

2014

ANNUAL REPORT



BancoBIC

Together we grow



BANCO BIC S.A.

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00.

- ▶ CHAIRMAN'S STATEMENT
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00.1 CHAIRMAN’S STATEMENT

To the shareholders,

According to the most recent data published by the Ministry of Planning, the Angolan economy grew by approximately 4.4% in 2014. And, although this represents a slowdown compared to the levels of growth of the last few years, Angola remained among the countries with strongest GDP growth indicators at a worldwide level.

Inflation maintained its trend of stability, standing at 7.44% (7.69% in 2013), for which the monetary and foreign exchange policy recommended by Banco Nacional de Angola (BNA) was fundamental and, albeit in a more volatile economic context, enabled the Kwanza to depreciate by only 5.3% in relation to the United States Dollar.

Net International Reserves, although having decreased in relation to previous years, standing at close to USD 26 billion as at 31 December 2014, showed levels equivalent to approximately seven months of imports, according to BNA data.

The Angolan financial system maintained the growth levels of the last few years, preserving its crucial role in the good macro-economic performance that Angola has recorded. The consolidated assets of the Angolan financial system grew at approximately 8.31% in relation to 2013 and the key indicators, such as deposits and credit to the economy, showed growth rates of 9.23% and 9.55%, respectively.

Our policy of support to credit has been upheld, where loans have progressively grown in a sustained manner compatible with risk, with the Bank holding a portfolio of granted loans of USD 6,898 million as at 31 December 2014, thus obtaining a market share of 14% of the total credit granted to the economy (13% in 2013).

With the setbacks in oil production, which occurred in the first half of 2014, Banco Nacional de Angola slightly reduced the volume of foreign currency sales during 2014, relative to 2013. Thus, in 2013, while these sales had reached USD 19,281.8 million, this was lowered by 0.6% to a total of USD 19,174.5 million

in 2014. Banco BIC, as in previous years, maintained its focus on this segment, remaining as a reference of national importers.

The policy of growth defined for the Bank implied substantial investments in infrastructures, information technologies and in its human capital, essential pillars for the banking sector.

In 2014, Banco BIC strengthened its branch network, with the opening of a further 17 branches, amounting to a total of 219 branches spread over the entire national territory, enabling the attendance of a diversified customer base, with creation of value, and continuing its policy of expansion which has enabled the further reinforcement of our position as the private bank with the largest retail network of Angola.

In this same perspective, our staff numbers increased by 12% relative to 2013, to stand at a total of 2,097 employees, in view of the needs and requirements of the market.

Even in a scenario of higher volatility, the excellence of the service provided to our customers, through the dedication of our employees, combined with the rigorous monitoring of the earnings from financial brokerage, structural costs and all the risks associated to banking activity, led to the achievement of very positive results, in particular the net income of USD 200 million and equity of USD 885 million.

The financial solidity that we have achieved and our positioning in the Angolan financial sector, throughout over nine years of excellence, enabled us to reach 32nd place in the ranking of the 100 largest African Banks, according to the magazine *The Banker*.

In order to strengthen our strategic positioning, in addition to our existing partnerships with Banco BIC Português and BIC IFI in Cape Verde, a licensing process of a Bank in Brazil is currently underway, we have opened a representation office in Johannesburg (South Africa) and have received authorisation to open a Commercial Bank in Namibia.

Apart from its banking activity, the BIC brand name expanded to the insurance business, in October 2014, with BIC Seguros, S.A. and we expect to launch a holding company during 2015.

For 2015, the heavy reduction of the price of oil in international markets has ushered in new challenges to the Angolan economy, in this way reinforcing the need for diversification, namely through lower dependence on the oil sector.

At Banco BIC, we see this challenge as an incentive to focus on other sectors which should increasingly strengthen their contribution to the growth of the Angolan economy. We perceive this challenge as an opportunity and are naturally willing to support these investments in Agriculture, Animal Husbandry, Agro-Industry and other sectors which may be deemed as fundamental and able to create added value for Angola.

Although operating under circumstances of greater volatility, we maintain our optimism about the Angolan economy and, since it is our ultimate desire to continue to grow, it is with this spirit that we face 2015, continuously supporting our customers who, as at 31 December 2014, reached the total number of 1,086,448.

A word of strong acknowledgement of the dedication and quality of our employees who, through their contribution, have enabled Banco BIC to continue to grow, day after day, among our customers and partners.

Finally, a note of gratitude for the trust and support of our shareholders, our customers, as well as all of our other partners who, with their support, have strengthened the Bank’s growth which, in all certainty, will not stop here.

The Chairman of the Board of Directors



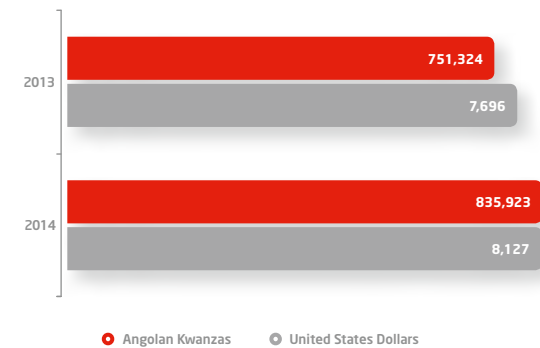
Fernando Mendes Teles



00.2 KEY BUSINESS INDICATORS

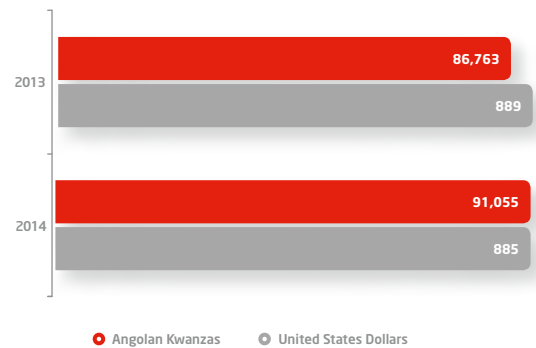
► Total Net Assets

(in million)

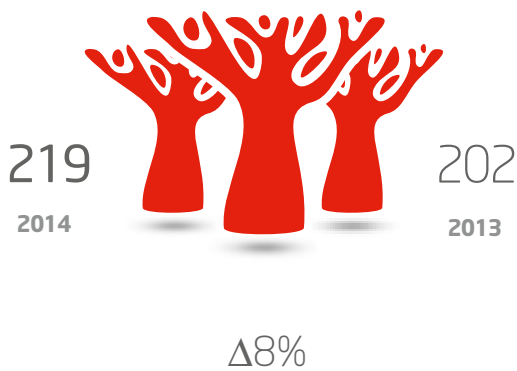


► Net Position

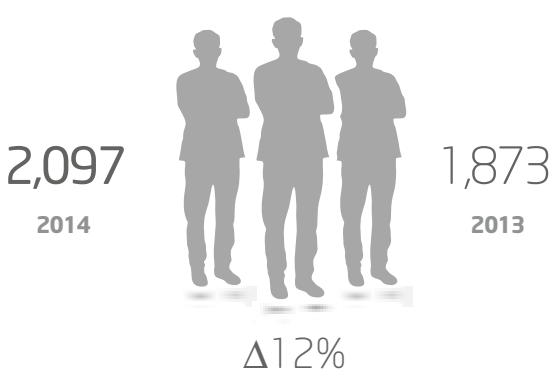
(in million)



► Branches



► Employees

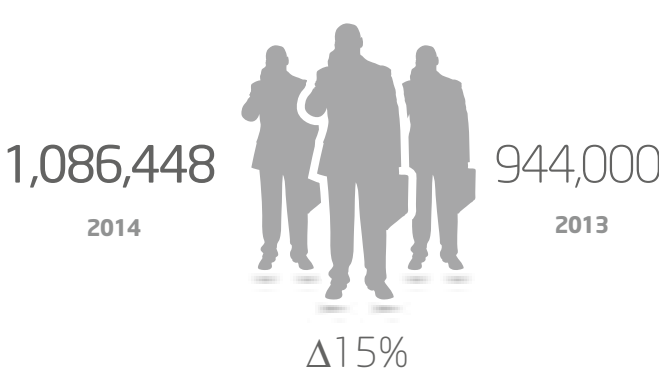


► Key Business Indicators

	AKZ			USD		
	2014	2013	VAR %	2014	2013	VAR %
Total net assets	835,923	751,324	11%	8,127	7,696	6%
Turnover	1,394,272	1,200,105	16%	13,554	12,294	10%
Credit to the economy	709,600	585,279	21%	6,898	5,996	15%
> Credit to customers	278,800	223,214	25%	2,710	2,287	18%
> Loans to the State	366,428	315,167	16%	3,562	3,229	10%
> Off-balance sheet items	64,372	46,898	37%	626	480	30%
Customers funds	684,672	614,826	11%	6,656	6,298	6%
Turnover by employee	664.9	640.7	4%	6.5	6.6	-2%
Earnings from financial brokerage	39,843	33,345	19%	387	342	13%
Earnings from financial brokerage by employee	19.00	17.80	7%	0.18	0.18	1%
Administrative and marketing costs / Earnings from financial brokerage	50.9%	47.1%	-8%	50.9%	47.1%	-8%
Staff costs / Earnings from financial brokerage	25%	26%	5%	25%	26%	4%
Net income for the year	20,537	19,646	5%	200	201	0%
Net position	91,055	86,763	5%	885	889	0%
Earnings before tax / Average net assets	2.7%	2.8%	-4%	2.7%	2.8%	-6%
Earnings from financial brokerage / Average net assets	5.02%	4.68%	7%	4.89%	4.68%	5%
Earnings before tax / Average equity	24%	25%	-4%	24%	25%	-6%
Regulatory solvency ratio	21%	24%	-14%	21%	24%	-14%

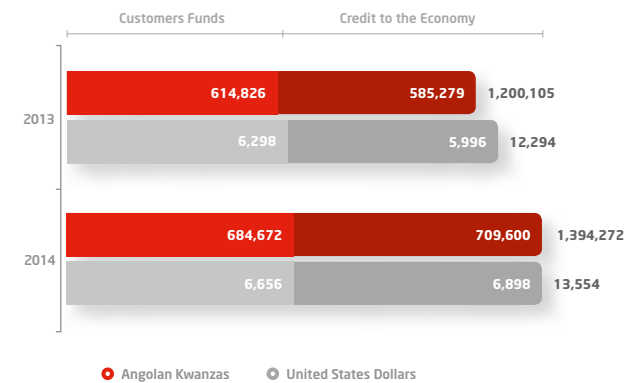
(AKZ > in million Angolan Kwanzas / USD > in million United States Dollars)

► Customers



► Turnover

(in million)



00.3 ORGANISATIONAL STRUCTURE

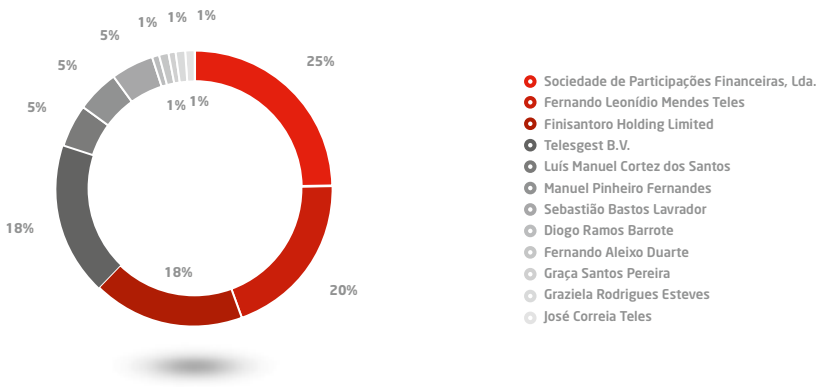
00.3.1 GOVERNANCE MODEL

The Bank's governance model is established in its Articles of Association and complies with the Law on Financial Institutions (Law 13/05, of 30 September). The Governing Bodies are the General Meeting, the Board of Directors, the Executive Committee of the Board of Directors, the Supervisory Board as well as the Board of the General Meeting and the External Auditor.

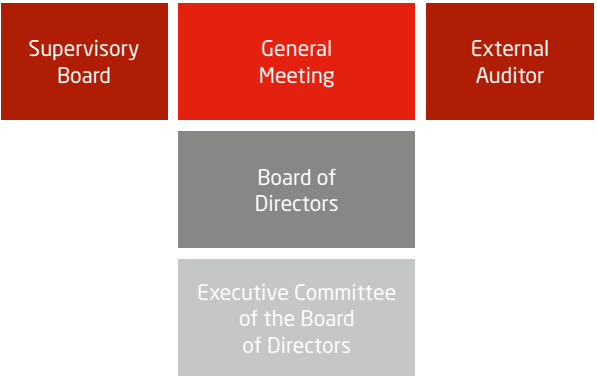
Banco BIC was incorporated by Deed of 22 April 2005, following the communication of Banco Nacional de Angola of 19 April 2005 which authorised its incorporation, and has its head office at Edifício Banco BIC, situated in Bairro de Talatona, Municipality of Samba, in Luanda.

The Bank is dedicated to obtaining third party funds, in the form of deposits or other, which it invests, together with its own funds, in the granting of loans, in deposits at Banco Nacional de Angola, investments in credit institutions, acquisition of securities and other assets, for which it is duly authorised. The Bank also renders other banking services and carries out various types of transactions in foreign currency.

The share capital of Banco BIC is distributed as follows:



The members of the Governing Bodies were elected for the three-year period 2014/2017 at the General Meeting of 10 April 2014. On that same date, the Board of Directors appointed, under the terms of the Articles of Association, the members of the Executive Committee of the Board of Directors and its Chairman.



GENERAL MEETING

The General Meeting is the governing body constituted by all the Bank's Shareholders, whose operation is regulated under the terms of the Articles of Association, with the following principal responsibilities:

- Election and approval of the fixed and/or variable remunerations of the members of the governing bodies;
- Appraisal of the annual report of the Board of Directors, discussion and voting on the Bank's balance sheet and other financial statements, taking into consideration the opinion of the Supervisory Board and External Auditor;
- Deliberation on the distribution of net income under proposal of the Board of Directors; and
- Deliberation on amendments to the articles of association.

BOARD OF DIRECTORS

The current Executive Board is composed of ten members, where the Bank's executive management is assured by eight directors, appointed by this same Board, from among its members.

The meetings of the Board of Directors are held at least quarterly, and whenever called by the Chairman of the Board of Directors.

In order to regulate its internal operation, the Board of Directors has delegated to an Executive Committee, composed of eight members, the Bank's current management, with the limits that were established in the deliberation which preceded this delegation.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

The Executive Committee of the Board of Directors, under its responsibilities and subordinated to the action plans and annual budget as well as other measures and guidelines approved by the Board of Directors, has very broad management powers to conduct the Bank's current activity, where its exercise is subject to permanent follow-up by the Supervisory Board and External Auditor.

All the members of the Executive Committee perform a very active role in the Bank's current management of the business, being responsible for one or more specific business area, according to their respective individual profile and specifications, without prejudice to the greater or lesser concentration of one or another member in a particular area.

The Executive Committee of the Board of Directors holds at least one meeting a month, called by its Chairman.

SUPERVISORY BOARD

The composition of the Supervisory Board is ruled by the provisions in the Articles of Association and is composed by a Chairman and two permanent members. The Supervisory Board holds at least one meeting per quarter.

EXTERNAL AUDITOR

The external auditing is conducted by Deloitte & Touche – Auditores Limitada. The rules for the provision of services by the External Auditor are defined in Banco Nacional de Angola Notice 04/2013 of 22 April.

The Bank considers that its External Auditors in office meet the requirements of availability, knowledge, experience and suitability for the proper performance of their duties.

EXECUTIVE COMMITTEE



HUGO SILVA TELES Executive Director	PEDRO NUNES M'BIDINGANI Executive Director	GRAZIELA RODRIGUES ESTEVES Executive Director	FERNANDO MENDES TELES Chairman	GRAÇA MARIA PEREIRA Executive Director	FERNANDO ALEIXO DUARTE Executive Director	JOSÉ MANUEL CÂNDIDO Executive Director
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COMPOSITION OF THE GOVERNING BODIES

BOARD OF DIRECTORS	EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS
CHAIRMAN Fernando Mendes Teles	CHAIRMAN Fernando Mendes Teles
MEMBERS Graziela Rodrigues Esteves Fernando Aleixo Duarte Graça Maria Pereira Hugo Silva Teles Jaime Galhoz Pereira José Manuel Cândido Pedro Nunes M'Bidingani Isabel José dos Santos * Amadeu Maurício **	MEMBERS Graziela Rodrigues Esteves Fernando Aleixo Duarte Graça Maria Pereira Hugo Silva Teles Jaime Galhoz Pereira José Manuel Cândido Pedro Nunes M'Bidingani
SUPERVISORY BOARD	EXTERNAL AUDITOR
CHAIRMAN Henrique Camões Serra	
MEMBERS Ana Sofia Almeida Maria Ivone dos Santos	Deloitte & Touche – Auditores Limitada

(*) Non-executive director (**) Independent non-executive director

00.3.2 FUNCTIONAL ORGANISATION CHART

The Bank's functional structure enables a clear division of the areas and duties of each department and/or office, under the responsibility of each of the executive directors.

The Bank's functional organisation chart is presented below.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS							
(CHAIRMAN) FERNANDO TELES ▼	GRAZIELA ESTEVES ▼	FERNANDO DUARTE ▼	GRAÇA PEREIRA ▼	HUGO TELES ▼	JAIME PEREIRA ▼	JOSÉ CÂNDIDO ▼	PEDRO M'BIDINGANI ▼
Credit Board	DPN I Individuals and Business Division I	DSI Information Systems Division	DAI Internal Audit Division	Private Banking Division	DIF International and Financial Division	DOE Operations and Foreign Division	DE III Companies Division III
DRHF Human Resources and Training Division	DE I Companies Division I	DPN II Individuals and Business Division II	DARC Credit Risk Analysis Division	DE II Companies Division II	DPCG Planning, Accounts and Management Division	GAB Angola-Brazil Office	DM Marketing Division
DRM Material Resource Division	GAP Angola-Portugal Office		GO Organisation Office	Investment Centre Division	GR Risk Office	DCAMP Alternative Channels and Means of Payment Division	DJRC Legal and Credit Recovery Division
Fixing Office			GC Compliance Office	DPN III Individuals and Business Division III	GMC Capital Market Office		
Holdings Office							
TC Central Treasury							

COMPOSITION OF THE STRUCTURAL UNITS

FERNANDO LEONÍDIO MENDES TELES (CHAIRMAN)		
DRHF Human Resources and Training Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Fátima Monteiro Assistant Directors: Telma Pinheiro / Sarah Figueiredo	Number of Employees: 6
DRM Material Resource Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Alberto Castelo Branco	Number of Employees: 44
Fixing Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: José Carlos Silva Assistant Director: Helga Peres	Number of Employees: 9
Holdings Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Directors: Fátima Monteiro / Joaquim Moutinho	Number of Employees: 3
TC Central Treasury	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Inocêncio Almeida Assistant Director: Afonso Nunda	Number of Employees: 15

GRAZIELA DO CÉU RODRIGUES ESTEVES		
DPN I Individuals and Business Division I	BUSINESS AREA Central Directors: Anabela Santinho / Henrique Oliveira / N'kiniani Rangel / José Zacarias Deputy Director: Emília Calohombo Area Directors: Ana Paula Cajada / Alfredo de Castro /	Armindo Cunha / Edna Gaspar / Horácio Almeida / Pedro Marta / Rui Caetano / Solange Martins / Telmo Bernardo Number of Employees: 765
DE I Companies Division I	BUSINESS AREA Central Director: Jorge Veiga Directors of Centres: Dinamene Monteiro / Luena Fundões	Number of Employees: 38
GAP Angola-Portugal Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: José Carlos Silva	Number of Employees: 1

FERNANDO JOSÉ ALEIXO DUARTE		
DSI Information Systems Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Luis Nikolai Deputy Director: Rui Valente	Assistant Director: Jaime Corte-Real Number of Employees: 32
DPN II Individuals and Business Division II	BUSINESS AREA Central Directores: Amílcar Aguiar / Francisco Lourenço / António Silva Coordinating Directors: Elisabeth Pina / Fátima Silva	Area Directors: Edgar Magalhães / Fábio Leitão / Felícia Fortes / Francisco Melo / João Ivungo / José Assis / Justina Praça / Patrícia Faria / Simão Finde Number of Employees: 792

GRAÇA MARIA DOS SANTOS PEREIRA		
DAI Audit and Inspection Division	CONTROL AREA Central Director: Pedro Viagem Audit Central Director: Jerusa Guedes Inspection Central Director: Augusto Silva	Audit Assistant Director: Fernanda Pinto Inspection Assistant Director: Cristiano Fontoura Number of Employees: 20
DARC Credit Risk Analysis Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Carla Estronca Assistant Director: Maria Franco	Number of Employees: 19
GO Organisation Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Assistant Director: Sónia Lilita	Number of Employees: 2
GC Compliance Office	CONTROL AREA Central Director: Victor Fonseca	Number of Employees: 2

HUGO MIGUEL SILVA TELES		
Private Banking Division	BUSINESS AREA Central Director: Stephan Silva	Number of Employees: 6
DPN III Individuals and Business Division III	BUSINESS AREA Central Director: Susana Silva Area Directors: Hélio Lopes / Carlos Santos	Number of Employees: 114
Investment Centre Division	BUSINESS AREA Central Director: Monalisa Dias	Number of Employees: 12
DE II Companies Division II	BUSINESS AREA Central Director: Carlos Pinheiro Directors of Centres: Marcília Gonçalves / Regina Guimarães	Number of Employees: 40

JAIME GALHOZ PEREIRA		
DIF International and Financial Division	BUSINESS AREA Central Director: Bruno Bastos Deputy Directors: Lília Cunha / Irene Vezo	Number of Employees: 13
DPCG Planning, Accounts and Management Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Alzira Gama Assistant Directors: Edhylaine Tavares / Soraia Ramos	Number of Employees: 18
GR Risk Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Joaquim Moutinho	Number of Employees: 1
GMC Capital Market Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Bruno Bastos	Number of Employees: 1

JOSÉ MANUEL CÂNDIDO		
DOE Operations and Foreign Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Paula Sousa Deputy Director: Inês Carvalho	Assistant Directors: Paulo Brito / Manuela Pereira Number of Employees: 71
GAB Angola-Brazil Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Head: José Carlos Silva	Number of Employees: 1
DCAMP Alternative Channels and Means of Payment Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Paula Sousa	Number of Employees: 2

PEDRO M'BANZIKISA NUNES M'BIDINGANI		
DE III Companies Division III	BUSINESS AREA Central Director: Pedro Santos Director of Centre: Dácia Nascimento	Number of Employees: 38
DM Marketing Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Mafalda Carvalho	Number of Employees: 4
DJRC Legal and Credit Recovery Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Carlos Campos Deputy Director: Catarina Fernandes	Assistant Directors: Isilda Tavares / Nelson Guilherme Number of Employees: 28

00.3.3 REMUNERATION POLICY

DISCLOSURE OF QUANTITATIVE INFORMATION

In compliance with the provisions in number 3, subparagraph d), point i) of article 22 of Banco Nacional de Angola Notice 01/2013, of 19 April, we disclose that the remunerations earned during 2014 by the Board of Directors and Supervisory Board of the Bank amounted to approximately 139 million Kwanzas.

ANNUAL STATEMENT ON THE REMUNERATION POLICY

1. Remuneration of the Governing Bodies

1.1. The Remuneration Policy on the Governing Bodies of Banco BIC, S.A. in force during 2014 was approved by the General Meeting held on 10 April 2014, under proposal of the Board of Directors.

1.2. No external consultants participated in the definition of the Remuneration Policy and there is no Remuneration Committee.

1.3. The Remuneration Policy for 2014 was compatible with the long-term interests of the Bank and did not encourage excessive risk-taking.

1.4. The non-executive directors only receive a fixed remuneration approved by the General Meeting.

1.5. The members of the Supervisory Board only receive a fixed remuneration approved by the General Meeting.

1.6. Remuneration of the members of the Executive Committee:

a) All the members of the Executive Committee receive a fixed remuneration, paid 14 times per year;

b) The Administration is assessed annually by the General Meeting, considering the accomplishment of objectives, the quantitative and qualitative results achieved as well as their source and nature, sustainability or temporary character, the risk associated to their achievement, compliance with the rules and regulations, the value added for shareholders and the institution's relations with other stakeholders;

1.7. Remuneration of the Board Members of the General Meeting: The Board members of the General Meeting receive a fixed attendance fee for each General Meeting attended which is defined and approved by this General Meeting.

2. Remuneration of the Employees

2.1. The Remuneration Policy on the Employees of Banco BIC, S.A. in force during 2014 was approved by the General Meeting held on 10 April 2014, under proposal of the Board of Directors.

2.2. The Employees are assessed annually by their respective senior staff and the results of the assessment do not influence the attribution of any variable component of their remuneration.

2.3. Employees who are legally bound to the Bank through an employment contract receive no form of remuneration other than that derived from the normal application of the labour legislation, and are not entitled to any system of annual bonuses or any other non-monetary benefits; nevertheless they may receive a share of profits under the terms of the remuneration policy in force.

00.3.4 MISSION, VISION AND VALUES

Our vision extols the dedication of all in our mission, through the work carried out based on our corporate values and which are embodied in our slogan: *We Invest Together, We Grow Together.*

VISION

Being the best and largest private Bank operating in Angola, growing in a sustained way, innovative and offering the best solutions to its Customers, with permanent capacity of renewal, actively contributing to the development and growth of Angola.

MISSION

Being a solid, profitable, socially responsible, efficient, flexible Bank, with national and international presence, driven by the

creation of value, a partner of companies and families, which is distinguished by the appreciation of its assets, by the satisfaction of its Customers and by the accomplishment of its employees, always guided by behaviour of high ethical and social responsibility.

VALUES

Reveal in all our behaviour, attitudes and decisions the principles, which guide us in the performance of our duties and in the achievement of our objectives:

Customer driven

We build long-lasting relations with our Customers, based on rigour, integrity and transparency. Our dedication and commitment to our values ensures that our Customers know that they can count on us to provide excellent services, which help them to achieve their personal and professional objectives.

Innovation

Permanently observing and interpreting the market so that we can be differentiated in a highly competitive market not only by our anticipation of solutions and acquisition of new know-how, but also by our creation of value.

Ambition

The ongoing union between personal humility and professional ambition allows us to believe that we can always do more and better, with this belief being one of the key drivers of the professional growth of each of us in particular and the team in general.

Recognition and continuous valorisation of the employees

Our Human Resources are one of the great factors boosting our growth and the achievement of our strategic objectives. We drive our action towards the creation of working conditions and individual career plans which offer satisfaction and enhance the motivation of all, in addition to also giving priority to continuous investment in the development of the employees’ technical and behavioural skills.

Teamwork

The pursuit of our Mission is not within the reach of the work of a single person but rather of all. The constant combination of talents and skills seeks to obtain highly effective teams with ca-

pability to always manage more and better, thus surpassing our own limits.

High standard of integrity

The action of the employees complies with principles of high ethical standard, rigorously guided by the Bank’s rules, regulations and recommendations inspired by the legal framework issued by the Regulatory Entities.

Social responsibility

Wherever we are, we fight to create an environment favourable to investment and growth, and seek to be fully integrated in the Community, both in our involvement with the population and in the services rendered. Each employee and the team as a whole leave the legacy of our work in the construction of a better world for future generations.

These values (Customer Driven, Innovation, Ambition, Recognition and continuous valorisation of the employees, Teamwork, High standard of integrity and Social Responsibility) reflect the personality and corporate essence of Banco BIC, and are our inspiration to do more, bigger and better, day after day, year after year, to the benefit of all.

01.

MACROECONOMIC BACKGROUND

- ▶ WORLD ECONOMY
- ▶ ANGOLAN ECONOMY
- ▶ POSITIONING OF BANCO BIC
IN THE BANKING SECTOR

01.1 WORLD ECONOMY

The world economy continued to recovery in 2014, primarily stimulated by the growth of the economy of the USA. Global GDP grew by 2.5% in 2014, a figure identical to that recorded in 2013. World trade expanded by 2.6% in 2014, in conformity with global GDP growth, a figure slightly below that recorded in 2013 (2.8%).

The evolution of activity recorded very significant regional differences in 2014. In Europe, although there was an improvement in relation to 2013, the situation was still problematic and unequal, especially in the Euro zone.

In the USA, GDP, private consumption and investment had recovered to levels above those recorded before the crisis. However, public consumption – after a strong increase following the crisis – fell to pre-crisis levels. An opposite situation occurred in the Euro zone, with GDP, private consumption and investment not yet recovering to the levels of the period before the crisis, while public consumption remained, in a sustained manner, 5% above the pre-crisis figure.

The GDP of the USA grew by 2.4% in 2014 (2.2% in 2013). Inflation stood at 1.7% in 2014, compared to 1.5% in 2013. Consistently with the recovery of GDP, unemployment fell by 6.7% in 2013 to stand at 5.6% in 2014. In May, the level of employment exceeded the pre-crisis level for the first time.

In the USA, the growth of GDP and employment were strong due to increased consumption driven by the improvement of household assets, by the fiercely expansionist monetary policy and by an effective and very highly capitalised banking sector. Due to the clear improvement of economic conditions, the American Central Bank (FED) ceased purchasing securities last October, following its announcements to the market concerning the Quantitative Easing programme.

Latin America and Japan experienced a deterioration of their situations. While in Latin America GDP grew by 0.9% in 2014 (compared to 2.5% in 2013), Japan underwent a similar evolution, with Japanese GDP having grown by 0.3% in 2014, against 1.5% in 2013.

The case of Japan is particularly revealing of the difficulties of implementation of economic policy, in spite of the vigorous monetary expansion – aimed at boosting GDP growth by 1% – the country entered into technical recession in the second and third quarters driven by the declining consumption caused by the increase of value added tax from 5% to 8%. In view of the stagnation, the Bank of Japan resumed its reinforcement of monetary expansion. After a strong expansion in early 2013, in November 2014 the Bank of Japan once again increased its purchase of securities by 20%.

The price of oil decreased sharply especially in the last months of 2014, having fallen to 115 Dollars per barrel in June 2014 to less than 50 Dollars in January 2015.

In general, the fall in oil prices has assisted the firm recovery observed in the advanced economies and contributed to keeping inflation rates low. In the USA, in spite of the ultra-expansionary monetary policy, the inflation rate stood at 1.7% at the end of 2014, due to the pressure of the price of oil reinforced by the appreciation of the Dollar.

EUROPEAN UNION

In the European Union, 2014 was a year of recovery, albeit more modest than that observed in the USA. GDP has not yet reached the pre-crisis level, revealing long-standing weaknesses and specific factors originated in the difficulties in completing the structural reforms embarked upon.

The decline in the price of oil helped to boost household disposable income and business profits, triggering the necessary reduction of debt accumulated during the crisis, without causing a reduction of demand. However, the benefit of the lower price of oil, due to the devaluation of the Euro relative to the Dollar, was less pronounced in the Euro zone.

The recovery of GDP lagged behind the expectations raised by the circumstances which had occurred during the recovery of

previous crises. Doubts on the structural reforms of the labour market, the goods market and the willingness of budget consolidation of significant countries such as Italy and France, also contributed to the modesty of the recovery. Moreover, the conflict in the Ukraine and the sanctions applied to Russia brought in additional uncertainty, leading to further difficulties in the start-up of investment.

In 2014, GDP growth stood at 1.3% in the European Union and 0.8% in the Euro zone. In 2013, GDP had stagnated in the European Union, recording a contraction of 0.5% in the Euro zone.

In the Euro zone, unemployment fell from 12% in 2013 to 11.6% in 2014. In the European Union there was a similar evolution, with the unemployment rate having decreased from 10.8% in 2013 to 10.2% in 2014.

Average inflation, on a downward trend since 2011, stood at 0.4% in the Euro zone and 0.6% in the European Union in 2014. The low inflation was influenced by the falling oil prices, the still high under-utilisation of productive capacity and the efforts of the countries experiencing crisis to gain competitiveness by lowering price through wage reductions.

In the countries in crisis (Portugal, Ireland, Greece and Spain), the budget situation showed a clear improvement. In 2014, all the countries achieved primary surpluses adjusted to the cycle: Greece 6.7%, Spain 1.0%, Italy 4.0% and Portugal 2.9%.

On average, in 2014, the budget deficit in the Euro zone and European Union was 2.0% and 3.0%, respectively, compared to the average for 2010-2013 of 4.2% and 4.6%.

The interest rates of the monetary market of the Euro decreased. Euribor interest rates fell for all maturities, standing on 12 January 2015, at 0.01% for the maturity of 1 month, 0.07% (3 months), 0.17% (6 months) and 0.32% (12 months).

Driven by the divergence of monetary policies between the various Central Banks, namely between the ECB and FED, and the different growth dynamics linked to the different positions of the economic cycle, in 2014 the Euro depreciated by 20% in relation to the Dollar and 10% in relation to the Pound Sterling.

Sub-Saharan Africa should continue to be one of the regions showing most growth in the world.

SUB-SAHARAN AFRICA

The overall rate of progression of the African continent, which by last year had already been better than that of the world as a whole, achieved this same status again in 2014, having grown by 4.5%, compared to 4.2% in 2013. Sub-Saharan Africa should continue to be one of the regions showing most growth in the world, with a projected GDP increase above 5% in 2015/2016.

In South Africa, growth slowed down significantly, having been constrained by strikes in the mining sector, electricity shortages and the low confidence of investors. Angola was affected by lower oil production, and the outbreak of Ebola severely disturbed economic activity in Guinea, Liberia and Sierra Leone. In contrast, Nigeria, the largest economy of the region, increased its activities at a robust rate, supported by a dynamic non-oil sector. Growth was equally strong in many low income countries in the region. With the exception of South Africa, the average growth for the rest of the region was 5.6%.

The increased agricultural production, the investment in public infrastructure and buoyant services were the main drivers of this growth. Direct foreign investment flows, an important funding source for fixed capital formation in the region, declined during 2014, reflecting lower growth in the emerging markets and low commodity prices. However, various neighbouring countries, including Ivory Coast, Kenya and Senegal, have managed to access international bond markets to finance infrastructure projects.

Some countries were forced to control their expenditure in view of their budget deficit in 2014, leading to lower revenues, notably in oil-exporting countries reacting to the low prices of oil. The debt ratio remained moderate, due to the robust growth and preferential exchange rates. However, in some countries such as Ghana, Niger, Senegal and Mozambique, debt increased.

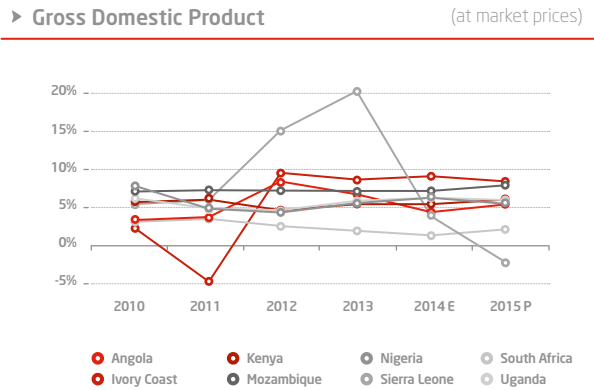
Mozambique is one of the countries showing most outstanding growth in Africa. The service sector in Mozambique is currently recording strong expansion, benefiting from the wave of growth experienced by the country, especially in infrastructures related to the production and export of energy commodities such as coal and natural gas. The Economist Intelligence Unit forecasts that Mozambique's economic growth should rise to 7.3% in 2014 and 7.8% in 2015, driven by the coal industry and investment in infrastructures, as well as by the strong growth of telecommunications, industry and financial services.

Inflation increased in the first half of 2014, in part due to the higher prices of food, but remained low in many countries. Reflecting concerns on the low oil prices, the sovereign spreads of oil exporters increased significantly. The Nigerian currency, the Naira, weakened considerably in relation to the United States Dollar, inducing the central bank to increase interest rates and devalue the Naira. The South African Rand continued to fall due to the higher national deficit of current transactions.

Regional GDP growth is forecast to remain unchanged in general, standing at 4.6% in 2015, and gradually growing to 5.1% in 2017, supported by sustained investment in infrastructures,

increased agricultural production and expansion of the service sectors. It is expected that commodity prices and internal capital flows should offer little support, with demand and economic activity in the emerging markets remaining controlled.

Growth should continue robust in the majority of the low-income countries, with investment in infrastructures and agricultural expansion, although the low commodity prices are likely to dampen the activity of commodity exporters.



► GDP (in market prices)	2010	2011	2012	2013	2014 E	2015 P
Angola	3.4%	3.9%	8.4%	6.8%	4.4%	5.3%
Ivory Coast	2.4%	-4.7%	9.5%	8.7%	9.1%	8.5%
Kenya	5.8%	6.1%	4.5%	5.7%	5.4%	6.0%
Mozambique	7.1%	7.3%	7.2%	7.1%	7.2%	8.0%
Nigeria	7.8%	4.9%	4.3%	5.4%	6.3%	5.5%
Sierra Leone	5.4%	6.0%	15.2%	20.1%	4.0%	-2.0%
South Africa	3.1%	3.6%	2.5%	1.9%	1.4%	2.2%
Uganda	6.2%	5.0%	4.6%	5.9%	6.3%	6.0%

01.2 ANGOLAN ECONOMY

The heavy reduction of the price of oil in international markets of close to 60%, of USD 115 in June 2014, to USD 46 in December 2014, has brought in new challenges for the Angolan economy, in this way reinforcing the need for diversification, namely through lower dependence on the oil sector.

The consumer price index maintained its trend of stability, standing at 7.44% (7.69% in 2013), explained by the reduction of the price of food products at a worldwide level, a component with major representativeness in the general consumption basket, as well as the stability of the Kwanza relative to the Dollar, as a result of the measures implemented by the BNA.

In 2014, International Reserves declined by around 12%, having fallen from USD 31 billion recorded at the end of 2013 to USD 27 billion in December 2014.

For 2015, aimed at boosting the process of diversification of the economy, the Government placed in practice an investment plan

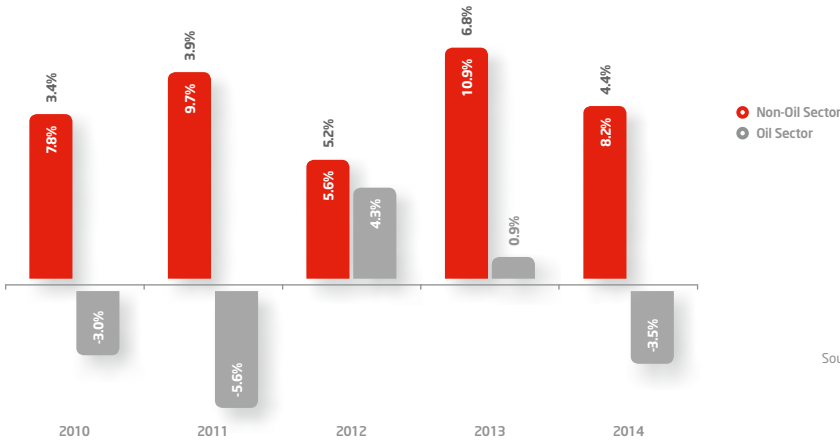
of approximately USD 23 billion, for application by 2017, so as to increase national production thus replacing imports.

Other measures such as the Tax Reform underway, the new direct foreign investment scheme, created in 2011, the new customs tariff, with imposition of quotas and increasingly exacerbating import costs, are essential aspects directed at encouraging national production.

GROSS DOMESTIC PRODUCT

According to the most recent data published by the Ministry of Planning, economic growth reached close to 6.8% in 2013, having fallen to 4.4% in 2014, reflecting the slowdown in growth of the non-oil sector (to 8.2% in 2014, compared to 10.9% in 2013), simultaneously with a contraction in the oil sector (3.5% reduction in 2014, compared to a 0.9% increase in 2013), due to the constraints occurred in terms of production during the first half of 2014, in some oil fields.

► Gross Domestic Product



Source: IMF

The Government placed in practice an investment plan so as to increase national production thus replacing imports.

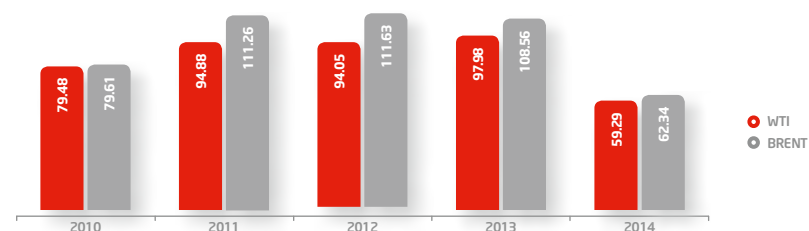
With a contribution to GDP that has progressively fallen, but which is still close to 42%, oil and its related supporting activities constitute the major source funding the Angolan economy. However, the country is as yet far from being self-sufficient in refined products. The contribution of oil taxes to State Budget revenue has continued to decline, having fallen from 76% in 2011 to 70% in 2014.

The agricultural sector continues to be the sector which most boosts the sector referred to as the “new economy”, currently with a weight of around 1.2% in GDP, compared to the weight of 1.9% in 2008. Although the agricultural sector continues to exert significant influence on the progress of economic activity, it also represents a sector with a highly volatile performance, as it depends on climate factors as well as the quality of the harvest.

INTERNATIONAL RESERVES AND THE OIL SECTOR

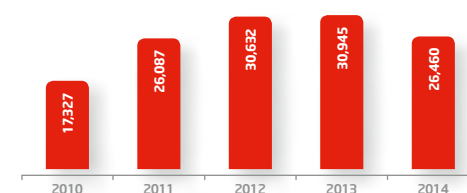
Net International Reserves have shown significant growth since 2009, which has been boosted by the entry of foreign currency in terms of direct foreign investment in the oil sector, as well as by oil export revenue.

► Evolution of the Price of Oil



However, in 2014 the trend reversed, with a value of USD 26.46 billion having been reached by December, corresponding to a decrease of close to USD 4 billion compared to December 2013. The setbacks in oil production, which occurred in the first half of 2014, and the reduction of internal oil market prices in the last quarter of 2014, exerted downward pressure on the level of net international reserves, which shifted from representing close to 7.5 months of imports to approximately 7 months of imports, according to BNA data.

► Net International Reserves



Although a similar situation had taken place in 2008/2009, with a sharp fall in the price of oil, the Government believes that, due to the measures taken in these last few years, the country is better prepared than in 2009. Nowadays, the level of international reserves is much more comfortable than in 2008 (the current level of foreign reserves is equivalent to about 7 months of imports, whereas in 2008 it covered a little more than 5 months of imports), and Angola now has a Sovereign Fund, with paid-up capital of USD 5 billion.

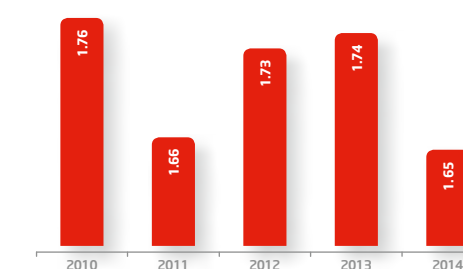
During the first half of 2014, the daily average production of oil fell to an average of 1.65 million barrels per day (mbd), compared with the average of 1.74 mbd in 2013, thus remaining below the 1.87 mbd defined by the Angolan Government.

The General State Budget for 2014 was drawn up based on an oil price of USD 91 per barrel, a figure above the price observed at the end of the year of USD 45.9, and which, after rectification, generated a deficit of approximately USD 242 million, equivalent to 0.2% of GDP, standing below the budgeted deficit.

For 2015, the challenges posed by the decline in the price of oil have led to evident changes in spending priorities, with strong slashes in public expenditure, in particular in public investment which seeks, in combination with alterations in monetary policy and other public policies, to preserve exchange rate and price stability, the external balance and the maintenance of economic and social growth.

At the end of 2014, Net International Reserves were equivalent to around seven months of imports.

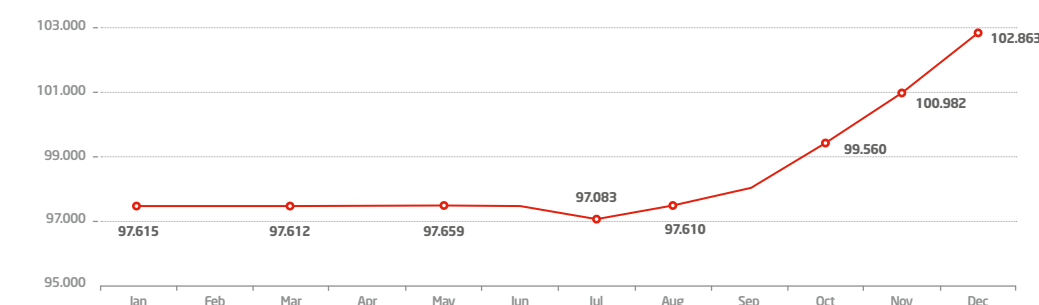
► Oil Production (in million barrels/day)



FOREIGN EXCHANGE MARKET

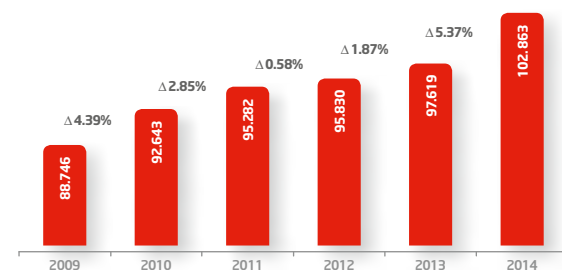
The AKZ/USD exchange rate was relatively stable up to the third quarter of 2014, with the exchange rate remaining at 97.600 AKZ/USD. After this period, the Kwanza depreciated by around 5.3% to 102.863 AKZ/USD as at 31 December 2014.

► Evolution of the Kwanza Relative to the United States Dollar



The higher demand for foreign currency occurred in the last quarter of 2014, associated to some squeezing of the supply as a result of falling price of oil on international markets, led to increased pressure on the Kwanza and, consequently, its devaluation in relation to the USD by 5.37%.

► Depreciation of the Kwanza Relative to the Dollar



For the next few years, although the Government continues to uphold the objective of keeping to the inflation rate observed in 2014, maintaining the inflation rate below 10%, factors such as the heavy reduction in the price of oil in international markets, the review of the customs tariff and, on the other hand, the growing internal demand combined with the insufficient supply of goods and services, continue to represent challenges to be considered in the control of this indicator.

Banco Nacional de Angola increased its liquidity absorption rate by 0.25% to 1.5% in the first quarter of 2014, with another increase of 0.25% having occurred in May to 1.75%, which then remained unchanged up to the end of 2014.

INFLATION AND MONETARY MARKET

The increased agricultural production and reduction of international food prices, combined with a relatively stable exchange rate, at least during the first 9 months of 2014, enabled maintaining the downward trend of annual average inflation, which reached the historic low point of 6.89%, in June 2014.

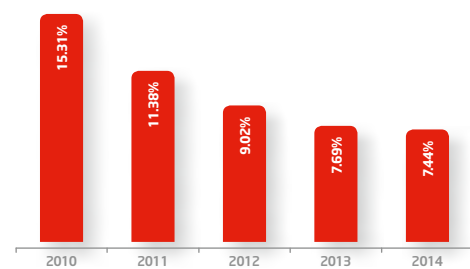
However, the devaluation of the Kwanza relative to the United States Dollar recorded in the last months of the year, as well as the increased prices of petrol and diesel in September and December, by 25% and 20% respectively, led to increased pressure on prices, with inflation having closed the year at around 7.4% in 2014.

Treasury Bill and Treasury Bond issues increased by 57% and 47% respectively.

In 2014, the issue of Treasury Bills recorded a percentage increase of around 57.28%, as a result of the financing policies selected by the Angolan Government, which closed the year of 2014 with a balance of AKZ 480.82 billion, compared to the balance of the previous year of AKZ 305.70 billion. The nominal yields of Treasury Bills, for the period of 364 days, although having shown volatility, with a minimum of 5.86% in August 2014, recorded a maximum of 7.92% in December 2014 (5.17% in 2013).

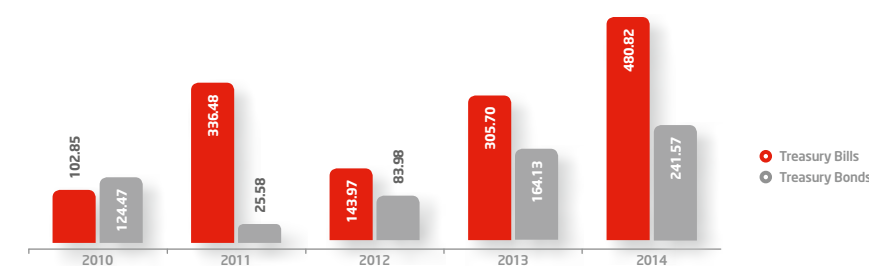
The issue of Treasury Bonds started to mark a certain presence on the stock market, with an increase in issue of 47.19% having been recorded relative to 2013, corresponding to a total of AKZ 241.57 billion, with a total of AKZ 66 billion having occurred in December, a period in which a significant part of internal public debt was settled.

► Annual Inflation Rate



► Issue of Securities

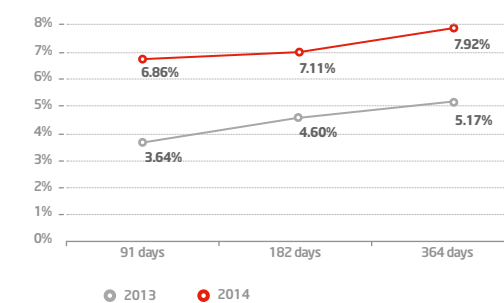
(in million USD)



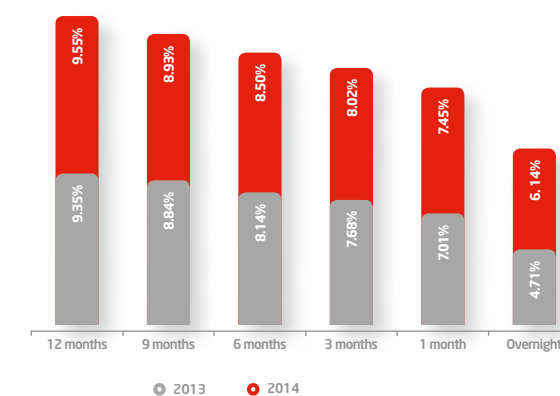
The Monetary Policy Committee of Banco Nacional de Angola (CPM) decided to lower the reference interest rate (BNA Rate) from 9.25% in 2013 to 8.75% up to October 2014, with the good performance of inflation, up to that date, having decisively contributed to this reduction. After this period, and foreseeing the increase of the general level of prices, both due to the increase occurred in fuel prices and as a result of the devaluation of the Kwanza relative to the United States Dollar, the Monetary Policy Committee decided to raise the reference rate by 0.25%, with the year of 2014 closing at 9%.

The Luibor overnight rate recorded a minimum of 2.92%, essentially due to the reduction of Compulsory Reserves in National Currency from 15% to 12.5% (February 2014), leading to greater availability of liquidity in the interbank money market. The rates for shorter periods of time, namely overnight, one month and three months, closed the year at 6.14%, 7.45% and 8.02%, respectively (4.71%, 7.01% and 7.68% in 2013) and, for longer periods, at six months, nine months and twelve months, ended the year at 8.50%, 8.93% and 9.55%, respectively (8.14%, 8.84% and 9.35% in 2013). It should be noted that the Luibor overnight rate showed an average of 3.71% over 2014, only having recorded an increase in December 2014, following the new rules for calculation of and compliance with the compulsory reserves applied by the BNA, enforced as of January 2015, and which, among other alterations, once again placed the coefficient of Compulsory Reserves in National Currency at 15%.

► Treasury Bill Yields Rate



► BNA Luibor



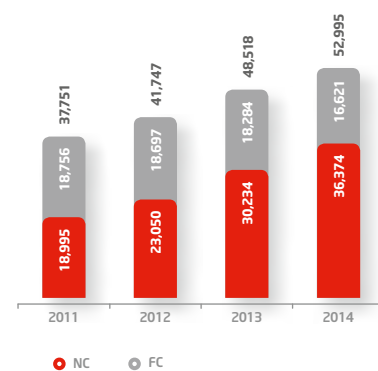
BANKING SECTOR INDICATORS

The efforts made by the Angolan Executive Government, both towards the development of the non-oil sectors and creation of infrastructures in the different provinces, and in terms of monetary policy, continued to contribute to the evolution of the banking sector in its numerous dimensions and to the growth of the rate of the population's involvement in the banking system.

Although there was a reduction of the growth relative to the banking sector in 2014, from 12.45% to 8.31%, when compared to 2013, the sector continued to evolve in a fairly significant manner.

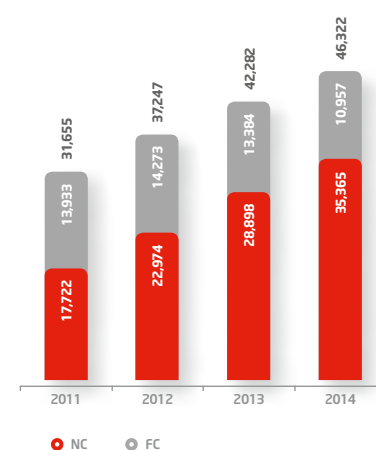
In addition to the increase in total assets, total deposits also grew by approximately 9.23%, having increased from USD 48,518 million as at 31 December 2013 to USD 52,995 million as at 31 December 2014. It should be highlighted that deposits in national currency strengthened in terms of their weight in total deposits in 2014, accounting for close to 69% of total deposits, compared to 62% recorded in 2013, thus representing a very positive sign of the process of de-dollarization of the economy.

► Customers Funds



During the period under review, there was also growth of the credit granted to the economy, which reached a stock of USD 46,322 million as at 31 December 2014, corresponding to an increase of around 9.55% year-on-year. Concerning this item, particular note should be made of the significant growth of loans denominated in national currency, with a relative weight of 76% in 2014 compared to the 68% this represented in 2013.

► Credit to the Economy



Banking activity plays an instrumental role in accelerating the diversification of the economy, namely in supporting the internal investments that will enable this diversification. However, restriction of the ratio of non-performing loans, reduction of the cost-to-income ratio and continued boosting the population's involvement in the banking system, constitute challenges for the sector, and shall require strategies of innovation in products and customer relations, in the short term.

01.3 POSITIONING OF BANCO BIC IN THE BANKING SECTOR

In 2014, the Angolan financial system maintained the growth levels of the last few years, preserving its crucial role in the good macroeconomic performance that the country has recorded. The consolidated assets of the Angolan financial system grew at approximately 8.31% in relation to 2013 and the key indicators, such as deposits and credit to the economy, showed growth rates of 9.23% and 9.55%, respectively.

Under this scenario, Banco BIC maintained its strategic alignment, focused on strong structural growth, ongoing adaptation to market needs, required by the customer and regulator, continuously supported by innovation, and the provision of a substantial reinforcement of credit to the economy.

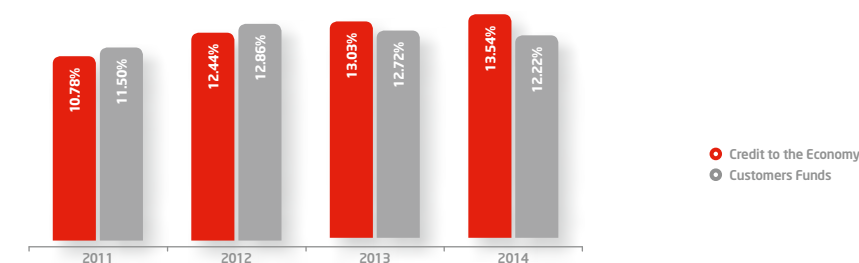
2014 was a very positive year for Banco BIC, with respect to the evolution of its key business indicators. The loan portfolio grew by 15% in relation to December 2013 and customer deposits showed a positive evolution of 6% compared to December 2013. Apart from these indicators, Banco BIC maintained important market shares, through the offer of innovative products and services, thus increasing the volumes of deposits and loans, while maintaining good profitability levels.

With the setbacks in oil production, which occurred in the first half of 2014, Banco Nacional de Angola slightly reduced the volume of foreign currency sales during 2014, relative to 2013. Thus, in 2013, while these sales had reached USD 19,281.8 million, this was lowered by 0.6% to a total of USD 19,174.5 million in 2014. Banco BIC, as in previous years, continued to represent a reference in this sector, having purchased close to USD 3 billion.

Banco BIC upholds a positive vision in relation to the country, envisaging favourable prospects in the segments in which it operates. The volume of loans grew at sustainable rates compatible with risk, with the Bank holding a portfolio of granted loans of USD 6,898 million as at 31 December 2014, thus obtaining a market share of 14% of the total credit granted to the economy (13% in 2013).

The increase of the portfolio of loans granted to customers essentially occurred in loans in national currency, with a weight of 68%, amounting to USD 1,683 million, 46% more than in 2013, which recorded a total of USD 1,156 million, corresponding to an increase of USD 527 million.

► Market Shares



Loan activity also performs an indispensable role in supporting the efforts underway to diversify the Angolan economy, acting to stimulate the different sectors of the economy. It was in this context that Banco BIC joined “Angola Investe” (which includes a line of subsidised credit and a public guarantee fund) in 2013, having approved around USD 97 million by 31 December 2014, corresponding to a total of 33 projects, of which 24 are already under implementation.

By 2014, approximately USD 49 million had already been disbursed from this credit line, under the “Angola Investe” programme, with the most benefited provinces having been Luanda, Kwanza Sul, Bengo, Benguela and Uíge. The sectors receiving the largest amounts were Industry and Agriculture, with a total of 14 and 8 projects respectively.

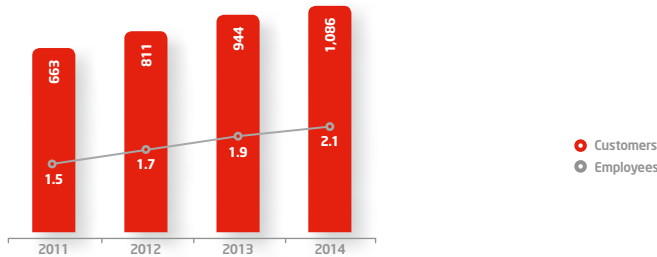
The growth that the Bank wishes to achieve continuously implies substantial investments in infrastructure, information technology and human capital, essential pillars for the banking sector. Hence, Banco BIC strengthened its branch network, with the opening of a further 17 branches, amounting to a total of 219 branches spread over the entire national territory, with the attendance of a diversi-

Banco BIC joined the Angola Investe Programme, having approved loans to the value of USD 97 million by 31 December 2014, involving a total of 33 projects.

fied customer base, and continuing its policy of expansion aimed at maintaining an effective and balanced strategy, with generation of value for its customers. In this same perspective, our staff numbers increased by 12% relative to 2013, to stand at a total of 2,097 employees, in view of the needs and requirements of the market.

► Market Indicators

(in thousands)



Since the onset of its activity, the Bank’s underlying philosophy has been to ensure that its doors are kept wide open, welcoming all who seek it out, thus democratising access to banking products and services. And, as a result of this philosophy, the customer base has grown by more than 142,000 customers, to a total of 1,086,000 customers.

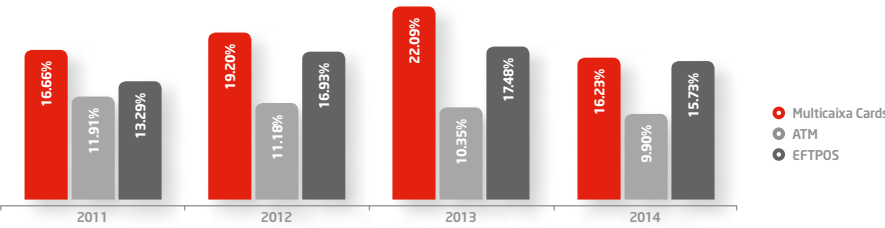
Banco BIC has focused on the diversification of its offer and the provision of higher quality banking services, with its network offering a total of 246 ATMs, corresponding to a 9% increase when compared to 2013 (225 ATMs). These ATMs are spread over

70 municipalities, which represents a rate of operability of 95.59% in the national territory.

Over 897 EFTPOS were also installed in 2014, amounting to a total of 4,313 EFTPOS, among our customers, corresponding to a 26% increase relative to 2013.

In the segmentation of the product and service offer, special note should also be made of the good performance of the activity of cards, giving rise to a total of 490,950 cards in 2014, 9% more than in 2013.

► Market Shares





02.

BACKGROUND OF THE ACTIVITY

- ▶ MAIN BUSINESS LINES
- ▶ DISTRIBUTION NETWORK
AND GEOGRAPHIC PRESENCE
- ▶ HISTORICAL MILESTONES
- ▶ MARKETING AND COMMUNICATION
- ▶ INFORMATION TECHNOLOGIES
- ▶ HUMAN RESOURCES

02.1 MAIN BUSINESS LINES

Since its incorporation, the provision of services characterised by excellence and the permanent drive towards the needs of each customer constitute one of the strategic and differentiating pillars of Banco BIC. In 2014, the Bank achieved an annual growth of approximately AKZ 194 billion (USD 1,260 million) in its Turnover (including loans to the State) due to its vibrant commercial activity among customer segments, involving both individuals and companies.

We also highlight the strengthening of the international business, in particular with Banco BIC Português, focused on the levels of efficiency between institutions, which represent a source of growth and an increase of the fundamental value for our customers. The Angola-Portugal Office was created in 2014 in order to boost this bilateral business.

The Bank's commercial structure was defined with a view to improving the orientation to the needs of the customers, being divided into four main segments, namely Individuals and Business, Private Banking, Investment and Companies, where the development of the Oil and Gas Department has been particularly important in this last segment.

During 2014, the Bank continued the process of reorganisation of some of these areas with the objective of the continuous improvement of the services rendered to the customers. In this way, some customers were allocated to the most suitable segment, and the competence of analysis of loan proposals has been strengthened within these segments.

Individuals and Business Division

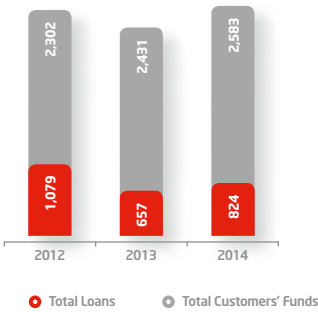
As at 31 December 2014, the Individuals and Business Division (hereinafter DPN) has a total of 190 branches and 7 attendance points distributed over all the provinces of Angola, which represent around 90% of Banco BIC's total commercial network.

This Division, which supports the Branch Network of Banco BIC, recorded an increase of USD 152 million in terms of total custo-

mers funds (+6% in relation to 31 December 2013), having reached the total amount of USD 2,583 million as at 31 December 2014. Regarding total loans, the overall value of DPN's portfolio amounted to USD 824 million as at 31 December 2014 (USD 657 million as at 31 December 2013).

During 2014, DPN developed its activity with particular focus on the portfolios of customers funds and loans, as well as on the reinforcement of commercial relations with customers through the placement of new products.

► Individuals and Business Division



Companies Division

During 2014, the Companies Division (hereinafter DE) continued its action of retaining customer loyalty by providing a more qualified service. As at 31 December 2014, the Companies Division had 17 business centres.

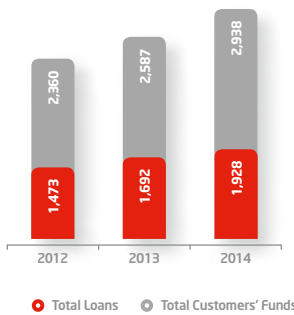
Under the process of re-allocation of customers, which started in 2012, continued the transfers to business centres of accounts that had previously been allocated to other commercial departments, aimed at enabling the provision of a more personalised and differentiated service to this customer segment.

During 2014, the Companies Division recorded growth of its funding amounts by over USD 351 million, which increased from USD 2,587 million at the end of 2013 to USD 2,938 million at the end of 2014 (14% growth), as a result of the efforts made to strengthen its commercial relations with current customers and attract new customers.

In terms of total loans to customers, the Companies Division had approximately USD 1,928 million under its management as at 31 December 2014. Always taking into account the Bank's solvency ratios, the solidity of the business and the quality of the loan portfolio, the Companies Division continued to closely monitor its portfolio of customers and, for those showing signs of greater difficulty, established a prudent policy of renewal of operations, where the strengthening of guarantees associated to loan operations is a decisive management tool.

As at 31 December 2014, the Companies Division accounted for close to 57.8% of the loan portfolio and 44.1% of the portfolio of total amounts owed by the Bank.

► Companies Division



The Bank achieved AKZ 194 billion growth of its Turnover in 2014, as a result of its vibrant commercial activity.

Companies Division - Oil and Gas Department

With the approval of the Foreign Exchange Law, in May 2012, applicable to the oil sector, Banco BIC created an Oil and Gas Department, designed from scratch to provide an exclusive and excellent service for the specific needs of this segment.

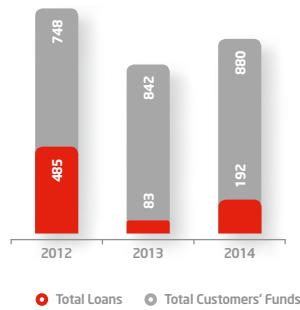
At a first stage, the Department essentially focused on front-end activities to support companies in the process of transition of the different phases of the new Foreign Exchange Law. The back-office activities were subsequently developed, namely with the creation of a series of sub-divisions in the different units of the central services which, combined with various technological innovations, seek to assure swiftness and efficiency in all processes and better adjustment to this sector's requirements.

Private Banking

We are committed to the continuous improvement of the service to our customers. This area involves the highest and most differentiated level of bank customer attendance, offering a more personalised structure based on the sale of financial consulting products, in line with the risk profile identified for each customer. Here, the primary objective continues to be the sustained preservation of the customers' wealth in detriment of performance, in order to maintain the growth and consolidation of the activity.

In 2014, the funds attracted reached USD 880 million (5% growth in relation to 31 December 2014). Regarding loans, the portfolio amounted to close to USD 192 million as at 31 December 2014 (USD 83 million as at 31 December 2013).

► Private Banking



Investment Division

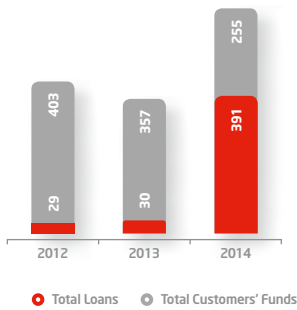
The Investment Division is ruled by the traditional model of banking segmentation of its customers in terms of their investment/return. Here, it is essential to know the customer better and develop best practices of monitoring and prospecting, in order to materialise the commitment made with the investors, aimed at achieving the successful accomplishment of each project, building strategic partnerships and synergies of value. The Investment Division is present throughout the entire investment project cycle, together with the investor, from its design right up to its full implementation.

For investors who are interested in diversifying their investment and focusing on this segment, Banco BIC offers various investment alternatives which follow the evolution of the business, stimulating the commercial network of economic agents maintaining financial relations with the Bank.

As at 31 December 2014, this division has three investment centres, which offer permanent and specialised follow-up, both in the daily management of the customer portfolio and in in-

vestment decision-making. As at 31 December 2014, the balance of the portfolio of total amounts owed reached USD 255 million and the portfolio of loans granted amounted to USD 391 million.

► Investment Division



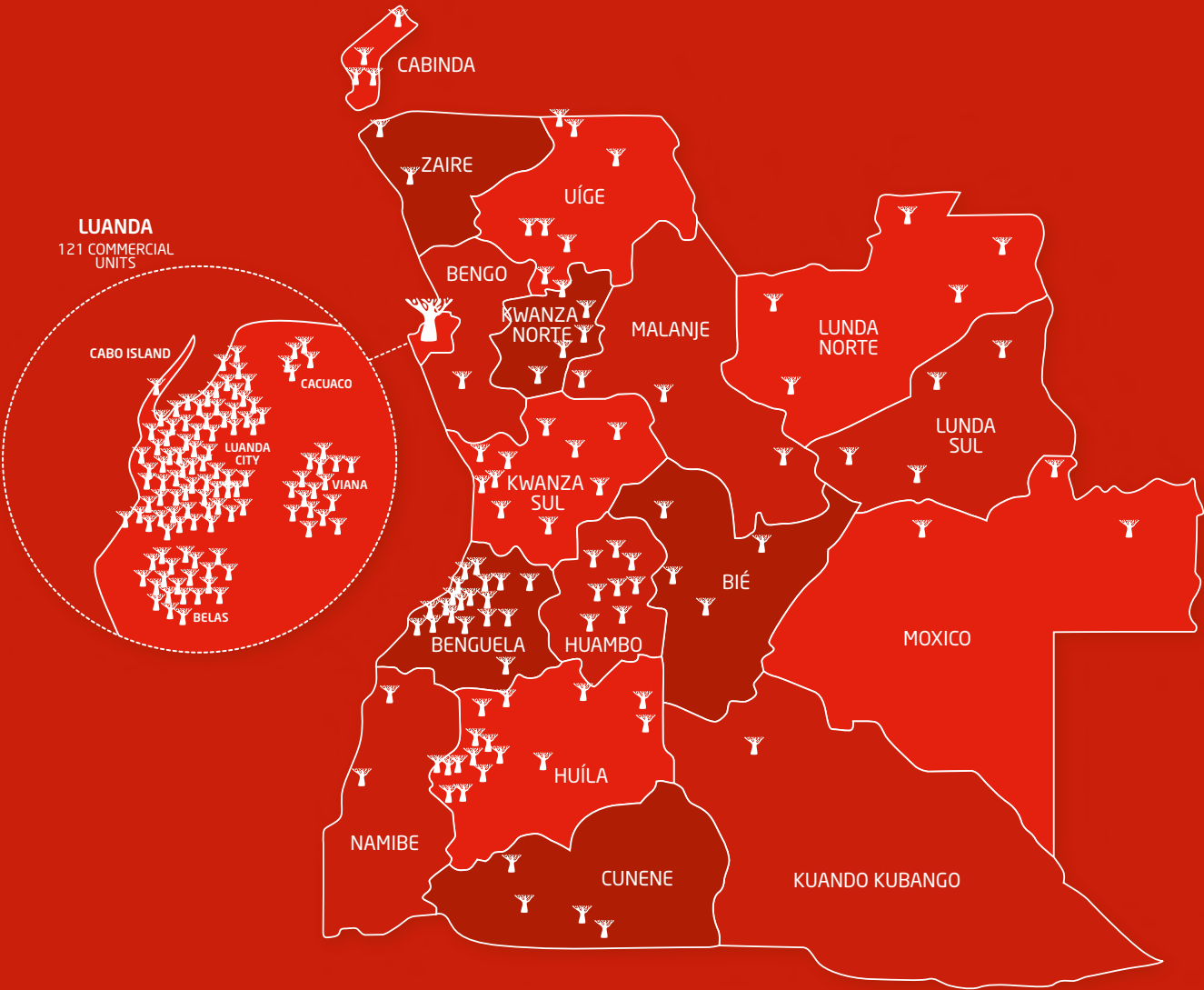
Angola-Portugal Office

The Angola-Portugal Office (hereinafter GAP) was created in May 2012, to boost bilateral business between Angola and Portugal, assuring the management of the financial flows between the two countries and supporting Angolan and Portuguese entrepreneurs in their internationalisation activity.

In line with the Bank's commercial strategy, this Office aims to increasingly strengthen commercial relations between the two countries, assuring the required levels of excellence and professionalism.

The main activities of the Angola-Portugal Office include financial support to the current business of companies of both countries, namely through export support services, the provision of information on the particularities of each market and follow-up of the flows generated between the two countries with special attention given to the swiftness of processes and competitiveness of the applied pricing.

02.2 DISTRIBUTION NETWORK AND GEOGRAPHIC PRESENCE



BENGO Branches - 1	CABINDA Branches - 4	HUÍLA Branches - 15 Business Centres - 1	KWANZA SUL Branches - 10	LUNDA NORTE Branches - 5	NAMIBE Branches - 2
BENGUELA Branches - 16 Business Centres - 2 Attendance Points - 1	CUNENE Branches - 4	KUANDO KUBANGO Branches - 1	LUANDA Branches - 98 Business Centres - 14 Investment Centres - 3 Banking Service Point - 1 Private Banking - 1	LUNDA SUL Branches - 4	UÍGE Branches - 6 Attendance Points - 1
BIÉ Branches - 4	HUAMBO Branches - 8	KWANZA NORTE Branches - 5		MALANJE Branches - 3	ZAIRE Branches - 2
				MOXICO Branches - 3	

02.3 HISTORICAL MILESTONES

Throughout these years of its existence, Banco BIC has remained faithful to the values of its brand name, based on its permanent contribution to the economic, cultural and social development of Angola and the countries in which it operates.

The historical reference points of Banco BIC are a clear reflection of a strategy consistent with balanced and stable management.

2014

- › BIC Seguros, S.A. inaugurates its Head Office on 15 October 2014;
- › The shareholders of Banco BIC obtain license on 1 October 2014 to operate in the insurance market in Angola, with Seguradora BIC Seguros, S.A.;
- › Banco BIC in Angola surpasses the threshold of 1,000,000 customers and has 2,097 employees and a total of 217 branches;
- › Banco BIC is increasingly more an international brand name. Not only with its presence in Portugal, since 2008, but now also in Cape Verde (IFI), South Africa (Representation Office) and in Brazil;
- › Banco BIC was distinguished with the “Sirius 2014 Award” for the “Best Financial Education Programme”; and
- › Banco BIC ranked among the 100 Largest African Banks, in 32nd place, published by *The Banker* magazine.

2013

- › Banco BIC was distinguished as “Best Company of the Year in the Financial Sector in Angola”, attributed in the “Sirius 2013 Awards”;
- › “Best Bank in Angola” award given by the prestigious *The Banker* magazine of the Financial Times group;

- › Start-up of the process of internationalisation and convertibility of the Angolan currency (the Kwanza). In this process, Kwanza notes are sold in the branch network of Banco BIC in Portugal; and

- › Banco BIC strengthened its international activity with the start-up of activity in Cape Verde and closing of the agreement for activity in Brazil.

2012

- › According to the *African Business* magazine, which annually publishes a list of the 100 largest African banks based on the equity of each institution, Banco BIC was placed as the 32nd largest African Bank. This notable fact is even more important considering the seven years of existence of Banco BIC, compared to other institutions with over 50 years of history in the African financial system;
- › Banco BIC closed 2012 with a number of customers above 800 thousand, thus demonstrating the confidence entrusted by the customers in this Bank and the effort of its employees; and
- › The Oil & Gas Department was created to meet the specific needs of this sector. Since Angola is one of the largest oil producers and with the Government laying down conditions for the greater involvement of this sector's companies in the national financial market, it is urgently necessary for the banks to adapt to the specific requirements of these companies.

2011

- › Acquisition of Banco Português de Negócios from the Portuguese State, thus contributing to expanding the presence of Banco BIC in the Portuguese and European market (formally accomplished on 29 March 2012);
- › Inauguration of the new head office of Banco BIC in Talatona, at a ceremony chaired by the Governor of Banco Nacional de

Angola, Dr. José de Lima Massano. The new head office enables centralising the services, thus contributing to ensure that the quality levels of the attendance offered to the customers is even higher. The ten storey building accommodates approximately 350 employees distributed over the central services, a branch, a business centre, an investment centre and a private banking centre;

- › With a little over six years of existence and an initial capital of USD 30 million, Banco BIC's equity surpassed USD 650 million as at 31 December 2011;

- › Banco BIC became the largest Angolan private bank in terms of commercial coverage in Angola with 167 commercial units of which 99 are in Luanda and the remaining 68 are spread over the different provinces of the country;

- › Launch of the BIC MAIS magazine, a new form of internal communication and sharing of information, which creates even more value and represents a differentiating factor;

- › Launch of the BIC Cofre Mealheiro (piggy bank) account, aimed at children and parents, encouraging saving from a very early age, so as to enable the pursuit of future projects; and

- › Signing of the “Depósito Bankita” cooperation protocol, launched by Banco Nacional de Angola, together with another seven banks. The product, which reduces the minimum value for the opening of an account to 100 Kwanzas, aims to extend access to the banking circuit to all citizens.

2010

- › Launch of the “BIC Wage – Civil Service” campaign. Now, civil servants can also receive their wage through Banco BIC. And receive other benefits: Personal Credit, Motor Vehicle Financing, Mortgage Loans and Advances of up to 100% of their Wage;

- › Launch of the “CAN 2010 Awards” campaign, based on the theme – “The Palancas (national team) have the support of the audience and the Bank”, with a prize of USD 1,000,000 for the Angolan national team for the conquest of the Africa Cup of Nations (CAN) as well as for the victories, for the goals scored and for the performance of the best in the field;

- › Launch of the “5 YEARS of making Angola grow” campaign, allusive to the 5th anniversary of Banco BIC. The strongest motive was telling Angolans that we are present all over the country, in the 18 provincial capitals and in the main municipalities. Which is the same as saying that Banco BIC is increasingly closer to the Angolans, their families and enterprises, being a strong partner in the development of common goals;

- › The threshold of 500,000 Customers was surpassed in 2010, which include large companies, small businesses and individuals, demonstrating the confidence entrusted in us by our customers;

- › The *African Business* magazine elected Banco BIC as the 42nd Largest African Bank, from a list which includes banks with more than half a century of existence. The Bank's financial solidity and the quality of the services rendered to its customers, were crucial factors for this recognition;

- › Conclusion of an agreement with the multinational Coca-Cola for the opening of two credit lines aimed at funding private projects in the province of Bengo. Called “Bengo Investe I e II”, the combined value of these two credit lines is USD 23 million; and

- › Banco BIC became the largest Angolan private bank in terms of geographic coverage of its branches, with a presence in 48 of the 163 municipalities of the country.

2009

- › Launch of Banco BIC's new image, associated to solidity, technology and innovation. Being primarily customer driven, Banco BIC strengthened the following campaigns: BIC VISA – Gold and Platinum, BIC Multicaixa and EFTPOS connected to the VISA network (automatic payment terminals) aimed at reinforcing the sale of these products; and

- › Presence at Filda 2009, where the “We Invest Together – We Grow Together” campaign was reinforced, highlighting the connection with Banco BIC Português, thus emphasising the key factors underlying its constitution.

2008

› In 2008, the threshold of 1,000 employees was surpassed, with around 81% working at the level of the commercial network. This growth of the Bank's staff, reflected in the expansion of its counter service network, constitutes one of the pillars of the Bank's Growth Strategy;

› Attribution by *EuroMoney* of "The Best Bank in Angola" award for the excellence of its performance in the commercial area, service quality and consolidated results achieved considered as a whole;

› Launch at Filda 2008 and Expo Huila 2008 of the new BIC Multicaixa campaign – "A personalised debit card, which will enable you to move your Current Account in Angola through the Multicaixa network"; and

› Opening of Banco BIC Português. The increased economic relations between Portugal and Angola was one of the underlying factors leading to this decision, thus drawing the Portuguese business sector closer towards its strategy of internationalisation to Angola, as well as Angolan investors who already operate or may wish to operate in Portugal and Europe.

2007

› Banco de Portugal's authorisation of the incorporation of Banco BIC Português, S.A. with majority Angolan capital, directing its activity to supporting Angolan and Portuguese entrepreneurs with interests in Angola;

› Signing of a protocol with the Ministry of Finance for the funding of the reconstruction project of the province of Uíge, valued at around USD 150 million;

› Creation of the Mortgage Loan Division aimed at stimulating and improving the management of this loan segment;

› Marketing of VISA – Visa Premium and Visa Gold credit cards and launch of a campaign relative to their sale; and

› Launch at Filda of the Easy Credit product, a new general loan for the acquisition of consumer goods, whose main feature is

swiftness in granting at a very attractive interest rate, reducing the existing bureaucracy in loan concession.

2006

› Launch of the BIC Wage account, a new personal credit product, which enables the customer access to automatic credit, up to the maximum amount of a net wage and the possibility of access to a credit line;

› Launch of the BIC Housing and BIC Motor Vehicle campaigns;

› Extension of the Bank's branch network to almost all the provinces of the country, with only three provinces still requiring coverage, where construction works are already underway;

› Deliberation of a new share capital increase of USD 20,000,000 to USD 30,000,000, following authorisation of Banco Nacional de Angola;

› Signing of a protocol with Banco Popular de Portugal, with a view to establishing credit lines aimed at boosting relations between economic agents of Angola and Portugal through the financing and promotions of exports;

› Admission to the "POS VISA" network, with BIC operating as an issuer of internationally accepted credit cards, as a main member, thus enabling support of other Angolan banks in obtaining VISA cards, and being part of the restricted group of banks selected by VISA; and

› Share capital increase of USD 14,000,000, fully paid-up in cash, with total share capital thus reaching USD 20,000,000.

2005

› Attribution of a performance certificate by American Express, on the quality of the processing of foreign operations which, with only a few months of existence, placed Banco BIC in line with the world's best banks in this segment;

› Promotion of the Banco BIC brand name associated to the slogan

"We Grow Together", thus affirming ourselves as partners of the growth of our Customers and the country;

› Opening of the first branch in Luanda (Maianga Branch); and

› Incorporation by deed of Banco BIC, S.A., after authorisation of Banco Nacional de Angola, with share capital of USD 6,000,000.

In 2014, Banco BIC was ranked in the 32nd place of the 100 Largest African Banks, published by The Banker magazine.

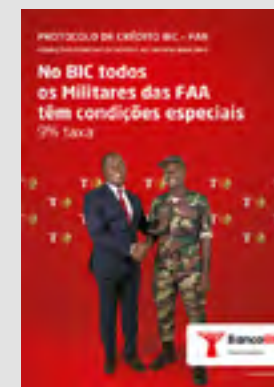
02.4 MARKETING AND COMMUNICATION

Placed in a market which has proved to be increasingly more competitive, year after year, our marketing strategy is a crucial element for our communication with Angolan society and, above all, for the differentiation of the Banco BIC brand name.

During the year, Banco BIC not only carried out various campaigns to promote the brand name and its products, but also supported and sponsored a number of events at a social, cultural and sports level. Among the main events of 2014, we highlight the following:

CAMPAIGNS:**BIC - FAA Credit Protocol Campaign**

In order to communicate the protocol signed between the two institutions, the Bank launched the Banco BIC – FAA campaign, which discloses the benefits in credit concession to all military personnel of the Angolan Armed Forces, at a subsidised interest rate of 9%.

**Launch of BIC Mundo Prepaid Visa Card**

Prepaid, rechargeable and personal debit card of the VISA network, aimed at individual customers, enabling all types of payments in Angola and abroad.



Celebration of the 9th Anniversary

On the occasion of the commemoration of its 9th anniversary, the institution launched the “9 Years” campaign, under the concept “It’s been many years together – knowing customers, supporting customers, financing customers, making their business grow. And when this happens, the number of our customers also grows. Today, there are more than a million, spread over the 18 provinces of Angola and served by over 200 branches. Banco BIC’s growth is the direct consequence of the growth of the Angolans and of Angola. Therefore, whenever we celebrate an anniversary, whether the 9th, 19th or 99th, there is one thing we can be certain of: it’s to be celebrated together”.



Launch of new Financial Products

BIC Treasury – Short Term Deposit, aimed at Companies, which assures total liquidity and an interesting yield.

BIC Saving – Total adjustment to your interests and investment needs, so that your savings are always growing.

Indexed Term Deposit – Financial product in national currency, which enables exchange rate coverage relative to the United States Dollar.



Blood Donation Campaign

Committed to being an ethically responsible institution, the Bank has defined a Social Responsibility programme covering various initiatives, such as the Blood Donation Campaign, under the slogan “Together We Save Lives”. This initiative, carried out in partnership with Hospital Josina Machel and the National Blood Institute, aimed at encouraging blood donation among the Bank’s employees, for the purpose of helping those most in need.



FAIRS:

Participation in the 31st edition of Luanda International Fair (FILDA)

A multi-sector event for the exhibition of national and international companies, considered the largest business exchange of Angola.



EVENTS AND SPONSORSHIPS :

Opening of the representation office of Banco BIC in Johannesburg

28 February marked the official inauguration of the representation office of Banco BIC in South Africa, which was attended by Josefina Pitra Diakite, Ambassador of Angola in South Africa, the chairmen and directors of Banco BIC of Angola and Portugal, and other relevant entities.



Distinction of best students of UCAN

In April, in terms of support to education and training, Banco BIC established a partnership with Universidade Católica de Angola for the holding of the annual award-giving ceremony for excellent students of UCAN's academic context.



Constitution of the Banco BIC Club

Aimed at encouraging activities for purposes of entertainment, training, cultural aspects and sports among its employees, the Banco constituted the Banco BIC Angola Club on 22 May 2014. The Club promotes a wide range of services, through the conclusion of various agreements, as well as cultural and sports activities boosting the socialising of its over 2,000 members.



Inauguration of the Insurance Company BIC Seguros S.A.

The day of 15 October shall remain forever engraved in the history of Banco BIC as the day of the official opening of the new insurance company BIC Seguros S.A., located at Rua N'gola M'Bandi, in Heroínas, district of Maianga. As is the case of Banco BIC, the new insurance company is endowed with a flexible and modern structure, with an ethical positioning, and operates in the Life and Non-Life branches, offering an integrated and value added service to all its customers and partners.



Sponsorship of the BIC Basket competition

In November, Banco BIC and the Angolan Basketball Federation conclude an agreement conferring Banco BIC the status of official sponsor of the Senior Male Basketball National Championship 2014/2015, named BIC Basket.



02.5 INFORMATION TECHNOLOGIES

2014 was a challenging year for the team of the Information Systems Division of Banco BIC, with the implementation of a series of systems and procedures in conformity with the internationally recommended practices, a process which shall be continued in 2015.

Throughout 2014, Banco BIC maintained its investment in Information Systems, as part of its strategy, having continued to pursue earlier initiatives of a technological nature, and launched projects which contribute to enable the Bank's Systems to follow and boost its growth. These investments in automatic processing systems, fully adapted to the characteristics of each Customer, have proved to be a powerful instrument for close and solid relations with Customers.

Operating risk remained at the top of the concerns and initiatives aimed at modernisation throughout 2014, of which the following important initiative is highlighted: the acquisition of equipment to support two new Data Processing Centres. This project, which shall extend throughout 2015, corresponds to evidence of Banco BIC's line of evolution.

Banco BIC, SA recognises that the availability of its systems directly affects its capacity to accomplish business on a regular basis. For this reason, the Policies on Security and Risk Mitigation in the context of Information Systems were strengthened, with the adoption of various initiatives, namely:

- Installation of new antivirus tools which significantly increase the level of protection of Banco BIC's IT network;
- Strengthening of the stability of the Bank's communications network, with higher redundancy levels for the commercial areas and central services as well as reinforcement of the equipment and respective software; and
- Expansion of the bandwidth capacity with the inclusion of new Optical Fibre operators in the Bank's communications network.

The pressure exerted via new legislation and regulations as well as by the Customers and international financial system, with respect to Anti-Money Laundering and Terrorism Financing measures, implied that this was a central area of the Bank's action in 2014.

The implementation of the Credit Work-Flow (WFC) system, which consists of a new front-end implemented at the Branches, Business Centres and Investment Centres which introduced mechanisms based on workflow methodologies, has enabled the automation of processes, assuring higher security levels and greater swiftness in the regular channels of approval.

The year of 2014 also marks the beginning of new dynamics in the digital channels (platform of remote channels). As an already visible component, the internet banking websites for individuals (www.bicnet.ao) and for companies (www.bicnetempresas.ao) were completely redesigned, and now include new and attractive functionalities for users.

During 2014, various projects were also developed to support the business growth and internal organisation of Banco BIC, where we highlight the completion of the development of the application SIG - Implementation of Management Information System which enables effective control of the current position of the entire commercial structure.

02.6 HUMAN RESOURCES

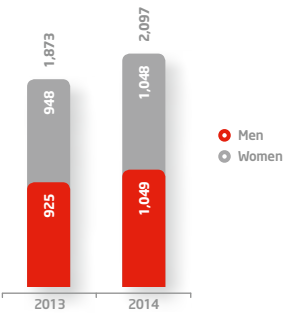
CHARACTERISATION OF THE HUMAN CAPITAL

The Employees are one of the fundamental axes of Banco BIC’s activity. The Human Resources policies implemented are based on the active management of talent as a differentiating factor.

The Human Resources Division is responsible for establishing the policies and practices for human capital in the different provinces of the country, promoting a healthy, balanced, competitive and results-driven work environment.

As at 31 December 2014, Banco BIC’s staff was composed of 2,097 Employees distributed over the Bank’s different areas, with 1,412 being in Luanda, 684 in the provinces and 1 at the representation office in South Africa.

► Number of Employees	2014	2013	VAR
Men	1,049	925	13.41%
Women	1,048	948	10.55%
Total	2,097	1,873	11.96%



In overall terms, the staff numbers increased by 11.96% in relation to 2013, which was above all aimed at covering the opening of 19 new branches.

Attracting, retaining, managing and developing professional talent, under working conditions that give rise to a true feeling of pride and belonging among the employees, continues to be the major objective of Banco BIC on matters of Human Resources.

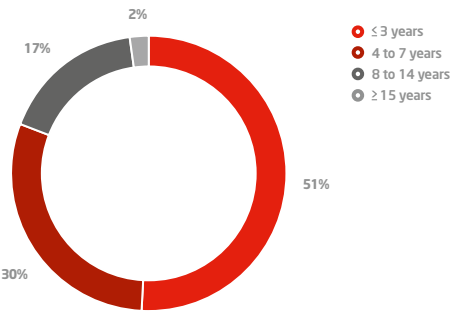
Also, concerning career management, we continue to give priority to internal recruitment as a form of encouraging the expansion of the employees’ skills, whether in a vertical or horizontal progression.

The number of employees allocated to the commercial area represents 85.5% of the Bank’s total, thus maintaining the trend of previous years.

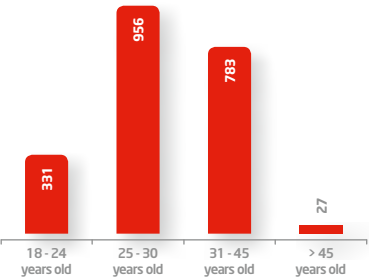
► Functional Area	2014	2013	VAR
Central services	304	282	7.80%
Commercial network	1,793	1,591	12.70%
Average number per branch	8	8	

In relation to the ratios of experience in banking, age and higher education, and after almost a decade of activity, the average age of the Bank’s employees stands at 30 years old, with 61% being aged between 18 and 30 years old. The percentage of employees with university training reaches 75%.

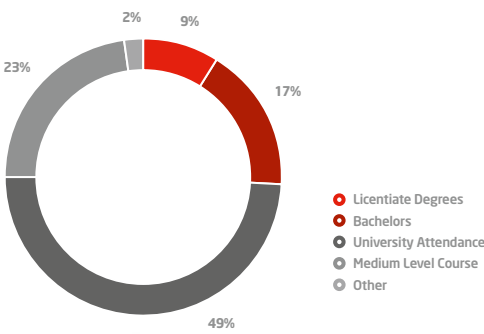
► Experience in Banking



► Age Group



► Schooling Level



TRAINING AND RETENTION OF TALENT

Concerning the management of knowledge, vocational training continued driven towards the development of people and the business, reflected in over 38,000 hours of training, 18 hours per employee, thus corresponding to a significant increase in relation to previous years. The number of persons trained in classroom situations, during 2014, amounted to 4,115 trainees.

► Training Activity

Total volume of training (total hours of training)	38,225
Average number of training hours per employee	18h

Underlying all the training actions ministered was the valorisation of the potential of each employee, enabling the alignment of the Human Resources policies with the expectations of the employees and the strategic objectives of the Institution.

Among the actions carried out of greatest impact on the Bank and in terms of training in the behavioural area, we highlight the continued focus on training in “Excellent Attendance” for employees performing front-office duties. The technical aspects of banking activity were also reinforced through the holding of training actions in the areas of risk analysis and accounting. Training and literacy on the combat of money laundering and terrorism financing were also a major concern of the Bank during 2014.

Also regarding training and in partnership with Banco BIC Portugal, the Bank continued its policy of attribution of training internships, of professional nature, to various employees.

MEDICAL ASSISTANCE BENEFITS

Banco BIC also continued its preventive management of the health and well-being of its employees and their families, through the attribution of medical assistance benefits.

In 2014, the records include 31,786 clinical acts which corresponded to a total cost of AKZ 506,365,402.56, of which AKZ 405,092,322.05 were direct costs of the Bank.

Speciality	Aggregate	Employees
Supplementary tests	1,829	2,105
Primary Care Medicine	2,923	7,198
Stomatology	544	1,656
Gynaecology / Obstetrics	2,573	5,160
Surgery	276	178
Paediatrics	5,355	-
Other specialities	779	1,210
Total	14,279	17,507

PERFORMANCE ASSESSMENT

For Career Management, considered a strategic axis and determinant in the motivation and retention of its Human Resources, the Performance Assessment System continues to be an indispensable tool in the active management of talent and improvement of performance driven action. The performance assessment system at Banco BIC is crucial in the construction of a culture of merit, with 94% of Banco BIC’s employees having been assessed in 2014.

The maintenance of the remunerative policy always indexed to individual performance also contributed strongly to the result, both qualitative and quantitative, achieved by the Bank throughout 2014.

Attracting, retaining, managing and developing professional talent, under working conditions that give rise to a true feeling of pride and belonging among the employees, continues to be the major objective of Banco BIC on matters of Human Resources.



03.

RISK MANAGEMENT SYSTEM

- ▶ COMPLIANCE
- ▶ RISK MANAGEMENT POLICIES
AND PROCESSES

03.1 COMPLIANCE

The Compliance function is instituted in the Bank in an independent, permanent and effective manner.

The major objectives of this function are observance of the applicable legal and regulatory provisions, including those relative to the prevention of money laundering and financing of terrorism, as well as professional and ethical standards and practices, internal and statutory rules, codes of conduct and customer relations, and guidelines of the governing bodies in order to protect the Bank's reputation and integrity, preventing it from being subject to penalties.

Furthermore, in the context of the duties associated to anti-money laundering and terrorism financing measures, the Compliance Office is obliged to assure the correct training of the Bank's employees for this area and the reporting of suspicious situations to the Financial Information Unit (UIF).

In order to optimise the operation of the Compliance Office and assure compliance with the Notices issued by the BNA which regulate its action, the Bank has defined the following initiatives:

- In March 2014, Banco BIC's Administration approved the acquisition of the Argus application which shall enable monitoring customers, transactions, politically exposed and other persons, groups or entities named in lists of sanctions and adverse information, and the implementation of a system for the management of risk associated to customers since the beginning and during business relations with them. Its implementation should be phased with priority given to the Filtering and Know Your Customer (KYC) processes. By 30 November 2014, the work of identification of the requirements had been completed and its formal approval made, with the adaptations derived thereof current being produced.
- Concerning OPEs and OPRs, verification in particular of the operations which are destined for countries under embargo by OFAC (US Office of Foreign Assets Control) and those which, having Prevention Plans, record flaws. Supplementary checking with the list of entities under sanctions issued by OFAC.

The primary objective of the Compliance function is to assure respect for the legal and regulatory provisions in an independent, permanent and effective manner.

By 31 October 2014, the Bank's records point to an average of 238 transfers made/day, of which two destined for countries under sanction by OFAC and one to a country identified as having flawed control systems, and 37 transfers received/day, of which five came from countries under sanction by OFAC and 30 to countries identified as having flawed control systems.

In the verifications made by the Compliance Office to the transfers, no entities whatsoever were found to be included in the aforesaid lists.

- Verification of cash withdrawals of a value equal to or higher than USD 50 thousand or equivalent value in national currency, concerning aspects related to authorisations and their limits, identification of the operations and respective justifications by the customer.

Pursuant to number 2 of article 13 of Law 34/11 of 12 December 2011, as of 1 October the Bank started to inform the UIF of all transactions in cash equal to or above, in national currency, the equivalent of USD 15 thousand.

- In April 2014, and after the Administration's decision on the adoption of the Foreign Account Tax Compliance Act (FATCA) programme, the Compliance Office was entrusted with the responsibility of its implementation. For this purpose, the Bank was duly registered as a participant Foreign Financial Institution (FFI), and attributed its Global Intermediary Identification Number (GIIN).

03.2 RISK MANAGEMENT POLICIES AND PROCESSES

Risk Management is a fundamental area for the banking sector. Currently, risk analysis is divided among various departments of the Bank.

The Executive Committee of the Board of Directors is currently responsible for approving and monitoring the Bank's risk strategies, including the policies and procedures associated to the Internal Control System which enable the Bank's different departments to achieve their defined objectives.

CREDIT RISK

Credit risk is considered to be one of the most relevant risks in the activity of financial institutions. This risk consists of losses and uncertainty as to future returns generated by the credit portfolio, the possibility of default by borrowers (and their guarantor, if any) or an issuer of a security or counterpart of a contract.

The limits and procedures for granting loans and their management are established in the Bank's General Credit Regulations.

Credit risk analysis and decision-making is distributed over different decision-making levels in the granting of loans.

The Credit Risk Analysis Division (DARC) is responsible for assuring the definition and monitoring of the credit risk management policy. Currently, there is a series of manuals and standards which assure the aforesaid through the definition of competence levels in the granting of loans, the limits by type of operation, the assessment of the customer's capacity, the monitoring of compliance with the financial plans and the assessment of the risk of non-collectability and need for renegotiation of operations.

The Bank has progressively adopted and developed risk management methodologies, particularly with respect to the granting, monitoring and recovery of the loan.

It should be noted that the Centre of Information and Credit Risk, an information platform about the credit exposure of individual

customers and companies in the banking sector, is a tool that has been increasingly more used, contributing to more appropriate credit risk management.

Decision-making

- The Credit Risk Analysis Division (DARC) is subdivided into:
- **Major Risks** – the area entrusted with the analysis of all credit operations or customers with a general debt of AKZ 5 million or above;
 - **Retail** – the area entrusted with the analysis of all credit operations or customers with a general debt below AKZ 5 million.

Evaluation

The evaluation of credit risk is based on the following weighting criteria:

- Internal Ratings of non-financial entities:
 - Financial Elements of the Customer, attributing a Rating Level in quantitative terms;
 - Completion of a questionnaire by the commercial area (which can be reviewed at any time by the DARC) comprising qualitative data that will define the Risk Level, which should reflect the real value of the company in qualitative terms;
- The Type of Credit, Purpose and Proposed Amount;
- The Credit Risk of the Economic Group as a whole;
- Overall debt recognised in the Credit Risk Information Centre (CIRC) of Banco de Nacional de Angola;
- Existence of debts to the State or Social Security;
- The concentration of exposure;
- The existing commercial and credit relations/experience;
- Net Worth of the Economic Group.

There are also particular evaluation processes for specific types of credit, such as:

- Financing of Construction which, in addition to the weighting referred to above, is also analysed relative to:
 - Completed projects (historical record);
 - Works in progress;
 - Project to be financed (Operational Projections, Financial Plan, Project Description, including aspects its underlying logic, necessary licenses and permits for its accomplishment);

Risk Management is a fundamental area for the banking sector.

- Mortgage Loan, Motor Vehicle Financing and Personal Credit, which, in addition to the weighting referred to above, is also analysed relative to:
 - Valuation of the property to be acquired;
 - The debt recognised in the CIRC;
 - The existing commercial and credit relations/experience;
 - Income of the proposers;
 - Debt capacity.

Finally, the entire process of analysis includes the valuation of collateral.

The CIRC has proved to be an essential tool for the assessment of the general indebtedness of the customers in the national banking system, thus enabling more thorough analysis of the risk level of the credit operations.

Monitoring and follow-up

The monitoring and follow-up of the Customer involves ongoing observation work, so as to enable knowing, at all times, the degree of confidence on the likelihood of the prompt repayment of any loan that might have been granted and/or timely warning of any circumstances that might affect the good accomplishment of the operations.

The process of monitoring the granted credit starts immediately after its contracting and is extended until its full repayment, so as to assure compliance. The Bank classified the loans into different levels of Special Surveillance (VE) according to the degree of concern in relation to possible default (VE4 – monitoring, VE3 – reinforcement of guarantees, VE2 – reduction and VE1 – extinction).

Customers who are in default, and for whom the possibilities of negotiation are considered to be exhausted by the commercial structure, are also classified into C – Litigation and PC – Pre-Litigation.

Regarding the monitoring of the overdue loan portfolio, the DARC maintains permanent control of overdue loans as of the value of USD 5 thousand. The aforesaid control is conducted through monthly reports and meetings held with the respective commercial areas.

Central Archive

An area for the management of the archive with credit cases amounting to over AKZ 5 million is centralised in the Credit Risk and Monitoring Division.

DEVELOPMENTS OF 2014

Balance Sheet Centre – Rating

During 2014, the Bank implemented the Balance Sheet Centre in order to produce a database of economic and financial information on its corporate customers. This information is based on the annual financial statements of the companies.

The primary objective of the Balance Sheet Centre is to contribute to better knowledge on the economic and financial situation of these companies through analysis of the different ratios, thus enabling a quantitative and qualitative of loan requests.

Credit Work-Flow

In September 2014, the Bank implemented the use of the Credit Work-Flow (WFC), which is a computer tool used to facilitate and simplify the flow of information and elements of a loan process for decision-making purposes in an effective and efficient manner.

By the end of the year, over 3,000 operations had been recorded in the WFC.

	September		October		November		December		Total	
Total	110	100%	1,018	100%	1,009	100%	956	100%	3,093	100%
Approved	94	85%	899	88%	911	90%	894	94%	2,798	90%
Refused	14	13%	114	11%	90	9%	56	5%	274	9%
Withdrawn	2	2%	5	1%	8	1%	6	1%	21	1%

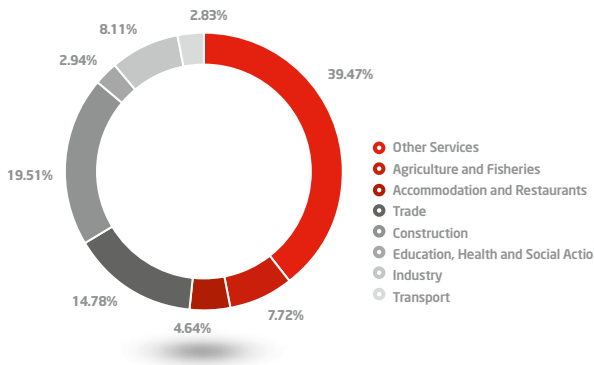
The WFC has proved to be an effective and efficient tool for the processing of the entire credit at the Bank, due to the following aspects:

Swiftness	The time of analysis of credit operations has decreased considerably.
Documental Management	The documental support of the credit operations circulates automatically on the platform.
Standardisation	The credit operations are executed in a standard form throughout the Bank's entire structure.
Automation	Pre-existing data is collected at the Bank's central application relative to the Customer.
Process Control	The Credit Work-Flow enables providing all participants, at each stage of the circuit, with a precise summary of the situation of the credit operation.

The composition of the loan portfolio by risk categories shows a concentration in the lowest risk classes (A, B and C), and, as a whole, as at 31 December 2014, represent 76.7% of the Bank's total loan portfolio.

Class	Risk	2014	2013	2012
A	Zero	17.2%	17.5%	15.8%
B	Very Low	30.4%	21.9%	34.6%
C	Low	29.1%	41.7%	33.2%
D	Moderate	8.3%	5.3%	3.9%
E	High	6.3%	4.0%	6.4%
F	Very High	2.8%	2.3%	0.2%
G	Loss	5.9%	7.3%	5.9%
		100%	100%	100%

The Bank's portfolio of loans to companies shows balanced sector diversification.



Maintained at comfortable levels and demonstrating a prudent policy of risk management, the ratio of coverage of total loans (excluding signature credit) by provisions stood at 12% as at 31 December 2014 (11% as at 31 December 2013).

	2014	2013	2012
Provisions	311	252	228
Coverage of overdue loans	170%	223%	566%
Coverage of total loans	12%	11%	9%

LIQUIDITY, MARKET AND EXCHANGE RATE RISK

The International and Financial Division (hereinafter DIF) is responsible for monitoring liquidity, market and exchange rate risks.

In view of the importance of these risks, their monitoring is essential and is carried out daily based on specific statistical information, obtained from the competent entities.

The DIF has an appropriate structure to monitor liquidity, market and exchange rate risks, with prudential limits of exposure to these risks being defined for the Bank's action in interbank money and foreign exchange markets.

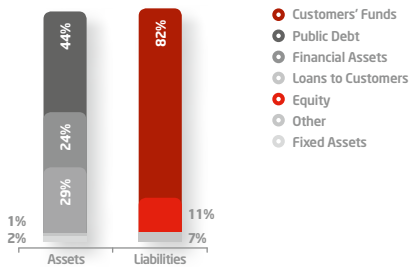
The DIF prepares monthly information for reporting to the Executive Committee of the Board of Directors on the evolution of the investments made by the Bank and its exposure in terms of the aforesaid risks.

In its liquidity management policy, the Bank seeks to invest surplus liquidity, rather than channelling it into credit, based on criteria for diversification and adequacy of the investment maturities, in order to assure efficient management over time. As at 31 December 2014, financial instruments for mobilisation and utilisation over a brief period of time represent 30.2% of the investments.

	Total (MUSD)	[0 - 7D]	[7D - 1M]	[1M - 3M]	[3M - 6M]	[6M - 1A]	[1A - 3A]	[> 3A]	Total (%)
Disposable assets	1,351	24.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.8%
Investments in credit institutions	537	0.6%	3.8%	0.6%	4.0%	0.0%	0.5%	0.5%	9.9%
Securities	3,562	0.0%	1.0%	4.3%	5.3%	10.9%	27.2%	16.6%	65.5%
Total	5,450	25.4%	4.8%	5.0%	9.3%	10.9%	27.8%	17.0%	100%

Regarding the management of its foreign exchange exposure, the Bank simplifies the process by mainly operating with United States Dollars and keeping its positions in other currencies at low levels. The Bank essentially purchases foreign currency in the primary market through the BNA's process of foreign exchange auctions, in this way seeking to meet its Customer's requests for foreign exchange in a prompt and timely manner.

During 2014, the growth rate of the amounts owed to Customers stood at 11.2% (9.6% in 2013). This capacity to attract customer deposits enabled the timely meeting of funding and liquidity needs. The Bank's Balance Sheet structure, as at 31 December 2014, demonstrates solidity and robustness. The volume of Customers funds (82% of the Asset) enables financing a large part of the Bank's activity.



OPERATING RISK

Operating risk is associated to the adequacy of the processes implemented under the internal control system, including risks related to Compliance and information systems.

The monitoring of operating risk is carried out by the Control functions, namely Internal Audit and Compliance, which assure the cor-

rect definition of the control activities enabling the mitigation of the most relevant operating risks in the Bank's daily activity.

In order to assure the correct implementation of the control activities indicated above, the control functions carry out audits and inspections throughout the year, which enable identifying situations that require further improvement and the definition and monitoring of action plans to resolve them.

Based on the activity plan of the Internal Audit Division (DAI) for 2014 approved by the Administration, the DAI developed its audit and inspection activities, supporting the Bank's Administration in the appraisal of the effectiveness, efficacy and adequacy of its internal control system and investigation of acts of fraud and other irregularities which occurred during the year. The audits were conducted in accordance with the internationally recognised and accepted Internal Audit standards.

The DAI's strategic plan for the period 2014-2016 was drawn up in 2013, with the following strategic guidelines:

- Preparation of an organic structure for the DAI AO with an organisational chart, description of area of competence, duties, vision, mission and scope of the work;
- Preparation of a manual of procedures for the DAI which describes, among others, the DAI's objectives, ethical standards of the internal auditors, principles of preparation of the DAI's annual plan, staff recruitment and training process, evaluations and quality control;
- Increase of the current audit coverage rate of branches from 20% to around 50% through the contracting of more technicians and extension of audits to the central services with the support of BIC Portugal personnel;
- Electronic data entry of audit implementation processes from their planning right up to the production of audit reports. For this purpose, an IT technician will be contracted and the respective area created within the DAI;
- Standardisation of report formats and definition of a new cir-

lation circuit for the review and approval of audit reports.

The DAI's current organic structure, designed to respond to the present scale and complexity of the Bank's operations, includes a director without any specific responsibility for an operating area, a central director responsible for senior management, a central director and assistant director responsible for the audit area and a central director and assistant director responsible for the inspection area.

During 2014, the Internal Audit Division carried out audit actions to the key functions of the Bank's activity and duly monitored the action plans arising from the implementation of the processes aimed at compliance with the provisions in BNA Notices 1/2013 and 2/2013, of 22 March. Throughout 2014, the DAI conducted 75 audits to branches, nine audits to business centres, one audit to an investment centre and four audits to the central departments of the Bank (38 audits to branches, two audits to business centres, one audit to an investment centre and one audit to the central departments of the Bank during 2013).

Reports are periodically submitted to the Executive Committee relative to the audits and inspections that have been conducted, indicating the identified situations and action plans to be implemented.

REPUTATION RISK

The Bank's image is monitored by the Marketing Division which carries out advertising campaigns and actions throughout the year, aimed at the Bank's customers, which enable conveying the principles and values associated to Banco BIC.

This Division and the Executive Committee are responsible for the regular monitoring and assessment of situations which might compromise the Bank's reputation, with the necessary measures taken with a view to resolving them.

The Bank's reputation policy aims to assure the constant transmission of the vision, mission and values which guide its activity and relations with the customers, counterparts, shareholders, investors and Supervisory Entity.



04.

MONEY LAUNDERING
AND TERRORISM
FINANCING

Textures of Angola: Fabrics

Credit Institutions are susceptible to being used to conceal, convert, transfer or invest funds of illicit origin, arising from activities classified as being criminal.

The Republic of Angola approved Resolutions 19/99 of 30 July, 21/10 of 22 June and 38/10 of 17 December, published in DR. 1st Series, numbers 31, 115 and 239, which ratify the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, transnational criminality and the suppression of the financing of terrorism, respectively, with a view to assuring the security of the Angolan financial system.

Law 34/11 of 12 December establishes preventive and repressive measures for combating the laundering of assets of illicit origin and the financing of terrorism.

Banco de Angola Notice 22/2012 of 2012, under the terms of article 36 of Law 34/11, regulates the conditions of exercise of the obligations stipulated in the aforesaid law.

These legal provisions are not limited to criminalising certain conduct, namely that representing the "laundering of assets of illicit origin", but also establish a number of preventative measures, especially aimed at the financial system.

For this purpose, Banco BIC has progressively adopted strategies, policies and processes, namely by creating work standards and orders which enable prevention against the use of Credit Institutions in Money Laundering and Terrorist Financing.

Banco BIC has progressively adopted strategies, policies and processes aimed at preventing money laundering and the financing of terrorism.

The Compliance Office is responsible for assuring compliance with the procedures adopted with a view to the accomplishment of the above.

As noted in the chapter on Compliance, this Office is responsible for assuring the correct training of the Bank's employees for this area and the reporting of suspicious situations to the Financial Information Unit (UIF).

05.

FINANCIAL REVIEW

- ▶ FINANCIAL REVIEW
- ▶ BALANCE SHEET
- ▶ INCOME STATEMENT
- ▶ PROPOSED APPROPRIATION OF NET INCOME

05.1 FINANCIAL REVIEW

The Angolan economy slowed down during 2014:

- Inflation maintained the trend of stability observed over the last few years, having stood at 7.44% (7.69% in 2013) according to data disclosed by Banco Nacional de Angola (hereinafter BNA);
- The Kwanza depreciated in relation to the United States Dollar by 5.37% during, standing at 102.863 as at 31 December 2014 (97.619 as at 31 December 2013);
- Net International Reserves, after considerable growth since 2009, decreased during 2014, having fallen from USD 30,945 million recorded at the end of 2013 to USD 26,460 million by 31 December 2014 (-12%).

Banco BIC maintained its policy of structural and business growth.

The Angolan bank sector continued to grow during 2014, as in the preceding year, with total deposits having increased by 9.23% (from 48,518 million to 52,995 million as at 31 December 2013 and 2014, respectively). Deposits denominated in national currency achieved a relatively higher weight in 2014, representing around 69% of total deposits, compared to the 62% recorded at the end of 2013, reflecting the continued effort of de-dollarization of the national economy.

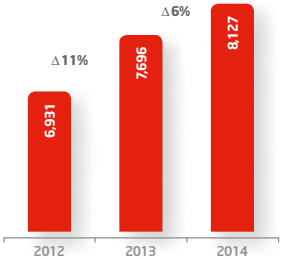
During the period under review, the credit granted to the economy grew by 9.55%, also showing greater weight of the national currency, which increased from 68% as at 31 December 2013 to 76% at the end of 2014.

Banco BIC maintained its policy of structural and business growth, with a further 17 commercial outlets, 224 more employees and an increased turnover of USD 1,260 million (AKZ 194,167 million), where special note should be made of the USD 333 million (AKZ 51,261 million) growth of loans granted to the State during 2014.

The structural growth not only took place in the Commercial Structure, but also in terms of the Structure of the Central services, to meet the increasingly more demanding regulatory measures implemented by the BNA, especially with respect to the Areas of Risk Management.

The Bank's total net assets increased from USD 7,696 million (AKZ 751,324 million) as at 31 December 2013 to USD 8,127 million (AKZ 835,923 million) as at 31 December 2014, corresponding to an increase in absolute terms of USD 431 million (AKZ 84,599 million), representing approximately 6%. In this increase, we highlight the increased loans granted of USD 2,287 million (AKZ 223,214 million) to USD 2,710 million (AKZ 278,800 million) during 2014, as well as the securities portfolio which increased from USD 3,275 million (AKZ 319,685 million) as at 31 December 2013 to USD 3,597 million (AKZ 369,979 million) as at 31 December 2014, with growth having occurred essentially in terms of the portfolio of Angolan Public Debt.

► Net Assets (in million USD)

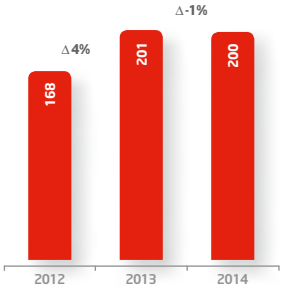


In 2014, the Bank's net assets increased by 6% in relation to 2013, as a result of the increased portfolio of Credit to the Economy.

The total customers funds reached USD 6,656 million (AKZ 684,672 million) as at 31 December 2014, corresponding to an increase of 6% during the year, while the loans granted to the economy (including loans to the State) stood at USD 6,898 million (AKZ 709,600 million) during the same period, corresponding to 15% growth, year-on-year.

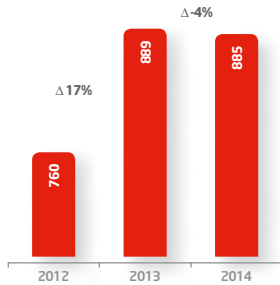
Banco BIC's net income for 2014 amounted to USD 200 million (AKZ 20,537 million), compared to the net income of USD 201 million (AKZ 19,646 million) for 2013. Although net income in USD fell by 0.5%, in AKZ it shows 5% growth. This difference is due to the depreciation of the Angolan Kwanza relative to the United States Dollar during 2014.

► Net Income (in million USD)



As at 31 December 2014, the Bank's equity reached USD 885 million (AKZ 91,055 million), a decrease of USD 4 million (and an increase of AKZ 72,873 million), compared to the USD 889 million (AKZ 86,763 million) recorded as at 31 December 2013. The reduction, relative to 31 December 2013, is due to the depreciation of the Angolan Kwanza in relation to the United States Dollar. When comparing, in national currency, the equity as at 31 December 2013 and 2014, a 5% increase was recorded during this period.

► Equity (in million USD)



05.2 BALANCE SHEET

ASSETS

As at 31 December 2014, Net Assets amounted to USD 8,127 million, thus having recorded a 6% increase in relation to 2013. In Kwanzas, Net Assets stood at 835,923 million by the end of 2014 compared to the 751,324 million recorded as at 31 December 2013.

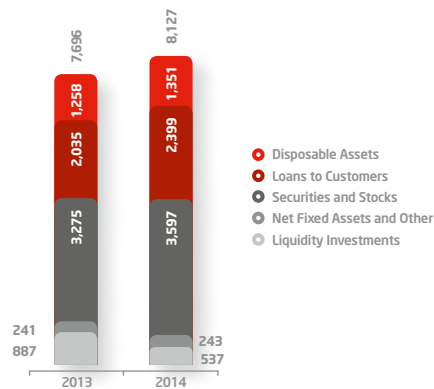
Particular note should be made of the growth of loans to customers which, in 2014, increased from USD 2,287 million (AKZ 223,214 million) to USD 2,710 million (AKZ 278,800 million). The variation in this heading is explained by the increased credit granted in national currency during 2014 by 46%, from USD 1,156 million (AKZ 112,838 million) as at 31 December 2013 to

USD 1,683 million (AKZ 173,120 million).

The Securities heading also showed growth, having increased from USD 3,275 million (AKZ 319,685 million) as at 31 December 2013 to USD 3,597 million (AKZ 369,979 million) at the end of 2014, as a result of the increase of non-readjustable Treasury Bonds in national currency by USD 210 million (AKZ 29,191 million) and the securities held for trading, relative to Treasury Bills, which increased from USD 623 million (AKZ 60,814 million) as at 31 December 2013 to USD 764 million (AKZ 78,625 million) as at 31 December 2014.

► Net Assets

(in million)



	2014		2013		VAR
	AKZ	USD	AKZ	USD	%
Disposable assets	138,997	1,351	122,768	1,258	7%
Liquidity investments	55,257	537	86,601	887	-39%
Securities and stocks	369,979	3,597	319,685	3,275	10%
Loans to customers	246,774	2,399	198,615	2,035	18%
Net fixed assets	11,455	111	11,869	122	-9%
Other assets	13,461	132	11,786	119	11%
Total	835,923	8,127	751,324	7,696	6%

LOANS GRANTED TO CUSTOMERS

Banco BIC maintains its willingness to support its customers' investments in the Angolan Economy, by selecting projects suited to their credit risk profile, in the different sectors of economic activity.

The portfolio of loans to customers (including signature credit) showed a balance of USD 3,336 million (AKZ 343,172 million) as at 31 December 2014, equivalent to a 21% increase in relation to the USD 2,767 million (AKZ 270,116 million) recorded as at 31 December 2013.

► Loans Grated To Customers

	2014		2013		VAR
	AKZ	USD	AKZ	USD	%
1 Total loans	343,172	3,336	270,116	2,767	21%
1.1 Loans to customers	256,102	2,490	208,186	2,133	17%
National currency loans	173,120	1,683	112,838	1,156	46%
Foreign currency loans	82,982	807	95,348	977	-17%
1.2 Overdue loans and Interest	18,810	183	11,047	113	62%
Overdue loans and Interest in national currency	8,079	79	6,267	64	23%
Overdue loans and Interest in foreign currency	10,731	104	4,780	49	112%
1.3 Interest receivable	3,888	37	3,985	41	-10%
Interest receivable in national currency	2,661	26	2,511	26	0%
Interest receivable in foreign currency	1,227	11	1,474	15	-27%
1.4 Signature credit	64,372	626	46,898	480	30%
Guarantees and sureties provided	54,515	530	38,418	393	35%
Open documentary credit	9,857	96	8,480	87	10%
2. Provisions constituted for credit risk	33,137	322	25,163	258	25%
> Loans considered bad debt	32,026	311	24,600	252	23%
> Provision of guarantees	1,111	11	563	6	83%
3. Loans granted, net of provisions	310,035	3,014	244,953	2,509	20%
Overdue loans / Total loans	6.84%	6.84%	5.04%	5.04%	

The loans granted to customers at the end of 2014 represent approximately 33% of total assets (30% as at 31 December 2013).

The trend of inversion of the composition of loans to customers by type of currency has been maintained since 2011. The entry into force, during this period, of more restrictive new limits on foreign exchange exposure of regulatory own funds (100% in 2010 compared to the current 20%), as well as the introduction of qualitative limits to the granting of loans in foreign currency, have contributed to a significant increase of loans in national currency.

During 2014, the loans granted in foreign currency decreased from USD 1,041 million (AKZ 101,602 million) as at 31 December 2013 to USD 922 million (AKZ 94,940 million) as at 31 December 2014. As at 31 December 2014, loans in national currency represent 66% of the portfolio of loans granted in 2014, compared to the 54% this item represented at the end of 2013.

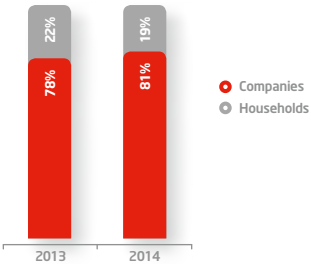
During the period under review, there was an increase in the val-

ues of signature credit with a balance of USD 626 million (AKZ 64,372 million) as at 31 December 2014 (USD 480 million equivalent to AKZ 46,898 million as at 31 December 2013). The Guarantees and Sureties Provided increased from USD 393 million (AKZ 38,418 million) as at 31 December 2013 to USD 530 million (AKZ 54,515 million) as at 31 December 2014, while Open Documentary Credit increased from USD 87 million (AKZ 8,480 million) to USD 96 million (AKZ 9,857 million) as at 31 December 2014. The relations with Banco BIC Português in supporting common customers operating in both markets contributed very significantly to maintaining this heading with such high values.

During 2014, the Bank maintained its conservative policy in the classification of the risk of the granted credit operations, reinforcing the provisions constituted for credit risks. As at 31 December 2014, Banco BIC had total provisions amounting to approximately USD 322 million (AKZ 33,137 million), corresponding to a net change of 25% in relation to the preceding year, of around USD 64 million (AKZ 7,974 million).

As at 31 December 2014, the coverage of loans granted by provisions reached 11.65%, compared to 11.22% recorded as at 31 December 2013. In turn, the coverage of overdue loans by provisions stood at around 170% as at 31 December 2014.

► Distribution of Loans by Beneficiary

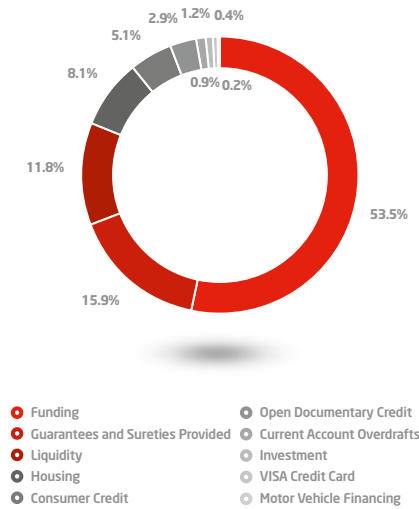


As at 31 December 2014, as in the preceding year, approximately 81% of the loan portfolio corresponded to loans granted to Companies (78% in 2013), while the remaining 19% (22% in 2013) refers to Individual Customers.

As at 31 December 2014 and 2013, the loan portfolio shows the following distribution by type of product:

► Loans by Type of Product

(in million)

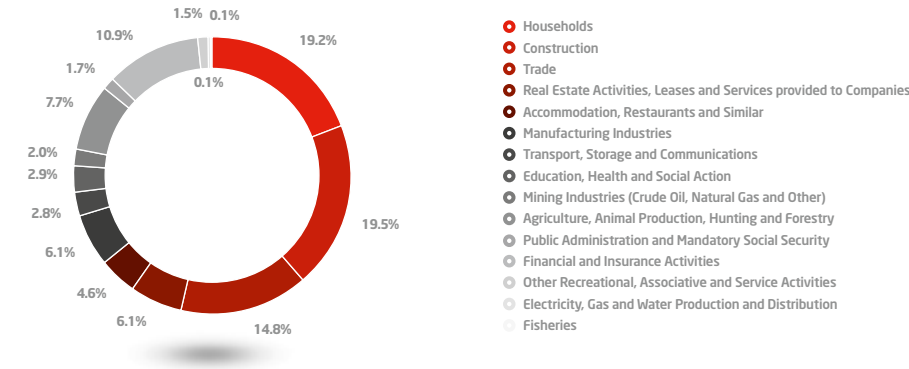


	2014		2013		VAR
	AKZ	USD	AKZ	USD	%
Funding	183,659	1,785	151,122	1,548	15%
Guarantees and sureties provided	54,515	530	38,418	394	35%
Liquidity	40,664	395	24,561	252	57%
Housing	27,688	269	24,973	256	5%
Consumer credit	17,401	169	16,250	166	2%
Open documentary credit	9,857	96	8,480	87	10%
Current account overdrafts	4,068	40	2,348	24	67%
Investment	2,958	29	1,885	19	53%
VISA credit card	1,445	14	1,211	12	17%
Motor vehicle financing	917	9	864	9	0%
Total	343,172	3,336	270,112	2,767	21%

The increased loans granted is explained by the higher amount of financing products and guarantees and sureties provided during 2014.

The distribution of the loan portfolio by type of product reveals a great diversity of activities supported by Banco BIC. The products most sought after by the Bank's customers correspond to

Funding, with a weight of 53.5%, Guarantees and Sureties Provided with 15.9%, loans to support Liquidity with 11.8%, Mortgage Loans with 8.1%, and Consumer Credit with 5.1%.



During 2014, the construction sector and trade sector, accounting for 19.51% and 14.78%, respectively, were the sectors most supported by Banco BIC, in terms of loans granted. Special note should also be made of loans granted to individual customers, which absorbed 19.20% of the total loans granted.

relation to the values presented at the end of 2013, the Bank maintains an adequate coverage of credit risk by provisions.

The strengthening in terms of provisions for loans led to the ratio of provisions for loans granted having increased from 11.22% to 11.65% at the end of 2014, with the coverage of overdue loans by provisions having stood at 170% on this same date.

By the end of 2014, although there was an increase in overdue loans and interest to USD 183 million (AKZ 18,811 million) in

► Overdue Loans (in million)

	2014		2013		VAR
	AKZ	USD	AKZ	USD	%
Loans granted	274,912	2,673	219,233	2,246	19%
Overdue loans	18,810	183	11,047	113	62%
Overdue loans / Loans granted	6.84%		5.04%		36%
Coverage of overdue loans by provisions	170%		223%		-24%
Provisions for loans / Loans granted	11.65%		11.22%		4%

SECURITIES PORTFOLIO

The Bank's portfolio of securities is classified according to the substance inherent to the purpose of their acquisition and, under the terms of the applicable rules and regulations, comprises the following categories:

I) **Held for trading** – Which includes Treasury Bills, denominated in Kwanzas.

II) **Available for sale** – Equity stakes through shares.

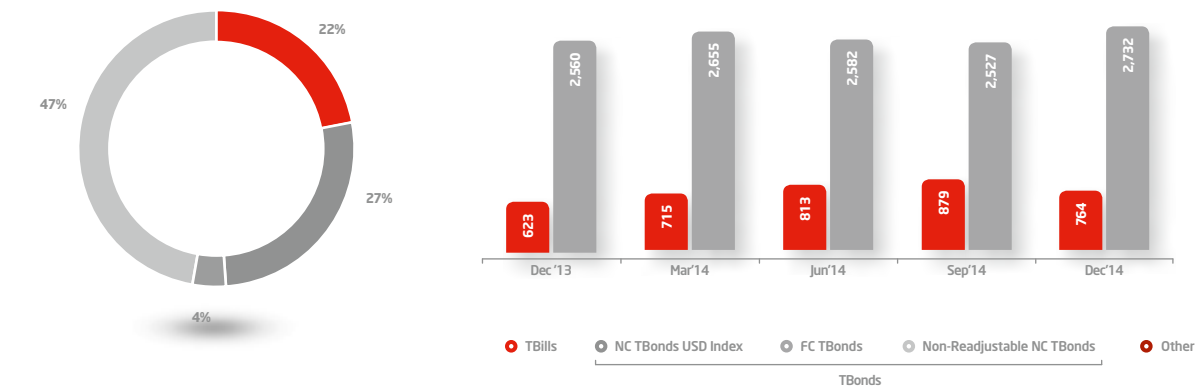
III) **Held to maturity** – Which includes Treasury Bonds denominated in or indexed to the United States Dollar and non-readjustable Treasury Bonds in national currency.

► Securities Portfolio (in million)		2014		2013		VAR
		AKZ	USD	AKZ	USD	%
Held for trading		80,650	784	61,511	630	24%
> Treasury bills		78,625	764	60,814	623	23%
> Interest receivable		2,025	20	697	7	186%
Available for sale		3,551	35	4,518	46	-24%
Held to maturity		285,778	2,778	253,656	2,599	7%
> Treasury bonds		281,062	2,732	249,834	2,560	7%
- In national currency (USD Index)		98,060	953	96,694	991	-4%
- In foreign currency (USD)		13,165	128	12,494	128	0%
- In national currency (non-readjustable)		169,837	1,651	140,646	1,441	15%
> Interest receivable		4,716	46	3,822	39	18%
Total		369,979	3,597	319,685	3,275	10%

In 2014, the Bank's portfolio of securities recorded an increase of approximately USD 322 million (AKZ 50,294 million) (10%) in relation to the position as at 31 December 2013. This variation was primarily influenced by the Treasury Bonds in National

Currency (non-readjustable) and the securities held for trading which grew by around USD 210 million (AKZ 29,191 million) and USD 141 million (AKZ 17,811 million), respectively.

► Evolution of the Securities Portfolio



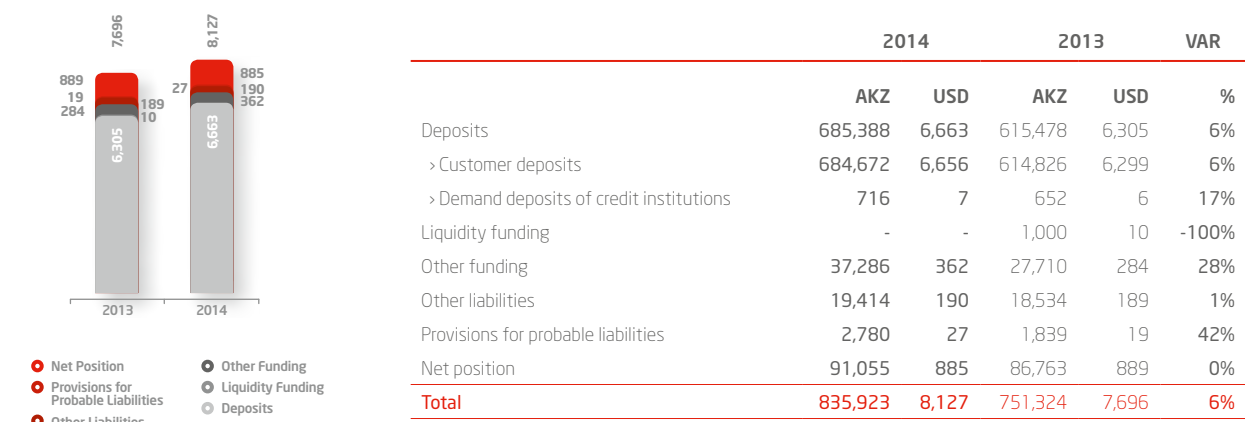
Banco BIC closed the financial year of 2014 with a net profit of USD 200 million (AKZ 20,537 million), which corresponds to a 0.5% reduction in relation to the net income in North American Dollars recorded as at 31 December 2013. In Angolan Kwanzas, net income increased by 4.5% in relation to the figure recorded in 2013.

LIABILITIES AND NET POSITION

During 2014, the Bank's liabilities increased by approximately USD 435 million (AKZ 80,307 million) in relation to 31 December 2013, corresponding to growth of around 6%. This variation was essentially due to the increase of the heading of deposits by around USD 358 million (AKZ 69,910 million), 6% year-on-year.

During 2014, the Bank's equity decreased by approximately USD 4 million, both due to the distribution of dividends relative to 2103 of the value of USD 157 million (AKZ 15,717 million), which occurred in 2014, and the devaluation of the Angolan Kwanza in relation to the United States Dollar. The equity expressed in national currency increased by AKZ 4,292 million.

► Liabilities and Net Position



CUSTOMERS FUNDS

The portfolio of total amounts owed to customers in 2014 reached approximately USD 6,656 million (AKZ 684,672 million), corresponding to an increase of USD 358 million (AKZ 69,846 million) and a net change of 6% relative to 31 December 2013.

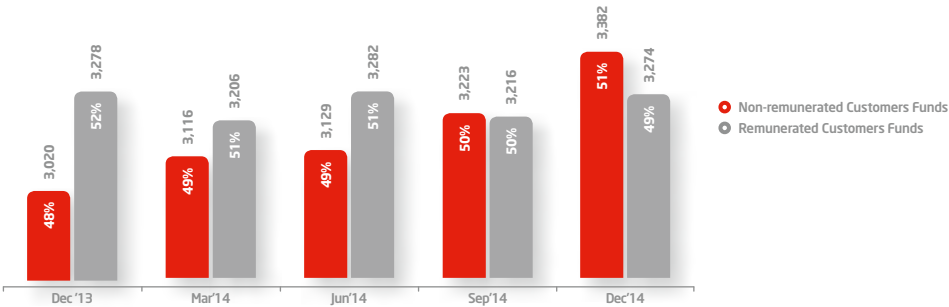
As at 31 December 2014, the total amounts owed to customers include demand deposits of the value of USD 3,329 million (AKZ 342,433 million), which increased by 16% in relation to 2013, term deposits with a balance of USD 3,274 million (AKZ 336,754 million), which maintained the same level, as well as other deposits amounting to USD 53 million (AKZ 5,485 million).

► Total Customers Funds (in million)	2014		2013		VAR
	AKZ	USD	AKZ	USD	%
Customer deposits	679,187	6,603	600,190	6,148	7%
> Demand deposits	342,433	3,329	280,181	2,870	16%
- National currency	279,654	2,719	210,268	2,154	26%
- Foreign currency	62,779	610	69,913	716	-15%
> Term deposits	336,754	3,274	320,009	3,278	0%
- National currency	204,763	1,991	186,926	1,915	4%
- Foreign currency	131,991	1,283	133,083	1,363	-6%
Other deposits	5,485	53	14,636	150	-65%
- National currency	5,485	53	14,636	150	-65%
Total	684,672	6,656	614,826	6,298	6%

As at 31 December 2014, of the total portfolio of amounts owed to customers of USD 6,656 million (AKZ 684,672 million), around 72% was denominated in National Currency (67% in 2013), and the remaining 28% denominated in Foreign Currency.

As at 31 December 2014, around 49% of this portfolio represented remunerated funds (52% in 2013), equivalent to USD 3,274 million (AKZ 336,754 million), with the remaining USD 3,382 million (AKZ 347,918 million) being non-remunerated.

► Customer Funds



The loan-to-deposit ratio increased from 88% as at 31 December 2013 to 94% as at 31 December 2014.

► Loan-to-Deposit Ratio (in million)	2014		2013	
	AKZ	USD	AKZ	USD
Customers Funds	684,672	6,656	614,826	6,298
Total loans (including loans to the State)	645,228	6,272	538,485	5,516
Total	94%		88%	

PROVISIONS

As at 31 December 2014, the balance of the heading of provisions for probable liabilities stands at around USD 27 million (AKZ 2,780 million) compared to USD 19 million (AKZ 1,839 million) as at 31 December 2013. Of this total amount, USD 11 million (AKZ 1,111 million) refer to provisions for guarantees provided, USD 13 million (AKZ 1,389 million) refer to retirement pensions and the remaining USD 3 million (AKZ 280 million) correspond to provisions constituted to meet any contingencies arising from the Bank's activity, as well as to reflect potential losses in the realisation value of other assets and settlement accounts.

EQUITY

As at 31 December 2014, the Bank's equity amounted to around USD 885 million, with a decrease of approximately USD 4 million having been recorded, equivalent to around 0.45%, in relation to 31 December 2013.

This net change in the equity of Banco BIC was caused by the distribution of dividends relative to 2103 of the value of USD 157 million (AKZ 15,717 million), which occurred in 2014, as well as the devaluation of the Angolan Kwanza in relation to the United States Dollar. In national currency, the equity increased from AKZ 86,763 million at the end of 2013 to AKZ 91,055 million at the end of 2014.

► Equity (in million)	2014		2013	
	AKZ	USD	AKZ	USD
Share capital	3,000	29	2,415	25
Reserves	67,518	656	58,543	600
Retained earnings	-	-	6,159	63
Net income for the year	20,537	200	19,646	201
Total	91,055	885	86,763	889

During the first half of 2014, the Bank increased its share capital by incorporation of free reserves of the value of USD 4 million (AKZ 585 million). The objective of this share capital increase was to comply with the provisions in Banco Nacional de Angola Notice 14/2013, which establishes the minimum value of the share capital of financial institutions at AKZ 2,500 million (approximately USD 25.6 million).

The heading of reserves increased by around USD 56 million (AKZ 8,975 million) during 2014, corresponding to a net change of 9.3%, relative to the USD 600 million (AKZ 58,543 million) as at 31 December 2013. As at 31 December 2014, the total reserves of the value of USD 656 million (AKZ 67,518 million) are composed of the monetary updating of own funds reserve relative to 2009 amounting to USD 56 million (AKZ 5,798 million), by the legal reserve amounting to USD 188 million (AKZ 19,345 million), and by other reserves amounting to USD 412 million (AKZ 42,376 million).

As at 31 December 2014, the Bank's Regulatory Own Funds, calculated pursuant to Banco Nacional de Angola Instruction 03/2011, of 8 June, was approximately USD 873 million (AKZ 89,749 million), equivalent to a Regulatory Solvency Ratio of around 21% compared to the 24% presented as at 31 December 2013.

05.3 INCOME STATEMENT

Banco BIC closed the financial year of 2014 with a net profit of USD 200 million (AKZ 20,537 million), which corresponds to a 0.5% reduction in relation to the net income in North American Dollars recorded as at 31 December 2013. In Angolan Kwanzas, the net income increased by 4.5% in relation to net income for 2013.

► Profit and Loss Account (in million)	2014		2013	
	AKZ	USD	AKZ	USD
1. Net interest income (MF)	31,982	311	26,257	269
2. Complementary margin (MC)	7,861	76	7,088	73
3. Earnings from financial brokerage (RIF)=(MF)+(MC)	39,843	387	33,345	342
4. Earnings from goods, products and other services =(RMPOS)	59	1	60	1
5. Administrative and marketing costs (CAC)	19,211	187	15,634	160
6. Earnings from financial fixed assets (RF)	32	0	0	0
7. Other operating income and costs (OPCO)	175	2	2,403	25
8. Net operating income (RO)=(RIF)+(RMPOS)-(CAC)-(RF)+(OPCO)	20,834	203	20,174	208
9. Non-operating earnings (RNO)	784	8	60	1
10. Earnings before tax (RAI)=(RO)+(RNO)	21,618	211	20,234	207
11. Income tax (IL)	1,081	11	588	6
12. Net income for the year (RLE)=(RAI)-(IL)	20,537	200	19,646	201
13. Cash flow after taxes (CF)	30,387	295	24,914	255

The net profit recorded at the end of 2014 (USD 200 million) was positively influenced by the increase of approximately USD 42 million (AKZ 5,725 million) of net interest income (16%), which reached USD 311 million (AKZ 31,982 million). This increase is explained by the net change in the interest of Securities, which

grew by 43% (USD 66 million equivalent to AKZ 7,713 million) in relation to 2013. In relative terms, this heading accounted for approximately 38% of Net Interest Income from assets as at 31 December 2013, and increased to represent 48% at the end of 2014.

► Net Interest Income (in million)	2014		2013	
	AKZ	USD	AKZ	USD
Interest of loans	22,410	218	22,374	229
Interest of securities	22,680	220	14,967	154
Interest of liquidity investments	1,811	18	2,148	22
Interest of financial instrument liabilities	-14,919	-145	-13,232	-136
Total	31,982	311	26,257	269

During 2014, the Complementary Margin remained practically unchanged in relation to the preceding year, with the reduction recorded in the heading of earnings from foreign exchange trans-

actions having been offset by the earnings from trading and fair value adjustments and from provision of financial services.

► Complementary Margin (in million)	2014		2013	
	AKZ	USD	AKZ	USD
Earnings from trading and fair value adjustments	5,484	53	1,691	17
Earnings from foreign exchange transactions	4,830	47	7,113	73
Earnings from provision of financial services	6,003	58	4,277	44
Provisions for bad debt	-8,456	-82	-5,993	-61
Total	7,861	76	7,088	73

The earnings from foreign exchange transactions, which essentially corresponds to gains in transactions of purchase and sale of foreign currency carried out by the Bank, and the revaluation of the foreign exchange position, stood at USD 47 million (AKZ 4,830 million) in 2014, having recorded a decrease of approximately USD 26 million (AKZ 2,283 million) in relation to the preceding year.

Earnings from provision of financial services correspond to gains derived from fees charged. The increase recorded in 2014, relative to 2013, arises from the increased fees charged on EMIS

transactions, guarantees provided and fees related to miscellaneous services rendered by the Bank.

The Bank's administrative costs, which aggregate staff costs of the value of USD 96 million (AKZ 9,836 million), third party supplies and other costs amounting to USD 81 million (AKZ 8,348 million) and the depreciation and amortisation for the year of USD 10 million (AKZ 1,027 million), record an increase of around USD 27 million (AKZ 3,577 million), corresponding to 17% relative to 2013.

► Administrative and Marketing Costs (in million)	2014		2013	
	AKZ	USD	AKZ	USD
Staff	9,836	96	8,631	88
Third party supplies and other costs	8,348	81	6,131	63
Depreciation and amortisation	1,027	10	872	9
Total	19,211	187	15,634	160

Since the number of employees reached 2,097 at the end of 2014 (1,873 as at 31 December 2013), total staff costs stood at around USD 96 million (AKZ 9,836 million), having increased by USD 8 million (AKZ 1,205 million) in relation to 2013, while third party supplies and other costs reached USD 81 million (AKZ 8,348 million),

corresponding to a net change of 29% year-on-year.

Depreciation and amortisation for the year stood at USD 10 million (AKZ 1,027 million), corresponding to a minor increase in the level recorded for 2013).

The evolution of the number of employees from 1,873 as at 31 December 2013 to 2,097 as at 31 December 2014, as well as the expansion of the Bank’s commercial network, amounting to a total number of 219 commercial outlets (202 commercial outlets at the end of 2013), contributed decisively to the increased administrative and marketing costs.

► Cost-To-Income (in million USD)	2014	2013
Administrative and marketing costs	187	160
Earnings from financial brokerage	387	342
Cost-to-income	48%	47%

In 2014, the cost-to-income ratio increased slightly from 47% to 48% year-on-year.

During 2014, the recorded income tax amounted to USD 11 million (AKZ 1,081 million) compared to USD 6 million (AKZ 588 million) for 2013, which corresponds to an effective industrial tax rate of 5%.

The income from public debt securities received from Treasury Bonds and Treasury Bills issued by the Angolan State is excluded from taxation under the Industrial tax, under the terms of subparagraph c) of number 1 of article 23 of the Industrial Tax Code. This taxation framework is determinant for the difference between the calculated tax loss and the nominal rate in force (30%).

Nevertheless, and following the alterations to the Capital Investment Tax (IAC) Code, recommended under the Tax Reform, IAC at the rate of 10% (5% in the case of securities with maturity equal to or above three years) is now applicable to the interest of public debt securities issued after 1 January 2013 (where this date was disclosed by BNA letter to ABANC, dated 26 September 2013).

In 2014, the costs related to this tax which are recorded in the income statement, under the heading “Taxes and Rates Not Incident on Net Income” reached AKZ 874,478 thousand.

As at 31 December 2014, according to the amounts recorded for the two taxes, Industrial Tax and Capital Gains Tax, the joint effective rate was equivalent to 9.05%.

05.4 PROPOSED APPROPRIATION OF NET INCOME

Pursuant to the legal provisions relative to the constitution of reserves, the Board of Directors proposes that the positive net income for the year ended on 31 December 2014, of the value of 20,537 million Angolan Kwanzas, should be appropriated as follows:

(in Kwanzas)		
Legal Reserve	20%	4,107 million
Distribution of Dividends to Shareholders	80%	16,430 million

06.

FINANCIAL STATEMENTS AND NOTES

- ▶ FINANCIAL STATEMENTS
- ▶ NOTES TO THE FINANCIAL STATEMENTS
- ▶ AUDIT REPORT
- ▶ REPORT OF THE SUPERVISORY BOARD

06.1 FINANCIAL STATEMENTS

► Balance Sheet as at 31 December 2014 and 2013		NOTES		2014		2013	
				Gross Assets	Amortisation & Provisions	Net Assets	Net Assets
ASSETS							
1. Disposable assets	3	138,997,119	-	138,997,119		122,768,241	
2. Liquidity investments	4	55,256,508	-	55,256,508		86,600,848	
3. Securities and stocks	5	369,979,711	-	369,979,711		319,685,302	
4. Loans in the payment system		3,757	-	3,757		-	
5. Foreign exchange transactions	6	2,700,681	-	2,700,681		2,497,815	
6. Loans to customers	7 and 16	278,800,101	32,026,483	246,773,618		198,614,596	
7. Other values	8	10,756,413	-	10,756,413		9,288,396	
8. Intangible fixed assets	10	523,749	515,024	8,725		19,816	
9. Tangible fixed assets	10	17,153,874	6,072,942	11,080,932		11,438,580	
10. Financial fixed assets	9	365,080	-	365,080		410,686	
Total assets		874,536,993	38,614,449	835,922,544		751,324,280	
LIABILITIES AND NET POSITION							
1. Deposits				685,388,001		615,477,771	
> Demand deposits	11			343,148,826		280,832,706	
> Term deposits	11			336,753,876		320,009,050	
> Other deposits	11			5,485,299		14,636,015	
2. Liquidity funding	12			-		1,000,274	
3. Liabilities in the payment system	13			7,395,853		8,747,027	
4. Foreign exchange transactions	6			2,704,402		2,510,155	
5. Other funding	14			37,286,370		27,710,194	
6. Other liabilities	15			9,234,332		7,238,687	
7. Trade and industrial suppliers				78,290		38,611	
8. Provisions for probable liabilities	16			2,779,990		1,838,697	
Total liabilities				744,867,238		664,561,416	
9. Share capital	17			3,000,000		2,414,511	
10. Monetary updating of own funds reserve	17			5,797,507		5,797,507	
11. Reserves and funds	17			60,788,846		51,286,513	
12. Potential earnings	17			932,434		1,459,694	
13. Retained earnings	17			-		6,158,618	
14. Net income for the year	17			20,536,519		19,646,021	
Total net position				91,055,306		86,762,864	
Total liabilities and net position				835,922,544		751,324,280	

(in thousand Angolan Kwanzas)

► Balance Sheet as at 31 December 2014 and 2013		NOTES		2014		2013	
				Gross Assets	Amortisation & Provisions	Net Assets	Net Assets
ASSETS							
1. Disposable assets	3	1,351,284	-	1,351,284		1,257,627	
2. Liquidity investments	4	537,186	-	537,186		887,131	
3. Securities and stocks	5	3,596,819	-	3,596,819		3,274,827	
4. Loans in the payment system		37	-	37		-	
5. Foreign exchange transactions	6	26,255	-	26,255		25,587	
6. Loans to customers	7 and 16	2,710,402	311,351	2,399,051		2,034,589	
7. Other values	8	104,570	-	104,570		95,149	
8. Intangible fixed assets	10	5,092	5,007	85		203	
9. Tangible fixed assets	10	166,764	59,039	107,725		117,176	
10. Financial fixed assets	9	3,549	-	3,549		4,207	
Total assets		8,501,958	375,397	8,126,561		7,696,496	
LIABILITIES AND NET POSITION							
1. Deposits				6,663,115		6,304,897	
> Demand deposits	11			3,335,979		2,876,824	
> Term deposits	11			3,273,810		3,278,143	
> Other deposits	11			53,326		149,930	
2. Liquidity funding	12			-		10,247	
3. Liabilities in the payment system	13			71,900		89,604	
4. Foreign exchange transactions	6			26,291		25,714	
5. Other funding	14			362,486		283,861	
6. Other liabilities	15			89,773		74,151	
7. Trade and industrial suppliers				761		396	
8. Provisions for probable liabilities	16			27,026		18,835	
Total liabilities				7,241,352		6,807,705	
9. Share capital	17			29,165		24,734	
10. Monetary updating of own funds reserve	17			56,361		59,390	
11. Reserves and funds	17			590,969		525,374	
12. Potential earnings	17			9,065		14,953	
13. Retained earnings	17			-		63,088	
14. Net income for the year	17			199,649		201,252	
Total net position				885,209		888,791	
Total liabilities and net position				8,126,561		7,696,496	

(in thousand United States Dollars)

► Income Statement by Nature (in thousand)

	NOTES	2014		2013	
		AKZ	USD	AKZ	USD
Net interest income	21	31,982,231	310,921	26,257,390	268,978
Income from financial instrument assets	21	46,901,476	455,961	39,489,104	404,523
Income from liquidity investments		1,811,015	17,606	2,148,669	22,011
Income from securities		22,679,886	220,487	14,966,711	153,318
Income from loans		22,410,575	217,868	22,373,724	229,194
(-) Costs of financial instrument liabilities	21	(14,919,245)	(145,040)	(13,231,714)	(135,544)
Costs of deposits		(13,837,477)	(134,523)	(11,593,447)	(118,762)
Liquidity funding costs		(1,081,768)	(10,517)	(1,638,267)	(16,782)
Earnings from trading and fair value adjustments	22	5,483,768	53,311	1,690,567	17,318
Earnings from foreign exchange transactions	23	4,830,347	46,959	7,112,551	72,860
Earnings from provision of financial services	24	6,002,690	58,356	4,277,197	43,815
(-) Provisions for bad debt and provision of guarantees	16	(8,455,694)	(82,203)	(5,992,366)	(61,385)
Earnings from financial brokerage		39,843,342	(387,344)	33,345,339	341,587
Earnings from goods, products and other services		59,061	574	59,536	610
(-) Administrative and marketing costs		(20,298,077)	(197,331)	(16,221,523)	(166,172)
Staff	25	(9,835,861)	(95,621)	(8,631,002)	(88,415)
External supplies	26	(8,299,139)	(80,681)	(6,062,852)	(62,107)
Tax and rates not incident on earnings	19	(1,067,372)	(10,377)	(579,606)	(5,937)
Penalties applied by regulatory authorities		(19,168)	(186)	(7,984)	(82)
Other administrative and marketing costs		(49,106)	(478)	(68,541)	(702)
Depreciation and amortisation	10	(1,027,431)	(9,988)	(871,538)	(8,928)
(-) Provisions for other values and probable liabilities	16	(334,683)	(3,253)	1,596,363	16,353
Earnings from financial fixed assets	9	(31,869)	(310)	-	-
Other operating income and costs	27	1,595,650	15,512	1,394,485	14,285
Other operating income and costs		(19,068,979)	(185,382)	(13,230,675)	(135,534)
Net operating income		20,833,424	202,536	20,174,200	206,663
Non-operating earnings	28	783,964	7,621	59,586	610
Earnings before tax and other charges		21,617,388	210,157	20,233,786	207,273
(-) Charges on current earnings	19	(1,080,869)	(10,508)	(587,765)	(6,021)
Net income for the year		20,536,519	199,649	19,646,021	201,252
Shares in circulation	17	3,000,000	3,000,000	2,414,511	2,414,511
Earnings per share		6.85	0.07	8.14	0.08

► Statement of Changes in Equity	Capital	Updating of Own Funds		Legal Reserve	Other Reserves	Potential Earnings	Retained Earnings	Net Income for the Year	Equity
		Capital	Net Income						
Balance as at 31 December 2012	2,414,511	4,170,188	1,627,319	12,194,772	29,428,181	773,650	6,158,618	16,105,934	72,873,173
> Appropriation of the net income for 2012	-	-	-	3,221,186	6,442,374	-	-	(9,663,560)	-
> Dividends distributed	-	-	-	-	-	-	-	(6,442,374)	(6,442,374)
> Potential earnings	-	-	-	-	-	686,044	-	-	686,044
> Net income for the year	-	-	-	-	-	-	-	19,646,021	19,646,021
Balance as at 31 December 2013	2,414,511	4,170,188	1,627,319	15,415,958	35,870,555	1,459,694	6,158,618	19,646,021	86,762,864
> Appropriation of the net income for 2013	-	-	-	3,929,204	-	-	-	(3,929,204)	-
> Dividends distributed	-	-	-	-	-	-	-	(15,716,817)	(15,716,817)
> Reclassification of retained earnings to other reserves	-	-	-	-	6,158,618	-	(6,158,618)	-	-
> Share capital increase by incorporation of reserves	585,489	-	-	-	(585,489)	-	-	-	-
> Potential earnings	-	-	-	-	-	(527,260)	-	-	(527,260)
> Net income for the year	-	-	-	-	-	-	-	20,536,519	20,536,519
Balance as at 31 December 2014	3,000,000	4,170,188	1,627,319	19,345,162	41,443,684	932,434	-	20,536,519	91,055,306

(in thousands of Angolan Kwanzas)

► Cash Flow Statement (in thousands of Angolan Kwanzas)

	2014	2013
OPERATING CASH FLOW OF FINANCIAL BROKERAGE		
Cash flow of net interest income	31,354,916	25,071,306
> Receipt of income from financial instrument assets	45,592,468	38,145,120
> Payment of costs of financial instrument liabilities	(14,237,552)	(13,073,814)
Cash flow of earnings from trading and fair value adjustments	-	1,690,567
Cash flow of earnings from foreign exchange transactions	4,821,728	7,124,891
Cash flow of earnings from provision of financial services	6,002,690	4,277,197
	42,179,334	38,163,961
CASH FLOW OF EARNINGS FROM OTHER SERVICES		
Payments to staff and suppliers	(19,145,436)	(16,176,184)
Other revenue/payments relative to operating activity	(428,271)	(1,464,633)
Payment of industrial contribution	(587,765)	(1,778,069)
Other values	24,300	203,890
Other liabilities	621,670	4,542,601
	(19,515,502)	(14,672,395)
CASH FLOW OF INVESTMENTS		
Cash flow of investments from financial brokerage	(67,662,180)	(84,187,183)
> Liquidity investments	31,312,309	2,870,208
> Investments in securities	(43,400,054)	(110,075,151)
> Investments in loans to customers	(55,574,435)	23,017,760
Cash flow of fixed assets	(860,396)	(1,993,082)
> Acquisition of tangible and intangible fixed assetss	(874,133)	(1,791,503)
> Acquisition of financial fixed assets	13,737	(201,579)
	(68,522,576)	(86,180,265)
CASH FLOW OF FINANCING		
Cash flow of the financing of financial brokerage	77,808,653	66,999,733
> Financing of deposits	69,225,219	89,343,170
> Financing of liquidity funding	(1,000,000)	(25,075,922)
> Financing of other funding	9,583,434	2,732,485
Cash flow of financing with own funds	(15,716,817)	(6,442,374)
> Payment of dividends	(15,716,817)	(6,442,374)
	62,091,836	60,557,359
Variation of disposable assets	16,233,092	(2,131,340)
Disposable assets at the beginning of the period	122,764,027	124,895,367
Disposable assets at the end of the period	138,997,119	122,764,027

06.2 NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014 AND 2013
(Amounts in thousand Angolan Kwanzas - '000AKZ, unless explicitly indicated otherwise)

NOTE 1 ► INTRODUCTION

Banco BIC, S.A. (hereinafter also referred to as “Banco BIC” or “Bank”) was incorporated by Deed of 22 April 2005, following the communication of Banco Nacional de Angola of 19 April 2005 which authorised its incorporation, and has its head office at Edifício Banco BIC, situated in Bairro de Talatona, Municipality of Samba, in Luanda.

The Bank is dedicated to obtaining third party funds, in the form of deposits or other, which it invests, together with its own funds, in the granting of loans, in deposits at Banco Nacional de Angola, investments in credit institutions, acquisition of securities and other assets, for which it is duly authorised. The Bank also renders other banking services and carries out various types of transactions in foreign currency.

In order to accomplish its operations, the Bank currently has a national network of 198 branches and customer service points, 17 business centres, three investment centres and one private banking unit in Angola (181 branches and customer service points, 17 business centres, three investment centres and one private banking unit as at 31 December 2013).

NOTE 2 ► BASIS OF PRESENTATION AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

The financial statements were prepared on a going concern basis from the ledgers and records kept by the Bank, in conformity with the accounting principles established in the Chart of Accounts of Financial Institutions (CONTIF), as defined in Banco Nacional de Angola Instruction 09/07, of 19 September and subsequent updates. These principles may differ from those generally accepted

in other countries.

The Bank’s financial statements as at 31 December 2014 and 2013 are expressed in Angolan Kwanzas, where all assets and liabilities denominated in other currencies were converted into the national currency, based on the reference average exchange rate published by Banco Nacional de Angola on those dates. As at 31 December 2014 and 2013, the exchange rate of the Angolan Kwanza (AKZ) relative to the United States Dollar (USD) and Euro (EUR) were as follows:

	2014	2013
1 USD	102.863	97.619
1 EUR	125.195	134.386

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

A) ACCRUALS BASIS

Income and costs are recognised according to the enforcement period of the transactions, pursuant to the accrual accounting principle, being recorded as they are generated, regardless of the time of their receipt or payment.

B) TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currency are recorded in accordance with the multi-currency system, with each transaction being recorded according to the respective currency of denomination. Assets and liabilities denominated in foreign currency are converted into Angolan Kwanzas at the average exchange rate published by Banco Nacional de Angola on the reporting date.

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

Costs and income relative to exchange rate differences, realised or potential, are recorded in the income statement for the year when they occur, under the heading of “Earnings from foreign exchange transactions”.

C) LOANS TO CUSTOMERS

Loans granted to customers are initially recorded at their nominal value. The interest component is stated separately in the respective profit or loss accounts. Income is recognised when received and distributed by monthly periods, according to the *pro rata temporis* rule, in the case of operations which produce revenue flows over a period greater than one month.

The Bank annuls interest overdue by over 60 days and does not recognise interest as of this date, until the date when the customer settles the situation. Late payment interest is recorded under the heading of “Collection of late payment interest, net of annulments” (Note 28).

Subsequently, operations of loans granted to customers, including guarantees and sureties provided, are submitted to the constitution of provisions, pursuant to Banco Nacional de Angola Notice 4/2011, of 8 June, and other applicable instructions and rules.

As of 2011 and the entrance into force of Notice 4/2011, of 8 June, loan operations, per disbursement, are granted in national currency, for all periods and for all entities, except the State and companies with confirmed revenue and receipts in foreign currency, for the following purposes:

- Liquidity financial assistance, including, among others, pledged current accounts;
- Motor vehicle financing;
- Consumer credit;
- Micro-credit;
- Advances to depositors or overdrafts; and
- Other forms of financial credit of short term nature (less than one year).

Provisions for bad debt and bank guarantees and sureties provided

Under the terms of the rules in force, the Bank classifies loan operations, including guarantees and sureties provided, by increasing order of risk, according to the following categories:

- Level A: Zero risk
- Level B: Very low risk
- Level C: Low risk
- Level D: Moderate risk
- Level E: High risk
- Level F: Very high risk
- Level G: Risk of loss

Loan operations, including bank guarantees and sureties provided, are classified individually, taking into account the characteristics and risks of the operations and borrower, in general observing, for operations without default, the following criteria:

- > **Class A:** Loans backed by escrow accounts at the Bank and/or State securities (Treasury Bonds and Bills, as well as Central Bank Securities). Also included in this class are customers who, based on their economic and financial situation, their management ability and history of compliance, are considered by the Bank as being zero risk;
- > **Class B:** Loans backed by mortgages and other customers who, based on the criteria described above, are considered by the Bank as very low risk; and
- > **Class C:** All other loans with promissory mortgages and/or other types of asset-backed guarantees, as well as operations which are only backed by personal guaranty.

Overdue loans are also analysed casuistically and are at least classified into the risk levels indicated above, according to the time that has passed since the date of the operation’s entry into default.

The minimum provisioning levels are calculated in accordance with the following table:

► Risk Levels	A	B	C	D	E	F	G
% PROVISION	0%	1%	3%	10%	20%	50%	100%
Operations with maturity less than two years	up to 15 days	15 to 30 days	1 to 2 months	2 to 3 months	3 to 5 months	5 to 6 months	over 6 months
Operations with maturity above two years	up to 15 days	15 to 60 days	2 to 4 months	4 to 6 months	6 to 10 months	10 to 12 months	over 12 months

(time that has passed since entry into default)

As a rule, operations which are renegotiated are kept at least in the same risk level in which they had been classified in the month immediately prior to the renegotiation. Under these terms, their reclassification to a lower risk level occurs only if there has been a regular and significant repayment of the operation or if there is a significant reinforcement of the received guarantees.

In general, the classification of the loan operations of the same customer, for the purpose of constitution of provisions, is made in the class showing highest risk.

Provisions for bad debt are classified in the receivable assets of the heading “Loans to customers” (Note 7).

Whenever the Bank considers that the expectations of recovery of the amounts in debt of loans that have been classified for over six months in Class G are clearly no longer reasonable, they are written off from the assets by using the respective provision. Furthermore, these loans remain recorded under an off-balance sheet heading for a minimum period of ten years.

D) SECURITIES PORTFOLIO

Taking into account the characteristics of the securities at the time of their acquisition, the Bank’s portfolio of securities is valued as follows:

> Held for trading

Trading securities are considered those which are acquired for the purpose of sale.

Treasury Bills and Securities of the Central Bank, issued at discounted value, are recorded at their acquisition cost. The difference between this discounted value and redemption value (nominal value), which constitutes the Bank’s remuneration, is

reflected through the straight-line method over the period between the purchase date and the maturity date of the securities, against the heading of “Income receivable” (Note 5).

> Available for sale

Financial assets available for sale correspond to shares which are initially recorded at acquisition cost, and subsequently at their fair value.

Fair value variations are recorded against own funds, under the heading “Potential earnings – Adjustments to fair value in financial assets available for sale”, with any gains recognised through profit or loss for the year at the time of the definitive sale of the asset.

> Held to maturity

This heading includes securities which the Bank intends and has the capacity to hold until their maturity.

Treasury Bonds are recorded at acquisition cost. The accrued interest relative to these securities, and the difference between the acquisition cost and redemption value (in the case of securities issued at discounted value), is reflected through the straight-line method through profit or loss, against the heading “Income receivable” (Note 5).

Treasury Bonds issued in national currency, indexed to the Consumer Price Index, are subject to the updating of the security’s nominal in accordance with the variation of this index. Hence, the results of the aforesaid updating of the nominal value of the securities and accrued interest are reflected in the income statement for the year in which they occur, under the headings “Earnings from trading and fair value adjustments” and “Income from securities”, respectively (Notes 22 and 21).

Treasury Bonds issued in national currency, indexed to the USD exchange rate, and Treasury Bonds in foreign currency are subject to exchange rate updating. Therefore, the result of the exchange rate updating of the nominal value of the securities is reflected in the income statement for the year in which it occurs, under the heading “Earnings from trading and fair value adjustments” (Note 22), and the discount and accrued interest are reflected under the heading “Income from securities” (Note 21).

Order 159/12 of 20 February was published in 2012, which authorises the regular issue of Treasury Bonds in national currency, non-adjustable, with predefined coupon interest rates by maturity. The accrued interest relative to these securities are reflected in the income statement for the year in which it occurs, under the heading “Income from securities” (Note 21).

› Purchase of third party securities with reverse repurchase agreement

During 2014 and 2013, the Bank carried out operations of temporary purchase of liquidity in the inter-financial market from Banco Nacional de Angola in which resources were invested receiving Treasury Bonds in guarantee. These operations have an underlying agreement of resale of the securities at a future date, for a price previously established between the parties (Note 4).

The income from the operations of purchase of third party securities with repurchase agreements correspond to the difference between the resale value and the purchase value of the securities. The income was recognised pursuant to the accrual principle according to the time period of the operations under the heading “Income from financial instrument assets – Purchase of Third Party Securities with Reverse Repurchase Agreement” (Note 21).

Securities purchased with reverse repurchase agreement are not recorded in the securities portfolio. The funds delivered are recorded, on the settlement date, in the assets under the heading “Liquidity investments – Purchase of Third Party Securities with Reverse Repurchase Agreement”, with the value of the interest being accrued under the same heading.

Classification into risk classes:

Under the terms of the rules in force, the Bank classifies debt securities by increasing order of risk, according to the following categories:

Level A: Zero risk

Level B: Very low risk

Level C: Low risk

Level D: Moderate risk

Level E: High risk

Level F: Very high risk

Level G: Risk of loss

The Bank classifies debt securities of the Angolan State and Banco Nacional de Angola in Level A.

E) FINANCIAL FIXED ASSETS

The financial holdings in which the Bank directly or indirectly holds a percentage stake equal to or above 10% of the respective share capital are recorded by the equity method. According to this method, the holdings are initially valued at acquisition cost, which is subsequently adjusted based on the Bank's effective percentage stake in the net changes in equity (including profit or loss) of the participated companies. The financial holdings in which the Bank directly or indirectly holds a percentage stake lower than 10% of the respective share capital are recorded at acquisition cost. When denominated in foreign currency, this is reflected in the book value at the exchange rate on the transaction date. Whenever permanent losses are estimated in their realisation value, the corresponding provisions are constituted, reflected in the income statement under the heading “Earnings from financial fixed assets”.

F) INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible fixed assets essentially correspond to software and key money. These expenses are recorded at acquisition cost and amortised on a straight-line basis over a period of three years.

Tangible fixed costs are recorded at acquisition cost. Depreciation is calculated on a straight-line basis at the maximum rates acceptable as costs for tax purposes, pursuant to the Industrial Tax Code, which correspond to the following estimated years of useful life:

	Years of Useful Life
Properties for own use	50
Works in rented buildings	3
Equipment:	
› Interior facilities	10
› Furniture and material	10
› Machines and tools	3 to 10
› Computer equipment	3 to 10
› Transport material	3
› Other equipment	10

Notwithstanding the range referred to above, most of the computer equipment is being depreciated over three years.

G) ASSETS NOT FOR OWN USE

The heading “Assets not for own use – Properties received in lieu of repayment” records the assets received in lieu of repayment, following the recovery of loans in default, when intended for subsequent sale (Note 8).

Pursuant to the CONTIF, the value of the assets received in lieu of repayment is recorded according to the amount estimated in their valuation, against the value of the recovered loan and respective specific provisions that have been constituted.

When the value in debt of the loan operation is higher than its book value (net of provisions), the difference should be recognised as income for the year, up to the estimated valuation of the assets. When the valuation of the assets is lower than the book value of the loan operation, the difference should be recognised as cost for the year.

When the legal period of two years has come to an end without the properties having been sold (extendable by authorisation of Banco Nacional de Angola), a new valuation is conducted, aimed at estimating the updated market value, with a view to the even-

tual constitution of the corresponding provision.

H) INCOME TAX

› Industrial Tax

The Bank is subject to Industrial Tax and considered, for tax purposes, a Group A taxpayer with the applicable tax rate being 30% for 2014 and 35% for 2013.

Current tax is calculated based on the taxable profit for the year, which is different from the book value profit due to adjustments to taxable profit arising from costs or income which are not relevant for tax purposes.

Industrial Tax should be settled provisionally in three equal instalments in January, February and March, based on 75% of the taxable profit of the previous year. Due to the tax loss presented by the Bank, no provisional settlements of this tax were made in relation to 2014.

Note 19 presents the reconciliation between the taxable profit and the book value profit.

› Capital Investment Tax (IAC)

Presidential Legislative Decree 5/11, of 30 December, introduced various legislative amendments to the Capital Investment Tax, having been amended in the meantime by Presidential Legislative Decree 2/14.

The IAC is generally incident on income derived from the Bank's financial investments, namely income from investments and interest of securities.

The rate varies between 5% (in the case of interest paid relative to public debt securities with a maturity equal to or above three years) and 15%. This tax has the nature of payment on account of Industrial Tax, with this offsetting operating through the basic abatement which may be estimated, under the terms of subparagraph a) of number 81 of the Industrial Tax Code (Note 19).

A BNA letter to the Angolan Association of Banks (ABANC) disclosed that the interest of Treasury Bonds, Treasury Bills and Central Bank Securities are only subject to IAC relative to securities issued after 1 January 2013.

» Deferred taxes

Deferred tax assets and liabilities correspond to the value of the tax recoverable and payable in future periods arising from temporary differences between the book value of an asset or liability and its taxable base.

Deferred tax liabilities are normally recorded for all taxable temporary differences, while deferred tax assets are only recognised up to the amount that it is probable that there will be future taxable profit enabling the use of the corresponding deductible taxable differences or tax losses carried forward.

Current taxes and deferred taxes are reflected through profit or loss, with the exception of taxes relative to transactions recorded directly in equity, namely potential gains or losses of securities classified in the available for sale portfolio.

As at 31 December 2014 and 2013, the Bank did not have any recorded deferred tax assets. On the same date, the recorded deferred tax liabilities refer to potential gains or losses of securities classified in the available for sale portfolio (Notes 15 and 17).

I) MONETARY UPDATING OF OWN FUNDS RESERVE

Under the terms of Banco Nacional de Angola Notice 2/2009, of 8 May, on monetary updating, which revoked Notice 10/2007, of 26 September, financial institutions should, in the case of existence of inflation, monthly consider the effects of the change in purchasing power in national currency, based on the Consumer Price Index.

The value arising from the monetary updating should be reflected monthly, debited from the profit or loss account, against the monetary updating of own funds reserve.

In 2009, in view of the evolution observed in the exchange rate of the Angolan Kwanza relative to the United States Dollar and, consequently, its impact in terms of the inflation rate measured in national currency, the Bank requested special authorisation from Banco Nacional de Angola for the prospective application of the provisions in Notice 2/2009.

Through letter dated 26 November 2009, the Department of Supervision of Financial Institutions informed that, by Order of the

Governor of Banco Nacional de Angola of 23 November, Banco BIC's request concerning monetary updating was authorised.

The Bank did not make any monetary updating of its own funds in 2014 and 2013.

J) RETIREMENT PENSIONS

Law 07/04, of 15 October, which regulates the Social Security system of Angola, foresees the attribution of retirement pensions to all Angolan workers enrolled in Social Security. The value of these pensions is calculated based on a table according to the number of years of work, applied to the average of the monthly gross wage received in the periods immediately before the date when the worker ended his activity. Pursuant to Decree 7/99, of 28 May, the rates of contribution to this system are 8% for the employer entity and 3% for the workers.

Under the terms of the legislation in force, the liabilities related to "Compensation due to retirement" are determined by multiplying 25% of the base monthly wage applied on the date when the worker reaches the legal age of retirement, by the number of years of seniority on that same date.

As at 31 December 2014, the Bank's liabilities related to the retirement compensation benefit scheme referred to above were calculated through an actuarial evaluation conducted by an independent expert based on the Bank's population covered by this benefit at the end of the year and the following assumptions:

Actuarial technical rate (discount)	2%
Wage growth rate	8%
Mortality table	SA 85-90 (Light)
Normal retirement age	60 years old or 35 years of work

The discount rate was estimated taking into account the performance of the financial markets, duration of the liabilities and inherent risk.

As at 31 December 2014 and 2013, the Bank has no formal commitment regarding the payment of supplementary retirement pensions to its employees, in addition to the aforesaid "Compensation due to retirement", under the terms of the labour legislation in force (Note 16).

K) LIQUIDITY INVESTMENTS AND FUNDING

Liquidity investments and funding, among financial institutions, being systemic and regular operations which seek to distribute

liquidity throughout the entire financial system, national and international, in the most appropriate manner, are not considered loans.

L) CASH AND CASH EQUIVALENTS

For the purposes of preparation of the cash flow statement, the Bank considers "Disposable assets at the end of the year" as the sum of the total balances of the headings "Disposable assets" and "Amounts owed to credit institutions – Current account overdrafts" (Notes 3 and 11).

NOTE 3 » DISPOSABLE ASSETS

This heading is detailed as follows:

	2014		2013	
	Foreign Currency	National Currency	Foreign Currency	National Currency
Cash:				
» National notes and coins:				
- In safe deposit vault	-	10,326,311	-	7,679,028
- In ATM	-	3,618,088	-	2,179,093
» Foreign notes and coins:				
- In USD	29,764,295	3,061,645	60,332,740	5,889,622
- In EUR	2,298,643	287,779	2,914,015	391,603
- In other currencies	-	57,897	-	14,253
		17,351,720		16,153,599
Demand deposits at Banco Nacional de Angola (BNA):				
» In national currency	-	71,945,423	-	66,058,523
» In foreign currency - USD	292,000,000	30,035,996	320,000,000	31,238,080
		101,981,419		97,296,603
Demand deposits at correspondent banks abroad:				
» Banco BIC Português, S.A.	-	12,744,491	-	6,486,575
» Standard Chartered Bank	-	6,004,068	-	1,853,666
» Commerzbank	-	316,443	-	207,287
» HSBC Bank – Johannesburg	-	133,683	-	209,808
» Byblos Bank Europe	-	67,338	-	183,261
» Other	-	197,878	-	133,505
		19,463,901		9,074,102
Cheques for collection – In Angola		200,079		243,937
		138,997,119		122,768,241

The heading of demand deposits at Banco Nacional de Angola includes the deposits constituted to meet the requirements of constitution and maintenance of compulsory reserves.

As at 31 December 2014, the compulsory reserves are calculated under the terms of the provisions in Instruction 01/2014, of 12 February. As at 31 December 2013, these reserves were calculated under the terms of the provisions in Instruction 03/2013, of 1 July. The compulsory reserves are constituted in national and foreign currency, according to the respective denomination of the liabilities constituting their base of incidence.

As at 31 December 2014, the compulsory reserve requirement is calculated through the application of a coefficient of 12.5% of

eligible liabilities in national currency and a coefficient of 15% of eligible liabilities in foreign currency. As at 31 December 2013, the compulsory reserve requirement is calculated through the application of a coefficient of 15% of eligible liabilities in national currency and a coefficient of 15% of eligible liabilities in foreign currency.

The demand deposits in Banco Nacional de Angola and those domiciled in other credit institutions abroad are not remunerated.

As at 31 December 2014 and 2013, the balance of the heading "Cheques for collection – In Angola" refers to cheques submitted for clearing during the business days after the end of the respective years.

NOTE 4 ► LIQUIDITY INVESTMENTS

The operations carried out in the inter-financial money market correspond to term deposits in credit institutions and are detailed as follows:

		2014		2013	
	Currency	Foreign Currency	National Currency	Foreign Currency	National Currency
In credit institutions abroad:					
> Banco BIC Português, S.A.	USD	284,319,212	29,245,927	393,143,801	38,378,305
> Banco BIC Cabo Verde IFI	EUR	175,718,612	21,999,092	170,408,545	22,900,523
> Banco BIC Cabo Verde IFI	USD	23,000,000	2,365,849	-	-
> Byblos Bank Europe	USD	5,044,488	518,890	10,079,583	983,959
> Banco BIC Português, S.A.	EUR	3,500,000	438,183	3,500,000	470,351
> Banco Popular Portugal	USD	500,000	51,432	500,000	48,810
> HSBC Bank - Johannesburg	USD	-	-	10,766,819	1,051,046
> Banco BIC Português, S.A.	GBP	-	-	350,873	56,388
			54,619,373		63,889,382
Interest receivable			169,529		159,082
			54,788,902		64,048,464

A significant part of the term deposits in credit institutions abroad mentioned above constitute collateral for the opening of documentary credit and other operations, in the context of contracted credit lines and other agreements concluded with these financial institutions.

As at 31 December 2014 and 2013, the term deposits in credit institutions presented the following structure, by residual maturity periods:

	2014	2013
Up to one month	24,141,351	19,742,115
One to three months	3,123,964	11,997,024
Three to six months	22,249,482	29,709,768
More than one year	5,104,576	2,440,475
	54,619,373	63,889,382

As at 31 December 2014 and 2013, the term deposits in credit institutions abroad earned interest at the following annual average rates, weighted by the respective nominal value of the investments:

	2014	2013
In United States Dollars	1.24%	0.85%
In Euros	2.89%	3.04%
In Pounds Sterling	-	0.50%

Purchase of Third Party securities with Reverse Repurchase Agreement correspond to Treasury Bonds acquired from Banco Nacional de Angola, with an agreement of repurchase on a future date, at a predefined price agreed by the parties.

The revenue gained by Banco BIC in these transactions corresponds, only and exclusively, to the positive difference between the repurchase price of these Treasury Bonds, predefined and agreed by the parties, and their initial acquisition value.

As at 31 December 2014 and 2013, the Purchase of Third Party Securities with Reverse Repurchase Agreement was detailed as follows:

	2014		2013	
	Interest Rate	Amount	Interest Rate	Amount
Treasury Bonds				
> In national currency (USD Index)	5.09%	457,700	2.45%	22,500,000
Income receivable		129		42,607
		457,829		22,542,607

As at 31 December 2014 and 2013, the Purchase of Third Party Securities with Reverse Repurchase Agreement was structured as follows, by residual maturity periods:

	2014	2013
Up to one month	-	14,000,000
One to three months	457,700	8,500,000
	457,700	22,500,000

NOTE 5 › SECURITIES AND STOCKS

This heading is detailed as follows:

	2014		2013	
	Interest Rate	Amount	Interest Rate	Amount
Held for trading:				
› Treasury Bills	5.44%	78,625,097	4.03%	60,814,122
Income receivable		2,024,468		697,399
		80,649,565		61,511,521
Available for sale	N/A	3,551,284	N/A	4,517,873
Held to maturity:				
› Treasury bonds				
- In national currency (Non-adjustable)	7.55%	169,837,020	7.47%	140,646,018
- In national currency (USD Index)	7.30%	98,060,200	7.41%	96,694,102
- In foreign currency (USD)	3.68%	13,164,798	3.74%	12,493,651
Income receivable		4,716,844		3,822,137
		285,778,862		253,655,908
		369,979,711		319,685,302

As at 31 December 2014 and 2013, the securities classified as "Available for sale" are detailed as follows:

Nature	Currency	2014				2013			
		Amount	Market Value	Book Value		Amount	Market Value	Book Value	
				Currency	'000AKZ			Currency	'000AKZ
Shares	EUR	27,646,900	1.03	28,366,020	3,551,284	27,646,900	1.22	33,618,631	4,517,873
					3,551,284				4,517,873

As at 31 December 2014 and 2013, the potential earnings are detailed as follows:

	2014	2013
Adjustment of the fair value of financial assets available for sale	1,434,494	2,245,683
Tax charges incident on potential earnings	(502,060)	(758,989)
	932,434	1,459,694

As at 31 December 2014 and 2013, the Bank classifies the securities recorded in the portfolios of "Held for trading" and "Held to maturity" in risk level A – Zero, due to having been issued by the Angolan State and Banco Nacional de Angola.

As at 31 December 2014 and 2013, the distribution of debt securities by indexer, excluding income receivable, is as follows:

	2014			2013		
	Fixed Rate	Libor 6M	Total	Fixed Rate	Libor 6M	Total
Treasury bills	78,625,097	-	78,625,097	60,814,122	-	60,814,122
Treasury bonds						
› In national currency (Not readjustable)	169,837,020	-	169,837,020	140,646,018	-	140,646,018
› In national currency (USD Index)	98,060,200	-	98,060,200	96,694,102	-	96,694,102
› In foreign currency (USD)	-	13,164,798	13,164,798	-	12,493,651	12,493,651
	346,522,317	13,164,798	359,687,115	298,154,242	12,493,651	310,647,893

As at 31 December 2014 and 2013, the portfolio securities showed the following structure, according to their residual maturity periods:

	2014	2013
Up to three months	29,318,439	19,098,006
Three to six months	29,100,883	33,455,728
Six months to one year	59,902,624	49,100,762
More than one year	241,365,169	208,993,397
Undefined maturity	3,551,284	4,517,873
	363,238,399	315,165,766

NOTE 6 › FOREIGN EXCHANGE TRANSACTIONS

As at 31 December 2014 and 2013, this heading is detailed as follows:

	2014	2013
Income from purchase and sale of foreign currency receivable	2,700,681	2,497,815
Costs of purchase and sale of foreign currency payable	(2,704,402)	(2,510,155)
	(3,721)	(12,340)

As at 31 December 2014 and 2013, the net value arising from currency sold and currency acquired, converted at the exchange rate relative to the Kwanza on the reporting date is detailed as follows:

2014						
Acquired Currency			Sold Currency			Net Value
Book Value			Book Value			
Currency	Amount	'000AKZ	Currency	Amount	'000AKZ	
USD	20,000,000	2,057,260	AKZ	(2,058,600,000)	(2,058,600)	(1,340)
EUR	4,500,000	563,378	USD	(5,496,750)	(565,413)	(2,035)
JPY	86,261,000	74,443	USD	(726,714)	(74,752)	(309)
GBP	35,000	5,600	USD	(54,803)	(5,637)	(37)
		2,700,681			(2,704,402)	(3,721)
2013						
Acquired Currency			Sold Currency			Net Value
Book Value			Book Value			
Currency	Amount	'000AKZ	Currency	Amount	'000AKZ	
EUR	14,500,000	1,948,597	USD	(20,073,250)	(1,959,531)	(10,934)
USD	5,552,177	541,998	AKZ	(543,341,577)	(543,342)	(1,344)
NAD	750,000	6,979	USD	(72,115)	(7,040)	(61)
SEK	16,000	241	USD	(2,493)	(242)	(1)
		2,497,815			(2,510,155)	(12,340)

NOTE 7 › LOANS TO CUSTOMERS

This heading is detailed as follows:

	2014	2013
National currency:		
Current account overdrafts	2,206,400	644,024
Loans	138,396,668	94,244,120
Current account credit	29,086,216	15,645,847
Loans to employees	3,430,407	2,304,174
	173,119,691	112,838,165
Foreign currency:		
Current account overdrafts	30,640	159,679
Loans	78,567,511	90,425,176
Current account credit	790,464	1,059,856
Loans to employees	3,592,803	3,703,541
	82,981,418	95,348,252
Total loans falling due	256,101,109	208,186,417
Overdue loans and interest - National currency	8,079,521	6,262,642
Overdue loans and interest - Foreign currency	10,731,528	4,780,489
Total overdue loans and interest	18,811,049	11,043,131
Total loans granted	274,912,158	219,229,548
Income receivable – National currency	2,661,049	2,510,733
Income receivable – Foreign currency	1,226,894	1,473,983
Total income receivable	3,887,943	3,984,716
	278,800,101	223,214,264
Provision for bad debt (Note 16)	(32,026,483)	(24,599,668)
	246,773,618	198,614,596

As at 31 December 2014 and 2013, the residual periods of the loans granted to customers, excluding overdue loans, are detailed as follows:

	2014	2013
Up to three months	34,699,098	37,946,400
Three to six months	35,180,132	21,492,859
Six months to one year	34,901,120	19,164,174
One to three years	37,249,533	27,982,507
Three to five years	38,358,047	37,034,798
Five to ten years	48,637,940	39,436,922
More than ten years	27,075,239	25,128,757
	256,101,109	208,186,417

As at 31 December 2014 and 2013, the distribution of loans granted to customers, excluding income receivable, between companies and individuals, is as follows:

	2014			2013		
	Outstanding	Overdue	Total	Outstanding	Overdue	Total
Companies	206,820,160	15,311,864	222,132,024	162,950,126	8,226,232	171,176,358
Individuals	49,280,949	3,499,185	52,780,134	45,236,291	2,816,899	48,053,190
	256,101,109	18,811,049	274,912,158	208,186,417	11,043,131	219,229,548

As at 31 December 2014 and 2013, the loans granted to customers, excluding income receivable showed the following distribution by indexer:

	2014	2013
Fixed rate	218,819,020	175,068,085
Libor 1M	2,047,452	2,243,735
Libor 3M	876,189	930,090
Libor 6M	1,919,998	2,035,913
Libor 12M	3,239,404	4,098,565
Luibor 1M	-	2,589,940
Luibor 3M	624,024	15,153
Luibor 6M	11,439,741	4,909,692
Luibor 12M	35,946,330	27,338,375
	274,912,158	219,229,548

The table below presents the methodology used to calculate the provision for bad debt as at 31 December 2014 and 2013:

	2014						
	Loans Falling Due	Loans Overdue	Bank Guarantees (Note 18)	Documentary Credits (Note 18)	Total	Provision Rate	Provision (Note 16)
Class A	47,908,548	62,846	3,862,357	-	51,833,751	0%	-
Class B	84,676,991	43,034	32,813,492	7,440,354	124,973,871	1%	1,249,739
Class C	80,803,312	400,461	17,638,268	2,158,109	101,000,150	3%	3,030,004
Class D	18,374,407	4,745,690	122,004	14,709	23,256,810	11%	2,453,617
Class E	14,783,808	2,800,502	79,130	244,009	17,907,449	26%	4,612,720
Class F	7,824,534	54,086	-	-	7,878,620	69%	5,469,850
Class G	5,617,452	10,704,430	-	-	16,321,882	100%	16,321,882
	259,989,052	18,811,049	54,515,251	9,857,181	343,172,533		33,137,813

During 2014, the Bank altered its methodology to calculate provisions so as to include income receivable and open documentary credit.

	2013					
	Loans Falling Due	Loans Overdue	Bank Guarantees (Note 18)	Total	Provision Rate	Provision (Note 16)
Class A	38,455,691	596	17,783,180	56,239,467	0%	-
Class B	47,842,866	100,852	7,188,429	55,132,147	1%	551,321
Class C	90,797,428	546,856	13,010,186	104,354,470	3%	3,107,111
Class D	10,116,958	1,588,657	372,417	12,078,032	10%	1,207,803
Class E	6,581,121	2,130,531	-	8,711,652	20%	1,718,805
Class F	4,463,064	644,801	-	5,107,865	50%	2,553,933
Class G	9,929,289	6,030,838	63,452	16,023,579	100%	16,023,579
	208,186,417	11,043,131	38,417,664	257,647,212		25,162,552

The movement in the matrix of migration of the risk of the borrowers between 31 December 2014 and 2013 is presented below:

Dec 2014											Total	Portfolio Distribution as at 31 Dec 2013
Dec 2013	Risk Level	A	B	C	D	E	F	G	Written-off from Assets	Settlements/ Repayments		
	A	27.06%	22.59%	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	49.98%	21.83%	56,239,467
	B	0.00%	43.84%	12.87%	2.92%	3.54%	0.00%	1.11%	0.00%	35.72%	21.40%	55,132,147
	C	0.00%	9.83%	55.58%	5.59%	2.99%	0.03%	0.41%	0.04%	25.54%	40.50%	104,354,470
	D	0.00%	0.05%	0.00%	12.73%	20.44%	7.81%	1.38%	0.01%	57.57%	4.69%	12,078,032
	E	0.00%	0.31%	0.01%	16.32%	40.32%	6.32%	33.88%	0.04%	2.79%	3.38%	8,711,652
	F	0.00%	0.02%	0.01%	0.00%	39.41%	14.64%	28.99%	0.00%	16.94%	1.98%	5,107,865
	G	0.00%	0.01%	0.00%	6.48%	0.00%	0.00%	51.62%	5.77%	36.12%	6.22%	16,023,579
Total		5.90%	18.32%	25.35%	4.44%	5.07%	0.88%	5.39%	0.38%	34.27%	100%	
Portfolio Distribution of 31 Dec 2013 as at 31 Dec 2014												
		15,211,630	47,191,442	65,302,558	11,436,831	13,062,839	2,272,600	13,892,255	970,670	88,306,387		257,647,212

Dec 2013											Total	Portfolio Distribution as at 31 Dec 2012
Dec 2012	Risk Level	A	B	C	D	E	F	G	Written-off from Assets	Settlements/ Repayments		
	A	66.31%	0.21%	2.27%	0.00%	0.01%	0.00%	0.00%	0.00%	31.20%	20.35%	56,897,736
	B	0.48%	40.08%	0.86%	0.04%	1.00%	0.77%	0.00%	0.01%	56.76%	33.79%	94,475,953
	C	0.00%	0.02%	60.69%	3.48%	2.53%	0.11%	1.28%	0.00%	31.89%	31.45%	87,940,085
	D	0.00%	0.23%	4.82%	30.23%	8.89%	0.11%	20.48%	0.06%	35.18%	3.53%	9,858,087
	E	0.00%	0.06%	1.18%	24.69%	14.47%	3.52%	2.00%	0.02%	54.06%	5.58%	15,594,515
	F	0.00%	0.00%	15.77%	3.95%	0.37%	8.73%	16.99%	0.09%	54.10%	0.17%	477,408
	G	0.01%	0.00%	0.34%	0.06%	0.03%	0.03%	43.82%	10.59%	45.12%	5.13%	14,351,945
Total	13.66%	13.60%	20.12%	3.56%	2.26%	0.51%	3.52%	0.55%	42.22%	100%		
Portfolio Distribution of 31 Dec 2012 as at 31 Dec 2013												
	38,189,518	38,038,487	56,260,633	9,952,933	6,306,954	1,429,334	9,830,926	1,534,854	118,052,090		279,595,729	

The analysis of the migration matrix shows that of the total loans as at 31 December 2013, amounting to AKZ 257,647,212 thousand, a portion corresponding to 43.26% did not change level. The movements between risk levels also indicate that 5.73% of the loans lowered their risk level, 16.36% migrated to more exacerbated levels and 0.38% was written off from the assets (transferred to loss).

Maintained at the same level	
> In debt	43.26%
> Settlements / repayments	34.27%
Transferred to other levels	
> More serious	16.36%
> Less serious	5.73%
> Written-off from assets	0.38%

Currently, the Bank does not yet have systematised information with the identification of the loan operations which have been restructured, namely operations whose conditions and guarantees were renegotiated due to the deterioration of credit risk or default risk. Nevertheless, under the continuous development of the information and credit risk analysis systems, the renegotiated loan operations are being progressively identified.

During 2014 and 2013, the Bank renegotiated operations due to the deterioration of credit risk or default risk, with the following renegotiated amounts having been identified:

	2014	2013
Companies	37,323,658	6,322,597
Individuals	891,505	828,699
	38,215,163	7,151,296

During 2014 and 2013, the Bank proceeded with credit write-offs from the assets amounting to AKZ 1,459,313 thousand and AKZ 1,567,488 thousand, respectively (Note 16).

As at 31 December 2014 and 2013, the portfolio of loans granted to customers, excluding income receivable, by activity sector is detailed as follows:

	2014				2013			
	Falling Due	Overdue	Total	%	Falling Due	Overdue	Total	%
Companies:								
> Financial and insurance activities	29,820,455	-	29,820,455	10.85%	2,878,556	1,214,331	4,092,887	1.87%
> Activities, leases and services provided to companies	15,708,111	1,057,661	16,765,772	6.10%	17,979,423	1,005,048	18,984,471	8.66%
> Public administration and mandatory social security	4,730,455	63,982	4,794,437	1.74%	3,596,943	1,168	3,598,111	1.64%
> Agriculture, animal production, hunting and forestry	20,774,838	311,354	21,086,192	7.67%	5,238,369	108,632	5,347,001	2.44%
> Accommodation, restaurants and similar	12,739,525	8,132	12,747,657	4.64%	12,070,396	5,681	12,076,077	5.51%
> Trade	36,617,412	4,027,017	40,644,429	14.78%	42,510,392	2,813,677	45,324,069	20.67%
> Construction	48,119,514	5,514,848	53,634,362	19.51%	48,482,400	1,688,973	50,171,373	22.89%
> Education, health and social action	8,059,188	19,784	8,078,972	2.94%	5,987,809	7,276	5,995,085	2.73%
> Mining industries (crude oil, natural gas and other)	5,394,931	92,084	5,487,015	2.00%	7,237,416	37,603	7,275,019	3.32%
> Manufacturing industries	15,884,603	926,312	16,810,915	6.12%	9,621,165	663,630	10,284,795	4.69%
> Other recreational, associative and service activities	4,056,246	17,967	4,074,213	1.48%	653,625	17,368	670,993	0.31%
> Fisheries	122,242	2,596	124,838	0.05%	200,277	25,099	225,376	0.10%
> Electricity, gas and water production and distribution	269,562	15,617	285,179	0.10%	296,334	14,821	311,155	0.14%
> Transport, storage and communications	4,523,078	3,254,510	7,777,588	2.83%	6,197,021	622,925	6,819,946	3.11%
Individuals:	49,280,949	3,499,185	52,780,134	19.20%	45,236,291	2,816,899	48,053,190	21.92%
	256,101,109	18,811,049	274,912,158	100%	208,186,417	11,043,131	219,229,548	100%

NOTE 8 › OTHER VALUES

This heading is detailed as follows:

	2014	2013
Properties not for own use		
› Real estate projects – Employees	4,153,848	3,818,948
› Properties received in lieu of repayment	508,966	96,191
VISA Collateral	1,948,389	1,845,504
Bank cheques	1,500,000	2,280,642
Advance – Angolan Kwanzas	1,236,966	143,243
Computer material	420,065	-
Cash shortages	103,959	82,793
Hire and rental charges	69,711	57,189
Office supplies	42,406	51,907
Advance – cheques	38,971	62,589
Other	777,937	855,904
	10,801,218	9,294,910
Provisions for properties given in lieu of repayment (Note 16)	(44,805)	(6,514)
	10,756,413	9,288,396

As at 31 December 2014 and 2013, the balance of the heading “Properties not for own use – Real estate projects – Employees” refers to real estate projects under construction which are intended to be sold to Bank employees. For 2014, part of the increase of this heading, amounting to AKZ 223,668 thousand, refers to transfers of “Fixed assets in progress” (Note 10).

As at 31 December 2014 and 2013, the balance of the heading “Properties not for own use – Properties received in lieu of repayment” corresponds to properties received in lieu of repayment of debts relative to loans that have been granted. As at 31 December 2014 and 2013, the value of the provision includes the estimated loss in the realisation of these properties.

Under the terms of the contract concluded between Banco BIC and Visa International, the Bank undertakes to maintain a collateral deposit at VISA’s custodian bank (Barclays Bank London), where its amount is calculated according to the volume of transactions conducted. As at 31 December 2014 and 2013, respectively, this collateral deposit reached approximately USD

18,941,593 (AKZ 1,948,389 thousand) and USD 18,905,173 (AKZ 1,845,504 thousand) and was remunerated at the annual interest rate of 0.15%. Furthermore, as at 31 December 2014 and 2013, the balance of the collateral deposit includes values derived from Banco Sol, S.A., arising from the acquiring service, amounting to USD 16,923,013 (AKZ 1,740,752 thousand and AKZ 1,652,008 thousand as at 31 December 2014 and 2013, respectively) (Note 13).

As at 31 December 2014 and 2013, the heading “Bank cheques” refers to advances made for purposes of accomplishment of operations, which shall be settled in 2015 and 2014.

As at 31 December 2014 and 2013, the heading “Advance – Angolan Kwanzas” refers to notes in AKZ which were on consignment to Banco BIC Português, arising from the process of sale of Kwanzas at the branches of this financial institution.

As at 31 December 2014, the heading “Computer material” corresponds to advances made on account of the Bank’s technological infrastructure renovation project, to start in 2015.

The cash shortages are provisioned under the heading of “Other provisions” (Note 16).

As at 31 December 2014 and 2013, the balance of the heading “Advance – Cheques” corresponds to advances made by the Bank to customers, related to the purchase of cheques drawn on foreign banks that had not yet been collected by this date. These accounts receivable are collected from the correspondent bank at the beginning of the following year.

As at 31 December 2014 and 2013, the balance of the heading “Other” includes the amounts of AKZ 32,107 thousand and AKZ 31,341 thousand, respectively, of assets considered bad debt, which are fully provisioned under the heading of “Other provisions” (Note 16).

NOTE 9 › FINANCIAL FIXED ASSETS

This heading is detailed as follows:

		2014	2013		
		Foreign Currency	National Currency	Foreign Currency	National Currency
GI 10 › Financial holding	EUR	1,245,840	155,973	1,500,000	201,579
EMIS › Equity holding	USD	463,782	47,706	488,696	47,706
› Shareholders’ loans	USD	1,194,997	122,921	1,259,191	122,921
ABANC › Shareholders’ loans	USD	235,507	24,225	248,159	24,225
BVDA › Financial holding	USD	138,582	14,255	146,027	14,255
			365,080		410,686

As at 31 December 2014 and 2013, the Bank held a 30% stake in the capital of GI10 – Investimentos e Gestão, SGPS, S.A., a company based in Portugal, whose core business is the management of equity holdings of other companies related essentially to insurance brokerage. For 2014, as a result of the valuation of this holding, the Bank recognised a loss of the value of EUR 254,156 (AKZ 31,869 thousand) under the heading of “Earnings from financial fixed assets”.

As at 31 December 2014 and 2013, the Bank holds a 4.63% stake in the capital of EMIS – Empresa Interbancária de Serviços, S.A.R.L. (EMIS). EMIS was incorporated in Angola for the purpose of management of the electronic means of payment and supplementary services.

The General Meeting of EMIS, held in December 2011, deliberated a share capital increase of USD 4,800,000, with Banco BIC being liable to the amount of USD 338,291, which was settled in January 2012. Moreover, the payment of additional paid-in capital was also deliberated, with Banco BIC being liable to the amount of USD 1,182,480, which was settled in two equal tranches of USD 591,240 in August and September 2012.

The Extraordinary General Meeting of the Angolan Association of Banks (ABANC), of which the Bank is a member, held on 28 July 2009, approved a plan of investments in fixed assets. Banco BIC’s stake in this Association for this purpose reached USD 235,507 as at 31 December 2014.

As at 31 December 2014 and 2013, the Bank holds a 0.95% stake in the capital of BVDA – Bolsa de Valores e Derivativos de Angola, S.A. (BVDA).

NOTE 10 ▸ INTANGIBLE AND TANGIBLE FIXED ASSETS AND FIXED ASSETS IN PROGRESS

The movement under these headings during the years ended on 31 December 2013 and 2014 was as follows:

▸ Gross Assets											
	Balance 31 Dec 2012	Increases	Write- offs	Transfers	Adjust- ments	Balance 31 Dec 2013	Increases	Write-offs	Transfers	Adjust- ments	Balance 31 Dec 2014
Intangible fixed assets:											
> Key money	149,815	-	-	-	-	149,815	-	-	-	-	149,815
> Incorporation expenses	4,383	-	-	-	-	4,383	-	-	-	-	4,383
> Multi-annual costs	35,289	-	-	-	-	35,289	-	-	-	-	35,289
> Automatic data processing systems (software)	315,901	17,681	-	-	-	333,582	-	-	-	-	333,582
> Other intangible fixed assets	679	-	-	-	-	679	-	-	-	-	679
	506,067	17,681	-	-	-	523,748	-	-	-	-	523,748
Tangible fixed assets:											
> Properties for own use	6,910,850	297,623	-	631,210	-	7,839,683	160,355	(164,393)	332,272	-	8,167,917
> Works in rented buildings	1,404,189	67,517	-	64,559	-	1,536,265	20,118	(737)	153,951	-	1,709,597
> Equipment	5,291,613	550,426	(15,786)	176,906	6	6,003,165	436,683	(28,308)	176,645	(6)	6,588,179
> Art collection	4,120	-	-	-	-	4,120	97	-	-	-	4,217
	13,610,772	915,566	(15,786)	872,675	6	15,383,233	617,253	(193,438)	662,868	(6)	16,469,910
Fixed assets in progress	1,132,478	874,041	-	(872,675)	(6,912)	1,126,932	457,225	(380)	(662,868)	(236,946)	683,963
	15,249,317	1,807,288	(15,786)	-	(6,906)	17,033,913	1,074,478	(193,818)	-	(236,952)	17,677,621

▸ Accumulated Amortisation									
	Balance 31 Dec 2012	Reinforce- ments	Write-offs	Adjust- ments	Balance 31 Dec 2013	Reinforce- ments	Write-offs	Adjust- ments	Balance 31 Dec 2014
Intangible fixed assets:									
> Key money	149,814	-	-	-	149,814	-	-	-	149,814
> Incorporation expenses	4,383	-	-	-	4,383	-	-	-	4,383
> Multi-annual costs	35,289	-	-	-	35,289	-	-	-	35,289
> Automatic data processing systems (software)	297,231	16,537	-	-	313,768	11,091	-	-	324,859
> Other intangible fixed assets	678	-	-	-	678	-	-	-	678
	472,873	16,537	-	-	503,932	11,091	-	-	515,023
Tangible fixed assets:									
> Properties for own use	487,912	148,936	-	(144)	636,704	158,797	(274)	(10,315)	784,912
> Works in rented buildings	1,158,925	104,932	-	-	1,263,857	219,572	(307)	10,315	1,493,437
> Equipment	2,573,524	601,133	(3,633)	-	3,171,024	637,971	(14,403)	-	3,794,592
	3,440,846	855,001	(3,633)	(144)	5,071,585	1,016,340	(14,984)	-	6,072,941
	3,913,719	871,538	(3,633)	(144)	5,575,517	1,027,431	(14,984)	-	6,587,964

During 2014, the properties under construction intended to sale to Bank employees were reclassified to the heading "Other values" (Note 8) and, for the purpose of presentation in terms of the movement of real estate properties, were included in the column of "Adjustments".

As at 31 December 2014 and 2013, the heading of “Equipment” may be detailed as follows:

	2014			2013		
	Gross Value	Accumulated Amortisation	Net Value	Gross Value	Accumulated Amortisation	Net Value
Interior facilities	1,764,003	(802,562)	961,441	1,598,437	(638,691)	959,746
Furniture and material	1,342,085	(643,053)	699,032	1,240,290	(515,175)	725,115
Machines and tools	1,268,828	(564,291)	704,537	1,102,111	(443,783)	658,328
Computer equipment	1,286,464	(1,134,026)	152,438	1,214,710	(984,847)	229,863
Transport material	598,852	(547,228)	51,624	552,463	(516,420)	36,043
Other equipment	327,947	(103,432)	224,515	295,154	(72,108)	223,046
	6,588,179	(3,794,592)	2,793,587	6,003,165	(3,171,024)	2,832,141

As at 31 December 2014 and 2013, the heading of fixed assets in progress essentially corresponds to the costs incurred in relation to the acquisition of the site and payment to suppliers for the works that are being carried out at the Bank's premises, whether purchased or rented, namely at a building for administrative services, new branches and other facilities, whose inauguration is foreseen in the years following the reporting date.

NOTE 11 › DEPOSITS

These headings are detailed as follows:

	2014	2013
DEMAND DEPOSITS OF CREDIT INSTITUTIONS:		
Amounts owed to credit institutions in Angola		
Demand deposits:		
› Banco de Desenvolvimento de Angola	514,315	488,095
› Interest payable	201,930	159,910
	716,245	648,005
Amounts owed to credit institutions abroad		
Current account overdrafts:		
› Bank Windhoek - NAD	-	4,214
	-	4,214
DEMAND DEPOSITS OF RESIDENTS:		
In national currency		
› Administrative public sector	2,387,454	2,067,206
› State business sector	2,359,188	2,033,426
› Companies	175,136,218	133,459,494
› Individuals	94,490,436	67,614,524
	274,373,296	205,174,650
In foreign currency		
› Administrative public sector	679,252	569,348
› State business sector	1,006,889	1,663,625
› Companies	35,210,892	36,345,542
› Individuals	25,369,282	30,878,184
	62,266,315	69,456,699
DEMAND DEPOSITS OF NON-RESIDENTS:		
In national currency	5,280,892	5,093,054
In foreign currency	512,078	456,084
	5,792,970	5,549,138
	342,432,581	280,180,487
Total demand deposits	343,148,826	280,832,706

As at 31 December 2014 and 2013, the demand deposits of customers are not remunerated, except in specific situations defined in accordance with the guidelines of the Bank's Board of Directors.

During 2007, Banco BIC and Banco de Desenvolvimento de Angola (BDA) concluded a financial convention, under which BDA finances the Bank for it to grant loans for projects related to the boosting of private economic activity in the production of goods and services.

	2014	2013
TERM DEPOSITS OF RESIDENTS:		
In national currency		
> Administrative public sector	12,280,674	9,270,725
> State business sector	1,362,638	3,077,809
> Companies	143,336,953	136,078,222
> Individuals	45,331,960	36,805,330
> Interest payable	2,112,188	1,481,219
	204,424,413	186,713,305
In foreign currency		
> State business sector	3,977,189	5,042,411
> Companies	67,784,854	69,470,791
> Individuals	58,863,026	57,179,549
> Interest payable	1,115,097	1,099,404
	131,740,166	132,792,155
TERM DEPOSITS OF NON-RESIDENTS:		
In national currency		
> Interest payable	2,743	666
In foreign currency		
> Interest payable	206	1,740
	589,297	503,590
Total term deposits	336,753,876	320,009,050

As at 31 December 2014 and 2013, the term deposits of customers, excluding interest payable, present the following structure, by currency and average interest rate:

	2014			2013		
	Interest Rate	Amount in Currency	Amount in '000AKZ	Interest Rate	Amount in Currency	Amount in '000AKZ
In thousand Angolan Kwanzas	5.27%		202,647,908	4.54%	-	185,444,130
In United States Dollars	3.98%	1,251,368,071	128,719,474	3.89%	1,323,902,867	129,238,074
In Euros	1.58%	17,223,214	2,156,260	1.42%	20,417,430	2,743,817
			333,523,642			317,426,021

As at 31 December 2014 and 2013, the term deposits of customers, excluding interest payable, present the following structure, according to their residual maturity period:

	2014	2013
Up to three months	226,355,393	234,112,140
Three to six months	84,706,211	65,815,175
Six months to one year	22,432,696	17,246,353
One to three years	29,059	252,192
More than three years	283	161
	333,523,642	317,426,021

NOTE 12 > LIQUIDITY FUNDING

This heading is detailed as follows:

	2013	
	Fixed Interest Rate	Amount
Taken from credit institutions	5%	1,000,000
Interest payable		274
		1,000,274

As at 31 December 2014, the balance of the heading "Other deposits" refers to drawing orders pending settlement in Banco BIC customer accounts.

As at 31 December 2013, the amounts recorded under this heading correspond to a term deposit held by Banco Kwanza Invest, constituted to back a loan granted by the Bank, with maturity in the beginning of 2014.

NOTE 13 > LIABILITIES IN THE PAYMENT SYSTEM

This heading is detailed as follows:

	2014	2013
Amounts owed bound to imports – Foreign currency		
> Amounts owed in cash	4,200,361	3,936,389
VISA Collateral (Note 8)	1,740,752	1,652,008
Certified cheques – National currency	1,454,740	3,132,747
Clearing of cheques	-	25,541
Cheques drawn abroad	-	342
	7,395,853	8,747,027

The heading "Amounts owed bound to imports – amounts owed in cash" refers to amounts deposited by customers which are bound to the settlement of import operations.

NOTE 14 › OTHER FUNDING

This heading is detailed as follows:

	2014	2013
Amounts owed to credit institutions abroad		
› Banco BIC Português, S.A. - Euros	18,779,250	17,806,145
› Banco BIC Português, S.A. - USD	10,769,161	9,873,557
› Banco BIC Cabo Verde IFI - USD	7,714,725	-
› Interest payable	23,234	30,492
	37,286,370	27,710,194

As at 31 December 2014 and 2013, the amounts owed to credit institutions abroad earned interest at the following annual average rates, weighted by the respective nominal value of the investments:

	2014	2013
In United Stated Dollars	3.07%	3.30%
In Euros	2.92%	3.09%

As at 31 December 2014 and 2013, the amounts owed to credit institutions abroad, excluding interest payable, present the following structure, according to their residual maturity period:

	2014	2013
Up to one month	14,697,786	13,061,963
One to three months	22,565,350	14,617,739
	37,263,136	27,679,702

NOTE 15 › OTHER LIABILITIES

This heading is detailed as follows:

	2014	2013
Tax related liabilities:		
› Capital investment tax (IAC)	515,326	230,721
› Tax charges incident on potential earnings	502,060	785,989
› Taxation relative to remunerations	334,021	277,668
› Stamp duty	67,169	105,465
› Income tax payable (Note 19)	-	587,765
› Other taxes	355,882	289,183
	1,774,458	2,276,791
Civil related liabilities:		
› Deferred income - Guarantees	61,757	22,629
› Other	(15,991)	(7,365)
	45,766	15,264
Administrative/commercial related liabilities:		
› Interest of restructured loans	2,561,957	1,165,379
› Values to be settled – Properties given in lieu of repayment	721,188	1,173,490
› Staff – Wages and other remunerations		
- Holidays and holiday allowance	962,712	872,755
- Staff costs (Note 25)	3,378	145,999
- Clinical services	118,938	19,296
› VISA cards	540,524	555,614
› ATM offsetting	759,548	367,782
› Communications and dispatch expenses		
- Data circuit	99,714	207,816
- Communications	64,301	81,713
- Other	1,205	8,178
› Specialised services	62,238	60,902
› Maintenance and repair	29,274	24,255
› Security and surveillance	9,407	4,180
› Other administrative costs	1,479,724	259,273
	7,414,108	4,946,632
	9,234,332	7,238,687

As at 31 December 2014 and 2013, the balance of the heading “Tax charges incident on potential earnings” refers to the deferred tax liabilities calculated on the potential capital gains of the securities recorded in the “Available for Sale” portfolio.

As at 31 December 2014 and 2013, the balance of the heading “Interest of restructured loans” refers to interest of loans that have been submitted to restructuring operations, and shall only be recognised through profit or loss at the time when it is received.

As at 31 December 2014 and 2013, the heading "Values to be settled – Properties given in lieu of repayment" refers to advances received on account of the sale of properties given in lieu of repayment.

The balance of the heading "Staff costs" refers to the Bank's estimate of the performance bonuses of its employees relative to 2014 and 2013, to be settled in 2015 and 2014, respectively.

As at 31 December 2014 and 2013, the balance of the heading "ATM offsetting" refers to the movements made at Banco BIC's ATM and EFTPOS during the last days of the year and which are pending offsetting by EMIS.

As at 31 December 2014, the heading "Other administrative costs" includes the reinforcement of estimated tax of the amount of AKZ 1,080,869 thousand (Note 19).

NOTE 16 › PROVISIONS

The movement which occurred in the provisions in the years ended on 31 December 2014 and 2013 was as follows:

	Balance 31 Dec 2013	Reinforce- ments	Write-back and Annulments	Forex Variation	Uses	Transfers	Balance 31 Dec 2014
Loans considered bad debt	24,599,668	33,657,024	(25,497,629)	1,003,121	(1,459,313)	(276,388)	32,026,483
Provision of guarantees	562,884	490,709	(194,410)	13,567	-	238,580	1,111,330
Retirement pensions	1,083,571	236,525	-	68,555	-	-	1,388,651
Properties not for own use	6,514	-	-	483	-	37,808	44,805
Other provisions	192,242	98,158	-	13,909	(24,300)	-	280,009
	26,444,879	34,482,416	(25,692,039)	1,099,635	(1,483,613)	-	34,851,278

	Balance 31 Dec 2012	Reinforce- ments	Write-back and Annulments	Forex Variation	Uses	Transfers	Balance 31 Dec 2013
Loans considered bad debt	21,886,339	38,257,200	(32,419,334)	354,250	(1,567,488)	(1,911,299)	24,599,668
Provision of guarantees	402,902	379,776	(225,276)	5,482	-	-	562,884
Retirement pensions	852,852	212,356	-	18,363	-	-	1,083,571
Properties not for own use	-	-	(1,904,811)	26	-	1,911,299	6,514
Other provisions	264,632	96,092	-	3,350	(171,832)	-	192,242
	23,406,725	38,945,424	(34,549,421)	381,471	(1,739,320)	-	26,444,879

The Bank has a provision for retirement pensions, whose balance as at 31 December 2014 and 2013 stands at AKZ 1,388,651 thousand and AKZ 1,083,571 thousand, equivalent to approximately USD 13,500 thousand and USD 11,100 thousand, respectively. The Bank's Board of Directors considers that the existing provision for retirement pensions as at 31 December 2014 is sufficient to meet the liabilities related to "Compensation due to retirement", pursuant to the provisions in article 262 of the General Labour Act.

During 2014 and 2013, the balance of the heading "Other provisions" is intended to meet any contingencies arising from the Bank's activity, as well as to reflect potential losses in the realisation value of the accounts receivable and other assets (Note 8).

NOTA 17 › MOVEMENT IN EQUITY

The movement in the equity headings for the years ended on 31 December 2013 and 2014 was as follows:

	Capital	Updating of Own Funds	Legal Reserve	Other Reserves	Potential Earnings	Retained Earnings	Net Income for the Year	Total Net Position
Balance as at 31 Dec 2012	2,414,511	5,797,507	12,194,772	29,428,181	773,650	6,158,618	16,105,934	72,873,173
> Appropriation of the net income for 2012	-	-	3,221,186	6,442,374	-	-	(9,663,560)	-
> Dividends distributed	-	-	-	-	-	-	(6,442,374)	(6,442,374)
> Potential earnings	-	-	-	-	686,044	-	-	686,044
> Net income for the year	-	-	-	-	-	-	19,646,021	19,646,021
Balance as at 31 Dec 2013	2,414,511	5,797,507	15,415,958	35,870,555	1,459,694	6,158,618	19,646,021	86,762,864
> Appropriation of the net income for 2013	-	-	3,929,204	-	-	-	(3,929,204)	-
> Dividends distributed	-	-	-	-	-	-	(15,716,817)	(15,716,817)
> Reclassification of retained earnings to other reserves	-	-	-	6,158,618	-	(6,158,618)	-	-
> Share capital increase by incorporation of reserves	585,489	-	-	(585,489)	-	-	-	-
> Potential earnings	-	-	-	-	(527,260)	-	-	(527,260)
> Net income for the year	-	-	-	-	-	-	20,536,519	20,536,519
Balance as at 31 Dec 2014	3,000,000	5,797,507	19,345,162	41,443,684	932,434	-	20,536,519	91,055,306

SHARE CAPITAL

The Bank was incorporated with share capital of AKZ 522,926 thousand (equivalent to the countervalue of USD 6,000,000 on the incorporation date), represented by 522,926 registered shares of one thousand Angolan Kwanzas each, which was fully underwritten and paid-up in cash.

During 2016, the Bank increased its share capital by AKZ 1,088,751 thousand (equivalent to USD 14,000,000) and, subsequently, the General Meeting held on 1 December 2006 deliberated a new increase of the Bank's share capital from USD 20,000,000 to USD 30,000,000, which was fully paid-up in cash,

with the capital henceforth being represented by 2,414,511 registered shares of one thousand Angolan Kwanzas each.

During the first semester of 2014, the Bank increased its share capital by incorporation of free reserves of the value of AKZ 585,498 thousand, which was thus represented by 3,000,000

shares, with the nominal value of one thousand Angolan Kwanzas each. The objective of this share capital increase was to comply with the provisions in Banco Nacional de Angola Notice 14/2013, of 15 November, which establishes the minimum value of the share capital of financial institutions at AKZ 2,500,000 thousand.

As at 31 December 2014 and 2013, the Bank’s shareholder structure is as follows:

2014			2013		
Shareholders	Number of Shares	Percent-age	Shareholders	Number of Shares	Percent-age
Sociedade de Participações Financeiras, Lda.	750,000	25%	Sociedade de Participações Financeiras, Lda,	603,628	25%
Fernando Leonídio Mendes Teles	600,000	20%	Amorim Holding Financeira - SGPS, S.A,	603,628	25%
Finisantoro Holding Limited	525,000	17.5%	Fernando Leonídio Mendes Teles	482,902	20%
Telesgest B.V.	525,000	17.5%	Ruas Holding, B.V,	241,451	10%
Luís Manuel Cortez dos Santos	150,000	5%	Luís Manuel Cortez dos Santos	120,726	5%
Manuel Pinheiro Fernandes	150,000	5%	Manuel Pinheiro Fernandes	120,726	5%
Sebastião Bastos Lavrador	150,000	5%	Sebastião Bastos Lavrador	120,726	5%
Other shareholders	150,000	5%	Other shareholders	120,724	5%
	3,000,000	100%		2,414,511	100%

In compliance with the provisions in number 3 of article 446 of Law 1/2004, of 13 February, which establishes the framework of the Commercial Companies Law, the number of shares held by members of the Bank’s administration and supervisory bodies, and the percentage stakes held, are detailed as follows:

2014					2013	
Shareholders	Position	Acquisition	Nr Shares	Holding	Nr Shares	Holding
Fernando Leonídio Mendes Teles	Chairman	Nominal value	1,125,000	37.50%	482,902	20%
Fernando José Aleixo Duarte	Director	Nominal value	30,000	1%	24,145	1%
Graziela do Céu Rodrigues Esteves	Director	Nominal value	30,000	1%	24,145	1%
Graça Maria dos Santos Pereira	Director	Nominal value	30,000	1%	24,145	1%
Isabel José dos Santos	Non-executive Director	Nominal value	1,275,000	42.50%	603,628	25%

APPROPRIATION OF NET INCOME

On 10 April 2014, the General Meeting approved the proposal for the appropriation of net income submitted by the Board of Directors and presented in the Management Report, whereby the positive net income calculated at the end of 2013, of the value of AKZ 19,646,021 thousand (around USD 201 million), was appropriated as follows: 20% was transferred to the legal reserves heading, corresponding to AKZ 3,929,204 thousand (approximately USD 40 million) and 80% was distributed as dividends to shareholders, amounting to AKZ 15,716,817 thousand (equivalent to around USD 161 million).

On 17 April 2013, the General Meeting approved the proposal for the appropriation of net income submitted by the Board of Directors and presented in the Management Report, whereby the positive net income calculated at the end of 2012, of the value of AKZ 16,105,934 thousand (around USD 168 million), was appropriated as follows: 20% was transferred to the legal reserves heading, corresponding to AKZ 3,221,186 thousand (approximately USD 34 million, 40% was distributed as dividends to shareholders, amounting to AKZ 6,442,374 thousand (equiva-

lent to around USD 67 million) and the rest was transferred to the heading of other reserves.

LEGAL RESERVE

Under the terms of the legislation in force, the Bank should constitute a legal reserve fund until its concurrence with the share capital. For this purpose, a minimum of 20% of the net income of the previous year is transferred annually to this reserve. This reserve can only be used to cover accumulated losses when all other constituted reserves have been depleted.

POTENTIAL EARNINGS

Potential earnings correspond to potential capital gains net of tax charges, relative to the securities classified under the heading of “Securities - Available for Sale”.

RELATED PARTIES

As at 31 December 2014 and 2013, the main balances maintained by the Bank with related entities are as follows:

2014						
	Banco BIC Português, S.A.	Banco BIC Cabo Verde IFI	Entities Held by the Shareholders	Shareholders	Members of the Board of Directors and Supervisory Board	Total
Assets:						
> Disposable assets (Note 3)	12,744,491	6,260	-	-	-	12,750,751
> Liquidity investments (Note 4)	29,684,110	24,364,941	-	-	-	54,049,051
> Loans to customers (Note 7)	-	-	33,246,609	227,970	1,076,416	34,550,995
> Other values (Note 8)	1,251,279	-	269,069	-	-	1,520,348
Liabilities:						
> Deposits (Note 11)	-	-	4,099,190	1,554,942	5,654,315	11,308,447
> Other funding (Note 14)	29,548,411	7,714,725	-	-	-	37,263,136
> Other liabilities (Note 15)	11,745	-	721,188	-	-	732,933
Off-balance sheet items:						
> Guarantees and sureties provided (Note 18)	-	-	252,014	636,210	-	888,224
> Irrevocable commitments (Note 18)	30,859,900	-	-	-	-	30,859,900
Income statement:						
> Income from liquidity investments and loans (Note 21)	212,377	729,729	864,966	29,963	7,764	1,844,799
> Costs of liquidity funding and deposits (Note 21)	963,807	62,225	24,248	45,947	241,449	1,337,676
> Fees for guarantees and sureties provided (Note 24)	-	-	4,327	836	-	5,163
> Third party supplies (Note 26)	-	-	-	2,489,735	-	2,489,735

	2013				
	Banco BIC Português, S.A.	Banco BIC Cabo Verde IFI	Entities Held by the Shareholders	Shareholders	Total
Assets:					
> Disposable assets (Note 3)	6,486,575	-	-	-	6,486,575
> Liquidity investments (Note 4)	38,905,044	22,900,523	-	-	61,805,567
> Loans to customers (Note 7)	-	-	17,705,311	592,780	18,298,091
> Other values (Note 8)	274,950	-	-	-	274,950
Liabilities:					
> Deposits (Note 11)	-	-	1,393,553	1,845,825	3,239,378
> Other funding (Note 14)	27,679,702	-	-	-	27,679,702
> Other liabilities (Note 15)	7,391	-	1,173,490	-	1,180,881
Off-balance sheet items:					
> Guarantees and sureties provided (Note 18)	-	-	136,667	636,210	772,877
> Irrevocable commitments (Note 18)	19,523,800	-	-	-	19,523,800

Part of the loans granted to related parties is backed by shares of a financial institution based in the Euro zone.

NOTE 18 › OFF-BALANCE SHEET HEADINGS

These headings are detailed as follows:

	2014	2013
Guarantees provided and any other possible liabilities		
> Guarantees and sureties provided (Note 7)	54,515,251	38,417,664
> Irrevocable commitments	36,998,174	19,523,800
> Open documentary credits (Note 7)	9,857,181	8,480,311
	101,370,606	66,421,775
Liabilities related to services rendered		
> Custody of securities	30,840,259	12,846,615
> Collection of values - in Angola	3,342,214	3,083,732
> Collection of values - abroad	201,990	177,324
	34,384,463	16,107,671

As at 31 December 2014 and 2013, the balance of “Irrevocable commitments” includes a credit line for the opening and confirmation of documentary credit and bank guarantees concluded with Banco BIC Português, S.A., of the values of USD 300 million and USD 200 million, respectively.

NOTE 19 › TAXES

The Bank is subject to Industrial Tax and considered, for tax purposes, a Group A taxpayer with the applicable tax rate being 30% as at 31 December 2014 and 35% as at 31 December 2013.

As at 31 December 2014 and 2013, the costs related to income tax recorded through profit or loss, as well as the tax charge, measured by the ratio between the allocation for income tax and earnings before tax for the year, may be presented as follows:

	2014	2013
Total industrial tax recognised through profit or loss	1,080,869	574,657
Earnings before tax	21,617,388	20,233,786
Effective industrial tax rate	5.00%	2.90%

As at 31 December 2014 and 2013, the reconciliation between the nominal tax rate and the effective tax rate may be demonstrated as follows:

	2014		2013	
	Rate	Tax	Rate	Tax
Earnings before tax		21,617,388		20,233,786
Tax calculated based on the nominal rate	30%	6,485,216	35%	7,081,825
Tax benefits for income from public debt securities or equivalent:				
> Interest and similar income (Note 21)	-31.47%	(6,803,966)	-28.03%	(5,670,714)
> Net profit from financial operations:				
- Earnings from securities (Note 22)	-9.74%	(2,104,468)	-4.51%	(911,768)
Tax benefits for income from real estate property	0%	(867)	0%	(962)
Cost not accepted for tax purposes:				
> Taxes	1.23%	265,641	0.33%	66,250
> Provisions	0.63%	136,631	0.17%	34,804
> Other	0.02%	5,093	0.01%	1,345
Other adjustments	0%	-	-0.06%	(13,015)
	-9.33%	(2,016,720)	2.90%	587,765
Annulment of tax receivable	9.33%	2,016,720	0%	-
Reinforcement of the tax estimate	5%	1,080,869	0%	-
	5%	1,080,869	2.90%	587,765

As at 31 December 2014, the Bank did not have any recorded income related to tax receivable. The amount stated under "Reinforcement of estimated tax" corresponds to 5% of earnings before tax (historical average effective tax rate) and is recorded under "Other liabilities" (Note 15).

The income from public debt securities received from Treasury Bonds and Treasury Bills issued by the Angolan State is excluded from taxation under the Industrial Tax, under the terms of subparagraph c) of number 1 of article 23 of the Industrial Tax Code.

Presidential Legislative Decree 5/11, of 30 December, introduced a rule subjecting the interest of Treasury Bills, Treasury Bonds and other financial investments to the Capital Investment Tax (IAC). However, as noted above, this is only applicable to securities issued after 1 January 2013.

The Capital Investment Tax rate varies between 5% (in the case of interest paid relative to public debt securities with

a maturity equal to or above three years) and 15%. In 2014, the costs related to this tax which are recorded in the income statement, under the heading "Taxes and Rates Not Incident on Net Income" reached AKZ 874,478 thousand.

As at 31 December 2014, according to the amounts of these two taxes, Industrial and Capital Gains, the joint effective rate is equivalent to 9.05%.

The tax authorities are entitled to review the Bank's tax situation over a period of five years, where possible corrections to the calculated taxes may arise due to different interpretations of the tax legislation. In view of the tax amnesty regime relative to Industrial Tax, Capital Investment Tax on Income from Work, Stamp Duty and Urban Property Tax, the tax authorities can only review the Bank's tax situation for the financial years of 2013 to 2014. The Bank's Board of Directors believes that any corrections that might arise from these reviews will not be significant to the financial statements attached herewith.

NOTE 20 › BALANCE PER CURRENCY

As at 31 December 2014 and 2013, the Bank's balance per currency presents the following structure:

	2014			2013		
	National Currency	Foreign Currency	Total	National Currency	Foreign Currency	Total
Disposable assets	86,089,902	52,907,217	138,997,119	76,160,581	46,607,660	122,768,241
Liquidity investments						
› Inter-financial money market transactions	-	54,788,902	54,788,902	-	64,048,464	64,048,464
› Purchase of third party securities with reverse repurchase agreement	457,829	-	457,829	22,542,607	-	22,542,607
› Investments in gold and other precious metals	9,777	-	9,777	9,777	-	9,777
Securities and stocks						
› Held for trading	80,649,565	-	80,649,565	61,511,521	-	61,511,521
› Available for sale	-	3,551,284	3,551,284	-	4,517,873	4,517,873
› Held to maturity	272,420,409	13,358,453	285,778,862	240,978,011	12,677,897	253,655,908
Loans in the payment system	3,757	-	3,757	-	-	-
Foreign exchange transactions	-	2,700,681	2,700,681	-	2,497,815	2,497,815
Loans						
› Loans to customers	183,860,261	94,939,840	278,800,101	121,611,540	101,602,724	223,214,264
› (-) Provision for bad debt	(10,778,223)	(21,248,260)	(32,026,483)	(3,895,415)	(20,704,253)	(24,599,668)
Other values	8,044,081	2,712,332	10,756,413	4,478,082	4,810,314	9,288,396
Fixed assets						
› Financial fixed assets	209,107	155,973	365,080	209,107	201,579	410,686
› Tangible fixed assets	11,080,932	-	11,080,932	11,438,580	-	11,438,580
› Intangible fixed assets	8,725	-	8,725	19,816	-	19,816
Total assets	632,056,122	203,866,422	835,922,544	535,064,207	216,260,073	751,324,280
Deposits						
› Demand deposits	279,654,188	63,494,638	343,148,826	210,267,704	70,565,002	280,832,706
› Term deposits	204,762,838	131,991,038	336,753,876	186,926,015	133,083,035	320,009,050
› Other deposits	5,485,299	-	5,485,299	14,636,015	-	14,636,015
Liquidity funding						
› Taken from credit institutions	-	-	-	1,000,274	-	1,000,274
Liabilities in the payment system	1,728,685	5,667,168	7,395,853	3,144,044	5,602,983	8,747,027
Foreign exchange transactions	2,058,600	645,802	2,704,402	543,342	1,966,813	2,510,155
Other funding	-	37,286,370	37,286,370	-	27,710,194	27,710,194
Other liabilities	7,049,695	2,184,637	9,234,332	5,448,422	1,790,265	7,238,687
Trade and industrial suppliers	78,290	-	78,290	35,984	2,627	38,611
Provisions for probable liabilities	441,257	2,338,733	2,779,990	85,632	1,753,065	1,838,697
Total liabilities	501,258,852	243,608,386	744,867,238	422,087,432	242,473,984	664,561,416
Net assets / (liabilities)	130,797,270	(39,741,964)	91,055,306	112,976,775	(26,213,911)	86,762,864

As at 31 December 2014 and 2013, the balance of the heading “Securities and Stocks - Held to Maturity” includes the values of AKZ 98,060,200 thousand and AKZ 96,694,102 thousand, respectively, relative to Treasury Bonds in national currency indexed to the United States Dollar.

As at 31 December 2014 and 2013, the balance of the heading “Deposits - Term Deposits” includes the values of AKZ

37,482,773 thousand and AKZ 43,436,239 thousand, respectively, relative to Term Deposits of customers in national currency indexed to the United States Dollar.

Both of the operations mentioned above are indexed to the BNA purchase AKZ/USD exchange rate, and are thus subject to exchange rate updating.

NOTE 21 › INCOME AND COSTS OF FINANCIAL INSTRUMENTS

These headings are detailed as follows:

	2014	2013
INCOME FROM FINANCIAL INSTRUMENT ASSETS:		
From loans	22,410,575	22,373,724
From securities and stocks:		
› Treasury Bonds	18,972,691	13,753,580
› Treasury Bills	3,707,195	1,047,057
› Central Bank securities	-	166,074
	22,679,886	14,966,711
From liquidity investments		
› Abroad	1,106,196	430,003
› Third party securities with reverse repurchase agreement	516,145	1,401,403
› In Angola	188,674	317,263
	1,811,015	2,148,669
Total income from financial instrument assets	46,901,476	39,489,104
COSTS OF FINANCIAL INSTRUMENT LIABILITIES:		
Of deposits:		
› Demand deposits	41,908	60,598
› Term deposits	13,795,569	11,532,849
	13,837,477	11,593,447
Of liquidity funding:		
› Securities sold under repurchase agreement	1,189	777,816
› Amounts owed to other credit institutions	1,080,579	860,451
	1,081,768	1,638,267
Total costs of financial instrument liabilities	14,919,245	13,231,714
Net interest income	31,982,231	26,257,390

NOTE 22 › EARNINGS FROM TRADING AND FAIR VALUE ADJUSTMENTS

For the years ended on 31 December 2014 and 2013, this heading essentially corresponds to gains in foreign currency transactions obtained from the portfolio of securities issued in or indexed to foreign currency, and the appreciation of all the other securities indexed to their respective indexer, detailed as follows:

	2014	2013
Capital gain	6,623,097	12,845,681
Capital loss	(1,139,329)	(11,155,114)
	5,483,768	1,690,567

NOTE 23 › EARNINGS FROM FOREIGN EXCHANGE TRANSACTIONS

For the years ended on 31 December 2014 and 2013, this heading essentially corresponds to gains in transactions of purchase and sale of foreign currency carried out by the Bank, and the revaluation of the foreign exchange position as described in Note 2. b), detailed as follows:

	2014			2013		
	Profit	Loss	Net	Profit	Loss	Net
Earnings from foreign exchange	18,144,431	(12,115,781)	6,028,650	12,701,347	(5,630,786)	7,070,561
Earnings from notes and coins	862,724	(110,959)	751,765	558,283	(76,527)	481,756
Earnings from indexed deposits	193,690	(2,143,758)	(1,950,068)	-	(439,766)	(439,766)
	19,200,845	(14,370,498)	4,830,347	13,259,630	(6,147,079)	7,112,551

NOTE 24 › EARNINGS FROM PROVISION OF FINANCIAL SERVICES

This heading is detailed as follows:

	2014	2013
Income:		
Fees related to payment orders issued	1,478,075	1,001,921
Fees related to guarantees and sureties	1,378,787	1,327,067
Fees related to EMIS transactions	1,065,592	743,110
VISA fees	629,493	559,802
Fees – Ministry of Finance	552,219	302,927
Account maintenance fees	395,439	-
Fees related to documentary credit and remittances	352,083	350,299
Fees related to opening, management or renovation of pledged current accounts	182,278	135,373
Fees related to automatic payment terminals (EFTPOS)	106,039	113,632
Other fees	613,698	429,860
	6,753,703	4,963,991
Costs:		
Fees related to EMIS transactions	(531,538)	(420,049)
VISA fees	(166,896)	(175,508)
Other fees	(52,579)	(91,237)
	(751,013)	(686,794)
	6,002,690	4,277,197

NOTE 25 › STAFF COSTS

These headings are detailed as follows:

	2014	2013
Remunerations	5,756,085	4,891,686
Variable remuneration – Performance bonus:		
› Paid during the year	3,112,726	2,873,107
› Payable (Note 15)	3,378	145,999
Mandatory social security charges	239,096	199,286
Optional social security charges	554,257	373,496
Other	170,319	147,428
	9,835,861	8,631,002

NOTE 26 › THIRD PARTY SUPPLIES

These headings are detailed as follows:

	2014	2013
Security and surveillance	1,115,101	874,560
Communication and dispatch expenses	937,040	1,023,500
Specialised services:		
› Consulting	681,902	51,064
› Information technology	104,071	131,009
› Other	76,399	71,600
Maintenance and repair	551,581	541,688
Hire and rental charges	422,703	377,815
Printed material and consumables	464,792	342,920
Advertising	321,830	395,576
Travel and hotel expenses	236,124	226,487
Water, power and fuel	176,569	167,823
Cleaning services	135,598	143,836
Levies and donations	89,619	66,022
Insurance	24,521	20,124
Staff training	15,530	17,563
Other	2,945,759	1,611,265
	8,299,139	6,062,852

As at 31 December 2014 and 2013, the balance of the heading “Other” includes approximately EUR 20,000,000 and EUR 10,000,000 EUR (around AKZ 2,490,000 thousand and AKZ 1,300,000 thousand), respectively, relative to the cost arising from a series of commercial and organisational support and other services rendered by the Bank's shareholders during 2014 and 2013.

NOTE 27 › OTHER OPERATING INCOME AND COSTS

This heading is detailed as follows:

	2014	2013
Income from miscellaneous services rendered:		
› Sale of currency/withdrawals	440,819	936,866
› Issue of cheques	90,073	46,115
› Other	72,827	26,788
Settlement of certified cheques	400,633	294
Reimbursement of expenses:		
› Of payment orders	312,375	352,264
› Other	16,903	26,953
Administrative expenses	102,001	81,604
Other	217,439	192,856
	1,653,115	1,663,740
Miscellaneous costs and losses	(57,465)	(269,255)
	1,595,650	1,394,485


As at 31 December 2014, the heading “Settlement of certified cheques” corresponds to the settlement of outstanding certified cheques that are more than 18 months old.

NOTE 28 › NON-OPERATING EARNINGS

These headings are detailed as follows:

	2014	2013
Exceptional gains:		
› Collection of late payment interest, net of annulments	729,866	337,166
› Settlement of estimates of previous years	85,783	-
› Other	-	279
	815,649	337,445
Exceptional losses:		
› Earnings from the divestment of fixed assets	(12,747)	(5,705)
› Tax related losses	(1,032)	(272,154)
› Other exceptional losses	(17,906)	-
	(31,685)	(277,859)
	783,964	59,586

06.3 AUDIT REPORT



AUDIT REPORT

(Amounts expressed in thousand Kwanzas (AKZ))

To the Board of Directors
of Banco BIC, S.A.

Introduction

1. We have audited the attached financial statements of Banco BIC, S.A. (hereinafter also referred to a "Bank" or "BIC"), comprising the balance sheet as at 31 December 2014, showing a total of 835,922,544 thousand AKZ and equity of 91,055,306 thousand AKZ, including a net income of 20,536,519 thousand AKZ, the income statement, the statement of changes in equity and the cash flow statement for the year ended on that date and the corresponding Notes.

Responsibilities of the Board of Directors for the Financial Statements

2. The Bank's Board of Directors is responsible for the preparation and appropriate presentation of these financial statements, pursuant to the accounting principles generally accepted in Angola for the banking sector, and for the internal control deemed necessary to assure the preparation of financial statements free of material distortion due to fraud or error.

Responsibilities of the Auditor

3. It is our responsibility to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with the International Audit Standards. These standards require that we comply with ethical requirements and that we plan and carry out the audit in order to obtain a reasonable degree of certainty as to whether the financial statements are free of material distortion.

4. An audit involves the execution of procedures to obtain audit evidence about the amounts and disclosures presented in the financial statements. The selected procedures depend on the auditor's judgement, including assessment of the risks of material distortion of the financial statements due to fraud or error. In making these assessments of risk, the auditor considers the pertinent internal control for the preparation and appropriate presentation of the financial statements by the entity so that the design of the audit procedures is suitable in relation to the circumstances, but not for the purpose of expressing an opinion on the efficacy of the entity's internal control. An audit also includes assessment of the adequacy of the accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors, as well as appraisal of the overall presentation of the financial statements.

5. We consider that the audit evidence we obtained is sufficient and appropriate as a basis for our audit opinion.

06.4 REPORT OF THE SUPERVISORY BOARD

Deloitte.

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Opinion

6. In our opinion, the financial statements referred to in paragraph 1 above present an appropriate view, in all materially relevant aspects, of the financial position of Banco BIC, S.A. as at 31 December 2014, the result of its operations, the changes in its equity, and its cash flow relative to the ended on that date, in conformity with the accounting principles generally accepted in Angola for the banking sector (Note 2).

Emphasis

7. The financial statements relative to 2013 are presented by the Bank for comparative purposes and so as to comply with the requirements on the publication of accounts. Since the financial statements as at 31 December 2013 were audited by other auditors, we do not express any opinion in relation to them.

Luanda, 9 March 2015

Deloitte & Touche Auditors, Limitada

Represented by: José António Mendes Garcia Barata

REPORT AND OPINION OF THE SUPERVISORY BOARD

To the Shareholders of Banco BIC, S.A.

1. Under the terms of the Law and Articles of Association, we submit the report on our supervisory activity as well as our opinion on the documents presenting the accounts submitted by the Board of Directors of Banco BIC, S.A. (hereinafter Bank) relative to the year ended on 31 December 2014.

2. During the financial year we monitored, with the frequency and to the extent that we considered appropriate, the evolution of the Bank's activity, the regularity of the book-keeping and compliance with the applicable legal and statutory rules. We also received from the Board of Directors and different departments of the Bank the information and clarifications which we requested and are were necessary for the issue of our opinion.

3. We have analysed and agree with the contents of the Audit Report, issued by Deloitte & Touche - Auditors, Limitada, which we fully reproduce herein.

4. Under our duties, we examined the Balance Sheet as at 31 December 2014, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year ended on that date, as well as their corresponding notes, including the accounting policies and valuation criteria that were adopted.


5. Furthermore, we analysed the Management Report for 2014 prepared by the Board of Directors and the proposed appropriation of net income, included therein.

6. In view of the above, and taking into account the work that was carried out, we are of the opinion that the General Meeting should:

a. Approve the Management Report relative to the year ended on 31 December 2014,

b. Approve the Accounts relative to this year, and

c. Approve the Proposed Appropriation of Net Income.

 BancoBIC

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7. We would like to express our acknowledgment of the Board of Directors and departments of the Bank, for the collaboration extended to us.

Angola, 9 March 2015

The Supervisory Board


Henrique Manuel Camões Serra
Chairman


Ana Sofia Almeida
Member


Maria Ivone de Freitas Pereira dos Santos
Member

