Exports

For a description of Angola's crude oil exports indicated by country, see "*The Economy, Primary Industry Sectors-Oil Industry- Exports*".

The following table sets forth Angola's exports of goods in value terms by product for the years indicated:

	2014	2015	2016	2017	2018 (preliminary)
Crude Oil *(U.S.$ billions)*	56.4	31.4	25.6	31.0	36.5
Volume *(million barrels)*	586.9	628.3	611.2	575.511	517.6
Price *(U.S.$)*	96.0	50.0	41.8	54.0	70.6
Refined Oil (*U.S.$ billions*)	0.7	0.4	0.3	0.5	0.4
Volume (*in metric tons*)	1,012.6	1,262.0	1,226.1	1,304.0	914.3
Price (*U.S.$/metric ton*)	654.7	305.5	270.0	365.9	473.9
Gas (including LNG) (*U.S.$ billions*)	0.6	0.1	0.5	1.8	2.4
Volume (*thousand barrels*)	10,444.6	4,003.4	19,255.0	45,411.9	48,766.8
Price (*U.S.$/barrel*)	58.9	28.9	23.8	39.0	50.0
Diamonds (*U.S.$ billions*)	1.3	1.1	1.0	1.1	1.2
Volume (*in thousand carats*)	8,870.6	8,204.7	7,934.2	9,752.6	7.993.4
Price (*U.S.$/carats*)	150.5	129.9	123.5	115.9	144.1
Other exports (*U.S.$ billions*)	0.2	0.2	0.2	0.2	0.2
Total Exports *(U.S.$ billions)*	**59.2**	**33.2**	**27.6**	**34.61**	**40.8**

Source: National Bank of Angola (BNA)

The following table sets forth the percentage share of Angola's key export products in total for the years indicated unless otherwise stated:

	2014	2015	2016	2017	2018 (preliminary)
			(%)		
Crude Oil	95.3	94.6	92.7	89.7	89.7
Refined oil	1.1	1.2	1.2	1.4	1.1
Gas	1.0	0.3	1.7	5.1	6.0
Diamonds	2.3	3.2	3.6	3.3	2.8
Other exports	0.3	0.7	0.9	0.5	0.5
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: National Bank of Angola (BNA)

Oil remains by far Angola's single major export. In 2018, China, India, the United States and South Africa were Angola's principal trading partners in Angola's exports of oil. Between 2014 and 2018, oil exports to China and India, while decreasing in absolute terms, remained significant due to Angola's production of a large quantity of lower grade heavy crude oil (from Blocks 14, 15 and 17), for which China and India have the majority of appropriate refineries worldwide. Between 2014 and 2018, crude oil exports to China decreased significantly from U.S.$27.7 billion in 2014 to U.S.$23.8 billion in 2018, crude oil exports to the United States decreased from U.S.$2.0 billion in 2014 to U.S.$1.2 billion in 2018, crude oil exports to India decreased from U.S.$4.7 billion in 2014 to U.S.$3.2 billion in 2018 and crude oil exports to South Africa decreased, from U.S.$2.0 billion in 2014 to U.S.$1.1 billion in 2018. The decrease in oil exports was primarily driven by the decrease in oil prices between 2014 and 2018. Non-oil and gas exports included principally diamonds.

Under the PRODESI, the Government identified that sustained and robust development of the economic sector relies on the diversification of productive sectors and, as such, has initiated an executive programme to diversify national production in the areas of food and agroindustry, mineral resources, oil and natural gas, forestry, textiles, clothing and footwear, and tourism and leisure. See "*Public Finance –*

Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports".

Imports

The table below sets forth the source of Angola's imports (including oil) for the years indicated by country:

2014		2015		2016		2017		2018 (preliminary)	
				(U.S.$ billions)					
Portugal	4.4	China	2.9	Portugal	1.8	Portugal	2.4	Portugal	2.1
Singapore	4.1	Portugal	2.6	China	1.5	China	1.9	China	2.2
China	3.5	Singapore	1.9	U.S.	1.4	U.S.	0.9	U.S.	1.8
United States	1.9	Korea	1.5	Belgium	0.9	Belgium	0.9	Belgium	1.0
Belgium	1.7	Belgium	1.3	Brazil	0.6	Brazil	0.8	Brazil	1.0
UAE	1.6	United States	1.3	Singapore	0.6	South Africa	0.6	South Africa	0.7
Brazil	1.3	Brazil	0.8	South Africa	0.5	Korea	0.7	Korea	0.7
U.K	1.2	Malaysia	0.8	U.K	0.5	U.K.	0.5	U.K	0.6
South Africa	1.0	South Africa	0.8	Russian Federation	0.4	UAE	0.5	UAE	0.5
France	0.7	U.K.	0.6	Norway	0.4	India	0.4	France	0.4
Others	7.2	Others	6.2	Others	4.4	Others	4.9	Others	4.8
Total	**28.6**	**Total**	**20.7**	**Total**	**13.0**	**Total**	**14.5**	**Total**	**15.8**

Source: National Bank of Angola (BNA)

Since 2014, and reflecting Angola's expansion of its commercial relations internationally, the origin of imports has diversified, with imports from China, Brazil, Portugal, Singapore, Japan, Belgium and South Africa increasing significantly. Angola's largest import partners in 2018 were China (13.8 per cent), Portugal (13.3 per per cent.), the United States (11.4 per cent.), Brazil (6.1 per cent.), certain EU countries (in particular, Belgium (6.4 per cent.) and France (2.7 per cent.), the UAE (2.9 per cent.), Korea (4.6 per cent.) and the United Kingdom (3.8 per cent.).

The gradual recovery in the production of agriculture and manufactured products and the effects of Angola's infrastructure investment programme mean that Angola must import most consumption and investment goods. However, the consolidation of the peace process and the Government's economic policies are expected to support progress towards import substitution.

Following the drop in oil prices in 2014, Angola has experienced a lack of U.S. dollars in circulation. See "*Monetary System – The Central Bank of Angola (the "BNA")*". The reduced U.S. dollar liquidity has negatively affected imports to Angola due to the fact that many imports were paid for in U.S. dollars. *See* "*Risk Factors – A significant decline in the level of external reserves as a result of the BNA's major role as a main supplier of foreign currency to domestic residents for imports purposes could materially impair Angola's ability to service its external debt, including the Notes*".

The following table sets forth Angola's imports of goods in value terms by product for the years indicated:

	2014	2015	2016	2017	2018 (preliminary)
			(U.S.$ billions)		
Petroleum imports	4.8	3.0	1.7	1.8	2.4
Animal products	1.4	1.0	0.7	0.9	1.1
Vegetable products	1.0	0.8	0.8	0.6	0.8
Animal and vegetable- derived products	0.5	0.4	0.3	0.1	0.3
Food, tobacco and beverages	1.9	1.2	0.8	0.8	0.9
Minerals (ore, cement, salt, sulphur, chalk and others)	0.1	0.1	0.1	0.0	0.0
Chemical and pharmaceutical	1.4	1.1	0.9	1.1	1.2
Plastic and rubber-based products	0.9	0.6	0.4	0.5	0.6

	2014	2015	2016	2017	2018 (preliminary)
Wood and charcoal	0.1	0.1	0.0	0.0	0.0
Raw material/pulp for paper production	0.3	0.2	0.2	0.2	0.3
Textile industry products	0.5	0.3	0.2	0.4	0.3
Shoe industry	0.2	0.1	0.1	0.1	0.1
Ceramic, glass and similar products	0.3	0.2	0.1	0.1	0.2
Jewels and precious stones	0.8	0.6	0.2	0.2	0.2
Metals, including aluminum, magnesium, zinc, copper	2.4	1.9	1.0	0.8	0.7
Machinery and electrical equipment	6.4	5.6	3.2	3.3	3.1
Motor cars, aircraft, ships and related	3.6	1.4	0.4	1.0	2.4
Optical, photography, cinematograph and medical – surgical	0.7	0.4	0.3	0.2	0.2
Weapons, ammunition and related	0.0	0.0	0.0	0.0	0.0
Art, artefacts and antiques	0.7	1.2	1.7	2.0	0.6
Other products	0.7	0.4	0.2	0.3	0.3
Total	**28.6**	**20.7**	**13.0**	**14.5**	**15.8**

Source: National Bank of Angola (BNA)

Under the PRODESI, the Government identified that, alongside its key aim of diversifying Angolan exports, the replacement of imports is crucial to its strategy of rebalancing the economic sector. The Government aims to focus investment, develop infrastructure and improve the business environment in specific product sectors identified as having strong import replacement potential, including food and agroindustry, mineral resources, oil and natural gas, forestry, textiles, clothing and footwear, and tourism and leisure. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

Foreign Direct Investment

Under Angola's socialist regime during the Civil War, FDI in any sector in Angola was permitted only on the condition that the foreign investor formed a joint venture with an Angolan company, with the Angolan entity holding at least 51 per cent. of the shares of the joint venture. Furthermore, it was compulsory for foreign investors to keep 75 per cent. of their revenues in Angolan banks. Since the 1980s, Angola has moved towards a more free-market economy and restrictions on FDI have gradually diminished. The Government acknowledges the key importance of encouraging FDI, not only in the oil sector but most importantly in agriculture, construction, infrastructure and manufacturing.

As part of Angola's efforts to diversify its economy and boost the non-oil private sector, the previous legal framework applicable to private investments (Law No. 14/15 of 11 August 2015 ("**2015 PIL**")) was reviewed and a new investment law was approved by Angola's Parliament on 17 May 2018 and published in the Official Gazette on 26 June 2018 (Law no. 10/18 of 26 June 2018) (the "**2018 PIL**"). The 2018 PIL reduces bureaucracy and abolishes the requirement to establish compulsory partnerships with Angolan companies or citizens in certain sectors.

In March 2018, the *Agência de Investimento Privado e Promoção das Exportações* ("**AIPEX**") – the Agency for Private Investment and Promotion of Exports – was established (through Presidential Decree No. 81/18 of 19 March 2018) responsible for all aspects of private investment, the promotion of exports and international business partnerships, with the aim of increasing the competitiveness of the economy. This new agency for private investment and export replaces APIEX-Angola (the Angolan agency for the promotion of investment and exports), UTIP (the former Technical Unit for Private Investment) and the Unidade Técnica de Apoio ao Investimento Privado.

Further to Angola's efforts to encourage FDI, in May 2019, the Government passed the Privatisation Law 2019 and the Public-Private Companies Law. Pursuant to the Privatisation Law 2019 and the Public-Private Companies Law, new rules have been put into place to facilitate investment in the Angolan economy and to ensure that the privatisation of certain Angolan companies is carried out in a fair and transparent way. See also, "*The Economy - Privatisation and Public-Private Companies*".

Regulation and monitoring of FDI

The definition and promotion of domestic investment and FDI policy rests with the President in his capacity as holder of executive power, assisted by the Ministerial Departments. The 2018 PIL sets forth, amongst others, the requirements for domestic investment and FDI in Angola, and provides for tax and customs incentives for private investment projects approved under the 2018 PIL.

The 2018 PIL formally authorizes foreign investments of any amount and grants foreign investors the right to repatriate dividends. The 2018 PIL abolishes the requirement to establish compulsory partnerships with Angolan companies or citizens and the additional tax rate previously applicable to profits generated by investment projects approved under the 2015 PIL.

The 2018 PIL establishes two different procedural regimes that may apply depending on the sector of activity and provides tax benefits (including reductions of corporate income tax, capital income tax, real estate transfer tax and customs duties) depending on the activity sectors and development zones. Joint venture companies within the "special regime" identified by the 2018 PIL are exempt from paying any rates and official fees due from a requested service (such as the customs services fees) or rates and official fees due from public non-business entities for a period not exceeding five years.

Admission requirements for FDI

Under the 2015 PIL, a requirement to form a joint venture with an Angolan partner applied to investments in the oil and gas, mining, security, civil aviation, media, fishery, electricity and water, hotels and tourism, transportation and logistics, civil construction, telecommunications, IT, insurance and media sectors. This requirement ended under the 2018 PIL for electricity and water, hotels and tourism, transportation and logistics, civil construction, telecommunications, IT, insurance and media sectors, within which foreign investors are now allowed to establish businesses wholly owned by them.

Two different procedural regimes are provided for in the 2018 PIL: (i) the "previous declaration regime" and (ii) the "special regime". As also regulated by the Presidential Decree No. 250/18 of 30 October 2018, the 2018 PIL provides that projects developed within priority activity sectors and within development zones shall be subject to the "special regime", while in other sectors private investors are free to choose the applicable procedural regime. The "previous declaration regime" provides a swifter and less bureaucratic procedure – it waives the requirement of submitting the Private Investment Registry Certificate which streamlines the process of incorporation, whereas the "special regime" provides access to a more attractive set of tax benefits.

The 2018 PIL provides tax incentives for foreign national investment in respect of certain exemptions and under the Industrial Tax, Investment Income Tax, SISA Tax and Stamp Duty. Angola already maintains non-oil taxes that are some of the lowest in the region.

The Presidential Decree No. 81/18 of 19 March 2018 created AIPEX, which is the entity responsible for the approval of investment projects regardless of the amounts involved and which is also responsible for the registration of private investment projects.

See "*Encouragement of FDI*" below.

FDI by sector and country of origin

The oil sector attracts the most significant amount of FDI. The table below sets forth a breakdown of FDI by industry sector, for the periods indicated:

Industry Sector	2014	2015	2016	2017	2018 (preliminary)	First six months of 2019 (estimated)
			(U.S.$ billions)			
Oil	16.4	15.8	10.8	6.0	7.0	3.6
Diamonds	0.1	0.2	0.2	0.2	0.2	0.1
Industry	0.0	0.0	0.0	0.0	0.1	0.0
Commerce	0.0	0.1	0.0	0.0	0.1	0.1
Provision of Services	0.0	0.0	0.0	0.0	0.2	0.1
Total	**16.5**	**16.2**	**11.1**	**6.2**	**7.6**	**3.9**

Source: Ministry of Finance

The most significant volumes of FDI in Angola's oil sector have historically come from the United States (with Chevron and its subsidiary CABGOC acting as the operators on two out of Angola's 21 currently producing oil Blocks, and ExxonMobil acting as the operator of Block 15), France (with Total acting as the operator for three oil Blocks) and Italy (with ENI acting as the operator of one oil Block).

In 2018, 57.6 per cent. of FDI in the oil sector originated from Europe, 24.1 per cent. originated from the United States, and 18.2 per cent. from other parts of the world, in particular China.

The table below sets out the country of origin of FDI in the oil sector in Angola from 2014 to 2018:

	2014	2015	2016	2017	2018	2014-2018
			(U.S.$ millions)			(%) of total Oil FDI
Country						
United States	5,778.6	4,259.0	2,356.2	1,758.5	1,692.6	27.1
France	3,713.7	3,269.9	2,452.9	1,550.1	1,490.6	21.4
United Kingdom	2,951.2	1,936.2	811.5	254.9	810.1	11.6
Norway	2,171.0	1,173.9	552.6	288.5	519.5	8.1
Italy	2,344.7	2,012.8	1,599.2	658.7	962.9	13.0
China	2,337.8	2,514.7	2,183.6	702.8	1,088.3	15.1
Denmark	195.2	(155.5)	0.0	(9.4)	0.0	0.1
Portugal	93.4	62.9	316.0	175.3	249.9	1.5
Others	543.3	475.1	(1.6)	71.9	188.2	2.2
Total	**20,128.8**	**15,549.1**	**10,270.3**	**5,451.3**	**7,002.2**	**100.0**

Source: Ministry of Finance

Encouragement of FDI

Since the end of the Civil War in 2002, the Government has particularly encouraged foreign investment in those areas that would contribute to diversification of Angola's economy, including agriculture, fisheries, health and education, energy and water infrastructure, civil construction, roads and railways, ports and airports, telecommunications, heavy cargo and passenger equipment. Angola has been divided into two foreign investment zones that are granted different tax incentives. Angola maintains a non-oil tax regime that is one of the lowest in the region.

The 2018 PIL provides tax incentives under the Industrial Tax, Investment Income Tax, SISA Tax and Stamp Duty.

The 2018 PIL provides that tax benefits may be automatically granted as long as the investment project meets the requirements set forth therein. The 2018 PIL grants tax benefits for priority activity sectors and development zones in order to incentivize the creation of jobs for Angolan nationals and raise the standards of the local workforce and the promotion of exports.

Once FDI status is attributed to a particular project and after its implementation, the investor is granted the right to repatriate dividends once the full investment has been made. In any event, such repatriation of dividends remains subject to Angola's foreign exchange legislation.

Angola's Government is committed to providing competitive conditions for FDI in Angola.

The 2018 PIL was enacted as part of the Government's effort to boost non-oil production in the private sector. The Government introduced amendments to the previous legal framework applicable to private investments which aim to reduce the administrative burdens around imports and exports, lower taxes and create new incentives for investment in specifically identified priority sectors and geographical locations. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

Since 2002, Angola has inserted international arbitration clauses into all contracts with foreign investors so as to increase efficiency and independence of resolution of any disputes and encourage investor confidence. Angola is also seeking to further simplify the conditions for admission of FDI into Angola and to shorten the review period of FDI projects, namely through the establishment of different procedural regimes in the 2018 PIL and through the establishment of an online application procedure. Furthermore, the Government is confident that Angola's still significant needs for infrastructure investment will serve to encourage more FDI in Angola. See "*Economy – Infrastructure*".

To increase confidence in foreign investment, Angola has entered into Foreign Investment Promotion and Protection Agreements with South Africa, Germany, Russia and Namibia and is currently negotiating Foreign Investment Promotion and Protection Agreements with Portugal, Spain, India, the UK, France, Switzerland, Singapore, Japan, China and South Korea.

Foreign Reserves

The decline in oil revenues since 2014 and an increase in dollarization (the alignment of Angola's economy to the U.S. dollar) resulted in a decrease in gross foreign exchange reserves since 2014, as the BNA intervened in the foreign exchange market to avert a sharp depreciation of the Kwanza and as the BNA introduced a fixed rate of exchange of AOA 166 per U.S. dollar in April 2016 to stabilise the exchange rate of the Kwanza and maintained the fixed rate until December 2017. Since 9 January 2018 (the date the BNA abolished the fixed exchange of the Kwanza to the US dollar and lifted certain restrictions in the foreign exchange market) through 31 October 2019, the Kwanza has depreciated by 66 per cent. against the U.S. dollar. See "*Exchange Rate History*". Since January 2018, the BNA has been holding auctions to sell foreign currencies to commercial banks: however, it maintains certain restrictions which limit the effective participation of banks in these auctions. For example, by limiting the amounts than can be bid, the discretionary elimination of bids deemed by the BNA to be speculative, and the requirement for banks to return unsold foreign exchange to the BNA. Such restrictions hindered the development of an interbank foreign exchange market and prevent effective market-based price information development. In October 2019, the BNA eliminated its trading band that kept the Kwanza's value in a fixed range, accelerating the Kwanza's value against the U.S. dollar. As the gap between the official and parallel rates widened in 2019, in October 2019, the BNA sold Kwanza at historic lows of AOA 559.693 to EUR 1.0. The Kwanza-US dollar exchange rate was AOA501.652 to U.S.$1.0. following a decline of more than 20 per cent. in October 2019.

See "*Monetary System – Money supply – Government main strategies for the development of the banking sector*". The total gross foreign exchange reserves were U.S.$16.2 billion as at 31 December 2018, equivalent to 7.5 months of imports of goods and services and the total net foreign exchange reserves were U.S.$10.6 billion as at 31 December 2018, equivalent to 4.6 months of imports of goods and services. The BNA expects that net foreign reserves will decrease by more than U.S.$1.2 billion in 2019. In part, as a result of the withdrawal of CBR status, foreign exchange reserves have declined materially between 2016 and 2018.

Between 2013 and 2014 Angola transferred U.S.$5 billion from the Oil for Infrastructure Fund to its sovereign wealth fund. See "*Public Finance – Fundo Soberano de Angola*" and "*Risk Factors – Risk Factors Relating to Angola – Failure to adequately address actual and perceived risks of corruption may adversely affect Angola's economy*". Assets of FSDEA are not included in the calculation of foreign reserves.

As at 30 September 2019, gross foreign exchange reserves were U.S.$15.3 billion, equivalent to 7.5 months of import cover and net foreign exchange reserves were U.S.$10.1 billion, equivalent to 4.9 months of import cover. The BNA expects that net foreign reserves will decrease by more than U.S.$1. 2 billion by the end of 2019 to U.S.$9.4 billion as a result of the foreign exchange rate policy pursued by the BNA.

The table below sets forth certain information regarding Angola's gross accumulated foreign exchange reserves as at 31 December for the years indicated unless otherwise stated:

	2014	**2015**	**2016**	**2017**	**2018**	**30 September 2019**
Total gross Foreign Exchange Reserves (U.S.$ billions)	27.7	24.4	24.4	18.2	16.2	15.3
Gross Foreign Exchange Reserves months of import cover	6.2	7.7	11.4	7.7	7.5	7.5
Total net Foreign Exchange Reserves (U.S.$ billions)	27.2	24.3	20.8	13.6	10.6	10.1
Net Foreign Exchange Reserves months of import cover	6.1	7.7	9.7	5.8	4.9	4.9

Source: National Bank of Angola (BNA)

The table below sets forth certain information regarding the components of Angola's gross and net foreign exchange reserves as at 31 December for the years indicated:

	2014	**2015**	**2016**	**2017**	**2018**
			(U.S.$ billions)		
Monetary gold	0.7	0.6	0.7	0.8	0.8
SDR holdings	0.3	0.3	0.3	0.3	0.3
Foreign exchange	—	0.1	0.1	0.1	—
BNA deposits	13.5	11.2	10.6	6.8	6.6
Securities	9.5	8.5	8.4	5.8	7.4
Reserve position in the IMF	—	—	0.2	0.2	0.2
Shares and other equity	3.7	3.6	4.2	4.3	0.9
Total gross foreign exchange reserves	**27.7**	**24.4**	**24.4**	**18.2**	**16.2**
of which liabilities[(1)(2)]	0.5	0.2	3.5	4.6	4.6
Total net foreign exchange reserves	**27.2**	**24.3**	**20.8**	**13.3**	**13.3**

1 Since 30 June 2016 the BNA has used repurchase arrangements with a number of counterparts to manage the liquidity of its reserves. Liabilities of gross reserves in 2016, 2017 and 2018 reflect assets sold under the terms of repurchase agreements but which the BNA has contracted to repurchase in accordance with the terms of its various repurchase agreements. As at the end of 2016, 2017and 2018 respectively, the BNA had sold reserves assets for approximately U.S.$3.5 billion, U.S.$4.6 billion and U.S.$5.8 billion pursuant to such repurchase agreements.

2 Liabilities of gross reserves in 2013, 2014 and 2015 reflect IMF credit.

Source: National Bank of Angola (BNA)

The National Bank of Angola continues to monitor the banking system's current account, with a view to maintaining minimum reserves totalling six months of imports.

Trade Policy

The Ministries of Economy, Commerce and Industry are the Government departments responsible for formulation, monitoring and implementation of Angola's trade policy.

Angola is a full member of the World Trade Organization and is an advocate of free trade. Angola has signed bilateral trade agreements with a number of different countries including Brazil, China, Portugal and other members of the Southern African Development Community ("**SADC**").

SADC protocol on Trade, which intended to establish a free trade area in the SADC Region, attained zero duty on 85 per cent. of intra-regional trade amongst partner states in 2008. Thirteen out of sixteen SADC member states are part of the SADC's free trade area. Angola joined the SADC's free trade are in August 2019.

Since 2000, when implementation of the SADC Protocol on Trade started, intra-SADC trade has grown from approximately U.S.$13.2 billion in 2000 to U.S.$34 billion in 2009, representing an increase of approximately 155 per cent.

Prior to independence and the Civil War, Angola engaged in more diversified and balanced foreign trade. In addition to exporting crude oil, its main export item, Angola exported agricultural products (such as coffee, cotton and maize). The Civil War significantly undermined Angola's economy, particularly Angola's non-oil sectors. As a result, Angola became significantly more reliant on its foreign trade of exporting oil and on importation of non-oil goods, including those that were produced locally and exported prior to independence. Since the end of the Civil War, Angola has been diversifying its exports away from oil to significantly increase its non-oil exports pursuant to the Government's strategy to increase Angola's share of foreign trade, as well as the principal target market for such products.

Angola signed the Tripartite Free Trade Area Agreement between the Common Market for Eastern and Southern Africa, the East African Community and the SADC in June 2015. The Tripartite Free Trade Area Agreement has not yet come into force and its implementation remains subject to negotiation.

Additionally, Angola participated in the negotiations on the Continental Free Trade Area Agreement and signed the legal instruments establishing the Continental Free Trade Area Agreement in March 2018 in Rwanda during the summit of the African Union. The National Assembly is required to ratify the establishment of the Continental Free Trade Area Agreement.

Angola has participated in the negotiations on the Continental Free Trade Area and Angola has signed the protocol on trade in goods and is currently working on implementing this protocol. Angola is also currently in the process of considering and negotiating the protocol on trade in services.

The Government notified the Trade Facilitation Committee of the World Trade Organization of the measures it needs to implement for the purposes of ratifying the Trade Facilitation Agreement and Angola expects to ratify the Trade Facilitation Agreement by 2020.

Also in January 2015, Joint Executive Decree No. 2/15 of 8 January 2015 established a restriction on the importation of cement without the authorisation of the Cement Sector Commission, though certain categories of cement were exempt from the prohibition, and the provinces of Cunene, Cabinda and Cuando Cubango have specific quotas under the decree. This prohibition was introduced as a result of the fact that in 2014, domestic production of cement was approximately 8.7 million tons of cement, exceeding domestic demand by 6.7 million tons.

PUBLIC FINANCE

Overview

Angola's high dependence on the oil sector means that Angola's economy and public finances remain exposed to oil price fluctuations. Prior to the prolonged decrease in oil price starting in the middle of 2014, oil revenue represented by far the largest proportion of fiscal revenue and accounted for 74.9 per cent. of fiscal revenue in 2013. Following the sustained decrease in oil price over recent years, the proportion of oil revenue to total fiscal revenue had been decreasing, representing 62.7 per cent. in 2017 but subsequently increased to an estimated 68.7 per cent. in 2018 due to the anomalous spike in oil prices of 2018. Non-oil tax revenues are estimated to account for 31.3 per cent. of the total in 2018. On the expenditure side, 77.4 per cent. of resources were estimated to have been allocated to current expenditures and 22.5 per cent. to capital expenditure in 2018.

Driven by a fall in oil prices, as well as a decrease in production, oil revenue declined between 2014 and 2016, but rebounded in 2017 and 2018 as oil prices stabilised. Angola has experienced fiscal deficits in recent years, with an annual average deficit (on an accrual basis) of (4.1) per cent. of GDP in the period 2014 to 2018 and with an annual average deficit (on a cash basis) of (3.1) per cent. of GDP in the period 2014 to 2018. Large fiscal surpluses also reflect the improvements to fiscal management, including the gradual increase in efficiency and transparency of public expenditure. The introduction of the information system, *Integrated Management System of the State Finances*, in 2004 has contributed significantly in strengthening budget execution and fiscal reporting.

In addition, the Government has sought to adopt prudent budgeting practices. The Government has adopted conservative oil price assumptions for budgeting purposes and oil revenues in excess of those budgeted for are deposited in a separate account at the BNA as precautionary savings. In November 2008, the Government established a commission to prepare strategies and legislation to establish the FSDEA, to be funded via surplus oil revenues. In 2011, the FSDEA was legally ratified, and officially established in 2012. See "*– Fundo Soberano de Angola*" below.

The average spot price of crude oil was U.S.$96.0 per barrel in 2014, U.S.$50.0 per barrel in 2015, U.S.$41.8 per barrel in 2016, U.S.$54.0 per barrel in 2017 and U.S.$70.6 per barrel in 2018. The decline in oil prices, during the period of 2014-2017 has had a significant impact on Angola's fiscal performance and has driven the deterioration of Angola's fiscal deficit between 2014 and 2018. The Revised 2019 National Budget targets an overall balanced budget by the end of 2019 assuming an average oil price of U.S.$55/bbl. See "*– The Revised 2019 National Budget*" below.

Budget Framework and Process

Framework

Angola is a unitary state comprising 18 provinces and 157 municipalities. The administration of the provinces and municipalities are extensions of the central Government, and there are currently no provincial or municipal taxes due to the fact that the administrative and fiscal decentralisation provided for under the Angolan Constitution has yet to be implemented.

The structure of Angola's budget has been designed so that, in principle, the general Government budget is the final level of consolidation. Angola's national budgets include the budgets of the central Government, local governments, autonomous funds (including the National Institute for Social Security and the Social Security Fund), indirect administrative public institutions and subsidies and transfers from the central Government to state owned entities and public utility institutions. The relations between the Government and public enterprises are recorded through the consolidated flows of subsidies, transfers, investment financing and taxes.

Angola's national institutes are administrative public institutions with autonomy, established by the central Government either as regulatory bodies, public policy institutions or public service providers. The autonomous funds are also administrative public institutions with autonomy, established by the central

Government in the pursuit of specific economic and social policy objectives, to finance private activities, either through the provision of loans at below market interest rates or through social and capital subsidies. Autonomous funds and government agencies are entitled to have independent budgets, though few of them have their own sources of revenues, with their main source of funding being transfers from the central Government.

The public sector is comprised of central Government, local government, autonomous funds and government agencies, non-financial public enterprises and financial public enterprises. In addition to the state-owned oil and diamond companies (Sonangol and Endiama, respectively), there are a number of other state-owned enterprises including with respect to finance (e.g. banking and insurance), services and utilities (e.g. telecommunications), transport (e.g. airlines, airports, ports, railways and roads) and national services (e.g. postal delivery services and trade).

Angola's central bank, the BNA, is a public monetary institution. However, since the BNA's aim is not to generate profits, Angolan law requires that any loss it makes must be covered by Government issued bonds. If BNA generates a profit, any such amount must be transferred to the Government treasury.

All revenues from taxes on employment income, excise, stamp duty, property, motor vehicles, and other minor non-tax revenues (mainly emoluments on service charges provided by municipalities) are allocated by the central Government back to the local government for expenditure in the province in which such taxes were collected.

A proportion of the Government's expenditure consists of subsidies. The table below sets out the subsidies provided by Angola split across the water, transport and energy sectors for the periods indicated:

Sector	**2014**	**2015**	**2016**	**2017**	**2018**	**First six months of 2019 (estimate)**
			(% of GDP)			
Price subsidies	3.9	1.6	0.4	0.3	0.2	—
Water sector	0.1	0.1	—	—	0.2	—
Transport Sector	—	0.1	—	0.1	—	—
Energy sector[1]	3.8	1.5	0.4	0.2	—	—
Non-price subsidies	**0.8**	**0.4**	**0.6**	**0.2**	**0.1**	—
Total subsidies	**4.7**	**2.0**	**1.0**	**0.5**	**0.3**	—

[1] Energy sector subsidies include (and have included in the past) refined oil and electricity tariffs, among others.

Source: Ministry of Finance

The Government's policy is to gradually reduce the overall levels of subsidies that it provides, though its policy is to maintain a minimum level of subsidies for those in society who continue to require them. The Government has successfully reduced the level of total subsidies from 4.7 per cent. of GDP in 2014 to approximately 0.3 per cent. of GDP in 2018 driven primarily by a reduction in energy sector subsidies (particularly oil and petrol subsidies) which were reduced from 3.8 per cent. of GDP in 2014 to 0.0 per cent. of GDP for the first six months of 2019. In part due to the reduction in subsidies, the non-primary fiscal deficit has declined from 21.8 per cent. of non-oil and gas GDP in 2014 to 10.9 per cent. of non-oil and gas GDP in 2018. Certain electricity and water subsidies were eliminated from June 2019. The rate of inflation in Angola reached 42.0 per cent. at the end of 2016, 23.7 per cent. at the end of 2017, 18.6 per cent. at the end of 2018 and 17.4 per cent. as of 30 June 2019.

Budget process

The budget process formally starts with the issue of a circular by the Minister of Finance requesting all Government bodies (excluding public enterprises) to submit their proposed budgets (including estimates of their revenue sources and expenditures) within the limit set by the Ministry of Finance, based on the preliminary projections of the Government's total revenue for the forthcoming year. Each body's proposal

for capital expenditure must match the amount included in the public investment programme (the "**PIP**"), prepared by the Ministry of Economy and Planning.

The Ministry of Finance then consolidates the proposed budgets and begins the discussion process with the budget units. Once this is completed, the Ministry of Finance submits its proposed budget (the "**Budget**") to the Economic Commission for review, which must, by law, be approved by the President by 30 September. Following approval, the Budget is submitted to the National Assembly by 31 October. The National Assembly must approve the Budget by 15 December of that year. If it fails to do so, the budget of the current year will continue to apply into the new fiscal year until a new budget is approved, no later than 31 March. Any amendments to the Budget Law also need to be ultimately approved by the National Assembly.

In response to changing macro-economical conditions, Angola has in the past, and may in the future, revise the budgets that are approved by its National Assembly. For example, the 2015 National Budget, the 2016 National Budget and the Original 2019 National Budget were all revised after they were approved and published. See "*Risk Factors – Risk Factors Relating to Angola – If the Government is unable to achieve budgetary targets and limit Angola's fiscal deficit, Angola's economic growth may be adversely affected*".

Taxation

All taxes in the Angola tax system qualify as national taxes. There are currently no provincial or municipal taxes, because the administrative and fiscal decentralisation provided for in Angola's constitutional laws has yet to be implemented. The target year for the implementation of the administrative and fiscal decentralisation is 2020; therefore, it shall be expected to testify a change in the Angolan tax system vis-à-vis the decentralisation.

The Angolan tax system includes the following key taxes on income and non-economic activity:

(i) Personal income tax ranges between 7 per cent. and 17 per cent. and is levied on income of individuals working as employees or self-employed, with certain items listed in the IRT Code, such as, vacation allowance, 13th month bonus and housing allowances (up to 50 per cent. of the rent amount) have ceased to be specifically excluded from taxation due to the amendments introduced by Law 28/19 of 25 September 2019.

(ii) Employers' social security contributions are governed by Decree No. 38/08 of 14 March 2008. Employers are required to pay 8 per cent. on the gross payroll, whereas employees pay 3 per cent. of their salaries.

(iii) Value Added Tax (introduced by Law 7/19 of 24 April 2019), with a standard rate of 14 per cent. was introduced on 1 October 2019, replacing a consumption tax. VAT will initially be charged to approximately 1,600 companies and others that have voluntarily registered with the tax office. There are nil ratings for foodstuffs and other essentials, and exemptions and specific regimes in place for certain sectors, including the oil, financial and real estate sectors. It is currently expected that, from 2021 onwards, all taxpayers with turnover (or equivalent annual revenue) of the Kwanza equivalent of U.S.$250,000 will be covered by the VAT regime. A luxury goods tax was also introduced from 1 October 2019 with rates on a sliding scale

(iv) Stamp duty is levied over certain specific acts, documents, agreements and transactions in securities, as set forth in the Stamp Duty General Chart (as approved by Presidential Legislative Decree No. 3/14 of 21 October 2014). Interest on treasury bills, treasury bonds and central bank securities and marketable securities sold over regulated markets are exempt from stamp duty.

(v) Motor vehicles pay a fixed amount, depending on the engine power of the vehicle.

(vi) Capital gains tax, levied on dividends, interest from financial investments and royalties, with rates that range from 10 per cent. to 15 per cent. (established by Presidential Legislative Decree No. 2/14 of 20 October 2014). As to any interest paid in Angola, interest is regarded as investment income and, therefore, subject to Investment Income Tax (IT). This tax is typically assessed through withholding at a 10 to 15 per cent. rate on the gross interest paid on a wide variety of debt instruments, securities and on other types of investment or capital income, including, interest on loans, interest on other debt instruments, interest on deposit accounts, dividend distributions, royalties, etc. There is a specific 5 per cent. rate for interest, premium or redemption or refund and other forms of remuneration of corporate bonds, treasury bills, central bank bonds and treasury securities listed on regulated markets with a maturity equal to or greater than three years. Article 9.1(o) of Presidential Legislative Decree No. 2/14 has been replaced by Law No. 5/16 of 17 May 2016, in order to establish a new and separate tax regime for gambling related activities.

(vii) The transfer and acquisition of real estate is subject to 2 per cent. Property Transfer Tax, as set by Legislative Diploma No. 230 of 18 May 1931 and Law No. 16/11 of 21 April 2011 (plus 0.3 per cent. Stamp Duty over the amount of Property Tax due). Transactions subjects to the Property Transfer tax are exempt from VAT.

(viii) The ownership of urban real estate is annually subject to an Urban Properties Tax, as set by the Legislative Diploma No. 4044 of 13 October 1970 and Law No. 18/11 of 21 April 2011, of 15 per cent. on rental income or 0 – 0.5 per cent. on the property's rateable valuation, as applicable.

(ix) Corporate income tax, known as "Industrial Tax", with a rate of 15 per cent. for agriculture, aquaculture, poultry, fishing and forestry, and 30 per cent. for all other activities (Law No. 19/14 of 22 October 2014). 6.5 per cent. Industrial withholding tax is levied on provisional assessment on income from the provision of services and final withholding tax on fees from services provided by non-residents without a permanent establishment in Angola. 2 per cent. industrial withholding tax is levied on provisional assessment on income from the sale of goods.

(x) Duties are levied on imports (as per Presidential Legislative Decree No. 10/13 of 22 November 2013, as amended by Presidential Legislative Decree No. 5/15 of 21 September 2015), as follows: (i) customs duties (rates vary between 2 per cent. and 50 per cent.); (ii) 1.0 per cent. Stamp Duty on customs clearance document; (iii) fees payable for services actually provided by customs agencies. Among other minor charges, General Customs Fees (*Emolumentos Gerais Aduaneiros*), at a rate of 0.1 per cent to 2 per cent. apply. Exports are generally exempt from customs duties, except for Stamp Duty and fees payable for services provided by customs agencies, as outlined under ii) and iii) of this paragraph. However, the Presidential Legislative Decree No. 3/18, published on 9 May 2018, approved the new Customs Schedule, which is harmonised with the World Customs Organization, and revoked, amongst others, the Presidential Legislative Decree No. 10/13 of 22 November 2013 and the Presidential Legislative Decree No. 5/15 of 21 September 2015.

(xi) The Special Consumption tax was introduced by Law 8/19 of 24 April 2019. The special consumption is an autonomous tax category which is applicable to, but not limited to, alcohol beverages, sweetened drinks, jewellery, tobacco (and its derivatives), luxury art objects, luxury vehicles boats, plastic blags and general items that represent luxury or are considered as dangerous or that may potentially damage the environment. The special consumption tax rates vary from 2 per cent. to 19 per cent. and exemptions apply to goods exported either by the producer himself or the entity designated for this purpose.

The oil industry is governed by a specific tax regime (which was systematized by Law No. 13/04 of 24 December 2004). This regime includes the following taxes:

- petroleum production tax, with rates ranging from 10 per cent. to 20 per cent.;
- petroleum income tax, with a rate of 50 or 65.75 per cent.; and

- petroleum transaction tax, with a rate of 70 per cent.

Under PSAs, the Government is entitled to receive a share of the oil produced; after the investor deducts the costs relating to oil recovery (capital expenditures and operational expenditures). See "*Economy – Oil industry – Current principal commercial and fiscal terms of oil production*".

The Presidential Legislative Decree of 17/18 of May 2018 created a special tax regime for the exploration and development of natural gas, which includes the following rates:

- petroleum production tax, at the rate of 5 per cent.
- petroleum income tax, with a rate of 25 per cent.

The petroleum income tax rate shall however be 15 per cent. for non-associated gas projects in which the volume of proven reserves certified by an independent entity, until the General Development and Production Plan is approved is equal to or lower than 2000000000000 cubic feet (2 TCF). The Petroleum production tax does not apply to the exploration and development of natural gas.

A special regime has been established for the Angola LNG project under the Decree-Law No. 10/07 of 3 October 2007, whereby the gas tax is only due at the exportation stage and not before production.

There is also a specific tax regime for mining production (set by Law No. 31/11 of 23 September 2011), which includes royalties with rates that range from 2 per cent. to 5 per cent. and an income tax of 25 per cent.

Based on the data from 2014 to 2018, tax revenue was, on average, 20.4 per cent. of GDP, constituting 13.2 per cent. of GDP for oil revenue, and 7.2 per cent. of GDP for non-oil tax revenue.

Under the PRODESI, the Government identified as a key aim the improvement of the business environment, which includes (among other things) simplifying tax payments, introducing value added tax and strengthening communication with taxpayers, in order to increase the tax collection base. Another key aim is to encourage further private investment, which includes creating tax incentive legislation to promote the economic interest of domestic production in sectors with a high potential for import replacement, and increasing economic diplomacy in order to define and implement agreements designed to avoid double taxation. See "*Public Finance – Fiscal Reforms for 2019 - Support Programme for Production, Diversification of Exports and Replacement of Imports*".

Fiscal Performance

The following tables set forth the revenue, expenditure and fiscal balance of the Government for the five fiscal years indicated (in Kwanza and U.S. dollars), for 2019 as provided in the Revised 2019 National Budget and for the first six months of 2019:

	2014	**2015**	**2016**	**2017**	**2018 (preliminary)**	**Revised 2019 National Budget**	**First six months of 2019 (estimated)**
				(Kwanza billions)			
Revenue	**4,402.6**	**3,366.7**	**2,900.0**	3,543.0	5,860.0	5 986.1	3,041.3
Current revenue	4,402.1	3,365.7	2,899.1	3,542.3	5,859.3	5 986.1	3,039.3
Tax revenue	4,098.0	3,042.0	2,599.3	3,202.7	5,408.0	5,563.9	2,807.5
Oil	2,969.8	1,897.7	1,372.6	2,009.2	3,714.9	3,567.6	1,915.5
Non-oil	1,128.2	1,144.3	1,226.7	1,193.5	1,693.1	1,996.2	892.0
Social security contributions	86.9	150.7	158.7	165.8	194.1	180.9	140.3
Grants	1.5	1.2	1.8	4.6	1.5	0.0	0.3
Other revenue	215.7	171.8	139.2	169.2	255.7	241.3	91.6
Capital revenue	0.5	1.0	0.9	—	0.7	—	1.6

	2014	2015	2016	2017	2018 (preliminary)	Revised 2019 National Budget	First six months of 2019 (estimated)
				(Kwanza billions)			
Expenditures	**5,221.4**	**3,773.7**	**3,534.3**	**4,822.1**	**5,272.4**	**5,986.2**	**2,543.0**
Current expenditures	3,665.9	3,037.5	2,889.2	3,499.2	4,083.1	4,949.3	2,233.8
Personnel	1,318.9	1,390.0	1,396.9	1,507.1	1,538.6	1,792.9	831.5
Goods and services	1,249.4	787.2	624.1	840.7	880.3	840.0	367.9
Interest payments due	147.2	248.5	356.5	677.3	1 212.4	1,599.2	758.2
Of which: External	59.6	105.9	155.2	294.7	592.1	857.7	403.5
Domestic	87.6	142.6	201.3	382.6	620.3	741.5	354.7
Transfers	950.4	611.9	511.7	474.2	451.8	717.2	276.3
Of which: subsidies	668.2	278.5	160.9	93.7	86.4	172.1	39.8
Capital expenditures	1,555.4	736.2	645.1	1,322.8	1,188.5	1,036.9	309.1
Fiscal surplus/(deficit) (accrual basis)[1]	**(818.7)**	**(407.0)**	**(634.3)**	**(936.1)**	**804.7**	**0.1**	**498.3**
Change in arrears (net)	**515.6**	**137.7**	**22.3**	103.9	(1,070.8)	—	(511.8)
Domestic	515.6	137.7	22.3	103.9	(1,357.3)	—	—
External interest	—	—	—	—	76.2	—	—
Fiscal surplus/(deficit) (cash basis)[23]	**(303.2)**	**(269.3)**	**(612.0)**	**(1,175,2)**	**(483.2)**	0.1	(13.5)
Financing	**303.2**	**269.3**	**612.0**	**1,175,2**	**471.5**	(6.1)	(84.1)
Domestic financing (net)	(134.4)	(22.7)	1.357.3	627.2	(300.6)	(506.2)	360.4
Bank	(553.1)	(535.4)	(101.7)	1,162.2	(94.5)	(685.6)	485.8
Non-bank	418.7	512.7	(1,255.6)	—	(227.7)	179.3	244.8
External financing (net)	437.6	292.0	1,998.6	547.9	772.0	500.1	(276.3)
Assets	—	—	—	—	—	—	—
Liabilities	437.6	292.0	1,969.3	547.9	772.0	500.1	276.3
Foreign loans (net)	437.6	292.0	1,969.3	547.9	772.0	500.1	276.3
Disbursements	731.5	588.7	2,390.2	1,126.7	2,227,4	2,585.3	543.2
Amortization	(294.0)	(296.7)	(420.9)	(578.8)	(1,455,3)	(2,085.1)	(819.5)
Memorandum items:							
Inflation (year-to-year) (%)[4]	7.5	14.3	42.0	23.7	18.6	15	17.4
Average exchange rate (*AOA/U.S.$*)	98.3	120.1	164.0	165.9	252.9	336.1	370.0
Oil production *(million barrels)*	610.2	650.0	630.1	597.6	539.8	523.7	507.1
Average oil export price (*U.S.$/barrel*)	96.0	50.0	40.9	53.9	70.6	55	63.2
Nominal GDP (*AOA billion*)	12,224.9	13,950.3	16,549.6	20,262.3	26,777.9	30,945.2	32,267.5

1 Fiscal surplus / (deficit) on an accrual basis measures the cost of the government's annual operations and represents the amount by which the government's expenses exceed its revenues in a given fiscal year. The accrual deficit records costs that are known to have occurred in a particular period (as opposed to recording the resulting cash payments) and includes assumptions for interest rates, inflation and wage growth, among other things. The accrual deficit provides information on the longer-term implications of current government operations.

2 Fiscal surplus / (deficit) on a cash basis represents the amount by which the government's cash outlays exceed its cash receipts in a given fiscal year. The cash deficit closely approximates to the government's short-term borrowing needs.

3 While the Government estimates a small fiscal deficit for the first six months of 2019, the continued favourable US dollar movements against the Kwanza are expected to result in a surplus position for the fiscal year 2019.

4 The rate of inflation presented for 2014 to 2018 is the year-end rate of inflation in Luanda. The rate of inflation budgeted for 2019 is the year-end rate of inflation in Angola. See "*Monetary System – Inflation*".

Source: Ministry of Finance

	2014	2015	2016	2017	2018 (preliminary)	2019 Revised National Budget	First six months of 2019 (estimated)
			(U.S.$ billions)				
Revenue	**44.8**	**28.0**	17.7	21.4	23.2	18.5	9.4
Current revenue	44.8	28.0	17.7	21.4	23.2	17.2	9.4
Tax revenue	41.7	25.3	15.8	19.3	21.4	11.0	8.7
Oil	30.2	15.8	8.4	12.1	14.7	6.4	5.9
Non-oil	11.5	9.5	7.5	7.2	6.7	2.9	2.8
Social security contributions	0.9	1.3	1.0	1.0	0.8	0.6	0.4
Grants	0.0	0.0	—	—	—	—	—
Other revenue	2.2	1.4	0.8	0.8	1.0	0.7	0.3
Capital revenue	—	—	—	0.0	0.0	0.0	0.0
Expenditures	**53.1**	**31.4**	**21.6**	29.1	20.9	18.5	7.9
Current expenditures	37.3	25.3	17.6	21.1	16.1	15.3	6.9
Personnel	13.4	11.6	8.5	9.1	6.1	5.5	2.6
Goods and services	12.7	6.6	3.8	5.1	3.5	2.6	1.1
Interest payments due	1.5	2.1	2.2	4.1	4.8	2.7	2.3
Of which: External	0.6	0.9	0.9	1.8	2.3	2.3	1.2
Domestic	0.9	1.2	1.2	2.3	2.5	2.2	1.1
Transfers	9.7	5.1	3.1	2.9	1.8	0.5	0.9
Of which: subsidies	6.8	2.3	1.0	0.6	0.3	0.0	0.1
Capital expenditures	15.8	6.1	3.9	8.0	4.7	3.2	1.0
Fiscal surplus/(deficit) (accrual basis)[1]	**(8.3)**	**(3.4)**	**(3.9)**	**(5.6)**	**(3.2)**	**0.0**	**1.5**
Change in arrears (net)	**5.2**	**1.1**	**0.1**	0.6	(4.2)	0.0	(1.6)
	5.2	1.1	0.1	0.6	(4.5)	0.0	0.0
External interest	—	—	—	—	0.3	0.0	0.0
Fiscal surplus/(deficit) (cash basis)[2]	**(3.1)**	**(2.2)**	**(3.7)**	**(7.1)**	**(1.9)**	**0.0**	**0.0**
Financing	**3.1**	**2.2**	**3.7**	7.1	1.9	0.0	0.3
Domestic financing (net)	(1.4)	(0.2)	(8.3)	3.8	(1.2)	(1.5)	1.1
Bank	(5.6)	(4.5)	(0.6)	7.0	(0.4)	0.5	1.5
Non-bank	4.3	4.3	(7.7)	(6.5)	(1.0)	0.0	0.1
External financing (net)	4.5	2.4	12.0	3.3	3.1	1.5	(0.9)
Assets	—	—	—	—	—	0.0	0.0
Liabilities	4.5	2.4	12.0	3.3	3.1	1.5	(0.9)
Foreign loans (net)	4.5	2.4	12.0	3.3	3.1	1.5	0.9
Disbursements	7.4	4.9	14.6	6.8	8.8	8.0	1.7
Amortization	(3.0)	(2.5)	(2.6)	(3.5)	(5.8)	(6.5)	(2.5)

[1] Fiscal surplus / (deficit) on an accrual basis measures the cost of the government's annual operations and represents the amount by which the government's expenses exceed its revenues in a given fiscal year. The accrual deficit records costs that are known to have occurred in a particular period (as opposed to recording the resulting cash payments) and includes assumptions for interest rates, inflation and wage growth, among other things. The accrual deficit provides information on the longer-term implications of current government operations.

[2] Fiscal surplus / (deficit) on a cash basis represents the amount by which the government's cash outlays exceed its cash receipts in a given fiscal year. The cash deficit closely approximates to the government's short-term borrowing needs.

[3] While the Government eliminates a small fiscal deficit for the first six months of 2019, the continued favourable US dollar movements against the Kwanza are expected to result in a surplus position for the fiscal year 2019.

Source: Ministry of Finance

The table below sets forth the fiscal-to-GDP ratios (in (%) terms) of the Government's fiscal operations from 2014 to 2018, for 2019 as provided in the Revised 2019 National Budget and for the first six months of 2019.

	2014	2015	2016	2017	2018 (preliminary)	2019 Revised National Budget	First six months of 2019 (estimated)
			(% of GDP)				
Revenue	30.7	24.1	17.5	17.5	21.9	19.3	9.8
Current revenue	30.7	24.1	17.5	17.5	21.9	19.3	9.7
Tax revenue	28.6	21.8	15.7	15.8	20.2	18.0	9.0
Oil	20.7	13.6	8.3	9.9	13.9	11.5	6.1
Non-oil	7.9	8.2	7.4	5.9	6.3	6.5	2.9
Social security contributions	0.6	1.1	1.0	0.8	0.7	0.6	—
Grants	0.0	0.0	—	—	—	—	
Other revenue	1.5	1.2	0.8	0.7	1.0	0.8	—
Capital revenue	—	—	—	—	—	—	
Expenditures	**36.5**	**27.1**	**21.4**	**23.8**	**19.7**	**19.3**	**8.2**
Currents expenditures	25.6	21.8	17.5	17.3	15.2	16.0	7.2
Personnel	9.2	10.0	8.4	7.4	5.7	5.8	2.7
Goods and services	8.7	5.6	3.8	4.1	3.3	2.7	1.2
Interest payments due	1.0	1.8	2.2	3.3	4.5	5.2	2.4
Of which: External	0.4	0.8	0.9	1.5	2.2	2.8	1.3
Domestic	0.6	1.0	1.2	1.9	2.3	2.4	1.1
Transfers	6.6	4.4	3.1	2.3	1.7	2.3	0.1
Of which: subsidies	4.7	2.0	1.0	0.5	0.3	0.6	0.0
Capital expenditures	10.9	5.3	3.9	6.5	4.4	3.4	0.1
Fiscal surplus/(deficit) (accrual basis)[1]	(6.6)	(3.3)	(3.8)	(4.6)	2.1	—	1.6
Change in arrears (net)	3.6	1.0	0.1	0.5	(4.0)	—	(1.6)
Domestic[2]	3.6	1.0	0.1	0.5	(4.3)	—	—
External interest[2]	0.0	—	—	—	0.3	—	—
Fiscal surplus/(deficit) (cash basis)[3]	(2.4)	(2.2)	(3.7)	(5.8)	(1.2)	—	—
Financing	**2.1**	**1.9**	**3.7**	**5.8**	**1.8**	—	—
Domestic financing (net)	(0.9)	(0.2)	(8.2)	3.1	(1.1)	(1.3)	1.2
Bank	(3.9)	(3.8)	(0.6)	5.7	(0.4)	0.0	1.6
Non-bank	2.9	3.7	(7.6)	(5.3)	(1.0)	(1.8)	0.1
External financing (net)	3.1	2.1	11.9	2.7	2.9	1.3	(0.1)
Assets	—	—	—	—	—	—	—
Liabilities	3.1	2.1	11.9	2.7	2.9	1.3	(0.1)
Foreign loans (net)	3.1	2.1	11.9	2.7	2.9	1.3	(0.1)
Disbursements	5.1	4.2	14.4	5.6	8.3	7.8	1.7
Amortization	(2.1)	(2.1)	(2.5)	(2.9)	(5.4)	(6.7)	(2.6)

1 Fiscal surplus / (deficit) on an accrual basis measures the cost of the government's annual operations and represents the amount by which the government's expenses exceed its revenues in a given fiscal year. The accrual deficit records costs that are known to have occurred in a particular period (as opposed to recording the resulting cash payments) and includes assumptions for interest rates, inflation and wage growth, among other things. The accrual deficit provides information on the longer-term implications of current government operations.

2 Certain change in arrears data is only prepared on an annual basis.

3 Fiscal surplus / (deficit) on a cash basis represents the amount by which the government's cash outlays exceed its cash receipts in a given fiscal year. The cash deficit closely approximates to the government's short-term borrowing needs.

Source: Ministry of Finance.

The 2020 National Budget

On 30 October 2019, a draft 2020 national budget was submitted to the National Assembly. The draft 2020 national budget is currently being considered by the National Assembly and is expected to be approved by 15 December 2019. Although subject to amendment by the National Assembly during the deliberation and approval process, the key features or projections (as the case may be) of the draft 2020 national budget include: (a) an assumed oil price of U.S.$55.0 per barrel; (b) a resumption of economic growth; (c) the recording of a fiscal surplus; and (d) the amortization and control of public debt.

The Revised 2019 National Budget

The Original 2019 National Budget (which was finalised and published in December 2018) was prepared using an assumed oil price of U.S.$68 per barrel. With average oil prices forecast to fall and oil production expected to be depressed, the Original 2019 National Budget was reviewed and revised. As a consequence, Law No. 16/19 of 27 June 2019 approved the Revised 2019 National Budget with a view to adjusting downward the estimated revenue for 2019, while retaining expenditure as set out in the Original 2019 National Budget. The Revised 2019 National Budget was prepared using an assumed oil price of U.S.$55 per barrel and envisages offsetting the expected loss in oil revenue against non-oil revenue measures (including the introduction of VAT) and reduced expenditure (including on wages, price subsidies and capital expenditure through the prioritisation of projects) to achieve a balanced budget.

The macroeconomic assumptions in Angola's Revised 2019 National Budget are as shown in the table below and are compared against Angola's Original 2019 National Budget and the revised version of the 2018 National Budget:

	2018 (National Budget)	*2019 (Original National Budget)*	*2019 (Revised National Budget)*
Annual oil production (*million barrels*)	620	573.2	523.7
Average oil export price per barrel (*U.S.$*)	50	68	55
Gross Domestic Product			
Nominal value *(AOA billions)*	23,871.6	34,807.74	30,945.2
Real growth rate (%)	4.9	2.8	0.3
Oil and gas sector growth rate (%)	6.14	3.1	(2.8)
Non-oil and gas sector growth rate (%)	4.4	2.6	1.6

Source: Ministry of Finance.

In its Revised 2019 National Budget, the Government budgeted that oil production is estimated to decrease by 8.4 per cent. to 1,434.7 million bbl/day and oil prices are estimated to decrease by 19.1 per cent. compared to the Original 2019 National Budget estimates. Oil production is estimated to decrease by 15.6 per cent. and oil prices are estimated to increase by 10 per cent. when comparing the Revised 2019 National Budget estimates against the 2018 National Budget figures.

As a result of the budgeted decrease in oil production, the Government expects that Angola's oil and gas sector contribution to nominal GDP is estimated to decrease by 6.6 per cent. in 2019 when comparing the Original 2019 National Budget against the Revised 2019 National Budget. A comparison between the contribution to the nominal GDP in the 2018 National Budget and the Revised 2019 National Budget reflects an increase of 5.7 per cent. Additionally, Angola's non-oil and gas sector contribution to nominal GDP is expected to decrease by 1 per cent. when comparing the Original 2019 National Budget against the Revised 2019 National Budget and to increase by 1.3 per cent. when comparing the 2018 National Budget against the Revised 2019 National Budget. As a result, it is budgeted that Angola's total nominal GDP is estimated to increase by 28.0 per cent. when

comparing the 2018 National Budget against the Original 2019 National Budget; and by 13.9 per cent. when comparing the 2018 National Budget against the Revised 2019 National Budget in 2019.

Real GDP is calculated on constant 2002 prices of goods, including the price of oil, and measures changes in production. As oil production is budgeted by the Government to decrease pursuant to the Revised 2019 National Budget, Angola's real GDP in the oil and gas sector was projected in the Revised 2019 National Budget to contract by (2.6) per cent. Angola's real GDP growth in the non-oil and gas sector was budgeted in the Revised National 2019 Budget to be 1.6 per cent. As a result, the Government's Revised 2019 National Budget provided that Angola's total real GDP would grow by 2 per cent. in 2019 when compared with the 2018 National Budget instead of growing by 4.5 per cent. as predicted by the Original 2019 National Budget. There can be no assurances that the Government will meet its budgeted targets. See "*– Risk Factors – If the Government is unable to achieve budgetary targets and limit Angola's fiscal deficit, Angola's economic growth may be adversely affected*".

Revenue

Given the macroeconomic assumptions, total fiscal revenue under the Revised 2019 National Budget is estimated at AOA 5,986.1 billion, representing an increase of 2.1 per cent. of the estimated figure for 2018. The decrease in oil revenue compared to 2018 is expected represent a 3.9 per cent. contraction, while that of non-oil tax revenue is expected to increase by 15.1 per cent. For the first six months of 2019, estimated total revenue stood at AOA 3,041.3 billion. Oil revenue is expected to represent 40.4 per cent. of total revenue, and non-oil tax revenue is expected to represent 33.3 per cent. of revenue.

Expenditure

Total expenditure under the budget for 2019 is estimated at AOA 5,986.2 billion, which represents an increase of 13 per cent. from the estimated expenditure of 2018. For the first six months of 2019, estimated expenditure stood at AOA 3,041.3 billion and current expenditure has been budgeted to increase by 14.6 per cent. and capital expenditure has been budgeted to increase by 5.7 per cent.

The projected allocation of total budget expenditure to Government function is: social sector, 39.8 per cent., economic sector, 19 per cent., general economic, commercial and labour affairs, 7 per cent., defence, security and public order, 19.7 per cent., and general public services, 21.5 per cent.

As part of the Government's internal policy and pursuant to Law No. 1/14 of 10 February 2014 (as amended by Law No. 21/16 of 29 December 2016 – Legal Regime Law for Issuance and Management of the State Direct and Indirect Public Debt – and regulated by Presidential Decree no. 164/18, of 12 July 2018, the Regulation on the Issuance and Management of the State Direct and Indirect Public Debt) and Law No. 15/10 of 14 July 2010 (Basis of the State Budget Law), external financing will only fund the capital expenditure component (and not the current expenditure component) of the budget deficit. Approximately 64.8 per cent. of a capital expenditure project will be funded by the Government, the remainder being financed through external financing.

In the Revised 2019 National Budget, the Government noted that the results of the year 2018 may be regarded as the turning point for the fiscal position of the Angolan economy. In 2018, the budget balance went from an expected deficit of 3.5 per cent. to an average surplus of approximately 0.6 per cent. This fiscal consolidation is principally due to the primary fiscal balance, which rose to 6.6 per cent. against a deficit of 2.1 per cent. in 2017, and by the significant reduction in the non-oil fiscal deficit in the Revised 2019 National Budget. The Revised 2019 National Budget envisages a balanced budget (0.0% of GDP). The Government also reaffirmed its commitment to macroeconomic stability.

The table below sets out an illustrative sensitivity analysis to oil prices for the Revised 2019 National Budget, showing the expected revenue and fiscal deficit assuming an oil price of U.S.$68, or U.S.$55 per barrel:

	2019 ***(Original National Budget)***	**2019** ***(Revised National Budget)***
Assumed oil price per barrel *(U.S.$)*	68	55
Revenue *(U.S.$ billions)*	7032.9	5563.9
Fiscal deficit *(U.S.$ billions)*	0	0

The above illustration assumes no changes in expenditures or debt service.

The Original 2019 National Budget

See "The Revised 2019 National Budget" above.

Revenue

Pursuant to the Original 2019 National Budget, total projected revenue for 2019 was AOA 7,423.9 billion. In 2019, oil related tax revenues were expected to increase by 121.7 per cent. compared to 2018 due to an increase in oil price. Over the same period non-oil related tax revenue was expected to decrease by 1.52 per cent.

Under the Original 2019 National Budget, oil revenue was budgeted to represent 71.6 per cent. of total revenue, up by 17.1 per cent. in comparison to 2018, whereas non-oil tax revenue was budgeted to represent 23 per cent.

Expenditure

In the Original 2019 National Budget expenditure as a proportion of GDP was expected to decrease 1 percentage point compared to 2018. Overall, budgeted spending amounted to AOA 6,918.9 billion, up 32.8 per cent. from budgeted expenditure in 2018 principally due to an increase in subsidies and capital expenditure.

The allocation of total budget expenditure to Government function was: social sector, 40.5 per cent., economic sector, 21.5 per cent., general public services, 20.3 per cent., defence and public safety, 17.8 per cent., and general economic, commercial and labour affairs, 4.7 per cent.

The 2018 National Budget

Revenue

Under the 2018 National Budget, total projected revenue for 2018 was AOA 4,404.2 billion. The preliminary revenues for 2018 were AOA 5,860.0 billion. In 2018, the oil related tax revenues were estimated to increase by 53.6 per cent. compared to 2017 due to an increase in oil price. Over the same period non-oil related tax revenue was estimated to increase by 39.9 per cent.

Under the 2018 National Budget, oil revenue was budgeted to represent 54.5 per cent. of total revenue, up by 8.3 per cent. in comparison to 2017, whereas non-oil tax revenue was budgeted to represent 39.5 per cent. in 2018. As budgeted, the preliminary oil revenue was 54.5 per cent. of total revenue in 2018, with non-oil tax revenue representing 29.5 per cent. of total revenue.

Expenditure

In 2018, projected expenditure as a proportion of GDP increased by 12.5 per cent. compared to projected expenditure in 2017. Overall, actual spending amounted to AOA 5,272.4 billion, up 8.5 per

cent. from actual expenditure in 2017 principally due to an increase in subsidies and capital expenditure.

The allocation of total budget expenditure to Government function was: social sector, 24.79 per cent., economic sector, 7.89 per cent., general administration, 9.36 per cent., defense and public safety, 5.58 per cent., and public debt obligations, 52.38 per cent.

Performance

Estimated revenue was higher than budgeted under the 2018 National Budget, and the level of expenditure also increased by 4 per cent. from budgeted expenditure.

While the 2018 National Budget catered for a fiscal deficit of 2.9 per cent. of GDP, a fiscal surplus of approximately 2.1 per cent. was achieved due to the reduction in expenditure. The 2018 National Budget was prepared using an assumed oil price of U.S.$50.0 per barrel as compared to an actual average oil price of U.S.$70.6 per barrel for 2018.

The 2017 National Budget

Revenue

Under the 2017 National Budget, total projected revenue for 2017 was AOA 3,667.8 billion. The actual revenues for 2017 were estimated to be AOA 3,543.0 billion. In 2017, the oil related tax revenues were estimated to have increased by 23.2 per cent. compared to 2016 driven by an increase in average oil price which reached U.S.$54.3 per barrel in 2017 compared to U.S.$41.8 per barrel in 2016. Over the same period non-oil related tax revenue decreased by 1.2 per cent.

Under the 2017 National Budget, oil revenue was budgeted to represent 46.2 per cent. of total revenue, a decrease of 1.1 per cent. in comparison to 2016, whereas non-oil tax revenue was budgeted to represent 46.6 per cent. in 2017. Actual oil tax revenue accounted for 56.7 per cent. of total revenue in 2017, with non-oil tax revenue representing 33.6 per cent. of total revenue.

Expenditure

In 2017, actual expenditure as a proportion of GDP was estimated to have increased by 1.0 per cent. in comparison to 2016, principally driven by an increase in investments in infrastructure projects, an increase in public sector worker costs and an increase in interest payments on Angola's external and domestic debt obligations. Overall, spending in 2017 amounted to AOA 4,822.1 billion, up 26.7 per cent. from actual expenditure in 2016. In 2017, current expenditure increased by 15.6 per cent. and capital expenditure grew by 51.2 per cent. compared with 2016.

The allocation of total budget expenditure to Government function was: social sector, 20.2 per cent., economic sector, 12.3 per cent., general administration, 16.4 per cent., defence and public safety, 13.5 per cent., and public debt obligations, 37.6 per cent.

Performance

Actual revenue was lower than budgeted under the 2017 National Budget, though the level of expenditure also decreased by 12.2 per cent. from budgeted expenditure.

While the 2017 National Budget catered for a fiscal deficit of 5.8 per cent. of GDP, the fiscal deficit contracted to 4.6 per cent. due to a reduction in oil production which has driven a decrease in oil revenues and due to an increase in capital expenditure, staff remuneration and interest payments compared to the 2017 National Budget. The 2017 National Budget was prepared using an assumed oil price of U.S.$46.0 per barrel as compared to an average oil price of U.S.$54.3 per barrel for 2017.

The 2016 National Budget

Revenue

Under the revised 2016 National Budget, total projected revenue for 2016 was AOA 3,484.6 billion. The actual revenues for 2016 were AOA 2,900.0 billion. In 2016, the oil related tax revenues decreased by 27.7 per cent. compared to 2015 due to a decrease in oil price. Over the same period non-oil related tax revenue increased by 7.2 per cent.

Under the revised 2016 National Budget, oil revenue was budgeted to represent 44.1 per cent. of total revenue, down by 12.3 per cent. in comparison to 2015, whereas non-oil tax revenue was budgeted to represent 44.7 per cent., although actual oil revenue was 47.3 per cent. of total revenue in 2016, with non-oil tax revenue representing 42.3 per cent. of total revenue.

Expenditure

In 2016 actual expenditure as a proportion of GDP decreased by 9.4 per cent. compared to 2015. Overall, spending amounted to AOA 3,534.3 billion, down 6.3 per cent. from actual expenditure in 2015 driven by a decrease in subsidies and capital expenditure. Current expenditure decreased by 4.9 per cent. and capital expenditure decreased by 12.4 per cent. compared with 2015.

The allocation of total budget expenditure to Government function was: social sector, 20.3 per cent., economic sector, 11.3 per cent., general administration, 23.9 per cent., defence and public safety, 18.1 per cent., and public debt obligations, 26.4 per cent.

Performance

Actual revenue was lower than budgeted under the revised 2016 National Budget, though the level of expenditure also decreased by 21.2 per cent. from budgeted expenditure.

While the revised 2016 National Budget catered for a fiscal deficit of 5.9 per cent. of GDP, a lower fiscal deficit of 3.8 per cent. was achieved due to the reduction in expenditure. The revised 2016 National Budget was prepared using an assumed oil price of U.S.$41 per barrel as compared to an actual average oil price of U.S.$40.9 per barrel for 2016.

Fiscal Reforms for 2019

In order to reform the economy and business environment, the Government launched the following initiatives in 2018, which together with the NDP 2018-2022, continue to form strategic pillars of the reform agenda in 2019 and beyond: 2018 Macroeconomic Stability Program; the programme for state reform and strengthening of institutional capacity; the programme for the promotion of exports and substitution of imports; improvement of the quality of services in the areas of education, higher education and health; the infrastructure construction and rehabilitation program; and the programme for local development and the fight against poverty.

Macroeconomic Stability Programme

The Government launched a macroeconomic stability programme (*Programa de Estabilidade Macroeconómica*) (the "**PEM**") in March 2018 which is an executive macroeconomic adjustment initiative designed to realign Angola's economy with the new environment in which oil prices are substantially lower than they were prior to 2014. The PEM provides a framework for the Revised 2019 National Budget and for the NDP 2018-2022. See "*The Republic of Angola- National Development Plan 2018-2022"*. The Government has continued to implement many facets of the PEM which has the financial and technical support of the IMF through the Extended Fund Faculty which has been running since late 2018.

The PEM recognised that, as a result of the prolonged drop in oil prices since 2014, Angola has experienced significant imbalances within the structure of its public finances. The drop in tax revenue, as an inevitable consequence of the oil price depression, has not been met with a proportional decrease in public expenditure. As a result, this has led to systemic fiscal deficits which are currently serviced by domestic and external debt. An increase in domestic interest rates has reduced the potential for economic growth which, coupled with continued dependence on imported goods and services, has placed substantial pressure on the balance of trade. The PEM therefore set out the Government's consolidated economic policy response to address these factors, and ultimately to reunify the foreign exchange market, reduce inflation rates and to promote private investment, so as to stimulate Angola's economy and improve social indicators.

Exchange Rate Policy

Under the PEM, the Government reduced opportunities for arbitrage in foreign exchange markets and to balance the foreign exchange market.

(i) Reduction in opportunities for arbitrage in foreign exchange markets.

The Government reduced opportunities for arbitrage in foreign exchange markets by, among others, defining a new governance and currency allocation model for the banking and financial sector and removing the BNA's Foreign Exchange Control Department from this role; and forming a team to establish a foreign exchange enforcement programme to identify priority areas (e.g. foreign technical assistance and control of exports) and assessing the adequacy of the current regulatory framework.

(ii) Balanced the foreign exchange market.

The Government balanced the foreign exchange market by, among other measures, adopting an exchange rate fluctuation regime managed within a bracket compatible with Angola's inflation target; and intervening in the foreign exchange market to counterbalance appreciation or depreciation pressures and ensure relative stability.

These measures resulted in a nominal increase in expenditure, as well as increasing nominal revenue in the short term and increasing production in the long term. Exchange rate adjustments will have an inflationary impact, and the PEM recognises the need to consider these effects further before taking such action. The BNA's analysis on exchange rate adjustment impacts suggest that such measures could lead to sustainability constraints for smaller institutions which have relatively higher foreign exchange exposure. In the long term, however, greater alignment between formal and informal rates would significantly reduce the scope for foreign exchange arbitrage.

Fiscal Sector – Public Expenditure

Pursuant to the PEM, the following objectives were identified to sustainably promote competitiveness and economic development:

(i) Ensure that all Governmental obligations and expenditure are accurately budgeted and that all incurred expenditure (paid or unpaid) is recorded timely and accurately, to allow for the control and prevention of arrears.

(ii) Create conditions for strengthening countercyclical policy instruments.

Reviewing the institutional and legal framework of reserve accounts funded by petroleum resources; defining short and medium term fiscal rules to ensure a countercyclical approach and an approach to sustain the deficits; ensuring the use of a realistic exchange rate, foreign

exchange revenue and expenditure assumptions in the budget for 2018 and in subsequent years; and defining a deficit assumption for the same.

(iii) Implement a multi-annual, cautious and realistic budgetary approach including the assessment of foreign exchange revenues and expenditure and approving legislation to provide for a five-year fiscal budget.

(iv) Align the requirements of short term public investment programmes with Angola's economic development and diversification policy.

Eliminating any projects lacking execution capacity; aligning the public investment programme portfolios with the multi-annual fiscal framework; redefining the policy for including projects within public investment programme portfolios to align these with economic development policies; assessing the possibility of new approaches for financing public investment programme portfolios; and guaranteeing budget resource allocation for the relevant departments.

(v) Foster competition in open public tenders required for all public expenditure, supported by a robust information technology platform.

Identifying obstacles to the wider use of public tenders and proposing a resolution plan; analysing gaps in current computer solutions for public tenders; proposing an effective structure for punitive application of public tender rules; proposing legislation to force holders of public office, directors and managers to declare the companies over which there exist conflicts of interest when such individuals contract with public sector organisations; introducing due diligence procedures into the public tender process; and creating a database of final beneficiaries for companies entering into contracts with the executive and public corporate sector.

(vi) Streamline and improve the quality of the Government's expenditure.

Readjusting the price of refined products, water and electricity in light of projected levels of consumption; propose regulations for progressive alignment of such prices with market prices; optimizing the budgets for diplomatic and consular missions; re-registering military and paramilitary staff, civil servants and civil agents; and creating a framework for privatizing corporate property and Sonangol's restructuring strategy.

Fiscal Sector – Public Revenue

The PEM has identified the following objectives to improve fiscal revenues:

(i) Increase the robustness of tax revenues.

Increasing taxes on alcoholic drinks, night clubs, gambling and lotteries, luxury items and services; reviewing exemption arrangements, settling customs debts and eliminating arrangements for later settlement of customs obligations in order to increase import taxes; increasing tax rates on imported luxury consumer goods; and introducing VAT from 1 October 2019 on a staged basis.

(ii) Improve the accuracy of revenue projections made with respect to the Kwanza and U.S. dollar, with a view to supporting medium-term budget planning and improving treasury management.

Appraising the underlying assumptions and estimated revenues for 2019; identifying opportunities to improve revenue projection capacity; creating an expert team to review and improving the revenue forecast on a quarterly basis.

(iii) Optimize the oil and gas sector's fiscal regime.

Reviewing the fiscal arrangements covering oil sector activities; defining laws on the exploration, production and sale of gas; and settling fiscal debts in the oil sector.

Fiscal Sector – Debt

The PEM sets out the following aims to manage its financings sustainably:

(i) Maintain accurate oversight of total debt (including Angola's arrears and private external debt), as well as debt service forecasts.

Completing a survey of non-recorded debt; creating a specialised department to collect and manage statistical data regarding external private debt; and consolidating debt and producing integrated forecasts for debt service.

(ii) Optimize levels of public debt and debt servicing.

Significantly reducing the forecasted budgetary deficit; negotiating the refinancing of debt with main bilateral partners; implementing the necessary actions for issuing Eurobonds; developing a strategy based on medium term fiscal frameworks using a minimum five-year horizon; securing investors for long-term national currency bonds; and reviewing the Public-Private Partnership Law (Law No. 02/2011 of 14 January 2011) in order to mobilise private sector resources.

(iii) Develop new segments of the internal debt market.

Evaluating the current public debt auction system; updating legislation to enable the participation of foreign exchange non-residents; adopting an issuing model to facilitate price discovery by potential investors; and form regulations to incentivize banks to trade in treasury bonds in the secondary market.

Monetary Policy

Under the PEM, the BNA increased the reserves commercial banks are required to maintain to reduce the market's liquidity driving an increase in interest rates with the aim of reducing consumption and relieving inflationary pressures. The PEM sets out the following targets and measures which, in the long term, seek to strengthen monetary policy transmission mechanisms:

(i) Ensure the stabilisation of the rate of inflation and a corresponding sustainable trajectory to reduce inflation.

(ii) Improving capacity to forecast and manage liquidity; guaranteeing the BNA's autonomy in utilizing monetary policy instruments; and estimating the ideal rate of growth in line with stabilisation and diversification objectives.

(iii) Increase the robustness of monetary policy instruments.

(iv) Reviewing mechanisms for compliance with reserve requirements; realigning the BNA's base interest rates; and reassessing the foreign exchange position of commercial banks with regards to legally required own funds.

(v) Target a greater availability of credit for the real economy during the stabilisation phase.

Supporting the BDA, the Angola Invests Programme and granting credit to non-oil and gas sectors; creating agricultural insurance; fostering access to credit in the non-oil and gas extraction sectors; and reviewing reserve requirement ratios and base interest rates in proportion to the amount of credit extended for longer-term production activities.

These measures are aimed at controlling inflation and ensuring adequate levels of liquidity in the financial system. Monetary conditions in 2018 were restrictive, principally as a result of foreign exchange sales, which significantly decreased liquidity. See "*Monetary System*".

Financial Sector

The Angolan financial system, particularly in the banking sector, has been subject to stricter legal and regulatory requirements through the BNA as its supervisory and regulatory body, with a view to improving overall stability. The PEM set out measures to continue and reaffirm this by addressing deficiencies identified by the IMF in its Financial Sector Assessment Program, and eliminating constraints which have previously led to the breakdown of banking relationships in Angola. The targets and measures set out in the PEM include:

(i) Maintain a stable and solvent financial sector through the promotion of the stability of individual financial institutions.

Redefining and strengthening prudential and behavioural supervision; and ensuring the advancement of consumer protection legislation.

(ii) Ensure that the financial sector complies with existing legislation and regulations.

Ensuring efficacy of supervision by implementing a more intrusive and transparent, risk-based approach; and monitoring the activities of each financial institution rigorously and ensuring the law is applied and enforced effectively.

(iii) Ensure effective implementation of the legal and regulatory framework on anti-money laundering and counter terrorist financing issues, in light of the FATF recommendations.

Ensuring that the Financial Information Unit supervision committee is effective; improving relations with banks by creating paths for mitigating risks; increasing minimum own capital requirements for commercial banks; and improving anti-money laundering and counter terrorist financing supervision, particularly regarding politically exposed persons.

(iv) Implement domestic capital and stock exchange markets.

Studying the current size and movement of the secondary public debt market; promoting the stock market by floating key companies; implementing necessary regulatory adjustments to enable the issuance of corporate bonds; assessing the vulnerability of each commercial bank; updating the insurance regulatory and supervisory framework; implementing new supervision mechanisms; and defining a medium term strategy to develop capital markets.

(v) Develop a legal and regulatory framework to address failure in the banking sector.

Ensuring that legislation and regulations enshrine objective criteria for assessing and supporting decisions to resolve failing banks, governance structures for resolving entities created to acquire NPLs from banks, methodologies for implementing and monitoring processes, and exit clauses for returning resolved banks back to private ownership.

(vi) Increase the impact of the financial sector in the economy, in order to support economic development and diversification policy.

Implementing financial education programmes; implementing simplified bank account programmes; and reviewing savings incentives and mechanisms.

For a discussion on the strategic pillars of the NDP 2018-2022, see "*The Republic of Angola – National Development Plan 2018-2022*".

Support Programme for Production, Diversification of Exports and Replacement of Imports

The Government established in 2018 a Support Programme for Production, Diversification of Exports and Replacement of Imports ("**PRODESI**"), which recognises that a long-standing dependence of the national economy on the oil sector is a driving factor in the structural imbalances existing within the economic sector, namely in imports, exports and tax collection. The Government has initiated an executive programme under the PRODESI to expand Angola's export market, replace imported goods and improve tax collection to maintain public accounts.

The NDP 2018-2022 recognises PRODESI as a programme to accelerate the diversification of the national economy and has committed to promote the production of priority sectors and goods to assist with the diversification of the economy and exports.

Under the PRODESI the Government has identified a set of priority sectors in which it aims to improve the business environment, encourage private investment, develop and consolidate physical infrastructure, strengthen the Government's organisation and digital infrastructure, increase economic diplomacy, train and develop human resources, and promote the establishment of public-private partnerships.

The Government-identified resources available to achieve the aims set out in the PRODESI include resources made available through BDA credit lines, bilateral credit lines initially established to meet public investment programmes, foreign direct investment resources, private equity funds of the FSDEA, and domestic and foreign financial market resources.

The PRODESI aims to drive the following growth rates set out under the National Development Plan 2018-2022:

(i) annual average growth of non-petroleum GDP exceeding 5 per cent.;

(ii) annual average growth of agricultural GDP exceeding 7 per cent.;

(iii) annual average growth of manufacturing GDP exceeding 4 per cent.;

(iv) annual average growth of energy GDP exceeding 8 per cent.;

(v) an increase from 5 per cent. to 15 per cent. of the relative weight of non-oil exports to total exports;

(vi) a 75 per cent. increase in the average annual foreign direct investment, compared to the annual average recorded in the period from 2009-2015; and

(vii) an improvement of at least 20 places in the international business environment ranking of the Doing Business Report prepared by the World Bank.

Strengthening production in priority goods and services

The PRODESI is primarily focused on improving the diversification of the national economy by promoting domestic production in specifically identified non-oil sectors with strong import replacement potential. The PRODESI sets out a number of actions designed to accelerate economic diversification, whether through import replacement or the increase of exports, which will be aimed primarily at the following priority goods and services:

(i) in the field of agroindustry and fisheries, industrialised crops and livestock which are part of the basic food basket such as rice, sugar, beans, maize, flour, soy bean, palm oil, dried meat, cotton, sugar cane, strawberries, chicken and eggs, beef, goats, pigs, seeds, tubers, coffee, bananas, and salt; fishery and aquaculture products including crustaceans, molluscs and derivative products such as fishmeal and fish oils; and prepared seeds for permanent and temporary crops for propagation;

(ii) in the fields of mineral resources and petroleum, coke, refined products and various fuels; ornamental rocks; gold; quartz; minerals for chemical industry and the manufacture of fertilisers; limestone and natural plaster; and natural sands;

(iii) in the field of industry, industrialised basic goods such as pastas, soaps, milk powders; beverage industries; textiles and clothing products (including the development of cotton production); non-metallic minerals (cement, lime and gypsum, ceramic products, marble and similar rock works); glass, and glass articles and containers; basic metals including iron, steel, non-ferrous metals and ferro-alloys; wood and cork products such as plywood, building carpentry, wood packaging, baskets and mats); basic pharmaceutical products and preparations (including veterinary products); recycled waste such as paper, plastic and glass; mineral or chemical fertilisers; industrial gases; and assembly of household appliances, agricultural equipment, motor vehicles and components, and bicycles; and

(iv) in the fields of hospitality and tourism, accommodation; catering; and travel agencies, tour operators and related services.

In addition to the abovementioned priority goods and services, the Government has identified the following geographical locations in which investment should be focused at the outset:

(i) "development poles" i.e. areas in which development potential already exists, including Luanda (concentrated international infrastructure and home to main economic groups, companies and international institutions), the Benguela-Lobito hub (secondary international nucleus with industrial, logistics and tourism potential), Huambo and Cuito (main logistics platform of Angola and strong agricultural and industrial presence), Cabinda (integral industrial and commercial hub), Soyo (petrochemical and steel hub), Luena-Luau (increasingly urban, commercial and cultural centre), and Menongue (logistics potential);

(ii) "development hubs" i.e. areas which interconnect the main urban centres and where development processes are already underway, including the Luanda-Malanje corridor, the Porto Amboim-Benguela corridor, the corridor Lobito-Huambo-Cuito-Luena-Luau (which follows the route of the Benguela railway), and the Soyo corridor (Mbanza Congo-Maquela do Zombo-Quimbele-Sanza Pombo) (potential line for mineral resource exploration); and

(iii) "equilibrium poles" i.e. remote and less demographically dense areas where opportunities for development are still low but where bases for new development must be established and employment promoted.

Cross-sectional initiatives for diversifying exports, replacing imports and strengthening tax collection

The PRODESI sets out key cross-sectional initiatives which include measures designed to bring about economic diversification. The cross-sectional initiatives support domestic production and impact most (if not all) economic activities, and have been grouped into seven categories which are detailed, along with their respective measures, below.

Cross-sectional initiative I – Improving the business environment

Measures aimed at improving the business environment include creating a new legal and regulatory framework for managing private investment; facilitating the issuance of business permits; facilitating

acquisition of electricity; improving property registration; facilitating access to credit; improving investor protection; simplifying and improving tax payments; increasing international trade; promoting compliance with contractual obligations; and promoting the resolution of insolvencies and bankruptcies.

Cross-sectional initiative II – Encouraging private investment

Measures designed to encourage private investment include the creation of financial products to suit the needs of active business enterprises; structuring program-oriented credit lines, guarantee funds and investment funds; the creation of financial products aimed at coverage of foreign exchange, physical delivery/settlement and transaction price risk; encouraging the creation of credit insurance to protect commercial risks of non-payment; increasing financial support for the export of services, primarily in IT and communication technology services; establishing funding mechanisms for specific projects; updating the Angola Invests Programme with a renewed focus on import replacement and export diversification; creating fiscal incentive and tax incentive legislation to promote economic interest in domestic export-oriented production including expeditious incentive mechanisms; implementing a prioritisation mechanism for allocating foreign exchange resources to the priority areas; and defining and implementing agreements designed to avoid double taxation.

Cross-sectional initiative III – Consolidating physical infrastructure

This initiative aims to consolidate physical infrastructure limited to priority areas of productive activity. Measures designed to achieve this aim include reconciliation of public investment programmes and public-private partnerships in the fields of energy, water, communication, transport, ports and airports, and telecommunications with operational and logistical support; encouraging the creation of marketing networks; and strengthening industrial development centres, special economic zones and free-trade zones.

Cross-sectional initiative IV – Strengthening the Government's organisational and digital capital

This initiative is designed to remove constraints on the Government's bureaucratic procedures and accelerate delivery of public services, as well as promoting the quality of private sector products and services. Measures designed to implement this initiative include more rigorous control of governmental employees' actions and simplification of administrative procedures; creating a commodity exchange in Angola; and strengthening the role of the National Quality System and quality certifications.

Cross-sectional initiative V – Intensifying economic diplomacy

Measures designed to intensify economic diplomacy include renewing the "Made in Angola" brand (distinguishing national products by marking them with the words "Made in Angola" and certifying them by the National Quality Certification System); establishing and promoting Angola's productive capacity to raise awareness of national products, reference prices, companies, export processes and support infrastructures; and enhancing diplomatic and commercial efforts abroad by disseminating the priority programmes for diversification of exports, developing new economic and trade partnerships with strategic countries, and promoting roadshows for domestic products in foreign markets to bring about an increase in foreign market shares and to attract foreign investment.

Cross-sectional initiative VI – Training and qualifying human resources

Measures designed to train and qualify human resources include creating bachelor and post-graduate degrees in international trade, marketing, business management and economic diplomacy; promoting training through technical and professional education; and promoting the training and qualification of entrepreneurs and business owners (particularly in younger sections of the population).

Cross-sectional initiative VII – Promoting the establishment of strategic, national and international business partnerships and public-private partnerships

Measures designed to achieve this initiative include preparing a legal and regulatory framework for business partnerships and business cooperation systems, including technical, financial and fiscal incentives; reinforcing and updating the legal framework around public-private partnerships and assessing different models; preparing a general programme of public private partnerships and maintaining close control over the Government's future responsibilities in this area; promoting the articulation of public-private partnerships; and streamlining the Public-Private Partnership Office of the Ministry of Economy and Planning.

Governance and control

In order to achieve the successful implementation of these cross-sectional initiatives and the aims of the PRODESI generally, the Government has set out five key governance conditions which are (i) ensuring strong political coordination of the PRODESI and its integration; (ii) coordinating specific measures of the PRODESI in order to avoid duplication of efforts; (iii) ensuring clear and objective accountability for implementing the PRODESI by setting targets, timetables and defining those responsible for implementation; (iv) implementing tools to monitor the implementation of the PRODESI and reporting mechanisms to ensure transparency at all levels; and (v) ensuring efficient external communication with different stakeholders.

To this end, the PRODESI will be lead and managed by the Economic Commission of the Council of Ministers, which will be responsible for high-level monitoring of the program. Interministerial coordination will be managed by the Interministerial Commission of the PRODESI, composed of the Minister for Economy and Planning (coordinator) and the Ministers for Justice and Human Rights, Finance, Agriculture and Forestry, Fisheries and Sea, Mineral Resources and Petroleum, Industry, Tourism, Telecommunications and IT, Trade, Transport, Construction, Energy and Water, as well as the Governor of the BNA. Executive coordination of the PRODESI will fall on the Ministry of Economy and Planning, and technical coordination will be carried out by the Technical Unit of the PRODESI (consisting of the Secretaries of State of Ministries present in the Interministerial Commission and the Deputy Governor of the BNA) ("**UTPRODESI**").

UTPRODESI will be advised by a team specialised in implementing and monitoring the cross-sectional initiatives and periodic progress reports will be defined on their implementation (including quantitative targets and degrees of execution of approved milestones). Finally, UTPRODESI will define an external communication strategy for PRODESI to the main national and international stakeholders (business associations, international official bodies including embassies, potential foreign investors and Angolan citizens).

Fundo Soberano de Angola

In November 2008, the Government established a commission to prepare strategies and legislation to establish the FSDEA, which will be funded via surplus oil revenues. The creation of the fund occurred through the Presidential Decree No. 48/11 of 9 March 2011 and the fund was renamed as Fundo Soberano de Angola through the Presidential Decree No. 89/13 of 19 June 2013, which also approved its constitutional documents. At creation, FSDEA was the second largest investment fund in sub-Saharan Africa.

FSDEA is a sovereign wealth fund which aims to protect Angola from the consequences of unpredictable oil revenues and ensure that a large proportion of oil revenue is saved for future generations if and when output from non-renewable resources starts to decline. FSDEA is focused on Angola's social and economic development, including educational, clean water, healthcare and energy projects. FSDEA is funded by proceeds of license fees, bonuses and royalties relating to exploration and production rights to non-renewable mineral deposits, which are currently expended as part of

Angola's annual budget, as well as by a transfer to the FSDEA of some of the financial investments made by Sonangol on behalf of the Government in Sonangol's capacity as the Government's investment vehicle. See "*The Economy – Primary industry sectors – Oil industry – Sonangol – Investments and international operations*". The Government transferred a total of U.S.$5 billion into the FSDEA between 2013 and 2014.

As at 31 December 2018, the total assets of the fund were U.S.$4.5 billion. In June 2019, President Lourenço deployed approximately U.S.$1.0 billion of FSDEA assets for the Integration Plan of Municipality Development that is under supervision of Ministry of Territorial Administration. Accordingly, As at 30 September 2019, total assets of the fund were U.S.$3.5 billion. The assets of the FSDEA are not included in the calculation of the Republic's foreign reserves.

Of the total assets of the fund, approximately 43 per cent. are currently invested in debt and equity securities in international companies while the balance is invested in seven private equity funds aimed at investing in both Angola and the African continent in the agricultural, mining, infrastructure, real estate and hospitality sectors. Since 2014, no capital has been paid into the FDSEA by the Government. José Filomeno dos Santos, the son of former Angolan president José Eduardo dos Santos, formerly headed the FSDEA. José Filomeno dos Santos was charged with fraud, embezzlement, criminal association, trafficking of influence and money-laundering in Angola relating to a U.S.$500 million fraud from the BNA while in office. He was removed from the chairmanship of the FSDEA by President Lourenço in January 2018 and the U.S.$500 million has been returned to the Government through a process involving the English courts. Following the removal of José Filomeno dos Santos, the FSDEA is run by a board of directors comprised of Carlos Alberto Lopes (who serves as chairman), Laura Alcântara Monteiro, Alcides Horácio Frederico Safeca, Pedro Sebastião Teta, Valentina de Sousa Matias Filipe and Ismael Abraão Gaspar Martins. See "*Risk Factors – Failure to adequately address actual and perceived risks of corruption may adversely affect Angola's economy.*"

The FSDEA is committed to adhering to the Santiago Principles, a voluntary set of principles and practices jointly developed by the IMF and the International Working Group of Sovereign Wealth Funds ("**SWFs**"). The Santiago Principles aim to promote transparency in relation to institutional frameworks, governance and operations of SWFs, leading to a more open and stable investment environment.

The Santiago Principles are based on the following objectives for SWF:

- to help maintain a stable global financial system and free flow of capital and investment;
- to comply with all applicable regulatory and disclosure requirements in the countries in which they invest;
- to invest on the basis of economic and financial risk and return-related considerations; and
- to have in place a transparent and sound governance structure that provides for adequate operational controls and risk management.

The FSDEA's assets were previously managed by Quantum Global Investment Management, headed by Jean-Claude Bastos de Morais, a former partner of José Filomeno dos Santos, the son of former president José Eduardo dos Santos. It was reported that in April 2018, the Mauritius Supreme Court froze several bank accounts and suspended the business licenses of seven of the funds of Quantum Global Investment Management. The FSDEA terminated the asset management agreement with Quantum on 17 April 2018. On 4 May 2018, the FSDEA appointed Investec Asset Management as its interim asset manager for its liquid asset portfolio and intends to appoint permanent replacement asset managers through an international tender process.

Legal proceedings in Mauritius and in the High Court of the United Kingdom ensued. In March 2019, it was reported that the FSDEA and Quantum Global Investment Management had entered into a global settlement agreement whereby the parties agreed to discontinue all damages and commercial claims and not to bring further legal proceedings against the other.

PUBLIC DEBT

The Government raises debt both domestically and externally. The Republic defines domestic and external debt as follows:

- Domestic debt comprises debt placed in the domestic market and includes Kwanza denominated, U.S. dollar-denominated and U.S. dollar index-linked debt placed domestically.
- External debt comprises debt placed outside of Angola, in any currency other than Kwanza.

Angola's public debt does not reflect debt of the BNA or debt of state-owned companies (such as Sonangol). Additionally, non-governmental indebtedness guaranteed by Angola is not included in Angola's public debt data unless the guarantee has been called on.

The following table sets forth the total Government debt (excluding debt incurred by Sonangol) as at the dates indicated with a breakdown between domestic and external debt:

	31 December					30 June
	2014	2015	2016	2017	2018 (preliminary)	2019 (estimated)
			(U.S.$ billions)			
Domestic	**20.7**	**22.8**	**30.7**	**36.1**	**27.9**	26.5
General Government debt (central Government)						
Of which:						
Short-term	3.6	3.2	5.7	7.0	**1.9**	1.5
Medium and long-term	17.0	19.7	25.0	29.1	**26.0**	25.0
External	**21.3**	**23.4**	**36.4**	**39.9**	**43.1**	**42.0**
Of which:						
Short-term	0.1	0.1	0.1	0.1	0.1	0.1
Medium and long-term	21.2	23.5	35.1	39.8	43.0	41.9
Of which TAAG guaranteed debt	0.7	0.6	0.3	0.3	0.2	0.1
Total	**41.9**	**46.2**	**67.1**	**76.0**	**71.0**	**68.5**

Source: Ministry of Finance

The following table sets forth Angola's total public debt (including debt incurred by Sonangol, Angola's state-owned oil company, which indebtedness is not guaranteed by Angola but which is included in public debt data as a matter of course) as the dates indicated with a breakdown between domestic and external debt:

	31 December					30 June
	2014	2015	2016	2017	2018 (preliminary)	2019 (estimated)
				(U.S.$ billions)		
Domestic[1]	**20.7**	**22.8**	**30.7**	**36.1**	**27.9**	**26.5**
General Government debt (central Government)						
Of which:						
Short-term	3.6	3.2	5.7	7.0	1.9	1.5
Long-term	17.0	19.7	25.0	29.1	26.0	25.0
External	**36.5**	**36.3**	**45.7**	**44.8**	**47.6**	**47.2**
Of which:						
Short-term	0.1	0.1	0.1	0.1	0.1	0.1
Medium and long-term	36.4	36.2	45.7	44.7	47.5	47.1
Of which: Sonangol	15.2	12.9	9.4	4.9	4.5	5.2[2]
TAAG guaranteed debt	0.7	0.6	0.3	0.3	0.2	0.1
Total	**57.1**	**59.1**	**76.5**	**80.8**	**75.5**	**73.7**

1 Domestic debt of state-owned companies is not provided because their debt is accounted for as supply of goods and services.

2 Sonangol's debt is expected to be approximately U.S.$4.5 billion as at the end of 2019. Sonangol's debt as at 30 June 2019 reflects payments of arrears for oil products.

Source: Ministry of Finance

The table below sets forth certain information regarding Angola's debt service for the periods indicated:

	2014	2015	2016	2017	2018 (preliminary)	First six months of 2019 (estimated)
			(U.S.$ billions)			
Domestic debt service						
Principal	5.3	8.6	9.7	13.4	**13.1**	**4.6**
Interest	0.9	1.2	1.5	2.3	**2.5**	**1.2**
Total domestic debt service	6.2	9.8	11.2	15.7	**15.6**	**5.8**
External debt service						
Principal	3.0	2.7	2.6	3.8	**5.6**	**5.2**
Interest	0.7	1.0	1.3	1.7	**2.1**	**3.8**
Total external debt service	3.7	3.7	4.0	5.5	**7.7**	**9.0**
Total debt service	**9.9**	**13.5**	**15.2**	**21.2**	**23.2**	**14.8**

Source: Ministry of Finance

Angola expects that in 2019 its total government debt service to total revenues ratio will reach approximately 87.0 per cent. from 100.0 per cent. in 2018, 103.8 per cent. in 2017, 82.0 per cent. in 2016, 45.7 per cent. in 2015 and 21.0 per cent. in 2014.

The following table sets forth non-governmental indebtedness which has been guaranteed by Angola for the periods indicated but which has not been called on. These guarantees are both in Kwanza and U.S. dollars. The BNA has not issued any guarantees. Indebtedness guaranteed by Angola is not included in Angola's public debt figures unless the guarantee has been called on:

	31 December					30 June
	2014	2015	2016	2017	2018 (preliminary)	2019 (estimated)
			(U.S.$ billions)			
Angola Cables, S.A. guaranteed debt	—	—	—	0.22	0.22	0.22
Banco de Poupança e crédito guaranteed debt	—	—	0.12	0.12	0.12	0.12
Biocom guaranteed debt	—	—	0.20	0.20	0.11	0.10
Others	0.43	0.46	0.18	0.18	0.15	0.15
Total guarantees	**0.43**	**0.46**	**0.35**	**0.56**	**0.6**	**0.6**

External Public Debt

Background

During the Civil War, Angola accumulated significant amounts of overdue bilateral, multilateral and commercial bank debt, with arrears owed to creditors including Paris Club creditors. These arrears significantly affected Angola's ability to obtain further financing, either from multilateral agencies or on non-concessional terms. As a result, during the early 2000s a large part of the financing obtained was from oil pre-payment loans (i.e. debt servicing and repayment of the loan would be made from a designated offshore account into which Angola's oil receivables would be deposited. That account would further provide credit support in respect of the relevant loan (such loans referred to in this Base Prospectus as "**Oil Pre-payment Facilities**")). Following the end of the Civil War, the Government sought to normalise its relations with external creditors through the repayment of principal and interest arrears.

In 2002, the Government signed an agreement with Portugal to eliminate the significant arrears that had accumulated with Portuguese banks and suppliers. Subsequently, at the end of 2006, Angola agreed with its Paris Club creditors to repay U.S.$2.3 billion of the principal and accrued regular interest arrears by June 2007. In December 2007, Angola further agreed to settle U.S.$1.8 billion of penalty arrears in three instalments. Angola paid the last instalment of U.S.$400 million, as agreed with the Paris Club creditors, in January 2010. The normalisation of Angola's relations with Paris Club creditors has facilitated the opening of bilateral credit lines and new export credit facilities for Angola since January 2008, which has allowed Angola to attract significant further funding and to begin to move away from the contracting of oil pre-payment loans, although Angola continues to obtain part of its funding on an oil pre-payment basis where the pricing terms of such funding are more favourable.

As at 30 June 2019, Angola's outstanding external Government debt (excluding Sonangol debt) was U.S.$42.0 billion, compared with U.S.$43.1 billion as at 31 December 2018 and U.S.$39.9 billion in 2017, U.S.$36.4 billion as at 31 December 2016, U.S.$23.4 billion as at 31 December 2015 and U.S.$21.3 billion as at 31 December 2014. Its aggregate external debt has risen since 2010 when Angola, having largely cleared its external debt arrears which previously prevented it from attracting non-oil pre-payment financing, began to attract significant volumes of external financing, which has been primarily utilised to finance the rebuilding and expansion of Angola's infrastructure.

Between 2014 and 2018, loans from foreign commercial banks generally constituted the principal component of Angola's external Government debt (excluding Sonangol debt) and accounted for 53.6 per cent. (U.S.$23.1 billion) in 2018 and 59.1 per cent. (U.S.$23.5 billion) in 2017, as compared to 60.0 per cent. (U.S.$20.6 billion) in 2016, 40.0 per cent. (U.S.$9.3 billion) in 2015 and 42.8 per cent. (U.S.$9.1 billion) in 2014. The increase in debt owed to commercial banks reflects the normalisation of the Government's relations with international creditors which has also facilitated Government access to commercial loan lending.

Between 2014 and 2018, bilateral debt constituted an important share of Angola's external Government debt (excluding Sonangol debt) and accounted for 16.3 per cent. (U.S.$7.0 billion) in 2018, and 19.4 per cent. (U.S.$7.8 billion) in 2017, as compared to 22.9 per cent. (U.S.$8.0 billion) in 2016, 33.5 per cent. (U.S.$7.8 billion) in 2015 and 37.6 per cent. (U.S.$7.8 billion) in 2014. The composition of Angola's major bilateral creditors, however, has changed over time. Until the mid-2000s, Angola's principal bilateral creditors were Brazil, Spain, Portugal and France. Since 2010, China has become Angola's major bilateral creditor, primarily due to a significant volume of Chinese export credit financing for infrastructure projects across Angola, in which Chinese construction and infrastructure companies are extensively engaged. In 2018, Angola's outstanding external Government debt due to China and Chinese commercial banks amounted to U.S.$21.8 billion, having increased significantly from U.S.$5.4 billion in 2014. Angola's second and third largest bilateral creditors in the last three years were Brazil and Portugal, with outstanding principal bilateral amounts of U.S.$0.8billion and U.S.$0.5 billion, respectively, in 2018.

Multilateral debt has, historically, constituted an insignificant share of Angola's external debt, with the outstanding principal amounts at U.S.$3.2 billion in 2018. In December 2018, the IMF approved a three-year extended fund facility ("**EFF**") in an amount of SDR 2.673 billion (approximately U.S.$3.7 billion or 361 per cent. of Angola's quota) to support Angola's economic reform programme. See "*– Relations with the IMF*" and "*Risk Factors - The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term*."

From 2015, the share of Angola's external debt represented by international Eurobonds has increased from zero in 2014 to 11.6 per cent. in 2018. In 2015, Angola issued its debut international Eurobonds, due 2025 for the amount of U.S.$1.5 billion to partially finance public infrastructure projects. The

Ministry of Finance appointed Aurecon Angola Lda, an international engineering and design consultancy, as technical adviser for the infrastructure projects, and to advise and report to the Ministry of Finance on the progress and payments in respect thereof. Aurecon's contract for technical advisory services was not renewed by the Ministry of Finance when it expired on 28 September 2019. The infrastructure projects' progress, and payments in respect thereof, are monitored solely by the relevant contracting ministry and the Treasury Department and Technical Unit for Project Monitoring ("**UTAP**") within in the Ministry of Finance. UTAP has administrative autonomy and responsibility for monitoring public infrastructure project processes, including providing specialised technical, financial and legal support. In 2018, Angola issued two series of international Eurobonds due 2028 and 2048, each in the amount for U.S.$1.75 billion, for general budgetary purposes. The aggregate outstanding principal amount of international Eurobonds as at the date of this Base Prospectus is U.S.$5 billion.

The following table sets forth certain information regarding Angola's outstanding external Government debt (excluding debt incurred by Sonangol) as at the dates indicated:

	31 December					30 June
	2014	**2015**	**2016**	**2017**	**2018 (preliminary)**	**2019 (estimate)**
			(U.S.$ billions)			
Bilateral	**7.8**	**7.8**	**8.0**	**7.8**	**7.0**	**6.7**
Paris Club	0.1	0.1	0.1	0.1	0.1	0.1
Others	7.7	7.6	7.9	7.7	7.0	6.6
Multilateral	**1.2**	**1.6**	**2.0**	**2.1**	**3.2**	**3.5**
Commercial banks	**9.1**	**9.3**	**20.6**	**23.5**	**23.1**	**22.4**
Suppliers (by country of origin)	**3.3**	**3.2**	**4.3**	**4.9**	**4.8**	**4.5**
Eurobonds	—	**1.5**	**1.5**	**1.5**	**5.0**	**5.0**
Total	**21.3**	**23.4**	**36.4**	**39.9**	**43.1**	**42.0**

Source: Ministry of Finance

External Government debt (excluding Sonangol debt) increased from 15.0 per cent. of GDP in 2014 to 42.0 per cent. of GDP in 2018. In U.S. dollar nominal terms, Angola's external Government debt has increased since 2014, due to easier access to external funding through bilateral credit and export lines and the country's large financing needs for infrastructure investment, in particular in the face of the decline in oil revenues. As at 30 June 2019, Angola's outstanding external Government debt (excluding Sonangol debt) was U.S.$42.0 billion, compared with U.S.$43.1 billion as at 31 December 2018 and U.S.$39.9 billion as at 31 December 2017, U.S.$36.4 billion as at 31 December 2016, U.S.$23.4 billion as at 31 December 2015 and U.S.$21.3 billion as at 31 December 2014.

Angola published its annual debt plan 2019-2021 in March 2019. The annual debt plan was prepared with the support of the World Bank and IMF and is a three-year strategy to coincide with the term of the EFF and was formulated in light of the key themes of the IMF Programme, including fiscal consolidation and sustainability and non-oil economic diversification. The principal themes of the debt strategy for 2019 to 2021 are to (i) promote the domestic debt markets and seek financings with longer maturity terms; (ii) only execute priority projects that have secured financing; and (iii) reduce the index-linking of debt. See "*Risk Factors – The Government has significantly increased borrowings in recent years, and high levels of debt or failure to adequately manage its debt or to re-finance its debt could have a material adverse effect on Angola's economy and its ability to repay its debt, including the Notes*".

Laws in force in 2014 laws prohibited the Republic from incurring public indebtedness in excess of 60 per cent. of GDP. However, these laws were revoked by Law No. 21/16 of 29 December 2016. Law No. 21/16 provides that, while the Government should strive to ensure that public indebtedness

remains below 60 per cent. of GDP, the Government is not obliged to adhere to such threshold. The Government targets to achieve a public debt to GDP ratio of 65 per cent. by 2024.

Composition of Angola's external debt

Angola's public external debt comprises debt under bilateral loans from foreign countries (including members of the Paris Club), debt owed to multilateral agencies such as the World Bank, African Development Bank (the "**AfDB**") and OPEC, commercial bank debt and long-term debt in foreign currencies owed by Angola to suppliers and contractors. Angola's public external debt does not include U.S. dollar denominated debt or U.S. dollar index-linked debt placed in the domestic market. See "*Public Debt*".

Although in the past, Angola's external debt indicators have improved as a direct result of fast economic growth, the build-up of foreign exchange reserves and the repayment of arrears. During the last five years, the estimated external debt service-to-exports ratio, the key indicator of short-term external liquidity, increased from 5.5 per cent. in 2014 to 22.9 per cent. in 2018. Angola's external debt continued to rise in U.S. dollar terms in 2014 and 2018.

The table below sets forth information regarding outstanding external Government debt as at the dates indicated. The table contains references only to those financing facilities under which amounts were outstanding as at the relevant dates. As at those dates, Angola was entitled to draw down, but had not drawn, further funds under those and other facilities.

	31 December					30 June
	2014	2015	2016	2017	2018 (preliminary)	2019 (estimated)
			(*U.S.$ billions*)			
Bilateral	**7.8**	**7.8**	**8.0**	**7.8**	**7.0**	**6.7**
China (China Exim Bank)	4.0	4.5	5.1	5.3	5.0	4.8
Brazil (Government of Brazil and National Bank for Social and Economic Development)	2.4	2.0	1.6	1.2	0.8	0.7
Portugal (Government of Portugal/COSEC)	1.0	0.8	0.7	0.6	0.5	0.5
Others	0.8	1.2	1.7	0.7	0.7	
Multilateral	**1.2**	**1.6**	**2.0**	**2.1**	**3.2**	**3.5**
World Bank (International Development Agency)	0.5	0.5	0.5	0.6	0.5	0.5
African Development Bank (African Development Fund)	0.6	0.6	1.0	1.0	1.0	1.0
Commercial banks (by lender)	**9.1**	**9.3**	**20.6**	**23.5**	**23.1**	**22.3**
Deutsche/ Espanha	0.9	0.7	0.6	0.5	0.4	0.3
ICBC	0.1	0.2	0.4	0.7	1.7	1.9
VTB PLC	2.8	2.7	2.4	1.8	1.1	0.8
DBSA	0.7	0.7	0.6	0.5	0.5	0.5
China Development Bank	1.2	1.1	12.3	15.6	14.9	14.5
Others	2.8	3.2	3.5	3.8	3.9	0.1
Suppliers (by country of origin)	**3.3**	**3.2**	**4.3**	**4.9**	**4.8**	**4.5**
Israel	2.9	2.9	2.9	2.7	2.4	2.3
Others	0.1	0.1	1.3	2.0	2.2	0.6
Eurobonds	—	1.5	1.5	1.5	5.0	5.0
Total external Government debt	**21.3**	**23.4**	**36.4**	**39.9**	43.1	42.0
Of which TAAG guaranteed debt	0.3	0.3	0.0	0.0	0.2	0.1

Source: Ministry of Finance

As at 31 December 2018, funding in the aggregate amount of approximately U.S.$15.7 billion was available to Angola to be drawn down under its existing financing facilities.

A proportion of Angola's outstanding public external debt consists of Oil Pre-payment Facilities, and comprised (as a percentage of total outstanding public external debt) 43.8 per cent. in 2014, 39.2 per cent. in 2015, 57.6 per cent. in 2016, 59.0 per cent. in 2017 and 41.0 per cent. in 2018 and 40.0 per cent. as at 30 June 2019. In its 12 June 2019 report which followed the completion of the first review under the EFF, the IMF required the Republic to reduce the component of public external debt

consisting of oil pre-payment facilities as such facilities reduce the flexibility of the Republic to manage oil revenues, including in response to price shocks, and introduce a rigidity in the seniority structure of the Republic's public external debt, making it more difficult to diversify its creditors base. Since the approval of the IMF's EFF Programme, the Government has not contracted any new oil-based facilities and has kept oil-backed disbursements under existing credit facilities below ceilings agreed in the IMF's performance criteria.

The table below sets forth the percentage accounted for by debt in U.S. dollars out of Angola's external, domestic and total Government debt as at the dates indicated:

	31 December					30 June
	2014	2015	2016	2017	2018 (preliminary)	2019 (estimated)
External Government debt in U.S. dollars/total external Government debt	85%	87%	92%	92%	90%	89%
Domestic Government debt in U.S. dollars / total domestic Government debt	15.0%	19.7%	14.0%	12.5%	13.6%	12%
Total Government debt in U.S. dollars / total Government debt	51%	54%	56%	54%	60%	59%

Source: Ministry of Finance

Since 2012, Angola has entered into several financing facility agreements either for general budgetary purposes or for the financing of specific projects. Projects intended to be financed under these facilities are intended to be executed over a period of several months or years and, accordingly, drawdown of funds under these new facilities will be subject to the timing of commencement and implementation of those projects. Additionally, certain public entities (such as the BNA) may also raise debt. See "*Monetary System – Financing of the BNA*".

Set forth below is a description of all of Angola's existing external debt financing with a facility amount at or above U.S.$500 million or which otherwise constitutes material external debt financing of the Republic:

- ***VTB Facilities***

  Angola has the following facility agreements with VTB Capital plc and its affiliates:

  - In January 2014, Angola, as borrower, entered into a U.S.$1 billion term loan facility agreement with VTB Capital plc and VTB Africa S.A. as arrangers, VTB Capital plc as agent, Deutsche Bank AG as account bank and Northern Lights IV B.V. and VTB Capital plc as original lenders (the "**January VTB Facility**"). The facility is to be used for general financing purposes. The facility is for a term of seven years and is not secured. As of 30 June 2019, and U.S.$308 million remained outstanding under this facility, which has been drawn in full.

  - In October 2014, Angola, as borrower, entered into a U.S.$1.5 billion term loan facility agreement with VTB Capital plc, as arranger, agent, account bank and original lender. The facility is to be used to finance specific public investment projects identified in Angola's National Development Plan 2013-2017. The facility is for seven years and is not secured. Debt outstanding under this facility was U.S.$0.8 billion as of 30 June 2019 and U.S.$750 million was available at the lender's discretion.

- ***Gemcorp Facility***

  In June 2015, Angola entered into a U.S.$250 million term facility agreement with Gemcorp Capital LLP as arranger, Commerzbank International S.A. as agent, and Avenir II B.V. as original lender. The original lender was funded through the issuance of privately-placed notes. The facility is to be used solely for Angola's general budgetary requirements and is for a term of 30 years on an unsecured basis with an option for the lenders to request repayment after eight years. As of 31 December 2018 and 30 June 2019, U.S.$215.3 million and U.S.$203.8 million respectively, was outstanding under this facility.

  Under the terms of the facility agreement, the lenders were prohibited, save in certain specified circumstances, from issuing certain derivative instruments linked to or related to their interests under the facility agreement. This prohibition has expired. See "*Risk Factors-Other capital markets instruments based on Angolan sovereign credit exist and others may be issued in the future*."

  On 2 September 2016, Angola entered into an up to U.S.$200 million revolving facility agreement with Gemcorp Capital LLP as arranger and Gemcorp Fund I Limited as original lender. The original lender was funded through the issuance of privately-placed notes. The commitment is for U.S.$200 million and the agreement provides for an option to upsize to a total commitment of U.S.$600 million from the closing date of the facility until June 2019. This facility was amended and restated on 12 September 2019, which included an extension of the Availability Period and Gemcorp Fund I Limited assuming a Facility Upsize Commitment of U.S.$250.0 million.

  The facility is to be used solely for financing the purchase of food, pharmaceutical and medical devices and basic consumer goods by Angolan importers from Kingbird Commodities S.A., the commodity trading arm of Gemcorp Group, which includes Gemcorp Capital LLP. Each loan drawn under the facility is for a term of six months and on each six-monthly repayment date, each outstanding loan is repayable in full. Angola may re-borrow any part of a loan which is repaid, and re-utilise any part of the facility which is repaid, during the availability period. The availability period applicable to the facility ends in June 2024. All amounts outstanding under the facility must be repaid by the final maturity date, which is 2 September 2024. Debt outstanding under facilities with Gemcorp was U.S.$714 million as of both 31 December 2018 and 30 June 2019.

- ***BNDES Fac*****ilities**

  Angola has entered into six Protocols of Understanding with the Federal Republic of Brazil, pursuant to which BNDES and PROEX, a Brazilian government Export Financing Program, has agreed to lend various amounts to Angola. Amounts under these Protocols of Understanding are drawn down pursuant to specific financing agreements (*acordos de financiamento*) entered into among Republic of Angola, BNDES and the relevant Brazilian exporter of goods and services to Angola, with each financing agreement specifying the terms and conditions of the specific drawdown, including, among other provisions, representations and warranties, conditions precedent, events of default and acceleration provisions. As of 31 December 2018, the Republic of Angola has executed financing agreements under the Protocols of Understanding for the export to Angola of goods and services, mainly with the following Brazilian companies: *Construtora Norberto Odebrecht S.A., Embraer S.A., Queirós Galvão, Andrade Gutierrez, Camargo Correa, Nigata* and *Consortium SIEMENS*. As of the date of this Base Prospectus, the Republic of Angola is in compliance with its obligations under outstanding Protocols of Understanding and their corresponding financing agreements.

Borrowings under five of the Protocols of Understanding remain outstanding and no borrowings to date have been made under one Protocol of Understanding. The purpose of these facilities is to finance imports of Brazilian goods and services to Angola. The facilities are Oil Pre-payment Facilities. As of 31 December 2018 U.S.$819 million was outstanding under the facilities. In 2016, BNDES suspended its funding under these facilities for projects involving Brazilian contractors active in Angola and Angola has not drawn down any funds under these facilities since. See "*The Republic of Angola – International Relations - Brazil*".

Recently, The Government and the Brazilian Government entered into discussions regarding repayments due under this facility. It is expected that Angola will aim to repay the outstanding balance by the end of 2019.

- ***CEXIM Facilities***

Angola, as borrower, has entered into a series of four master loan facility agreements (each an "**MLFA**") with The Export-Import Bank of China ("**CEXIM**"). Each facility is an Oil Pre-payment Facility, and is structured as a framework agreement under which individual loan agreements ("**ILAs**") are entered into. Under all four MLFAs, Angola and CEXIM have entered into a total of four ILAs:

- On 2 March 2004, Angola entered into a MLFA with CEXIM as lender for up to U.S.$2.0 billion. The facility is split between a U.S.$1.0 billion phase I facility and a U.S.$1.0 billion phase II facility. Availability of the phase II facility was subject to confirmation by the lender on or prior to the date falling five years after satisfaction of the conditions precedent to the MLFA and was made available by CEXIM during that period. The MLFA is a framework agreement under which Angola and CEXIM may conclude ILAs for the purpose of financing up to 90 per cent. of the contract price owing to certain contractors in respect of certain contracts. The MFLA was fully drawn as of 31 December 2017.
- On 19 July 2007, Angola entered into a second MLFA with CEXIM as lender for up to U.S.$500.0 million. This MLFA is a framework agreement under which Angola and CEXIM may conclude ILAs for the purpose of financing up to 90 per cent. of the contract price owing to certain contractors in respect of certain contracts. As of 31 December 2017, the MFLA had been fully drawn and the availability period for further drawdowns has since expired.
- On 28 September 2007, Angola entered into a third MLFA with CEXIM as lender for up to U.S.$2.0 billion. The facility is split between a U.S.$1.0 billion phase I facility and a U.S.$1.0 billion phase II facility, under which Angola and CEXIM may conclude ILAs for the purpose of financing up to 90 per cent. of the contract price owing to certain contractors in respect of certain contracts. As of 31 December 2017, this MLFA had been fully drawn and the availability period for further drawdowns has since expired.
- On 18 November 2009, Angola entered into a fourth MLFA with CEXIM as lender which was amended on 8 June 2011 to provide that the amount available under the MLFA is a function of the number of barrels of oil per day sold by Sonangol to Chinese importers designated by CEXIM. The amount available under this MLFA increases from a minimum of U.S.$3.0 billion to a maximum of U.S.$6.0 billion, with increments of U.S.$1.0 billion, depending on the number of barrels per day sold by Sonangol to CEXIM's designated importers. The MLFA is a framework agreement under which Angola and CEXIM may conclude ILAs for the purpose of financing up to 90 per cent. of the contract price owing to certain contractors in respect of certain contracts and/or in

respect of projects consented to by the lender. As of 31 December 2018 and 30 June 2019, U.S.$1.64 billion and U.S.$1.67 billion, respectively, had been drawn down under this MLFA. The availability of further drawdowns depends on the matter set forth herein.

In accordance with Angola's 2015 National Budget (see "*Public Finance – The 2015 National Budget*"), Angola significantly decreased its 2016 capital expenditure programme which resulted in a reduction in the number and/or scale of certain public investment projects in which it had planned to invest in accordance with its prior budget. Consequently, on 9 June 2015 Angola and CEXIM entered into amendments in respect of all four above-mentioned MLFAs in order to realign repayments of drawn amounts under certain ILAs with the revised schedules of progress and/or completion of certain specified public investment projects, the timing and/or scale of which was altered when the revised 2015 National Budget was adopted in March 2015.

On 25 September 2015, Angola entered into a U.S.$509.4 million facility agreement with CEXIM in order to finance construction of the 'Nzeto Soyo' road. As of 31 December 2018, U.S.$333.8 million was outstanding under this facility.

On 29 November 2016, Angola entered into a U.S.$932.0 million facility agreement with CEXIM. The purpose of the facility is to finance (i) up to 85 per cent. of the contract price owing to Caioporto, S.A., a special purpose vehicle for the development and construction of the new Port of Caio in Cabinda, Angola and (ii) up to 85 per cent. of the premium for the export credit insurance policy issued by the China Export and Credit Insurance Corporation. The facility has a tenor of 15 years and Angola is not required to make any repayments under the facility until the end of the disbursement period which ends 60 months after the effective date of the facility. The facility is not secured but is insured by the China Export and Credit Insurance Corporation. The facility is currently undrawn.

- ***Development Bank of Southern Africa Facility***

  On 16 December 2013, Angola, as borrower, entered into a term loan facility agreement with Development Bank of Southern Africa Limited ("**DBSA**") (as arranger, agent and original lender) of up to U.S.$1.5 billion. The agent role has since been transferred to Banco Bilbao Vizcaya Argentaria, S.A. The purpose of the facility was to finance the rehabilitation of a 535 kilometers stretch of the National Road EN180 (Dundo – Saurimo – Luena) and a 556 kilometers stretch of the National Road EN225 in Angola. The facility is for a term of ten years from the date of utilisation. Debt outstanding under this facility was U.S.$437.5 million and U.S.$389.7 million as of 31 December 2018 and 30 June 2019, respectively.

- ***Euler Hermes Facility***

  On 28 June 2013, Angola, as borrower, entered into export credit facility agreements with HSBC Bank plc, Société Générale, BHF-BANK Aktiengesellschaft, Banco Bilbao Vizcaya Madrid Argentaria, S.A., Banco Santander S.A. and Caixabank S.A. (as lenders and, variously, mandated lead arrangers) for an aggregate amount of up to €559.5 million. The facilities are supported by guarantees from the Federal Republic of Germany, represented by the consortium consisting of Euler Hermes Deutschland AG and PricewaterhouseCoopers Akitiengesellschaft Wirtschaftsprüfungsgesellschaft, as agents under a mandate from The Federal Republic of Germany, with Euler Hermes Deutschland AG being the lead partner in the consortium ("**Euler Hermes**"), Compañia Española de Seguros de Creditos a la Exportación, S.A., C*í*a de Seguros y Reaseguros ("**CESCE**") and the Multilateral Guarantee Agency ("**MIGA**"). The facilities are to be used to finance Phase II of the expansion and modernisation of the Cambambe Hydroelectric Power Plant. The facilities are to be repaid over a period of ten years commencing on 14 October 2016. The facilities are not secured.

Debt outstanding this facility was EUR341.1 million and EUR312.9 millon as of 31 December and 30 June 2019, respectively.

- ***CDB Facilities***

On 9 November 2009, Angola, as borrower, and China Development Bank Corporation ("**CDB**") as lender entered into a U.S.$1.5 billion common terms agreement. The common terms agreement is a master agreement under which Angola and CDB may conclude individual facility agreements for the purpose of financing the contract price owing to certain approved contractors and suppliers in respect of certain approved social and economic infrastructure projects in Angola, primarily in the areas of basic social housing, agriculture, roads and railways, schools and hospitals, water and energy production, and transportation and telecommunication, as agreed by CDB and Angola. The term and amount of each facility is set out in each relevant individual facility agreement. As of 30 June 2015, the facility is no longer available, with an aggregate of U.S.$391.7 million outstanding as of 31 December 2018 under the individual facility agreements entered into under this common terms agreement.

On 9 May 2014, Angola, as borrower, and CDB as lender entered into a U.S.$2.5 billion master facility agreement. The facility agreement is a master agreement under which Angola and CDB may conclude individual facility agreements for the purpose of financing up to 85 per cent. of the contract price owing to certain approved contractors in respect of certain approved infrastructure projects in Angola, primarily in the areas of housing, transportation, agriculture, roads and railways, hospitals, schools, telecommunication, water and electricity, sanitation and other human livelihood areas agreed by CDB and Angola. Each facility will be for a minimum of U.S.$10 million and have a term of ten years. The amount under the master facility agreement has not been drawn down in full and as at 31 December 2018, approximately U.S.$300.5 million was outstanding. The availability period for drawdowns under this master facility agreement will end in 2021.

On 9 December 2015, Angola, as borrower, and CDB as lender entered into a U.S.$15 billion facility agreement. The facility is an Oil Pre-payment facility with repayments being serviced through receivables from a designated oil contract. The pricing structure of this facility allows Angola to benefit from an upside in an increase in the price of oil. The loan is for a term of 12 years and the availability period expired on 9 December 2017. The loan is for multiple purposes including financing approved projects in Angola, prepaying certain facilities between Sonangol and CDB and financing certain of Sonangol's strategic projects. The facility was drawn in full. In 2016, disbursements amounting to U.S.$10 billion from China Development Bank were contributed as capital by the Government to Sonangol. Debt outstanding under facilities with CDB was U.S.$14.9 billion and U.S.$14.5 billion as of 31 December 2018 and 30 June 2019, respectively.

- ***LUMINAR Finance Facilities***

Angola has entered into three facility agreements with LUMINAR Finance Limited ("**LUMINAR**"). LUMINAR is a privately held entity incorporated in the British Virgin Islands which provides financing in emerging market countries (including the Republic of Congo, Angola and several in Latin America), primarily in respect of large-scale infrastructure projects. LUMINAR was established in 2003 and is funded with private capital, retained earnings and short and medium-term loans. The majority of LUMINAR's loan portfolio is focused on projects carried out by contractors from many countries, including (but not limited to) Israel, Germany, the Netherlands, China, Brazil and the United States.

Pursuant to the three facility agreements with Angola, LUMINAR has agreed to provide finance to Angola of up to 85 per cent. of the amounts due to be paid in respect of supply contracts entered into with third party contractors approved by LUMINAR. The supply contracts include (but are not limited to) the design, implementation and execution of large-scale turnkey projects, such as the construction of housing, power generation and distribution, agriculture, sports and education facilities; the provision of primary and secondary education; professional training, information technology and telecommunications equipment and services; the provision of security programmes (such as simulators and training for customs, border control and maritime and fishing rights management); and the implementation of modern land ownership and environmental initiatives.

The facilities are all Oil Pre-payment Facilities, pursuant to which Sonangol and an oil offtaker designated by LUMINAR have entered into separate agreements to provide for the sale of a designated number of barrels of oil per day to LUMINAR's designated offtaker. Moreover, the Israeli government, through the Israel Foreign Trade Risks Insurance Company Ltd (or ASHRA), insures some of the Israeli suppliers to Angolan projects against political risk (thereby allowing such suppliers to apply for financing from commercial banks). As of 31 December 2018, U.S.$2.4 billion was the amount outstanding under the facility. By 30 June 2019, the amount outstanding under the facility was U.S.$2.3 billion.

Payment for the oil is deposited into a secured account that is used to fund the interest payments to LUMINAR. As at 31 December 2017 a total of U.S.$3.0 billion was outstanding under the LUMINAR facilities, and U.S.$126.8 million was available to draw down.

As of October 2019, Angola was in the process of negotiating a term sheet in respect of the restructuring and refinancing of the LUMINAR facilities. A new unsecured, amortising facility is currently proposed for U.S.$1.22 billion for restructuring and refinancing of amounts outstanding consisting of a seven-year facility, which will include the payment of a commitment fee. On signing of the new facility documentation, LUMINAR will procure termination of the oil delivery agreement between Sonangol and its designated offtaker.

- ***AfDB Facility***

  On 28 July 2014, Angola and African Development Bank ("**AfDB**") entered into a U.S.$1 billion term loan agreement. The purpose of the facility is to assist in financing a reform support programme for Angola's power sector and enhance the transparency of and efficiency in public finance management. The facility is for a term of 20 years, which includes an initial grace period of five years during which Angola is not required to repay the principal amount of the loan. The facility is not secured. As of 31 December 2018 and 30 June 2019, U.S.$1.0 billion was outstanding under the facility.

- ***Société Generale Facility***

  On 8 April 2015, Angola entered into a framework agreement with Société Generale (as agent and original lender) for up to U.S.$500 million subject to conclusion of individual credit agreements. The loans may be denominated in U.S. dollars or Euros, depending on the currency of the underlying commercial supply contract. The term of each loan under an individual credit agreement concluded under the framework agreement is to be agreed in the relevant individual credit agreement. The facilities are not secured but will be supported by insurance policies from the relevant Export Credit Agency in the jurisdiction of the supplier. The first credit agreements concluded under this framework were for a total amount of EUR63.6 million. The facilities are for medical ambulances, motorcycles, inflatable rafts and transport vans. Five credit agreements have been concluded under this framework totalling EUR394 million.

Further details of the credit agreements are as follows:

- Credit 1A and 1B amounting to EUR63.0 million
- Credit 2A and 2B amounting to EUR111.0 million
- Credit 3A and 3B amounting to EUR55.0 million;
- Credit Agreement 4A and 4B amounting to EUR44.0 million;
- Credit Agreement 5A and 5B amounting to EUR67 million.

Debt outstanding under this facility was U.S.$165.4 million as of 31 December 2018 and U.S.$153.0 million as of 30 June 2019.

- ***ICBC Facilities***

On 9 June 2015, Angola and Industrial and Commercial Bank of China Limited ("**ICBC**") as arranger, agent and original lender entered into a U.S.$837.5 million facility agreement. The purpose of the facility is to finance up to 85 per cent. of the contract price owed to certain contractors in respect of the contract for the construction and installation of the Soyo I Combined Cycle Power Plant. The facility is for a term of up to 15 years, which includes an initial grace period of five years during which Angola is not required to repay the principal amount of the loan. The facility is not secured but is insured by China Export & Credit Insurance Corporation. As of 31 December 2018, U.S.$259.8 million was outstanding under this facility. The availability period applicable to the facility ends in June 2020.

On 5 December 2016, Angola and ICBC as arranger, agent and original lender and The Export-Import Bank of China, Bank of China Limited, Beijing Branch, China Construction Bank Corporation, Beijing Branch, China Minsheng Banking Corp., Ltd., and Ping An Bank Co., Ltd., China (Shanghai) Pilot Free Trade Zone Branch as original lenders entered into a U.S.$4.1billion facility agreement. The purpose of the facility is to finance up to 85 per cent. of the contract price owing to certain contractors in respect of the construction contract for the Caculo Cabaça hydroelectric station, which comprises the temporary river diversion works, the main construction works and the electromechanical equipment supply. The facility is for a term of up to 15 years. The facility is not secured but is insured by the China Export and Credit Insurance Corporation. The facility is currently undrawn. The availability period applicable to the facility ends in December 2022.

On 8 December 2016, Angola and ICBC as arranger, agent and original lender entered into a U.S.$550 million facility agreement. The purpose of the facility is to finance up to 85 per cent. of (i) the contract price owing to CITIC Construction (Angola), Co. Limitada, a subsidiary of CITIC Group, a Chinese state-owned investment company, in respect of the contract for the design and construction of 10,000 social homes and related infrastructure in Kilamba New City, and (ii) 85 per cent. of the premium for the export credit insurance policy issued by the China Export and Credit Insurance Corporation. The facility is for a term of up to 13 years, and Angola is not required to make any repayments under the facility until the end of the availability period which ends in December 2019. The facility is not secured but is insured by China Export & Credit Insurance Corporation. The facility is currently undrawn.

Angola has entered into a U.S.$1,281.9 million term loan agreement dated 9 May 2018 with ICBC as arranger, agent and original lender. The purpose of the facility is to finance up to 85 per cent. of the contract price owing to certain contractors in respect of the contract for the design, construction and supply of equipment for the Bom Jesus International Airport. The facility is expected to be for a term of 15 years, which includes an initial grace period of 18

months during which Angola is not required to repay the principal amount of the loan. The facility is not secured but is expected to be insured by China Export and Credit Insurance Corporation. The facility is currently undrawn.

In addition to the above financings, Angola and ICBC have entered into approximately 30 other facility agreements for the funding of various infrastructure projects in Angola. Debt outstanding under facilities with ICBC was U.S.$1.7 billion as of 31 December 2018 and U.S.$1.9 billion as of 30 June 2019.

- ***Santander Facility***

On 17 November 2015, Angola entered into a framework agreement with Banco Santander, S.A. (as agent and original lender) for up to U.S.$500 million which may be utilised subject to the conclusion of individual credit agreements in the forms specified by the framework agreement. The purpose of the facility is to finance private or public investment projects and any credit insurance premium payable to the relevant export credit agency. The individual credit agreements may be denominated in U.S. dollars or Euros, depending on the currency of the underlying commercial supply contract. If in Euros, the value in U.S. dollars of the total commitment under any individual credit agreement will be determined on the EUR/USD spot rate of exchange rate in the London foreign exchange market on the date of the relevant credit agreement. The facilities are not secured but will be insured by the relevant export credit agency in the jurisdiction of the supplier. No individual credit agreements have been concluded under this facility and the U.S.$500 million remains available for draw down.

- ***KfW Facility***

On 13 May 2016, Angola entered into a framework agreement with KfW IPEX-Bank GmbH (as agent and original lender) and KfW for up to U.S.$500 million which may be utilised subject to the conclusion of individual loan agreements in the form specified by the framework agreement. The purpose of the individual loans includes the financing of export contracts. The loans may be denominated in U.S. dollars or Euros, depending on the currency of the underlying commercial supply contract, but the framework agreement also allows for loans to be made in other currencies. The term of each loan is to be agreed in the relevant individual loan agreement. The facilities are not secured but will be insured by the relevant export credit agency in the jurisdiction of the supplier. The first loan agreement under this framework was concluded on 27 December 2016 with KfW IPEX-Bank GmbH, Development Bank of Southern Africa Limited, Banco Bilbao Vizcaya Argentaria, S.A. and San Sebastian Inversiones, S.A. as lenders for U.S.$81.7 million. The facility is for the renewal of a runway at Dundo airport in Angola. Debt outstanding under this facility was U.S.$0.1 billion as of 31 December 2018 and 30 June 2019.

- ***GE Facility***

On 21 August 2017, Angola, TMF Global Services (UK) Limited as agent and GE Capital EFS Financing, Inc. as original lender entered into an up to U.S.$1.1 billion term facility agreement. The purpose of the facility is to finance payments due from AEnergia S.A. to GE Global Parts & Products GmbH, GE Packaged Power, Inc. and/or any affiliates thereof for equipment and services to be delivered or rendered under certain supplier contracts and from the Ministry of Energy and Water of Angola, Empresa Pública de Produção de Electricidade and Empresa Nacional de Distribuição de Electricidade to AEnergia S.A. for equipment and services to be delivered or rendered under certain on-sale contracts. The term of the loan is seven years from 30 August 2017. The facility is not secured and the availability period ended on 16 March 2018. Angola is currently negotiating an extension to the availability period. A total of U.S.$456 million was available to draw down as of 31 December 2018. Debt

outstanding under this facility was U.S.$0.6 billion and U.S.$0.5 billion as of 31 December 2018 and 30 June 2019, respectively.

- ***Credit Agricole Corporate and Investment Bank***

  Angola has entered into a U.S.$500,000,000 framework agreement with Credit Agricole Corporate and Investment Bank ("**CACIB**") dated 25 May 2018. Under this framework agreement, Angola and CACIB may conclude (i) ECA Credit Agreements for the purpose of financing payments to certain contractors in respect of certain contracts for which an ECA Policy has been issued, (ii) Tied Commercial Loan Agreements for the purpose of financing payments to certain contractors in respect of certain contracts which are also being financed by an ECA Credit Agreement and which may also benefit from a Risk Mitigation Cover, and (iii) Commercial Loan Agreements for the purpose of financing payments to certain contractors in respect of certain contracts which are not financed by an ECA Credit Agreement and which benefit from MIGA Cover or Risk Mitigation Cover. Currently, no drawdowns have been completed under this framework agreement.

- ***World Bank***

  In July 2015, the World Bank agreed to provide Angola with a U.S.$450 million loan and in order to assist Angola in its introduction of a fiscal policy that allows it to continue its efforts to diversify the economy and achieve a sustainable reduction in poverty. Angola is not required to begin making repayments of the loan until 1 October 2025, and the final maturity date of the loan is 1 October 2044.

  On 12 April 2019, Angola and the World Bank signed an agreement whereby the International Bank for Reconstruction and Development agreed to provide Angola with a U.S$25 million loan for the support of an Agricultural Productivity Programme for Southern Africa Project. The project aims to increase the availability of improved agricultural technologies by supporting technology generation and dissemination activities associated with agricultural commodities. The project will support agricultural research and the development of regional priorities, community farming systems and development sub-projects which enable scaling up of innovation in this field and the expansion of seed multiplication capacity in the country. Angola is not required to make repayments until 15 January 2024 and the final maturity date is 15 July 2038.

  On 23 July 2019, Angola and the World Bank entered into an agreement whereby the International Bank for Reconstruction and Development agreed to provide Angola with a U.S$320.0 million loan to provide temporary income support to poor households in selected areas in Angola in order to strengthen the delivery mechanism for providing a permanent social safety net system. This project would fund and support the development of a unique social registry of poor and vulnerable household and an information management system for obtaining and monitoring household income and welfare information as well as implementing disbursements of social benefits via a cash transfer system. The facility would also support individual selected beneficiaries to increase their income-generating capacity including, *inter alia,* by providing training in financial management skills and numeracy, provision of block grants, health fairs and programmes for teens and youth as well as implementation of other human development programmes. Angola is not required to make repayments until 15 September 2027 and the final maturity date is 15 March 2049.

  Angola also has the flexibility to convert the loan or any portion of the loan (withdrawn or undrawn) from U.S. dollars to an approved currency in accordance with the International Bank for Reconstruction and Development General Conditions for Loans dated 12 March 2012.

As at 31 December 2018 and 30 June 2019, the total outstanding amount owed by the Government to the World Bank across all its facilities was U.S.$1.04 billion and U.S.$1.1 billion, respectively.

- ***Standard Chartered Bank***

  On 14 November 2018, Angola entered into an approximately EUR€380 million facility agreement supported by UK Export Finance with lenders including UK Export Finance as direct lender and Standard Chartered Bank (Taiwan) Ltd, DekaBank Deutsche Girozentrale and Lloyds Bank plc . The purpose of the facilities is to finance the contract between the Ministry of Health and ASGC UK, a UK exporter, for the development, construction and equipping of three (3) new hospitals - the Mother and Child Hospital and Paediatric Haematology Institute, both based in Luanda, and the Cabinda General Hospital (including an emergency services unit) as well as the export credit insurance policy issued by UK Export Finance. These new hospitals will create more than 500 new hospital beds and provide much-needed healthcare to heavily populated areas of Angola, including specialised mother and child care and a haematology unit. The haematology unit will provide a range of specialist services including radiology, intensive care and a paediatric ward. The facility is not secured but is insured by UK Export Finance.

  Debt outstanding under this facility was U.S.$0.1 billion and U.S.0.2 billion as of 31 December 2018 and 30 June 2019, respectively.

- ***HSBC***

  On 6 December 2017, Angola entered into an approximately EUR €70 million facility agreement to finance the upgrade of two power substations in Viana and Gabela, Angola to be carried out via a supply contract entered into between IQA Operations Group Ltd., UK as UK Exporter and the Ministry of Energy and Waters. This facility was led by HSBC and guaranteed by UKEF. The upgrade, which includes the reinforcement of the existing power transformation capacity, construction of new connections and other connection works, shall take place over the course of two (2) years, significantly reducing North West Angola's dependence on oil-generated power. Debt outstanding under this facility was U.S.$8.5 million as of 30 June 2019.

- ***IMF***

  On 7 December 2018, the IMF approved a three-year Extended Arrangement under the Extended Fund Facility in place in an amount of SDR 2.673 billion (about U.S.$3.7 billion or 361 per cent. of Angola's quota) to support Angola's economic reform programme. The Extended Fund Facility provided by the IMF is intended to fund Angola's Macroeconomic Stabilisation Programme. Angola's Macroeconomic Stabilisation Programme which is focused on strengthening fiscal sustainability, reducing inflation, promoting a more flexible exchange rate regime and improving financial sector stability. It will also assist in implementing the NDP 2018-2022 to address structural bottlenecks and promote human development, public sector reform, diversification and inclusive growth.

  On the 11 December 2018, the IMF approved a SDR 715 million disbursement. On 12 June 2019 the IMF completed its first review under the Extended Arrangement, approving an additional SDR 179 million (approximately U.S.$248.15 million) disbursement. As at the date of this Base Prospectus, disbursements by the IMF under the Extended Arrangement under the Extended Fund Facility totalled SDR 894 million (approximately U.S.$1.24 billion). See also "*The Republic of Angola – Membership of Organisations*".

Reforms currently being implemented as part of the IMF Extended Arrangement in Angola include the following:

- finalising a strategic restructuring plan for Angola's largest state-owned bank;
- developing a strategy to limit fiscal risks and political interference; increase banks' efficiency; and improve governance as a whole;
- conducting an asset quality review for the 12 largest banks which will inform possible recapitalisation and restructuring needs of public and private banks;
- enactment of a new AML/CFT framework which is expected to contribute to easing pressures on correspondent banking relationships;
- passage of a new Financial Institutions Law which will incorporate good international practice to strengthen bank supervision and resolution; and
- passage of a revised central bank law will ensure greater central bank autonomy, a stronger mandate, and strict limits on monetary financing of the budget.

- ***JBIC***

  On 11 January 2019, Angola entered into a general agreement with Japan Bank for International Cooperation ("**JBIC**") for up to ¥57.8 billion which may be utilised subject to the conclusion of contract loan agreements in the form specified by the general agreement. The purpose of the contract loans includes the financing of export contracts in connection with the comprehensive development of the Namibe Port expansion and Sacomar Iron Ore Export Terminal redevelopment in Angola. The loans may be denominated in U.S. dollars or Yen. The term of each loan is to be agreed in the relevant contract loan agreement. The facilities are not secured but a portion of the facilities is insured by Nippon Export and Investment Insurance. The first two loan agreements under this general agreement were concluded on 28 March 2019 with JBIC, Sumitomo Mitsui Banking Corporation and The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch as lenders for a total of ¥28 billion and U.S.$263 million. Debt outstanding under this facility was U.S.$0.6 billion and U.S.$0.5 billion as of 31 December 2018 and 30 June 2019, respectively.

New Facilities

In addition to the above, Angola is currently negotiating a number of new facilities. Some of which are in advanced stages of negotiation and include, but are not limited to, the following:

- **Afrexim Bank**

  Angola is currently negotiating the following facilities with the African Export-Import Bank: (i) a syndicated revolving trade finance facility of up to U.S.$500 million to be used for the confirmation and refinancing of letters of credit issued by various eligible banks operating in Angola on behalf of suppliers for the importation of various essential goods into Angola (including food); and (ii) an investment credit financing facility of up to U.S.$1 billion to be used for importing capital goods and equipment, as well as short term trade finance requirements of various qualifying corporates involved in activities related to the export diversification and industrialisation of the Angolan economy (including, but not limited to fisheries, manufacturing, tourism, healthcare, oil and gas services, agriculture and extractive industries) and to also finance local content expenditure in connection with oil services and other extractive industries.

- ***Commerzbank***

  Angola has negotiated and signed a framework agreement with Commerzbank Aktiengesellschaft in the amount of up to €500 million for individual export financing transactions.

- ***CEXIM***

  Angola is currently negotiating the following facilities with CEXIM backed by the China Export and Credit Insurance Corporation: (i) U.S.$690.2 million for the construction of the infrastructure of Corumba Street; (ii) U.S.$760.4 million for the construction of the transport system for Luachimo; and (iii) U.S.$1.1 billion for the construction of the academic naval base at Kalunga.

- ***World Bank***

  Angola is negotiating the ECA backed approximately U.S.$910 million BITA facility with Standard Chartered Bank, Credit Agricole Corporate and Investment Bank and BNP Paribas, guaranteed by the World Bank. Angola is currently negotiating a U.S.$500 million facility with BBVA, Spain for the purposes of facilitating export financing transactions from Spain to Angola.

- ***Deutsche Bank***

  Angola has negotiated a number of framework agreements for financing facilities to be provided by Deutsche Bank and to various Angolan banks, including Banco de Desenvolvimento de Angola ("**BDA**"), Banco de Poupança e Crédito, SARL ("**BPC**"), Banco Angolano de Investimento, S.A. ("**BAI**") and Banco de Fomento Angola, S.A. ("**BFA**") and Banco Millennium Atlantico ("**BMA**"). The individual loan agreements with the Angolan banks, to be assigned to the corresponding frameworks, will be guaranteed by the Ministry of Finance of Angola and are principally intended to finance private sector projects in Angola, in line with Angola's strategy to boost private sector development. Following Presidential approval to enter into these framework agreements for an amount up to EUR 1.0 billion, Deutsche Bank, S.A.E. as Coordinating Mandated Lead Arranger, BDA as Borrower and the Ministry of Finance as Guarantor signed by the first framework on 8 May 2019. As at the date of this Base Prospectus, no individual loan agreement has been concluded under this framework.

- ***ICBC***

  Angola is negotiating further facilities with ICBC for the funding of various infrastructure projects in Angola. The value of these infrastructure projects is approximately U.S.$11.7 billion.

- ***KfW***

  Angola is negotiating a framework agreement for individual loans up to an aggregate amount of U.S.$1,500,000,000 for financing export contracts between importers in Angola and certain exporters for the supply of products and services to be provided by KfW and KfW IPEX-Bank GmbH to the Ministry of Finance of the Republic of Angola.

- ***Nedbank***

  Angola is negotiating a framework agreement in an amount yet to be agreed. The facility will finance private or public investment projects to be provided by Nedbank Limited (acting

through its Nedbank Corporate and Investment Banking Division) to the Ministry of Finance of the Republic of Angola.

- ***BBVA***

  Angola is negotiating a U.S.$500 million framework agreement for financing export contracts between importers in Angola and certain exporters from Spain for the supply of products and services to be provided by Banco Bilbao Vizcaya Argentaria S.A. and supported by various export credit agencies including CESCE.

- ***ING***

  Angola is currently negotiating seven export credit facility agreements with ING (whose participating interest is to be transferred to Aktiebolaget Svensk Exportkredit the Swedish Export Credit Corporation, prior to first utilisation) backed by Exportkreditnämnden (the Swedish Export Credits Guarantee Board) for an aggregate amount of up to EUR580 million to be used for the development and construction of seven solar power plants in the municipalities of Biópio, Benguela, Bailundo, Cuito, Lucapa, Luena and Saurimo in Angola. The agreements with ING reflect Angola's strategy of diversifying funding sources for public investment projects and expanding bilateral relationships with international and regional partners. See "*The Republic of Angola – National Development Plan 2018-2022 – Strengthening Angola's International and Regional Presence*".

  In relation to the aforementioned projects, Angola is also currently negotiating a draw down payment facilities agreement with the Development Bank of Southern Africa Ltd for an amount of up to EUR80,850,000.

Sources and Needs for 2017, 2018, 2019 and 2020

The following table sets forth Angola's financing sources and needs for 2017 and 2018 and projected financing sources and needs for 2019 and 2020:

Financial Plan	2017	2018	2019	2020
	(U.S.$ billions)			
Sources				
(1) Fiscal Revenue……………………	21.4	23.2	17.4	15.2
(2) Total Debt Borrowing ………………………	19.4	21.5	11.8	13.0
Domestic Debt Borrowing………………………………..	13.2	12.7	5.0	4.4
External Debt Borrowing…………………………...	6.8	8.8	6.8	8.6
(3) Others[1]………………………………………	7.0	0.0	1.8	—
Projected Sources of Funding ((1) + (2)+(3))	**48.4**	**44.7**	**31.0**	**28.2**
Uses				
(i) Fiscal Primary Expenditure……………………	25.0	16.2	11.8	9.9
(ii) Total Interest…………………………………	4.1	4.8	4.7	4.4
(iii) Total debt repayment (exclusive of interest)….	11.2	21.7	13.9	12.8
(iv) Others[2]………………………………………	8.1	2.0	0.6	1.1
Projected Funding Requirements ((i) + (ii)+(iii) +(iv))	**48.4**	**44.7**	**31.0**	**28.2**

[1] Deposits, revenue from sale of shares, other equity and accounts payable, including overpaid fiscal revenue.

[2] Deposits, the cost of acquiring shares, other equity and the cost of servicing accounts receivables which include receivables which include receivables from Sonangol.

Source: Ministry of Finance

The Government has estimated that it needs to raise from revenues, borrowings and other sources U.S.$31.0 billion (34.0 per cent. of budgeted GDP) in 2019 to fund its expenditure, including its debt service obligations in 2019. Of this amount, U.S.$17.8 billion is budgeted to come from revenues, U.S.$12.7 billion is expected to come from debt and U.S.$0.5 billion is expected to come from other

sources. In the first-half of 2019, Angola has raised approximately U.S.$2.0 billion of debt, of which approximately U.S.$1.1 billion was raised in the domestic market and approximately U.S.$0.9 billion was raised from the external sector. The Government may incur debt to fund the balance of its budgeted expenditure and/or it may use BNA deposits (as such deposits are described under "*The External Sector – Foreign Reserves*" and "*Monetary System*"). To the extent that the Government uses BNA deposits to fund its expenditure, its foreign reserves will decrease accordingly. The Government also has the ability to further reduce its budgeted capital expenditure programme for projects, which may reduce its 2019 funding gap. See "*Risk Factors – The Republic has significantly increased borrowings in recent years, and high levels of debt or failure to adequately manage its debt or to re-finance its debt could have a material adverse effect on Angola's economy and its ability to repay its debt, including the Notes*" and "*Risk Factors – A significant decline in the level of external reserves as a result of the BNA's major role as a main supplier of foreign currency to domestic residents for imports purposes could materially impair Angola's ability to service its external debt, including the Notes*".

Projected Debt Service Obligations: 2019–2024 and onwards

The following table sets forth estimated projected obligations in respect of principal and annual payments of interest on Angola's current outstanding domestic and external indebtedness for each of the years indicated below (excluding payments on the Notes), excluding projected obligations by Sonangol under its loans and excluding any indebtedness raised after 31 December 2018.

	2019 (Budgeted)	2020	2021	2022	2023	2024 and onwards
			(U.S.$ billions)			
Domestic debt principal repayments	4.6	6.6	3.0	3.8	2.8	7.5
Domestic debt interest repayments	1.2	1.9	1.3	1.0	0.8	3.2
Total domestic debt repayments	**5.8**	**8.4**	**4.3**	**4.9**	**3.5**	**10.7**
External debt principal repayments	5.2	5.5	4.3	3.7	3.8	20.6
External debt interest repayments	3.8	2.1	1.8	1.6	1.4	7.2
Total external debt repayments	**9.0**	**7.6**	**6.0**	**5.3**	**5.1**	**27.8**
Total debt repayment	**14.8**	**16.0**	**10.3**	**10.2**	**8.7**	**38.5**

Source: Ministry of Finance and National Bank of Angola (BNA)

- ***Relations with the IMF***

Angola joined the IMF on 19 September 1989. On 23 November 2009, the IMF's Executive Board approved a 27-month Stand-By Arrangement with Angola (the "**SBA**") which enabled Angola to borrow up to SDR 858.9 million (approximately U.S.$1.4 billion) from the general resources account of the IMF to assist Angola to cope with the effects of the global economic crisis. Angola's SDR expired in March 2012 and was not subsequently renewed. While in place, the IMF-supported economic programme aimed to restore Angola's macroeconomic balances and replenish its international reserves which together, helped to rebuild confidence in the Kwanza. While the goal of the programme was to mitigate the repercussions of the adverse terms of trade shocks linked to the global crisis, the programme also included a reform agenda aimed at medium-term structural changes to foster the non-oil sector growth.

In April 2018, the Government and the IMF announced that Angola had requested a policy coordination instrument ("**PCI**") as part of the IMF's technical policy coordination program.

In December 2018, the IMF approved a three-year extended fund facility ("**EFF**") in an amount of SDR 2.673 billion (approximately U.S.$3.7 billion or 361 percent of Angola's quota) to support Angola's economic reform programme (the "**IMF Programme**"). As at the date of this Base Prospectus, the EFF represents the largest IMF financial arrangement by an African country. Critical pillars of the IMF Programme include:

- protecting fiscal sustainability as a result of volatility in oil prices;
- promoting debt sustainability to bring the debt-to-GDP ratio down;
- increasing exchange rate flexibility to restore external competitiveness and facilitate market-based price formation;
- making structural reforms in areas of tax and subsidies; and
- introducing supportive monetary policy to reduce inflation.

Other pillars of the IMF Programme include strengthening the banking system; enabling a better business environment; updating the AML/CFT legal framework; and improving governance. As at the date of this Base Prospectus, SDR 894 million (approximately U.S.$1.24 billion) has been paid available to Angola under the EFF.

The IMF completed its first review under the EFF in the first quarter of 2019 and, on 12 June 2019, publicly stated that the Angolan authorities demonstrated strong commitment to reform policies and positive progress against the performance criteria, the indicative targets and the structural benchmarks had been made but also noted that a weakened external environment, notably the heightened volatility in the international price of crude oil, is posing challenges to Angola's reform efforts. The IMF noted that all but one performance criteria were met - one (the non-oil primary fiscal deficit) with a large margin. The non-oil primary fiscal deficit was successfully reduced by 6.7 per cent. of GDP in 2018, supported by tax administration efforts and expenditure control measures. Moreover, all four indicative targets were met some with a large margin (for example, the social expenditure).

The IMF completed its second review under the EFF in September 2019. As at the date of this Base Prospectus, the IMF has not published its review findings or any press release relating to the second review. The Government continues to work with the IMF towards the conclusion of the second review under the EFF and expects that the second review will be concluded positively. However, there can be no assurance at this stage that the second review will be satisfactorily concluded, that additional funds under the EFF will be disbursed to the Republic and/or whether the IMF will set additional performance criteria or conditions to the Republic's use of the EFF. The third review under the EFF is currently expected to occur in March 2020. See "*The IMF programme is subject to various conditions, and the continuation of the programme support depends on the Republic's ability to comply with the programme conditions. In addition, the programme conditions could impede economic development in the short-term*".

The following table shows performance criteria and indicative targets under the EFF (as included in the first review of the EFF) for the dates indicated:

Table 1a. Angola: Performance Criteria and Indicative Targets Under the Extended Arrangement, December 2018-June 2020

	2018				2019									2020	
	December Performance Criteria				March			June Performance Criteria		September		December Performance Criteria		March	June Performance Criteria
	Programme	Adjusted	Actual	**Status**	Programme	Adjusted	Preliminary	Programme	Revised	Programme	Revised	Programme	Revised	Projection	Proposed
Performance Criteria:[1]															
Net international reservices of the Banco Nacional de Angola (BNA), floor (millions of U.S. dollars)	10,000	10,289	10,640	**Met**	10,100	NA	10,286	10,300	9,891	10,700	9,516	11,250	9,141	9,203	9,266
BNA claims on the Central Government, cumulative ceiling (billions of kwanzas)	355	355	355	**Met**	150	150	0	250	250	300	300	0	0	150	250
Non-oil primary fiscal deficit of the Central Government, cumulative ceiling (billions of kwanzas)[2,3]	2,488	2,488	1,780	**Met**	484	484	NA	977	906	1,734	1,290	3,147	1,922	461	1,033
Non-accumulation of external debt payments arrears by the Central Government and the BNA, continuous ceiling (U.S. million dollars)	0	0	274	**Not Met**	0	0	NA	0	0	0	0	0	0	0	0
New oil-collateralised external debt contracted by or on behalf of the Central Government, the BNA, and Sonangol, continuous ceiling (U.S. million dollars)[4]	0	0	0	**Met**	0	0	0	0	0	0	0	0	0	0	0
Indicative Targets:															
Stock of Central Government debt and debt of Sonangol, ceiling (billions of kwanzas)	24,733	24,733	23,830	**Met**	27,348	27,348	28,011	27,348	28,011	27,348	28,011	27,348	28,011	29,642	29,642
Social spending, cumulative floor (billions of kwanzas)[2,5]	848	848	1,227	**Met**	200	200	NA	400	400	750	750	1,100	1,100	311	622
Net accumulation in the stock of payments arrears by the Central Government, ceiling	100	100	-95	**Met**	100	100	NA	100	100	100	100	100	100	100	100

(billions of kwanzas)[6]															
Disbursements of oil-collateralised external debt by the Central Government, cumulative ceiling (millions of U.S. dollars)[2,7]	200	200	29	**Met**	711	711	NA	1,422	752	2,133	1,000	2,843	2,843	335	669

Sources: Angolan authorities and IMF staff estimates and projections

1. Evaluated at programme exchange rates as defined in the TMU.
2. The ceiling is cumulative from 1 January .
3. Includes payments of domestic arrears in cash.
4. Excluding debt contracted to finance oil-extraction equipment.
5. Spending on education, health, social protection, and housing and community services.
6. Includes only domestic payments arrears through March 2019. From June 2019 on it includes both domestic and external payments arrears.
7. The ceiling is cumulative from January 2019, except for 2018 where the ceiling is cumulative from October 1.

NA = Not Available.

Further, the EFF standard continuous performance criteria consists of the following:

- not to impose new or intensify existing restrictions on the making of payments and transfers for current international transactions;
- not to introduce new or intensify existing multiple currency practices;
- not to conclude bilateral payments agreements that are inconsistent with the IMF's Articles of Agreement (Article VIII); and
- not to impose new or intensify existing import restrictions for balance of payments reasons.

The IMF Programme will be reviewed semi-annually with the next review scheduled for March 2020. See "*Risk Factors – "Challenges in the implementation of economic and financial reforms and the lack of available financing may have a negative effect on the performance of the Angolan economy."*

Domestic Public Debt

In the past, in addition to external borrowing supported by oil proceeds from the sale of crude oil by Sonangol, the Government has borrowed from the BNA, a practice that ended in 1999. In 2003, Angola started issuing domestic treasury bonds, largely securitisation instruments of domestic arrears to suppliers of goods and services. In 2003, the Government issued domestic bills and bonds for the first time to raise liquidity and to fund specific projects. Historically, domestic debt was a minor component in Angola's overall debt, amounting to less than 25 per cent. of total public sector debt until 2008. With the phasing out of loans supported by oil proceeds from the sale of crude oil by Sonangol and Government policies directed at strengthening the domestic financial markets, the issuance of domestic debt has become a more important source of Government financing.

In 2018, the Government issued the equivalent of approximately U.S.$7.0 billion of treasury bills, which contributed to the downgrade of Angola's outlook by S&P from "stable" to "negative" in February 2019. In 2018, the domestic debt largely increased as the Government refinanced most maturing treasury bills with longer-term Government bonds and new treasury bills. As of 30 June 2019, the Government had reduced the outstanding principal amount of treasury bills to approximately U.S.$1.8 billion.

As at 31 December 2018, Angola's total outstanding domestic Government debt was AOA 8,566.6 billion (U.S.$27.9 billion). The table below sets forth information regarding the Government's outstanding domestic debt as at the dates indicated unless otherwise stated:

	31 December										**30 June 2019 (estimated)**	
	2014		**2015**		**2016**		**2017**		**2018**			
	(AOA bn)	*(U.S.$ bn)*	*(AOA bn)*	*(U.S.$ bn)*	*(AOA bn)*	*(U.S.$ bn)*	*(AOA bn)*	*(U.S.$ bn*	*AOA bn)*	*U.S.$ bn*	*AOA bn)*	*U.S.$ bn*
Long-term bonds	**1,508.8**	**14.7**	**2,510.4**	**18.6**	**3,957.9**	**24.0**	**4,623.4**	**28.0**	**7,699**	**25.1**	**8,200.5**	**24.2**
288 months	0.0	0.0	59.9	0.4	452.6	2.7	567.6	3.4	56.7.6	1.8	509.1	1.5
240 months	201.9	2.0	204.4	1.5	252.5	1.5	252.5	1.5	252.5	0.8	290.4	0.9
144 months	8.2	0.1	10.8	0.1	13.2	0.1	13.2	0.1	0.0	0.0	0.0	0.0
132 months	14.6	0.1	19.1	0.1	23.4	0.1	23.4	0.1	0.0	0.0	0.0	0.0
120 months	168.8	1.6	221.1	1.6	461.1	2.8	467.3	2.8	876.1	2.9	404.2	1.2
108 months	14.6	0.1	19.2	0.1	—	—	1.2	0.0	35.9	0.1	406.6	1.2
96 months	14.6	0.1	—	—	—	—	25.3	0.2	192.2	0.6	195.6	0.6
84 months	11.8	0.1	303.7	2.3	493.5	3.0	728.1	4.4	63.7	0.2	39.9	0.1
72 months	80.1	0.8	123.8	0.9	145.0	0.9	70.2	0.4	451.2	1.2	383.7	1.1
60 months	223.7	2.2	357.0	2.7	503.6	3.1	641.8	3.9	737.6	2.4	817.7	2.4
48 months	232.3	2.3	369.5	2.7	380.9	2.3	412.0	2.5	1,140.2	3.7	1,153.0	3.4
36 months	219.6	2.1	306.0	2.3	304.1	1.8	867.0	5.3	833.5	25.1	810.7	2.4
24 months	318.5	3.1	515.8	3.8	928.1	5.6	553.8	3.4	2,549,29	8.3	3,189.71	3.4
Short term bills	**374.8**	**3.6**	**428.3**	**3.2**	**941.4**	**5.7**	**1,158.0**	**7.0**	**581.5**	**1.9**	**512.1**	**1.5**
12 months	293.3	3.6	269.1	2.0	537.0	3.3	714.1	4.3	174.9	0.6	183.6	0.5
6 months	46.0	2.9	17.9	0.1	234.7	1.4	286.8	1.7	264.2	0.9	118.0	0.3
3 months	35.5	0.3	141.3	1.0	169.7	1.0	157.1	1.0	142.5	0.5	210.5	0.6
Loan Facilities	**239.4**	**2.3**	**136.9**	**1.0**	**171.2**	**1.0**	**177.5**	**1.1**	**285.3**	**0.9**	**260.8**	**0.8**
Total domestic debt	**2,123.0**	**20.7**	**3,075.6**	**22.8**	**5,070.5**	**30.7**	**5,959.0**	**36.1**	**8,566.6**	**27.9**	**8,973.4**	**26.5**

Source: Ministry of Finance and the National Bank of Angola (BNA)

The Government finances the budget deficit through the following internal public debt instruments placed in the domestic market.

(i) *Medium- to long-term AOA-denominated Government bonds (Obrigações do Tesouro)*

Obrigações do Tesouro are medium to long-term AOA-denominated Government bonds which have been issued by the Ministry of Finance since July 2003 and placed in the domestic monetary markets. *Obrigações do Tesouro* are typically issued on a weekly basis between the last week of January and December of each year. As at 31 December 2018, *Obrigações do Tesouro* for an aggregate principal amount of AOA 6,697 billion were outstanding (equivalent to U.S.$22.0 billion). *Obrigações do Tesouro* are capable of being issued with maturities of between 2 and 20 years, *Obrigações do Tesouro* can be repaid before their stated maturity (subject to certain conditions), although the Government has never exercised this right. *Obrigações do Tesouro* normally carry a fixed rate of interest. Interest is payable semi-annually. In 2018, the Ministry of Finance issued: (i) *Obrigações do Tesouro* with maturities ranging between two and 24 years with coupon rates ranging between five and 17.65 per cent. a portion of which have repayment principal amounts linked to the exchange rate of the U.S. dollar to the Kwanza and to U.S. dollar LIBOR.

(ii) *Short-term AOA-denominated Treasury Bills (Bilhetes do Tesouro)*

Bilhetes do Tesouro are short-term AOA-denominated treasury bills which have been issued by the Ministry of Finance since October 2003 and placed in the monetary market. *Bilhetes do Tesouro* are typically issued on a weekly basis between the last week of January and December of each year. As at 31 December 2018, *Bilhetes do Tesouro* for an aggregate principal amount of AOA 582 billion (equivalent to U.S.$2 billion) were outstanding. *Bilhetes do Tesouro* typically have a maturity of between 91 and 364 days. *Bilhetes do Tesouro* can be repaid before their stated maturity (subject to certain conditions), although the Government has never exercised this right. *Bilhetes do Tesouro* are issued at a discount and bear no interest.

(iii) *AOA-denominated BNA Bills (Títulos do Banco Central)*

Títulos do Banco Central are short-term AOA-denominated BNA bills which have been issued by the BNA since 1999 on the monetary market. *Títulos do Banco Central* are typically issued on a weekly basis. As at 31 December 2018, no *Títulos do Banco Central* were outstanding. *Títulos do Banco Central* typically have a maturity of between 14 to 364 days. *Títulos do Banco Central* can be repaid before their stated maturity (subject to certain conditions), although the Government has never exercised this right. *Títulos do Banco Central* are issued at a discount and bear no interest.

(iv) *U.S. dollar-denominated Treasury bonds (USD Obrigações do Tesouro)*

USD Obrigações do Tesouro are medium- to long-term U.S. dollar-denominated Government bonds which have been issued by the Ministry of Finance solely to Angolan investors since July 2003. *USD Obrigações do Tesouro* were issued between 2005 and 2010 and again in 2014 and 2015. As at 31 December 2018, *USD Obrigações do Tesouro* for the aggregate principal amount of U.S.$3 billion were outstanding. *USD Obrigações do Tesouro* normally have a maturity of between two and 10 years. *USD Obrigações do Tesouro* can be repaid before their stated maturity (subject to certain conditions), although the Government has never exercised this right. *USD Obrigações do Tesouro* typically carry a floating rate of interest. Interest is payable semi-annually. The Ministry of Finance most recently issued *USD Obrigações do Tesouro* in 2014, 2015 and 2017, which have a maturity of five years for 2014 and seven years for 2017 and a rate of interest which is linked to 6 month U.S.

dollar LIBOR, plus a spread of 2.5 per cent. for 2014 and a fixed rate if 5 per cent. for 2015 and 2017.

Debt Management Policy

The Government was unable to establish a comprehensive debt management policy until the end of the Civil War. The Government has since established a Debt Management Unit and formulated a debt management policy. Angola published its annual debt plan 2019-2021 in March 2019. The annual debt plan was prepared with the support of the World Bank and IMF and is a 3-year strategy to coincide with the term of the EFF and was formulated in-light of the key themes of the IMF Programme, including fiscal consolidation and sustainability and non-oil economic diversification.

The Government's principal debt management policies include:

1. implementing policies to improve the cost and risk profile of public debt and support its sustainability more in line with the themes of the IMF Programme and the key strategic priorities of the National Development Plan 2018-2022. Oil revenue that is above budgeted revenue will be used to retire public debt, repay arrears or reduce the issue of costly market instruments;

2. promote the domestic debt markets and seek financings of longer maturities by issuing domestic debt with longer maturities more frequently to increase liquidity in the domestic market and improve the maturity profile of the portfolio, which is in intended to attract more institutional investors;

3. improve the way domestic debt is issued by improving information sharing and transparency, for example, by fixing the number of times in any month short-term and medium-to-long term debt is issued; and

4. in respect of external debt, it is intended that multilateral lenders form a greater share of public debt and that Angola continues to reduce exposure to volatility in the oil markets.

See "*Risk Factors - The Republic has significantly increased borrowings in recent years, and high levels of debt or failure to adequately manage its debt or to re-finance its debt could have a material adverse effect on Angola's economy and its ability to repay its debt, including the Notes*".

MONETARY SYSTEM

The Central Bank of Angola (the "BNA")

The Central Bank of Angola, previously one of two major Angolan banks, had its name changed to *Banco Nacional de Angola* ("**BNA**") after independence in 1975, and inherited the responsibilities of a central bank, bank of issue and commercial bank, the only legal holder of foreign currency and responsibility for all foreign transactions. Further reforms restricted the BNA's role to monetary policy, issuing bank, banker of the Government and reserve bank, effectively transforming the BNA into a pure central bank. The BNA is also responsible for supervising financial institutions domiciled in Angola.

The BNA was legally established by Law No. 69/76 of 10 November 1976 and is currently governed by Law No. 16/10 dated 15 July 2010.

The BNA's main function is to maintain price stability and ensure that the value of the national currency is sustained. Additionally, it has the authority to supervise financial institutions, control their liquidity and solvency and maintain their deposit accounts under terms and conditions that the Board of Directors may decide.

Responding to the adverse fallout from the global economic crisis and the decline in international oil prices, the BNA has taken action to stabilise Angola's international reserve position as well as to control inflation. Given the structure of the Angolan economy, with significant dependence on oil revenues, the Government continues to face challenges in macroeconomic management.

Since 9 January 2018 (the date the BNA abolished the fixed exchange of the Kwanza to the US dollar and. lifted certain restrictions in the foreign exchange market) through 31 October 2019. The Kwanza has depreciated by 66.0 per cent. against the U.S. dollar. See "Exchange Rate History". Since January 2018, the BNA has been holding auctions to sell foreign currencies to commercial banks; however, it maintains certain restrictions which limit the effective participation of banks in these auctions. For example, by limiting the amounts than can be bid, the discretionary elimination of bids deemed by the BNA to be speculative and the requirement for banks to return unsold foreign exchange to the BNA. Such restrictions hindered the development of an interbank foreign exchange market and prevent effective market-based price information development. In October 2019, the BNA eliminated its trading band that kept the Kwanza's value in a fixed range, accelerating the Kwanza's value against the U.S. dollar. As the gap between the official and parallel rates widened in 2019, in October 2019, the BNA eliminated its trading band that kept the Kwanza's value in a fixed range which has caused the depreciation of the Kwanza against the U.S. dollar to accelerate. In October 2019, the BNA sold Kwanza at historic lows of AOA 559.693 to EUR 1.0. The Kwanza-US dollar exchange rate was AOA501.652 to U S$.1.0 following a decline of more than 20 per cent. in October 2019. Further depreciation may occur in the near future as the official and parallel rates move towards convergence. See *"Risk Factors – Risk Factors Relating to Angola – A significant decline in the level of external reserves as a result of the BNA's major role as a main supplier of foreign currency to domestic residents for imports purposes could materially impair Angola's ability to service its external debt, including the Notes"*.

The BNA has established a foreign exchange regime applicable to the oil and gas sector in Angola. Prior to 2012, the oil and gas sector operated under a different foreign exchange control regime to other sectors of the Angolan economy. However, in order to standardize the foreign exchange system in Angola, and to give additional support to the domestic finance sector, the law requires the oil and gas sector to pay local expenses in Kwanza, Law No. 2/12 was introduced on 13 January 2012. Since the introduction of this regime, and through a gradual process, oil and gas companies have migrated to a new foreign exchange system. This regime allows oil and gas companies to conduct foreign exchange operations without BNA approval, while also requiring them to make all payments via banks domiciled in Angola and to make payments to foreign entities that are resident in Angola in Kwanza. It also requires oil and gas companies to sell foreign currency to the BNA in order to obtain the Kwanza necessary to pay any taxes due in Angola, to provide their provisional budget to the BNA on a quarterly basis, and to provide to the BNA a list of contracts entered into by that entity with non-resident counterparts, under which payments are made

in foreign currency. There are some exceptions to the standardisation introduced by Law No. 2/12. The introduction of this measure in 2012 has significantly contributed to dedollarization of the Angolan economy.

The BNA's objectives for 2019, in keeping with the policy objectives of the IMF Programme are (i) to improve foreign exchange imbalances and to maintain stability in the foreign exchange market; (ii) to strengthen supervision of banks, and improve the regulatory framework for the banking sector including through conducting stress tests of Angola's banking system; and (iii) to review Angola's current exchange control regulations. The board members of the BNA were appointed in 2017 with their term expected to expire in 2022. José de Lima Massano is the Governor of the BNA and Manuel António Tiago Dias and Rui Miguêns de Oliveira are the vice-governors of the BNA. Beatriz Ferreira de Andrade dos Santos, Miguel Bartolomeu Miguel, Pedro Rodrigo Gonçalves de Castro e Silva and Tavares André Cristóvão are board members of the BNA.

Monetary Policy

Monetary policy is conducted by the BNA's monetary policy committee ("**MPC**") which was established in 2011, conducting its first meeting in October of that year. The MPC consists of the Governor, the Deputy Governors and the Directors of the BNA. The MPC meets each month and sets each of the BNA midpoint rate, the liquidity providing rate and the liquidity absorption rate.

In 2012 the BNA entered into a protocol (the "**Fiscal and Monetary Policy Protocol**") with the Ministry of Finance in respect of the management of Angola's fiscal and monetary policy, in order to provide the necessary institutional and operational coordination required for macroeconomic measures to be efficiently implemented. Presidential Decree No. 358/17 of 28 December 2017 revoked the Presidential Order No. 34/15 of 30 April 2015 in order to improve coordination on macroeconomic measures between the Ministry of Finance and the BNA and established new specialised committees.

The monetary base, which comprises the notes and coins in circulation and deposits at the BNA made by financial institutions, is the variable used by the BNA to conduct monetary policy. The BNA monitors liquidity in the markets and restores imbalances to the desired levels through open market transactions.

Due to the large amounts of foreign currency in circulation in Angola, particularly U.S. dollars, the BNA has controlled liquidity excesses in recent years, through the regular sale of foreign currency. Monetary conditions in 2018 were restrictive, principally as a result of foreign exchange sales, which significantly decreased liquidity.

The BNA also adjusts required reserves to ease monetary pressures. Between 2015 and 2017, the BNA allowed required reserves to be partially made up of Government and central bank securities, however, the BNA eliminated this mitigating measure in 2017. In order to address the effects of rising inflation and excess liquidity, on 30 November 2017, the BNA reduced the required reserves coefficient in local currency from 30 per cent. to 21 per cent.

In 2017, the BNA maintained its discount window stably at 20.0 per cent. Alteration of the discount window is considered to be a last resort source of short-term financing for banks with a shortage of funds in their accounts with the BNA to meet their reserve requirements.

Broad money (M3) increased by an average of 13.9 per cent. per year between 2013 and 2016 but decreased by 0.1 per cent. in 2017. The recent monetary tightening by the BNA has led to a decrease of broad money (M3) of 0.1 per cent. by the end of 2017 compared to 2016. The decrease in broad money (M3) in 2017 was driven by the BNA's monetary and exchange rate measures which increased the base rate from 16 per cent. to 18 per cent. on 30 November 2017.

The BNA intends to continue tightening monetary policy stance under the principle of neutralizing U.S. dollar revenues coming from the oil sector that are to be used for budget expenditure in Kwanza. To support exchange rate policy, the BNA intends to increase its base rate to allow market interest rates to rise to a level that would achieve the BNA's targets for reserve money and broad money. However, as is

best practice for fiscal policy, the BNA intends to prevent the costs of monetary policy from leading to the unsustainable growth of the public deficit service.

The Government intends to use prudent domestic debt management to limit the drawdown of its deposits at the BNA and thereby support the BNA's international reserves. More broadly, as part of monetary and fiscal coordination, the treasury will issue securities for its domestic financing of the Government deficit and, in case of a shortfall in market financing, will drawdown its deposits at the BNA. To facilitate the market absorption of Government debt, the treasury will price its securities according to a market-based interest rate, and gradually extend their maturity to long-term as market confidence improves. The BNA will neutralise liquidity injections due to the Government's reduction in deposits at the BNA by maintaining an open market operation with different maturities ranging from overnight to 63 days, and by adjusting the reserve requirement ratio if necessary. The Government's liquidity management framework ensures that the liquidity management instruments are appropriately geared towards its overall monetary objectives.

The BNA has published its audited financial statements for the 2018 financial year and has commited to timely publication going forward. Prior to the end of December 2019, the Government plans to submit to the National Assembly amendments to Law No. 16/10 dated 15 July 2010 to, among other things, clearly define the mandate of the BNA; set a clear primary policy objective; strengthen its governance arrangements, including by establishing an independent oversight board with a non-executive majority; shield BNA staff from undue influence from third parties; ensure its financial autonomy, including by limiting monetary financing and lending to the Government; strengthen the emergency liquidity assistance and solvency support framework; limit the grounds on which BNA Management and/or Board members could be dismissed by the Government; and guarantee its functional autonomy. The Government and the BNA are working with the IMF on the aforementioned reforms.

Inflation

The following table sets forth certain information regarding inflation for the years indicated:

	2014	2015	2016	2017	2018
Inflation, year-end (Luanda)	7.5%	14.3%	42.0%	26.3%	18.2%
Inflation, year-end (Angola)	-	12.1%	41.1%	23.7%	18.6%

Source: National Bank of Angola (BNA)

While inflationary pressures are rising, in part because of the depreciation of the exchange rate of the Kwanza against the U.S. dollar and in part due to price rises associated with a reduction in imports, which in turn have caused increases in the price of food, fuel and imported components necessary for use in the manufacturing and construction sectors (such as tubing), the BNA and the Government estimates annual inflation to be between 17.5 and 18.0 per cent. in 2019. Pursuant to the Revised National 2019 Budget, the rate of inflation in Angola as at the end of 2019 was budgeted at 15.0 per cent but has increased due to an electricity price increases (resulting from the removal of electricity subsidies) and the introduction of VAT. See "*The Economy – Primary Industry Sectors – Oil Industry – Angolan consumption of refined petroleum products*" The 2020 budget's inflation target is 24.3 per cent. In 2017, the BNA raised its benchmark interest rate by two per cent. to 18 per cent. in order to limit further increases in consumer prices, to control money supply, fix the exchange rate of the Kwanza against the U.S. dollar, and increase the foreign currency supply to importers for the purposes of reducing the rate of inflation which by the end of 2017 reached 26.3 per cent. in Luanda and 23.7 per cent. in Angola. The rate of inflation in Angola was 18.6 per cent in 2018 and annual inflation is projected to remain high. Reflecting the effects of the depreciation of the Kwanza while the Government and the BNA work to tighten monetary policy, but to decline by reference to historical averages reflecting policies of the Government and the BNA work to tighten monetary policy. However, effects of the introduction of VAT and reforms to the subsidies may cause upward inflationary pressure.

The table below sets out certain T-Bill and T-Bond rates as at 31 December 2018:

	Maturity of 91 days	Maturity of 364 days
T-Bill	13.6%	19.0%

Source: National Bank of Angola (BNA)

	Maturity of three years	Maturity of four years	Maturity of five years	Maturity of six years	Maturity of seven years
T-Bonds					
T-Bonds indexed to the exchange rate *(Obrigações do Tesouro indexadas à taxa de câmbio)*	-	-	5.0%	5.25%	5.5%
Non-adjustable T-Bonds *(Obrigações do Tesouro não reajustáveis)*	12.5%	12.5%	12.8%	-	-

Source: National Bank of Angola (BNA)

The table below sets out certain T-Bill and T-Bond rates as at 30 June 2019

	Maturity of 91 days	Maturity of 364 days
T-Bill	12.1%	15.4%

Source: National Bank of Angola (BNA)

	Maturity of three years	Maturity of four years	Maturity of five years	Maturity of six years	Maturity of seven years
T-Bonds					
T-Bonds indexed to the exchange rate *(Obrigações do Tesouro indexadas à taxa de câmbio)*	-	-	-	5.25%	-
Non-adjustable T-Bonds *(Obrigações do Tesouro não reajustáveis)*	23.0%	22.0%	-	-	-

Source: National Bank of Angola (BNA)

Rapid disinflation has been one of Angola's major achievements towards macroeconomic stabilisation in recent years. Inflation reached 268 per cent. in 2000, reflecting the monetisation of budget deficits and rapid growth in reserve money and broad money. In 2003, the BNA adopted a new anti-inflationary policy which resulted in the rapid decline of inflation in Luanda to 7.5 per cent. on average in 2014. Assisted by increasing foreign exchange inflows, the BNA was able to neutralise rapid growth in the money supply through intervening in the foreign exchange markets in support of the Kwanza and selling a range of liquidity instruments, such as treasury bills and Government bonds. The Government has also made significant investments in infrastructure, taking advantage of Angola's natural resources, manufacturing and construction industries, as well as strengthening Angola's foreign investment and strategically developing Angola's human resources, all of which have had anti-inflationary effects on the Angolan economy. Since 2014, the year-end rate of inflation in Luanda has increased to 42.0 per cent. in 2016 primarily due to an increase in prices for food and medicine as a result of a lower supply of foreign exchange resources and high levels of arrears in the external payments banking system. Since 2016, the BNA has introduced liquidity control measures to reduce inflation by implementing measures to stabilise the exchange rate and by increasing the foreign currency supply to importers, resulting in the growth of essential food supply, which contributed to a decrease of the rate of inflation in Luanda by the end of 2017 to 23.7 per cent. from 42.0 per cent. at the end of 2016. The rate of inflation in Angola decreased to 23.7 per cent. at the end of 2017 compared to 41.1 per cent. at the end of 2016 and was 18.6 per cent. in 2018. Effects of the introduction of VAT and reforms to the subsidies may cause upward inflationary pressure.

Money supply

The following table sets forth certain information regarding Angola's money supply as at 31 December for each of the years indicated:

	2014	2015	2016	2017	2018
			(AOA millions)		
Foreign assets (net)	3,097,463.6	3,570,441.2	3,851,929.4	2, 686, 636.6	4,306,267.4
Foreign assets	3,550,027.2	4,114,491.6	4,948,672.8	3, 970, 687.0	6, 816, 108.3
Foreign liabilities	452,563.6	544,050.5	1,096,743.5	1,284, 050.4	2,509, 841.0
Claims on the government (net)	69,166.5	351,751.1	1,102,580.2	2, 587, 956.4	2, 478, 981.8
Claims on government	2,001,785.0	2,582,171.9	3,754,864.3	4,567, 824.9	5, 487,677.3
Liabilities to government	1,932,618.5	2,230,420.8	2,652,284.1	1, 979, 868.	3, 008,695.5
of which: in foreign currency	1,210,590.2	1,404,606.4	1,653,858.3	925,297.0	1, 569 881.4
Claims on other resident sectors	2,946,702.3	3,469,449.4	3,385,040.3	3,400,750.6	3, 830, 130.6
Claims on other financial corporations	33,078.0	33,047.7	4,852.8	9,439.3	12, 986.4
of which: in foreign currency	4,973.9	7,741.4	1,298.2	2,531.7	60.2
Claims on the public sector, excl. central government	61,581.1	81,979.2	84,588.5	103,199.1	96, 78.9
of which: in foreign currency	2,465.2	15,814.3	11,918.6	4,381.2	4,918.0
Claims on other resident sectors	2,852,043.2	3,354,422.5	3,295,599.0	3,288,112.3	3,720,355.3
of which: in foreign currency	742,099.1	926,070.0	638,272.9	577,730.9	947, 924.4
Shares and other equity	1,030,998.0	1,502,959.9	2,249,335.8	2 ,203, 273.0	3, 265, 551.4
Other assets/liabilities (net)	(27,786.1)	176,782.5	(438,640.7)	(49 657,6)	(504 127.5)
Broad money (M3)	5,110,120.5	5,711,899.2	6,528,854.7	6, 521,728.2	7, 853, 955.9
Currency outside depository corporations	339,672.5	380,701.5	395,735.9	418, 735.9	373,036.0
Transferable deposits	2,757,193.7	3,039,119.5	3,458,319.8	3,313,426.8	3, 713,804.3
Other deposits	2,006,621.3	2,283,923.5	2,670,995.1	2,785, 536.2	3, 757, 731.9
Securities other than shares	6,546.3	8,074.9	3,754.6	3,968.4	9,382.6
Repurchase agreements	86.8	79.7	49.3	60.9	1.0

Source: National Bank of Angola (BNA)

The Banking System

Angola's banking system has evolved and grown rapidly since the end of the Civil War in 2002. The banking system has transformed from being dominated by two state-owned banks to currently comprising 26 commercial banks of which only three are state-owned. Similarly to most emerging markets, Angolan banks focus on deposit-taking, have a relatively low but increasing loan to deposit ratio, and have a high proportion of deposits invested in treasury bills. The Government is actively pursuing several measures to further develop Angola's banking sector, aimed at, among other things, increasing competition, expanding lending activities and the range of banking products, and making financial services more accessible to a wider part of Angola's population and businesses.

The following table sets forth the combined balance sheet of Angola's commercial banks as at 31 December for each of the years indicated:

	2014	2015	2016	2017	2018
			(AOA millions)		
Assets					
Currency holdings	170,236.8	189,550.4	130,957.8	136,967.4	161,753.9
Deposits with non-residents	208,266.3	210,202.1	308,658.1	638,520.7	1,364,108.9
Deposits with depository corporations	778,880.7	1,159,689.7	1,157,998.1	1,181,966.2	1,242,767.4
National Bank of Angola	772,425.4	1,150,953.1	1,144,580.9	1,113,473.7	1,214,957.3
Other depository corporations	6,455.3	8,736.6	13,417.2	68,492.4.	27,810.1
Debt securities	1,546,244.0	2,288,991.4	3,067,347.6	3 470 045,0	4,447,044.0
Loans	4,015,786.2	4,096,368.3	4,257,065.5	4,033,497.1	4, 812, 291.0
Non residents	286,804.0	348,107.3	373,143.4	18 103,8	38,013.9
Central government	261,129.5	165,203.1	209,103.3	274,346.6	370,120.9

	2014	2015	2016	2017	2018
Public sector excluding central government	61,578.5	81,852.1	84,461.4	103,073.8	94,412.3
National Bank of Angola	318,840.1	37,903.2	71,779.7	61,998.2	84,078.1
Other depositary corporations and Other financial corporations	278,300.9	191,319.0	260,119.2	377,547.4	603,180.3
Private sector	2,809,133.1	3,271,983.5	3,258,458.5	3,198,427.2	3,622, 485.6
Shares and other equity	47,237.1	50,355.4	36,266.9	22,207.7	31 030.1
Other Assets	771,221.5	959,885.2	1,794,693.3	1,428,589.3	2,168,506.1
Total assets	**7,537,872.5**	**8,955,042.4**	**10,752,987.3**	10,911, 7935.5	14,227,500.7
Liabilities					
Liabilities included in Broad Money M3	4,770,448.0	5,331,197.7	6,133,118.8	6,102 992.3	7,480,919.8
Transferable deposits	2,757,193.7	3,039,119.5	3,458,319.8	3,313, 426.8	3,713,804.3
Other deposits	2,006,621.3	2,283,923.5	2,670,995.1	2,785, 536.2	3,757,731.9
Securities other than shares	6,546.3	8,074.9	3,754.6	3,968.4	9,382.6
Repurchase agreements	86.8	79.7	49.3	60.9	1.0
Liabilities excluded from broad money M3	587,182.8	771,277.3	947,294.9	1, 080, 334.3	1,947,893.4
Loans	733,663.8	980,403.1	1,221,846.6	997,699.9	852,607.8
Shares and other equity	722,476.4	880,708.7	1,119,082.6	1,338,373.4	1,841,179.0
Other liabilities	724,101.5	991,455.6	1,331,644.3	1,392,393.5	2,104,900.7
Total liabilities	**7,537,872.5**	**8,955,042.4**	**10,752,987.3**	**10,911,793.5**	**14,227,500.7**

Source: National Bank of Angola (BNA)

Major banks, banking sector concentration and competition

There are a total of 26 banks in Angola, all of which are operational. Three of the banks are state-owned, six of the banks are subsidiaries of foreign entities and the remainder are privately-owned Angolan banks. 66 exchange offices exist in Angola, all of which are operational. Currently, 27 microcredit companies and 15 entities are authorized to transfer money abroad operate in Angola.

Although the use of banking facilities has become increasingly attractive to members of the public in Angola as a result of the introduction of debit card use in private transactions, the mortgage market is yet to develop due to problems with recording and registering property ownership and a reluctance on the part of the banking sector to develop this market.

Five of Angola's five largest banks are privately owned. There are six banks with foreign shareholdings representing 7.7 per cent. of the banking sector assets.

Banking activity is concentrated in Luanda, although each provincial capital has at least five bank branches. The number of bank branches across Angola has increased significantly in recent years. Currently there are over 1,619 bank branches in Angola compared to 42 as at the end of 2000.

The BNA created a database in 2011 in connection with which banks provide certain information regarding borrowers and their financing arrangements. This information is shared among banking institutions in Angola and is intended to operate as a local credit rating system. Concentration in the banking sector is high with six major banks – *Banco Angolano de Investimentos* ("**BAI**"), *Banco do Fomento Angola* ("**BFA**"), *Banco de Poupança e Crédito* ("**BPC**"), *Banco Internacional de Crédito* ("**BIC**"), *Banco Económico* ("**BE**") and *Banco Millennium Atlântico* ("**ATL**"). ATL resulted from the merger of Banco Privado Atlântico (BPA) and Banco Millennium Angola **(BMA)** in April 2016. These six major banks jointly accounted for 79.2 per cent. of deposits and 79.7 per cent. of loans as at 30 June 2019.

- BAI, Angola's largest bank by deposits, is 8 per cent. owned by Sonangol, Angola's state-owned oil company, with the remaining shares owned by private investors. As at 30 June 2019, BAI held 19.06 per cent. of deposits and 13.95 per cent. of loans in Angola's banking sector. BAI

concentrates on corporate banking but has been expanding into the retail segment of the banking sector. In addition to its head office in Luanda, BAI operates 64 branches in Luanda and 49 branches in other provincial centres.

- BFA, Angola's second largest bank by deposits, was formerly a wholly owned subsidiary of the Portuguese bank, BPI, which in 2007 sold 49 per cent. of its shares in BFA to Angola's largest mobile telephone operator, Unitel. In 2017, Unitel became the largest shareholder of BFA after it purchased a further two per cent. of shares in BFA and increased its holding of BFA shares to 51 per cent. As at 30 June 2019, BFA held 13.88 per cent. of deposits and 7.22 per cent. of loans in Angola's banking sector. BFA provides both corporate and retail banking services. In addition to the head office in Luanda, BFA operates 103 branches in Luanda and 77 branches in other provincial centres.

- BPC, the third largest bank by deposits, is 75 per cent. owned by the Ministry of Finance, 15 per cent. owned by Angola's National Social Security Institute and the remaining 10 per cent. owned by the Social Security Fund of the Armed Forces. As at 30 June 2019, BPC held 13.80 per cent. of deposits and 28.24 per cent. of loans in Angola's banking sector. In addition to the head office in Luanda, it operates 95 branches in Luanda and 194 branches in other provincial centres. BPC concentrates on both corporate and retail banking. In addition to providing banking services to private companies and individuals, BPC counts most Government institutions and agencies as its customers. For instance, BPC offers cash management services to the treasury account. The Government has no current intention of privatizing BPC in the near future.

- BPC recorded a loss of AOA 53.7 billion (approximately U.S.$324 million) in 2017. This led to a decision being taken by its board of directors to account AOA 153 billion (U.S.$924 million) for "impairment charges and provisions" for the 2017 financial year. Due to the size of its poor credit portfolio, which amounted to AOA 874.4 billion (U.S.$5.2 billion), in March 2017 the shareholders of BPC approved (i) a new board of directors and chairman (the former vice-governor of the BNA, Ricardo D'Abreu); (ii) an additional capital subscription of AOA 90 billion (U.S.$542 million); (iii) a new executive committee; and (iv) a plan for the restructuring and recapitalisation of BPC ("**Restructuring Plan**"). A revised restructuring plan for BPC, produced in consultation with the IMF, is expected to be published in the first quarter of 2020, to ensure that BPC will be sustainable and able to generate capital.

- Given the systemic importance of BPC in the Angolan financial system, the Restructuring Plan was designed to enhance BPC's prudential ratios, liberate its credit activity (which was partially suspended in 2015) and increase its operational capacity. In 2015 BPC had suspended its credit facilities due to liquidity concerns and temporarily closed some of its branches. Plans to resume credit facilities in March 2017 were cancelled and, under the Restructuring plan. BPC further suspended all foreign exchange sales, overseas transfers, staff recruitment and procurement operations, and implemented further management changes, including the replacement of its board of directors. The Restructuring Plan, which was agreed between BPC and the Government (acting through the Ministry of Finance), included an agreement by the shareholders to recapitalise the bank. This comprised an initial direct capital injection of AOA 67.5 billion financed through the issue of Government bonds pursuant to an Executive Decree no. 63/17 of 9 February 2017; an additional capital subscription by each of BPC's shareholders in the amount of AOA 90 billion (U.S.$542 million); and the establishment of Recredit – Gestão de Activos, SA ("**Recredit**"), the state-owned enterprise charged with purchasing BPC's underperforming assets and NPLs in order to optimize its prudential ratios, and revive and streamline is operational capacity. See " – *Major banks, banking sector concentration and competition*" below.

- As at 30 June 2019, BPC had approximately AOA 1.16 billion (U.S.$3.41 billion) of underperforming assets and NPLs. In December 2017, the Government issued AOA 231 billion (U.S.$1.3 billion) of treasury bonds in favour of Recredit. Under the Restructuring Plan, which included selling a portion of BPC's debt to Recredit, Recredit then purchased AOA 231 billion of

underperforming assets and NPLs from BPC, with the remainder of its AOA 500 billion in underperforming assets and NPLs to be addressed independently by BPC.

- In early 2017, the scope of Recredit was expanded to cover the entire banking system and it issued an additional AOA 150 billion of 7.0 per cent. seven -year treasury bonds, by Order no. 406/2017 of 1 August 2017. From July 2019, following a recommendation from the IMF, Recredit's scope is limited to the management of the NLPs of BPC.

- As of 2017, Recredit has acquired AOA 320 billion of underperforming assets and NPLs purchased at 10-20 per cent. of their book value. Of this, AOA 300 billion came from BPC. Recredit acquired 50 per cent. of BPC's underperforming assets and NPLs.

- In March 2018, Presidential Decree No. 72/18 of 7 March 2018 authorized the further issuance of AOA 180 billion (U.S.$1.1 billion) 7.5 per cent. 10-year treasury bonds to deliver a direct capital injection to BPC. These treasury bonds were issued in 2018 in order to further optimize BPC's prudential ratios and stimulate BPC's credit activity. Further treasury bonds in the amount of AOA 30 billion (U.S.$72.3 million) were issued to Recredit in early 2019. However, there have been material delays in implementing the Restructuring Plan A revised restructuring plan for BPC, produced in consultation with the IMF, was published in 2019 to ensure that BPC will be sustainable and able to generate capital. Pursuant to the Revised 2019 National Budget, the Government has allocated current expenditure of AOA 50 billion in favour of Recredit.

- In June 2019, the shareholders changed the Board of Directors of BPC, which will now be head by Mr. António André Lopes for the next 5 years, replacing the previous chair since 2017, Alcides Safeca since 2017.

- BIC is 65 per cent. owned by domestic private investors with the remaining 35 per cent. of shares owned by foreign investors. As at 30 June 2019, BIC held 10.11 per cent. of deposits and 13.73 per cent. of loans in Angola's banking sector. BIC concentrates on retail banking services. In addition to its head office in Luanda, it operates 106 branches in Luanda and 77 branches in other provincial centres.

- ATL is a private national bank. As at 30 June 2019, ATL accounted for 10.99 per cent. of deposits and 11.76 per cent. of loans in Angola's banking sector. In addition to its head office in Luanda, ATL operates 74 branches in Luanda and 41 branches in other provincial centres.

- Banco Económico was formed in October 2014 when the Portuguese parent (Banco Espírito Santo, once the second largest private bank in Portugal) of Banco Económico's predecessor (Banco Espirito Santo de Angola) received a €4.4 billion bailout by the Portuguese central bank in August 2014. As part of the bailout arrangements, Banco Espírito Santo was split into two new entities: Novo Banco, which retained the deposits and healthy assets of Banco Espírito Sant and received a large capital injection from the Portuguese central bank, while problematic exposures, including its Angolan subsidiary Banco Espirito Santo de Angola were retained in Banco Espírito Santo. Banco Espírito Santo was then placed into administration and managed by a bankruptcy administrator. Angola similarly appointed BNA administrators to manage Banco Espirito Santo de Angola.

- Banco Económico is owned by Sonangol (39.4 per cent.), Lektron Capital SA, a Chinese entity (31.0 per cent.), Geni Novas Tecnologias, S.A. (20 per cent.), and Novo Banco (9.7 per cent.). As at 30 June 2019, Banco Económico held 11.38 per cent. of deposits and 4.76 per cent. of loans in Angola's banking sector. Banco Económico offers both corporate and retail banking services, but is primarily focused on investment banking activity to support the Angolan economy, including the financing of large national projects in Angola and the development of Angola's capital markets. In addition to its head office in Luanda, it operates 37 branches in Luanda and 19 branches in other provincial centres. In December 2013, in order to restore confidence in the creditworthiness and liquidity of Banco Espirito Santo de Angola (the predecessor to Banco

Económico), and to promote stability and reduce systemic risk in the banking sector, the Republic provided a comfort letter to Banco Espirito Santo de Angola. This comfort letter was revoked in August 2014 at the same time the bailout, asset splitting and BNA administration of Banco Espirito Santo de Angola occurred, as described above.

In February 2019, the BNA revoked the banking license of BANC. Furthermore, the banking licenses of Banco Mais and Banco Postal were also revoked by the BNA in early 2019 on account of solvency issues. In October 2019, the Angolan Courts declared Banco Mais insolvent.

Furthermore, the BNA is in the process of conducting an asset quality review, scheduled to be completed at the end of 2019, of the 12 largest Angolan banks. Effective recovery planning, enhanced corrective actions, and a resolution framework for weak banks are part of an amendment to the Financial Institutions Law to be adopted by the National Assembly by year-end 2019. See also "– *Banking Regulatory Authority*" below for a description of the measures taken by the BNA in respect of Banco Económico and its predecessor (*Banco Espirito Santo de Angola*) to date.

The following table sets forth the capital adequacy ratio, the asset quality profiles, and the profitability of each of the six major banks in Angola for the years ended 2014, 2015, 2016, 2017 and 2018:

	2014	2015	2016	2017	2018
Capital Adequacy Ratio					
BAI	17.4	21.9	24.9	25.2	17.0
BFA	24.0	24.3	26.8	31.6	52.3
BPC	10.1	11.3	11.3	10.3	10.1
BIC	19.1	13.3	14.3	16.0	23.1
ATL	14.1	12.8	15.2	13.2	11.0
Banco Económico[5]	5.4	5.9	6.9	11.9	17.9
Asset Quality (NPLs relative to total loans)[1]					
BAI	6.8	5.2	4.4	16.4	17.7
BFA	3.1	2.8	5.0	3.7	1.6
BPC	13.5	8.4	26.4	71.1	69.6
BIC	6.2	6.4	9.2	6.9	8.1
ATL	2.5	0.7	2.9	4.1	10.0
Banco Económico[5]	34.5	43.3	33.7	12.0	12.7
Asset Quality (NPLs relative to own funds)[2]					
BAI	14.1	19.6	12.4	39.0	47.0
BFA	5.1	5.3	7.2	3.7	1.5
BPC	122.3	62.3	148.3	446.8	602.2
BIC	5.7	21.2	32.1	22.4	18.3
ATL	11.5	3.4	15.4	18.5	52.3
Banco Económico[5]	392.5	528.5	51.8	26.2	19.0
Return on Capital (ROE)[3]					
BAI	14.4	19.1	36.5	31.8	41.5
BFA	31.3	30.9	37.9	31.1	60.8
BPC	8.6	6.1	3.4	(26.9)	(11.0)
BIC	23.2	27.6	30.9	30.1	21.7
ATL	14.9	22.9	19.1	24.3	30.8
Banco Económico[5]	145.4	(35.7)	(4.6)	7.6	33.6
Return on Assets (ROA)[4]					
BAI	1.1	1.8	4.0	4.5	3.7
BFA	3.1	3.1	4.8	4.9	10.2
BPC	0.7	0.6	0.4	(3.0)	(1.3)
BIC	2.5	2.9	3.1	3.4	3.9
ATL	1.7	2.3	2.0	2.3	2.0
Banco Económico[5]	8.7	(1.4)	(0.2)	0.8	4.9

(1) Calculated as overdue bad debt divided by total own loans.
(2) Calculated as overdue bad debt minus provision for overdue bad debt, divided by own funds.
(3) Calculated as net income divided by the average of total own funds.
(4) Calculated as net income divided by the average of total assets.
(5) Includes Banco Económico's predecessor *Banco Espirito Santo de Angola* for the periods up to August 2014.

Source: National Bank of Angola (BNA)

See "– *Banking Regulatory Authority*" below for a description of the BNA's supervisory role and certain matters relating to *Banco Espirito Santo de Angola*.

The remaining Angolan banks together account for no more than 25.6 per cent. of deposits and no more than 19.7 per cent. of the sector's aggregate loan portfolio. The Government views increased competition in the banking sector as one of its priorities for the sector. The BNA actively encourages the expansion of the banking sector's customer base into medium- to lower-income segments of Angola's population, which are currently significantly underrepresented amongst Angolan banking customers. The Government estimates that between 50.0 per cent. and 60.0 per cent. of the economically active population currently has access to a bank account.

In addition to stakes in two commercial banks, Angola owns the entire share capital of a development bank, *Banco de Desenvolvimento de Angola* ("**BDA**"). BDA was previously funded through the allocation by the Government of 5 per cent. of oil and 2 per cent. of diamond revenues, which BDA uses to subsidize lending to the private sector. On 8 September 2014, Presidential Decree No. 241/14 was approved and the obligation to transfer a percentage of oil and diamond revenues was terminated.

The Stability of the banking system is monitored by the BNA's Stability Committee. Although non-performing loans for the industry as a whole made up approximately 28.8 per cent. of all loans in Angola in December 2018, the banking sector was considered to be stable by the BNA's Stability Committee. The BNA's Stability Committee considers that Angola's banking sector is well-equipped to handle the current economic situation in Angola, including the recent fall in the oil price. While the current situation is similar in nature to that experienced by Angola in 2009, the Angolan banking sector is considered more resilient than in 2009 mainly due to the de-dollarization of the Angolan economy that has taken place since 2009, which has resulted from, among other things, the introduction of legislation allowing borrowers to repay U.S. dollar-denominated loans in Kwanza, and the fact that loans to consumers may no longer be made in U.S. dollars.

Deposit taking

As at 31 December 2018, total deposits exceeded AOA 9,400 billion (U.S.$30.5 billion), up from AOA 7,286.6 billion (U.S.$43.9 billion) as at 31 December 2018. This increase in the Kwanza value of total deposits was mainly a result of the depreciation of the Kwanza. While deposits have steadily increased between 2013 and 2016, total deposits decreased in 2017 mainly as a result of a decrease in transferable deposits driven by the reduction of private sector deposits. Bank deposits continue to represent a relatively small but growing portion of Angola's GDP as compared to more developed economies: 41.0 per cent. of GDP in 2014, 46.0 per cent. of GDP in 2015, 38.9 per cent. of GDP in 2016, 35.1 per cent. of GDP in 2017 and 34.6 per cent. of GDP in 2018. The corporate segment dominates the deposit activities in Angola's banks, representing 55.2 per cent. of total deposits compared to 28.3 per cent. of deposits that were made by individuals. Angolan banks are able to take foreign deposits, which amounted as at 31 December 2018 to approximately 46.0 per cent. of the total amount of deposits.

Lending

The lending segment of Angola's banking sector has grown moderately over the last few years and remains rather limited as compared to more developed economies. The Angolan banking sector had AOA 4,158.8 billion (U.S.$13.5 billion) of loans outstanding as at 31 December 2018, compared to AOA 3,449.9billion (U.S.$20.8 billion) on 31 December 2017, AOA 3,385 billion (U.S.$20.4 billion) on 31 December 2016, AOA 3,469.4 billion (U.S.$25.6 billion) as at 31 December 2015 and AOA 2,946.7 billion (U.S.$28.7 billion) as at 31 December 2014. The loan to deposit ratio of Angolan banks has improved in recent years, amounting to 44.2 per cent. in 2018, 56.6 per cent. in 2017, compared to 55.2 per cent. of deposits in 2016, 65.2 per cent. of deposits in 2015 and 61.9 per cent. of deposits in 2014. The corporate segment dominates lending activities, representing 74.4 per cent. of total loans compared to 14.1 per cent. for the retail segment. Oil and gas companies which dominate Angola's economic sectors, finance their operations outside of Angola and their contribution to the expansion of Angola's banking sector is therefore limited. In 2018, loans to local businesses amounted to 11.4 per cent. of GDP and the share of loans to individuals was 2.2 per cent. of GDP.

The expansion of Angola's bank lending in the retail segment has historically been hindered by the lack of a reliable and centralised credit reference system. In 2010 the Government established a central credit reference agency, which was fully operational by 2011, to resolve this issue. A limitation on the expansion of retail lending is that a majority of potential borrowers only have limited assets that are acceptable to banks as collateral. Lending is mostly asset-based with a small mortgage market in part due to the lack of a reliable system for the registration of property rights.

In December 2018, the rate of non-performing loans in Angola was 28.3. per cent. compared to 11.0 per cent. in December 2014.

Income-generating banking activities

In 2018, fee and commission income accounted for 12.1 per cent. of the total bank income and net interest income of 28.0 per cent. The average interest rate payable on treasury bills was 16.6 per cent, on Non-adjustable Government Bonds *(Obrigações do Tesouro não reajustáveis)* was 22.8 per cent, on the foreign currency indexed Government bonds was 6.2 per cent and on the Government Bonds indexed to treasury bills was 20.4 per cent. The average interest rate on corporate loans was 19.9 per cent. in domestic currency and 9.1 per cent. in foreign currency. Average rates of interest payable on retail and corporate deposits were 4.5 per cent.. in domestic currency and 0.9 per cent. in foreign currency, thus the net interest income was driven by banks investing low rate deposits in risk-free Government securities and relatively low risk corporate loans. Fee and commission income was mainly driven by income from foreign exchange transactions and fees on lending activities.

Government main strategies for the development of the banking sector

The Government's current priorities in the banking sector are the improvement of competition in the sector, making banking products and services more accessible to a wider proportion of Angola's population, increasing the lending segment of the banking sector and improving the regulatory framework for the banking sector.

The Government considers making financial products and services more accessible to a wider proportion of Angola's population to be important for the overall growth and development of the economy as well as an important strategy for addressing the social imbalances in Angolan society. To achieve this, the Government encourages those new entrants into the banking market which are capable of offering suitable financial products and services to a wider population, particularly those on medium- to lower-incomes, such as, among other things, microfinance loans.

The Government's principal measures which are aimed at the expansion of the lending sector include introducing legislation establishing a unified property register which is expected to encourage a greater use of secured lending and decreasing the cost of borrowing through the improvement of competition in the banking sector.

The Government continues to work on the further improvement of banking laws and regulations. Further regulatory changes are being prepared by the Government aimed at improving corporate governance in banks, developing consumer protection regulations applicable specifically to the banking sector, establishing stronger rules towards lending in foreign currency, better regulation of electronic banking and the regulation of financial leasing activities which would enable companies not registered as banks to offer financial leasing services.

In 2016, the Government established the "Angola Invests Programme", a state programme aimed at supporting and financing investment projects for micro, small and medium enterprises, operated by national commercial banks and coordinated by the Ministry of Economy and Planning, with the partnership of the Credit Guarantee Fund. Financing granted under the programme is aimed at investment in tangible fixed assets and/or working capital. Priority sectors include agriculture, livestock, fishers, construction materials, manufacturing, geology and mining, and support services to the productive sector. Projects/companies are required to be (i) a customer of an Angolan commercial bank, (ii) an individual

entrepreneur or company incorporated under Angolan law with Angolan capital of more than 75%, (iii) certified by the National institute of Support to Micro, Small and Medium Enterprises), (iv) working in one of the above identified sectors, (v) in compliance with tax administration and social security requirements, (vi) committed to ensuring compliance with the financial programme and stated purpose of application / funding, and (vii) balanced economically and financially (in case of companies already in operation).

In 2016, the Government established a recovery programme (the "**Crisis Recovery Programme**") intended to stabilise the financial system pursuant to which, amongst others, the BNA:

- fixed the exchange rate at AOA 166 per U.S. dollar in April 2016 and maintained the fixed rate until December 2017 in order to stabilise the exchange rate of the Kwanza;
- identified measures to address anti-money laundering, corporate governance and compliance challenges of the banking sector and as a result has decided to conduct a national risk assessment. In 2017, the Government started a national risk assessment with assistance from the Word Bank to assess the weaknesses and identify areas for improvement of the anti-money laundering regime across sectors of the Angolan economy. The national risk assessment is expected to be completed in 2018; and
- implemented the capital adequacy ratio requirements of Basel II in December 2017 and expects to complete implementing the liquidity ratio requirements of Basel III by the end of 2019.

Furthermore, the BNA is in the process of conducting an asset quality review, scheduled to be completed at the end of 2019, of the 12 largest Angolan banks.

Banking Regulatory Authority

The BNA acts as the supervisory authority in the banking sector. Since the end of the Civil War, Angola has taken significant steps to improve its banking regulations to bring them in line with internationally acceptable practices of banking regulation and supervision. Angola enacted several important pieces of banking legislation and has introduced regulations based on the provisions of Basel II. Angola has adopted internal controls and corporate governance regulations relating to the market discipline provisions of Basel III and is currently regulating for risk management, also based on the provisions of Basel III. Angola also enacted new accounting standards for banks which came into force from 2010 and which, in general, comply with the International Financial Reporting Standards. The BNA has implemented a project to adopt the International Standards for Auditing and Accounting in the Angolan accounting profession. By the end of 2017 all 29 banks then operating in Angola adopted the International Financial Reporting Standards.

The current minimum capital adequacy requirement is 10.0 per cent. and the actual current capital adequacy ratio maintained by the banking system as a whole is in excess of 18.0 per cent.

Banks are required to monitor their liquidity on a daily basis and are not permitted to have liquidity gaps in excess of 90 days. The BNA has adopted on 30 August 2016 a regulation relating to liquidity risk that is in line with the recommendations in Basel III and which will introduce, over a period of 36 months, the requirement to comply with liquidity coverage ratios and, over a period of 48 months, the requirement to comply with net stable funding ratios.

There is also a requirement to have a minimum of 21 per cent. of the bank's deposits held as cash with the BNA as a minimum reserve requirement.

Pursuant to Article 65 of Law No. 12/2015 of 17 June 2015 ("**Financial Institutions Base Law**"), it is the responsibility of the BNA to undertake supervision of banking financial institutions based in Angola, as well as supervision of branches and representative offices in Angola of financial institutions headquartered abroad (which are subject to the same legal regime as Angolan banks). Pursuant to Article 94 of the Financial Institutions Base Law, the BNA:

- monitors the activities of financial institutions under its supervision and carries out risk assessments to ensure the adequacy of capital to support such risks;
- ensures the observance of governance standards applicable to Angola's financial institutions;
- issues recommendations and guidelines to remedy irregularities, to control and manage deficiencies and to detect capital insufficiency;
- imposes intervention and remediation measures; and
- imposes sanctions for infringements.

In the period 2011 through 2014, due to liquidity issues experienced at *Banco Espirito Santo de Angola* (the predecessor to Banco Econónico), the BNA conducted several inspections. The BNA's 2014 inspection of *Banco Espirito Santo de Angola* in the first quarter of 2014 identified several irregularities, including a significant level of overdue debt and lack of provisioning for such overdue debt, such that *Banco Espirito Santo de Angola*'s regulatory capital ratio was inadequate and deteriorating. In August 2014 the BNA announced the adoption of extraordinary remediation measures for *Banco Espirito Santo de Angola*, with the appointment of interim administrators for *Banco Espirito Santo de Angola*.

Based on a report prepared by the interim administrators of *Banco Espirito Santo de Angola* that highlighted significant losses in *Banco Espirito Santo de Angola*'s loan portfolio and other assets, as well as inadequate provisioning therefor, the BNA took measures to require *Banco Espirito Santo de Angola* to:

- accurately record its credit operations,
- more appropriately provide for overdue debt,
- implement a recovery and remediation plan,
- implement an adjustment of capital to strengthen the provisions of Banco Espirito Santo de Angola's loan portfolio;
- establish provisions on Banco Espirito Santo de Angola's property portfolio;
- require Banco Espirito Santo de Angola to recognise as a total loss the capitalised amounts associated with investment projects that had been discontinued;
- implement a further capital increase through conversion of senior interbank lending of BES, followed by a reduction in equity of shareholders due to full absorption of accumulated losses;
- implement a further capital increase in cash from shareholders and other entities invited and accepted by the BNA; and
- sell subordinated instruments (maturing in December 2015) in the market to ensure the maintenance of regulatory ratios.

The BNA is committed to strengthening its oversight of the financial sector, including its risk-based bank supervision, with prudential rules that appropriately reflect the balance sheet risks of foreign currency lending. The Government continues to expand its on-site and off-site supervision activities; to regularly discuss balance sheet developments and contingency plans with bank managers, including the impact of exchange rate changes that have already taken place on bank books; and to review the implementation of Angola's banking resolution framework.

The Government is considering amending the Law of Financial Institutions in order to facilitate the issuance of regulations in respect of the operation of financial institutions.

Financing of the BNA

The BNA, as a public entity, can raise debt and as at 31 December 2018, the total amount of debt outstanding by the BNA was U.S.$0.1 billion. The debt of the BNA is not reflected in Angola's public debt figures.

Angolan Stock Exchange

In 2005, the Government establish a regulator to oversee the development of Angola's capital markets, the *Comissão de Mercado de* Capitais ("**CMC**"). In March 2014, the Angolan stock exchange, or "*Bolsa de Dívida e Valores de Angola*" ("**BODIVA**"), was established. BODIVA has a management board which is responsible for ensuring the transparency, efficiency and security of transactions, encouraging the participation of small investors and competition between operators.

While BODIVA's equity market is yet to commence operations, the physical infrastructure for the Angolan Stock Exchange, including the building and equipment, is in existence and capable of being operational within a short time. Furthermore, the Angolan Stock Exchange's staff has undergone extensive training by the Canadian firm, the Development Partnership, and is involved in simulation trades. BODIVA began trading government bonds in May 2015. The Government is embarking on a privatisation programme of up to 32 state-owned enterprises, including the national airline (TAAG), Angola Telecom and the national diamond company (Endima), in order to raise cash, drive efficiency, support the broader economic strategy and encourage private investment into the Angolan economy. The current intention is for a portion of the shares of the relevant state-owned enterprises to be listed on the BODIVA. However, as at the date of this Base Prospectus, equity securities cannot be traded on the BODIVA and the BODIVA is only expected to have the full exchange commencing operations by the end of 2020 and the trading of futures to commence in 2022.

On 19 December 2014, BODIVA launched two secondary public debt trading markets: the *Mercado de Registo de Títulos de Tesouro* (the treasury securities registration market, or "**MRTT**") and the *Mercado por Grosso de Títulos do Tesouro* (the wholesale treasury securities market, or "**MGTT**"). The MGTT is designed for trading among specialists (for their own account or on behalf of clients) such as banks, brokers and dealers. The MRTT is designed to record over the counter transactions that have previously been agreed between market participants, thus providing information about asset values to the market. It enables individuals and institutional investors to operate in the regulated market with the registration of purchase and sale of Treasury securities, which were previously entirely private transactions.

In 2016, BODIVA launched the *Mercado de Bolsa de Títulos do Tesouro* (treasury stock market, or "**MBTT**"). Trading volumes on the MBTT in 2018 were equivalent to approximately U.S.$3.1 billion. There are currently 22 market participants trading on the MBTT.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Information in this section has been derived from the Clearing Systems.

BOOK-ENTRY SYSTEMS

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "**banking organisation** within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants"**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants** and, together with Direct Participants, "**Participants**). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under *"Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Notes from DTC as described below.

None of the Issuer, the Fiscal Agent, the FX Agent or any other Paying Agent, Transfer Agent or Registrar will have any responsibility for the performance by DTC or its Participants of its obligations under the rules and procedures governing their operations.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

None of the Issuer, the Fiscal Agent, the FX Agent or any other Paying Agent, Transfer Agent or Registrar will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or their respective Participants of their respective obligations under the rules and procedures governing their operations.

BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Note accepted in its book-entry settlement system. Upon the issue of any such Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the FX Agent on behalf of DTC or its nominee and the FX Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Note in the currency in

which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Fiscal Agent, the FX Agent, any Registrar or the Issuer. None of the Issuer, the Fiscal Agent, the FX Agent or any other Paying Agent, Transfer Agent or Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

TRANSFERS OF NOTES REPRESENTED BY GLOBAL NOTES

Transfers of any interests in Notes represented by a Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Notes described under "*Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrars, the Transfer Agents and any custodian ("**Custodian**") with whom the relevant Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Notes will be effected through the Registrars, the Transfer Agents and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Notes among participants and

accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their direct or indirect participants or accountholders of their obligations under the rules and procedures governing their operations nor will the Issuer, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The Republic of Angola

The "*Imposto sobre a aplicação de capitais*" or "Capital Investment Tax" applies to income resulting from the application of capital, including (inter alia) payments of interest, redemption premiums or repayment premiums and to other forms of remuneration of bonds, participation titles or other similar titles issued by any company at the following rates (articles 27.2, 27.3 and 29 of the Angolan Investment Income Tax – Presidential Legislative Decree No. 2/14 of 20 October 2014):

(a) a 10 per cent. withholding tax over interest / redemption premiums or repayment premiums and to certain other forms of remuneration of bonds; or

(b) a 5 per cent. withholding tax in respect of (*inter alia*) the same type of interest, redemption premiums or repayment premiums and to certain other forms of remuneration of bonds, provided that these bonds are traded or admitted to negotiation on regulated markets and its issue has a maturity date equal to or exceeding three years.

Accordingly, payments of interest redemption premiums and repayment premiums under the Notes are, pursuant to applicable legislation, subject to a 5 per cent. withholding tax, in respect of which Angola will have a gross-up obligation pursuant to the Condition 8 of the Notes. Pursuant to Condition 8, all payments of principal and interest in respect of the Notes must be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Angola or any regional or local subdivision or any authority thereof or therein having power to tax (together "**Taxes**"), unless such withholding or deduction is required by law. In that event, and subject to certain exceptions, Angola must pay such additional amounts as will result in the receipt by the holders of Notes of such amounts as would have been received by them had no such withholding or deduction been required. See "*– Terms and Conditions of the Notes – Taxation*".

Article 6 of Legislative Presidential Decree No. 3/14, of 21 October 2014 – Amendment and Republication of the Stamp Duty Code provides that the Republic is exempt from paying stamp duty.

U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder, and, to the extent described below, a non-U.S. Holder (each as defined below). This summary deals only with purchasers of Notes that are U.S. Holders or non-U.S. Holders, acquire such Notes for cash at their initial issuance and at their issue price (as defined below), and will hold the Notes as capital assets (generally, property held for investment).

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. Dollar and (x) U.S. expatriates and former long-term residents of the United States) all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, Medicare contribution tax on net investment income considerations, non-U.S., state or local tax considerations, or the application of special tax

accounting rules as a result of any item of gross income with respect to the Notes being taken into account on an applicable financial statement.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organised in or under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that is otherwise treated as a United States person. A "**Non-U.S. Holder**" is a beneficial owner of Notes that is neither a U.S. Holder nor a partnership.

If a partnership (including any entity or arrangement, domestic or foreign, treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of the Notes, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, (the "**IRC**"), its legislative history, existing and proposed regulations promulgated thereunder, rulings published by the U.S. Internal Revenue Service (the "**IRS**") and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the acquisition, ownership or disposition of the Notes or that any such position would not be sustained.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW.

The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the applicable Final Terms. The IRS is not bound by the Issuer's characterisation of the Notes and could seek to recharacterise them. Any such recharacterisation could materially affect the timing or character of the income required to be recognised by U.S. Holders for U.S. federal income tax purposes. Prospective investors are urged to consult with their tax advisers as to the likelihood and likely effect of any such recharacterisation. The remainder of this summary assumes that the Notes discussed herein are properly characterised as indebtedness for U.S. federal income tax purposes.

This summary should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable Final Terms. To the extent there is any inconsistency in the discussion of U.S. tax consequences to holders between this Base Prospectus and the applicable Final Terms, holders should rely on the tax consequences described in the applicable Final Terms instead of this Base Prospectus.

U.S. Holders

Book Tax Conformity Rule

U.S. Holders that use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on an "applicable financial statement". The application of this rules may require U.S. Holders that maintain such financial statements to include certain amounts realised in respect of the Notes in income earlier than would otherwise be the case under the rules described below. Recently released proposed regulations which are not yet in effect but upon which taxpayers may rely, generally would exclude, among other items, original issue discount and market discount (in either case, whether or not *de minimis)* from the applicability of this rules. U.S. Holders should consult their tax advisors regarding the potential application of this rule

(and the exceptions thereto) to their particular situation, including with respect to the acquisition, ownership, disposition and retirement of a Note.

Payment of Interest

General

Interest on a Note held by a U.S. Holder, including the payment of any additional amounts whether payable in U.S. dollars or a currency other than U.S. dollars ("**foreign currency**" interest on a "**Foreign Currency Note**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount — General*"), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "*Original Issue Discount — General*") and payments of any additional amounts generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Notes (if applicable).

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences to a U.S. Holder of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as "contingent payment debt instruments" for U.S. federal income tax purposes. In the event that the Issuer issues contingent payment debt instruments, the applicable Final Terms will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" (as defined below) over its issue price is equal to or greater than a *de minimis* amount (0.25 per cent of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") generally will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the "**issue price**" of a Note under the applicable Final Terms will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The "**stated redemption price**" at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A "**qualified stated interest**" payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than in debt instruments of the Issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or in the circumstances described below under "— *Variable Interest Rate Notes*", a single "qualified floating rate" or a single "objective rate", applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. Holder makes the election described below under " — *Election to Treat All Interest as Original Issue*

Discount". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note for a taxable year is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Notes as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "**adjusted issue**" price of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "— *Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under "— *General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "*Original Issue Discount — Notes Purchased at a Premium*") or acquisition premium. If a U.S. Holder makes this election for the Note, then, when the constant yield method is applied, the issue price of the Note will equal the U.S. Holder's adjusted basis immediately after its acquisition of the Note, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service (the "**IRS**"). However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed below under "— *Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, (c) it provides that a qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first rate day on which the value is in effect and no later than one year following that first day) and (d) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "**objective rate**" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term.

A "**qualified inverse floating rate**" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or other restrictions that are fixed throughout the term of the Variable Interest Rate Debt Note or are not reasonably expected to significantly affect the yield on the Variable Interest Rate Debt Note). Generally, if a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt instrument. A contingent payment debt instrument is any class of Notes which provide for one or more payments, either of interest or principal, that are contingent (usually as to timing of payment or amount of payment). The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt may be more fully described in the applicable Final Terms.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (or a constant yield basis if an election is made to accrue the OID under the constant yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A Note, other than a Short-Term Note, that is not acquired at its original issue generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's revised issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes *de minimis* market discount. For this purpose, the revised issue price of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the

Note's yield to maturity) to that year. Special rules apply for determining the amortization of bond premium on Notes that are classified as "variable rate debt instruments," Notes that provide for certain alternative payment schedules and Notes that provide for certain contingencies. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount — Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently may recognise a capital loss when the Note matures.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments to the U.S. Holder that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Note. Except to the extent described above under "*Original Issue Discount — Market Discount*" or "*Original Issue Discount — Short-Term Notes*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Taxable Exchange upon Replacement of LIBOR

In July 2017, the U.K. Financial Conduct Authority announced that all currency and term variants of LIBOR may be phased out by the end of 2021. Since amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR or EURIBOR, as specified in the applicable Final Terms, the phase out of LIBOR may impact U.S. Holders of the Notes. The replacement of the LIBOR or EURIBOR rate with another rate creates the risk that a U.S. Holder may realise gain upon a deemed exchange of a Note (see discussion above under "*Sale or Other Disposition of Notes*"). That would occur if the change in rate, along with any adjustments made to the terms of the Notes to account for the change in rate, were considered a significant modification for U.S. federal income tax purposes. The rate that replaces the LIBOR or EURIBOR rate may include adjustments to the spread above the base reference rate in order to account for the expected differences between the two base reference rates (generally representing term premium and credit risk) and/or a one time, lump-sum payment in lieu of a spread adjustment.

The Treasury Department recently released proposed regulations that address the tax implications of the elimination of LIBOR and other interbank offered rates (IBORs) in debt instruments and non-debt contracts and the replacement of such rates with a "qualified rate." The proposed regulations provide that altering the terms of a debt instrument to replace a rate referencing an IBOR with a "qualified rate" is not treated as a modification and therefore does not result in a deemed exchange of the debt instrument if certain conditions are met. The same rule applies to "associated alterations," which are alterations that are both associated with the replacement of the IBOR-referencing rate and reasonably necessary to adopt or implement that replacement. An associated alteration may include the addition of a one-time payment in connection with a replacement of the IBOR-referencing rate with a qualified rate to offset the change in value of the debt instrument that results from the replacement. The proposed regulations list what constitutes a "qualified rate." A "qualified rate" includes a qualified floating rate (see discussion above under "*Original Issue Discount — Variable Interest Rate Notes- Qualified Floating Rate")* or a multiple

thereof, rates selected, endorsed or recommended by a central bank, reserve bank, monetary authority or similar institution as a replacement for an IBOR and certain other rates. The qualified rate must be denominated in the same currency as the IBOR rate that it replaces. However, a rate will not be considered a qualified rate if the fair market value of the debt instrument after the relevant alteration or modification is not substantially equivalent to the fair market value of the debt instrument before the alteration or modification. The fair market value of a debt instrument may be determined by any reasonable valuation method, as long as that reasonable valuation method is applied consistently and takes into account any one-time payment made in lieu of a spread adjustment. The proposed regulations provide two safe harbors and reserve the authority to provide additional safe harbors that a U.S. Holder may rely on to show the modified debt instrument is substantially equivalent to the former debt instrument.

If an alteration or modification to a debt instrument is not given special treatment under the proposed regulations, the existing U.S. federal income tax rules will apply in determining whether the alteration or modification results in a taxable exchange for U.S. federal income tax purposes.

The proposed regulations apply to alterations and modifications made to a debt instrument on or after the date such regulations are adopted as final regulations. However, a U.S. Holder may choose to apply them to alterations and modifications that occur before that date, provided the U.S. Holder and its related parties consistently apply the rules before that date. U.S. Holders should consult with their tax advisors regarding the tax consequences of the elimination or LIBOR, EURIBOR and other IBOR rates and the application of the proposed regulations to their particular situation, including with respect to the acquisition, ownership, disposition and retirement of a Note.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to a Foreign Currency Note in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "*Foreign Currency Notes — Interest*". Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of the Note), a U.S. Holder may recognise exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount of offset multiplied by the difference between the spot rate in effect on that date, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account will recognise a capital loss when the Note matures.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and its tax basis in the Note. The amount realised on a sale or other disposition for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or other disposition of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or other disposition, or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S.

Holder that so elects), on the settlement date for the sale and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or other disposition.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Disclosure Requirements

U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions ("**Reportable Transactions**") could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury regulations, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the Treasury regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders, and to disclose its investment by filing IRS Form 8886 with the IRS. A penalty in the amount of up to a maximum of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Foreign Financial Asset Reporting

Certain U.S. Holders that own "specified foreign financial assets" that meet certain U.S. Dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. A "specified foreign financial asset" includes any depositary or custodial accounts at foreign financial institutions, non-publicly traded debt or equity interest in a foreign financial institution, and, to the extent not held in an account at a financial institution, (i) stocks or securities issued by non-U.S. persons, (ii) any financial instrument or contract held for investment that has an issuer or counterparty which is not a U.S. person, and (iii) any interest in a non-U.S. entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Notes.

Non-U.S. Holders

Subject to the discussion below under "*Backup Withholding and Information Reporting*", a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S. (and, if a treaty applies, such payment is attributable to the conduct of a trade or business through a permanent establishment or fixed base in the United States); or (ii) in the case of any gain realised on the sale or other disposition of a Note by an individual Non-U.S. Holder, that Holder is present in the U.S. for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met.

Backup Withholding and Information Reporting

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, Notes, payable to a U.S. Holder by a U.S. or certain U.S.-related paying agents or intermediaries will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments (including payments of OID) if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, *provided that* the required information is timely furnished to the IRS in the manner required. Certain holders (including, among others, corporations) are not subject to information reporting or backup withholding.

U.S. Holders and Non-U.S. Holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Arranger and the Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**) dated 15 November 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Arranger and the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Arranger and the Dealers against certain liabilities incurred by them in connection therewith.

In connection with any offering of Notes, one or more Dealer(s) might purchase and sell Notes in the secondary market. These transactions might include overallotment, syndicate covering transactions and stabilisation transactions. Overallotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Dealer(s) in an offering, which creates a short position for the applicable Dealer(s). Covering transactions involve the purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilisation transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of an investment in the Notes while the offering is in progress. Any of these activities might have the effect of preventing or retarding a decline in the market price of an investment in the Notes. They might also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The applicable Dealer(s) might conduct these transactions in the over-the-counter market or otherwise. If a Dealer commences any of these transactions, it might discontinue them at any time. Under English law, stabilisation activities may only be carried on by the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

All or certain of the Dealers, the Arranger and their respective affiliates are full service financial institutions engaged in various activities, which might include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealers, the Arranger or their respective affiliates might have performed investment banking and advisory services for the Issuer and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Dealers, the Arranger or their respective affiliates might, from time to time, engage in transactions with and perform advisory and other services for the Issuer and its affiliates in the ordinary course of their business. Certain of the Dealers, the Arranger and/or their respective affiliates have acted and expect in the future to act as a lender to the Issuer and/or otherwise participate in transactions with the Issuer.

In the ordinary course of their various business activities, the Dealers, the Arranger and their respective affiliates might make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and might at any time hold long and short positions in such securities and instruments. Such investment and securities activities might involve securities and instruments of the Issuer. In addition, certain of the Dealers, the Arranger and/or their respective affiliates hedge their credit exposure to the Issuer pursuant to their customary risk management policies. These hedging activities might have an adverse effect on the future trading prices of an investment in the Notes.

The Dealers, the Arranger and their respective affiliates might also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and might hold, or recommend to clients that they acquire, long and/or short positions in such securities or instruments.

TRANSFER AND SELLING RESTRICTIONS

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Notes (other than a person purchasing an interest in a Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: it, and any account on whose behalf it is acting, is (a) a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) outside the United States;

(b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, accordingly, the Notes may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(c) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(d) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the restrictions referred to in paragraph (c) above, if then applicable;

(e) it understands that before any interest in Notes represented by a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide to each of the Issuer, the Transfer Agents and the Registrars a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;

(f) that Notes initially offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and that Notes offered and sold outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(g) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer, subject as provided in Condition 2.5:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("**QIB**"), PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(a) that the Notes which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, (DTC), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN

THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.";

(b) if it is outside the United States, that if it should resell or otherwise transfer the Notes it will do so only in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT."; and

(c) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Manager or, as the case may be, the relevant Dealer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act.

The Notes are being offered and sold outside the U.S. in accordance with Regulation S. Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

An offer or sale of any Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Angola

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offers or sales of any Notes will be made in Angola except in compliance with applicable rules and regulations.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in section 2(1) of the SFA) or securities–based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described)

in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

People's Republic of China

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered, sold or delivered or will offer, sell or deliver any of the Notes (or beneficial interests therein) to any person for reoffering or resale, or redelivery, in any such case, directly or indirectly, in the PRC (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) in contravention of any applicable laws.

Hong Kong

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (or beneficial interests therein) other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO or (ii) in other circumstances that do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or that do not constitute an offer to the public within the meaning of the C(WUMP)O, and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes (or beneficial interests therein) that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and the issue of Notes thereunder prior to the date of this Base Prospectus.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or about 15 November 2019.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the specified office of the Paying Agents for the time being in London:

(a) the budget for the current fiscal year;

(b) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes and the Notes in definitive form;

(c) a copy of this Base Prospectus; and

(d) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any documents incorporated therein by reference.

The Base Prospectus, any supplements thereto and any Final Terms will also be available on the website of the Ministry of Finance: www.minfin.gov.ao.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant Change

Other than disclosed in this Base Prospectus, there has been no significant change in relation to the Issuer's public finances, balance of payments and trade, respectively, since 31 December 2018.

Litigation

The Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have had in such period, a significant effect on the financial position of the Issuer.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates from time to time have performed, and in the future will perform, banking, investment banking, advisory, consulting and other financial services for the Issuer and its affiliates, for which they may receive customary advisory and transaction fees and expenses reimbursement.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes). Certain of the Dealers or their affiliates that have a lending relationship with the Issuer may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Such Dealers and their affiliates may hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities (potentially including any Notes issued under the Programme). Any such short positions could adversely affect future trading prices of Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

THE ISSUER

The Republic of Angola
Ministry of Finance Building
Largo da Mutamba
Luanda
Republic of Angola

THE ARRANGER

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

DEALERS

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

Standard Chartered Bank
1 Basinghall Avenue
London EC2V 5DD
United Kingdom

FISCAL AGENT AND FX AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR, PAYING AGENT AND TRANSFER AGENT

Deutsche Bank Trust Company Americas
Trust and Agency Services
60 Wall Street, 24th Floor
New York, NY 10005

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS

To the Issuer as to English and U.S. law

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ
United Kingdom

To the Issuer as to Angolan law

Lead Advogados
Rua do Dubai, Via AL 15, R/C
Talatona, Luanda
Republic of Angola

To the Dealers as to English and U.S. law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

To the Dealers as to Angolan law

AVM Advogados
Largo 17 de Setembro, nº 3 3.º andar
Edifício Presidente Business Center
Luanda
Republic of Angola