

Crecemos juntos

ANNUAL REPORT  
**2011**



**BancoBIC**





**BancoBIC**

Crecemos Juntos

*The reinforcement in terms of credit portfolio shows the confidence we have in our customers. This goes hand in hand with our continuing dedication to play a positive part in growth and development of Angola.*

**TOGETHER WE GROW**





**BancoBIC**

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# 01 | KEY PERFORMANCE INDICATORS



Cassequel Branch, Luanda

(Figures in millions of US dollars)

	<b>2011</b>	<b>2010</b>	<b>Variation %</b>
Total net assets	5,513	4,868	13%
Turnover	7,098	6,308	13%
- Credit and off-balance sheet	2,460	2,251	9%
- Customer funds	4,638	4,027	15%
Turnover per employee	4.8	4.9	-1%
Results from financial intermediation	270	274	-1%
Results from financial intermediation per employee	0.18	0.21	-13%
Overhead costs / Results from financial intermediation	45%	39%	-14%
Personnel costs / Results from financial intermediation	26%	23%	-13%
Results for the year	156	142	10%
Net worth	650	565	15%
Results before tax / average net assets	3.4%	3.8%	-11%
Results from financial intermediation / average net assets	5.2%	6.0%	-13%
Results before tax / average equity	29%	34%	-16%
Regulatory solvency ratio	18%	27%	-33%
Commercial units	167	137	22%
Number of employees	1,469	1,290	14%



*During the year we opened another 30 commercial outlets and by year-end there were 167 with 99 in Luanda and 68 in many provinces across the country. As a result we are now the private bank with the biggest commercial network in Angola.*



Luanda Bay

# 02 | CHAIRMAN'S MESSAGE



Dear Sirs,

The year under review saw the sixth anniversary of Banco BIC, and, as we go into the Bank's seventh year, it is with considerable satisfaction that we can face the future on the back of sustained growth and robustness.

We are a young bank, but that has not stopped us from becoming a benchmark for the Angolan banking sector. And it is a position that has been recognised by our customers and our peers.

As in previous years, we end 2011 as the leader in foreign exchange operations, with a 15% market share in the primary currency market. We can state without any fear of contradiction that we are the banking institution for importers, despite ever increasing competition in this area.

We have also bolstered our position among the country's banks: we have held our fourth place in terms of customer funds, our share standing at 11.5%; and we have moved from fifth into fourth place in terms of loans to companies and individuals, where we hold a 10.8% share.

During the year, we opened 30 more outlets for our services, and now have a total of 167, with 99 of them in Luanda and 68 in the provinces across the country. This makes us the private bank with the biggest commercial network in Angola.

The year was particularly demanding for the Angolan banking sector in general, and for Banco BIC in particular. Economic activity was up, and there was a rebalancing in the market, a fact which became critical in certain sectors, among them property and construction.

In the economic field, a word is due to the country's national central bank (Banco Nacional de Angola). Its work produced many effects, in particular regarding a raft of monetary and foreign exchange policies, one of these being the fact that the Kwanza devalued by a mere 2.85% against the US Dollar over the year; and another being the increase of liquidity in the market that came in the wake of a cut in the mandatory coefficient for reserves in domestic currency, down from 25% to 20%.

Faced with these challenges, Banco BIC responded by enhancing its focus on excellence of service for its customers, through the work and dedication of its staff. They were always available, and understood the need for rigorous cost control, meaning that we closed the year with net results of USD 156 million, with equity coming in at USD 650 million, the first up 10% and the second 15% year on year.

There was also an absolutely crucial milestone for the Bank's development: the opening of its new head office in Talatona, in a ceremony presided over by His Excellency the Governor of the Banco Nacional de Angola, Dr. José Massano. This meant that the Bank's services could be centralised, with the possibility of productivity pushing up and the quality of service to customers raised. The new head office has ten floors, with space for around 350 members of staff. Apart from the central services, it also has a centre for companies, another for investment and a private banking unit.

The partnership with the Bank's arm in Portugal, Banco BIC Português, has become increasingly important for reinforcing its strategic position. On 29 March 2012, Banco BIC Português signed a contract to purchase the equity of the BPN – Banco Português de Negócios. The new Banco BIC Português, resulting from this merger, will have a commercial network and an array of products and services that will allow it to play an even more proactive and forceful role in the fundamental task of supporting customers of both entities, companies and individuals, especially those operating in both the Angolan and the Portuguese markets.

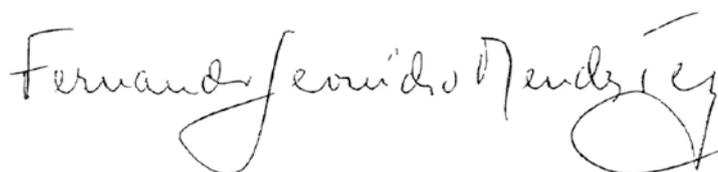
The push towards internationalization, however, does not stop here. Banco BIC is alive to opportunities for expansion into Brazil and Cape Verde, and has had BNA authorization to open an agency office in Johannesburg (South Africa), with expansion into Namibia and both Congos under analysis.

Our aim is to continue to grow, and it is in this spirit that we are facing 2012. We are aware of the difficulties, but we are highly motivated and determined to carry on along the road of success, with quality, credibility, and ceaseless support for our customers.

A word is also due to all those who work for us. We cannot praise too highly their dedication and their quality – they, numbering 1,469 at year-end, their average age being 28, are an illustration of the youth and the powerhouse that is Banco BIC.

And a final word for the trust and support given to us by our shareholders, by our customers, and by all our other partners. They are the foundation on which our growth is being built; and one thing is sure: this growth is in no way going to stop here.

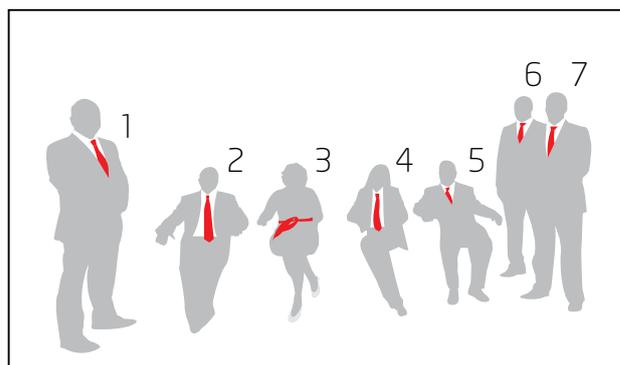
The Chairman of the Board

A handwritten signature in black ink, reading "Fernando Mendes Teles". The signature is written in a cursive style with a large, prominent loop at the end of the last name.

Fernando Mendes Teles

# 03 | ORGANIZATION STRUCTURE





## EXECUTIVE BOARD

1. Executive Director Fernando Aleixo Duarte
2. Executive Director José Manuel Cândido
3. Executive Director Graziela Rodrigues Esteves
4. Executive Director Graça Maria Pereira
5. Chairman Fernando Mendes Teles
6. Executive Director Pedro Nunes M' Bidingani
7. Executive Director Hugo Silva Teles

## **BOARD OF DIRECTORS**

**President** Fernando Mendes Teles

Graziela Rodrigues Esteves  
Fernando Aleixo Duarte  
Graça Maria Pereira  
Hugo Silva Teles  
José Manuel Cândido  
Pedro Nunes M<sup>o</sup> Bidingani  
Américo Amorim  
Isabel dos Santos

## **EXECUTIVE BOARD**

**President** Fernando Mendes Teles

Graziela Rodrigues Esteves  
Fernando Aleixo Duarte  
Graça Maria Pereira  
Hugo Silva Teles  
José Manuel Cândido  
Pedro Nunes M<sup>o</sup> Bidingani

## **ADVISORS TO THE BOARD**

Jaime Galhoz Pereira  
Diogo Vasco Barrote  
Luís Filipe Marques Pisoeiro

## **EXECUTIVE BODIES**

### **Department of Audit and Oversight**

#### **Directors of Central Services**

Augusto Valente da Silva / Paula Sousa

#### **Deputy Directors**

Cristiano Dias / Maria Fernanda Pinto

### **Department of Investment Centres**

#### **Head of Central Service**

Monalisa Matos

### **Accounting Department**

#### **Head of Central Service**

Alzira Gama

#### **Deputy Head**

Edhylaine Tavares

### **Credit Monitoring and Control Department**

#### **Head of Central Service**

Victor Fonseca

#### **Deputy Director**

Sónia Lilita

### **Vehicle Credit Department**

#### **Head of Central Service**

José Carlos Silva

#### **Assistant Head**

Mário Nicodemos

#### **Deputy Director**

Nelson Guilherme

### **Mortgage Department**

#### **Head of Central Service**

José Carlos Silva

#### **Assistant Head**

Mário Nicodemos

#### **Deputy Director**

Nelson Guilherme

### **Real Estate Credit Department**

#### **Head of Central Service**

José Carlos Silva

#### **Assistant Head**

Mário Nicodemos

#### **Deputy Director**

Nelson Guilherme

## **Corporate Department**

### **Directors of Central Services**

Henrique Oliveira / N'kiniani Rangel

### **Heads of Central Service**

Dinamene Monteiro / Isabel Vieira Lopes /  
Fátima Silva / Susana Silva

## **Fixing Department**

### **Head of Central Service**

José Carlos Silva

## **Organization and Marketing Department**

### **Head of Central Service**

Dalila Azevedo Silva

### **Deputy Head**

Mafalda Carvalho

## **Operations and Foreign Department**

### **Head of Central Service**

Gerusa Guedes Silva

### **Deputy Head**

Inês Carvalho

## **Households and Business Department**

### **Head of Central Service**

Anabela Santinho / António Silva /

Carlos Amílcar Aguiar / Francisco Lourenço /

Henrique Oliveira / José Silva Zacarias /

N'kiniani Rangel

### **Heads of Areas**

Ana Paula Cajada / Edgar Magalhães / Elizabeth Pina /

Esperança Sardinha / Fátima Silva /

Francisco Melo / Horácio Almeida / José Assis /

Neusa Mande / Paulo Jorge Manuel / Rui Caetano /

Solange Martins / Susana Silva

## **Private Banking Department**

### **Head of Central Service**

Stephan Silva

## **Human Resources and Training Department**

### **Head of Central Service**

Fátima Monteiro

### **Deputy Head**

Telma Pinheiro

## **Materials Control Department**

### **Head of Central Service**

Alberto Castelo Branco

### **Deputy Head**

Soraia Ramos

## **Bank Heritage Department**

### **Head of Central Service**

Aleixo Afonso

## **Credit Risk Department**

### **Head of Central Service**

Miguel dos Santos

### **Deputy Heads**

Emília Calohombo / Maria Franco

## **Information Systems Department**

### **Head of Central Service**

Luís Nikolai

### **Assistant Head**

Rui Valente

## **Financial Department**

### **Head of Central Service**

Bruno Faria de Bastos

### **Assistant Head**

Lília Cunha

### **Deputy Head**

Irene Vezo

## **Legal Department**

### **Head of Central Service**

Joaquim Moutinho

### **Deputy Head**

Isilda Tavares Jorge

## **Central Treasury Department**

### **Head of Central Service**

Inocência Almeida

## **Office for Compliance**

### **Head of Central Service**

Victor Fonseca



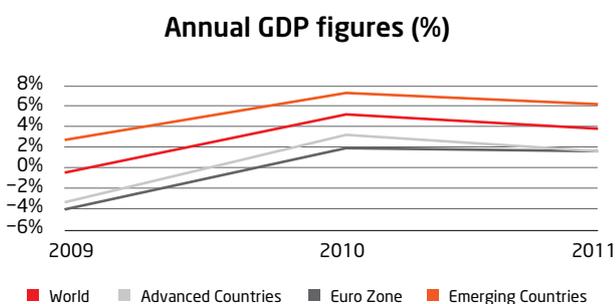
# BOARD OF DIRECTOR'S REPORT MACROECONOMIC BACKGROUND

*The acquisition of the Banco Português de Negócios from the Portuguese state played its part, therefore, in the expansion of Banco BIC in the Portuguese and European market.*



## 04 | WORLD ECONOMY

During the year, the world economy grew by 3.8%. This was a substantial fall from a year earlier, when growth was 5.2%. GDP grew by 1.6% in the advanced economies, compared with 3.2% in 2010. In the euro zone, GDP grew by 1.6% over the year, compared with 1.9% in 2010. In emerging and developing economies, growth was 6.2% (as against 7.3% in 2010).



There was thus uneven growth between the countries known traditionally as advanced and the new emerging powers.

Inflation in the advanced economies stood at 2.7% for the year, compared with 1.6% in 2010. Prices in emerging and developing countries were up by 7.2% (as against 6.1% in 2010). The IMF is forecasting that inflation will continue to slow down in 2012, coming in at 1.6% for the advanced economies and 6.2% for emerging and developing countries.

The world economy was buffeted during the year as a result of the financial turmoil in the euro zone, where the salient points were the rise in interest on sovereign debt, deleveraging in the banks and budget consolidation. Europe, in fact, posed the biggest risk for the world economy, with growth highly dependent on a solution being found to the crisis there.

The aftermath of the earthquake in Japan in March also led to considerable turbulence in supply chains, and this too impacted negatively on the global economy.

Towards the end of the year, the world economy was stuttering, though the reasons differed according to the regions. Various negative features were factoring in, among them the aforementioned crisis in Europe, along with uncertainty over the budgetary policy of the USA and unexpectedly weak growth in emerging countries.

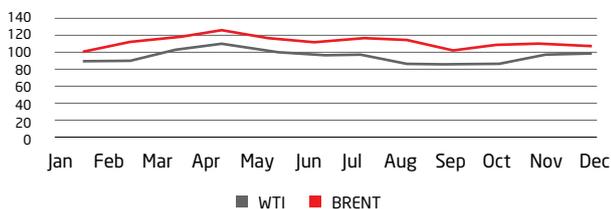
The financial tension mounted across Europe from September onwards, with a considerable part of the euro zone beginning to see much tighter budget constraints.

The emerging economies were impacted in two ways: by the European crisis; and by less

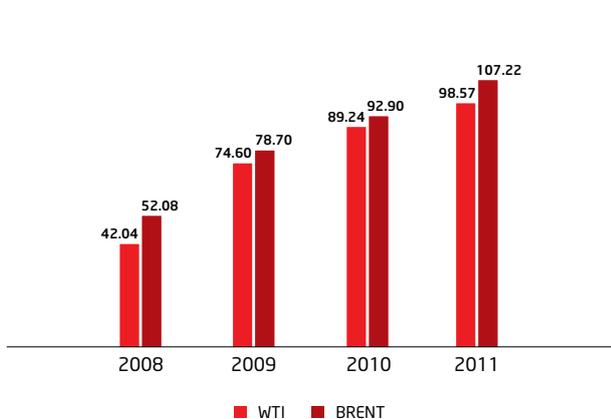
expansionist domestic policies put in place at the start of the year.

With demand slowing, commodity prices were generally down over the year. Prices for crude were up, however, in the second half of the year as supply side shocks took effect. The IMF is forecasting stable prices for 2012, with other commodities continuing to be down substantially (by 14.0%) as the economic momentum wilts.

**Monthly moves in oil prices**



**Annual moves in oil prices**



In the last months of the year, this slowdown had a negative impact on financial markets.

Shares tumbled, and interest rates surged in the bond market, rising from what was generally at a low point at the start. And this was not just on debt issued by peripheral euro countries, a reflection of the fact that investor risk aversion was taking hold.

The money markets were very volatile and in the second half of the year, the spreads on Euro Libor – OIS rates rose sharply, only easing slightly towards the end of the year but still staying high (50 to 70 basis points), much higher than average levels (10 bp).

The uncertainty in the financial markets spread like a contagion though the economy as a whole: the brakes were put on consumption and investment was put off or even cancelled. The cost of capital rose steeply, though more in Europe than in the USA.

The European summit in December 2011 came up with new solutions to the euro zone crisis: strengthening budgetary supervision, with the creation of a budget pact, leverage of the European Financial Stabilization Fund and an early start to the ESM (the European Stability Mechanism). The markets, however, did not believe in the solutions that were just one more in a series of European summits that had come to the fore. As a result, the crisis, which had started on a small scale in the peripheral euro zone countries, reached towards the very heart of the single currency.

The ECB under the previous governor had settled into a policy of raising interest rates early in the year, but this was inverted when Mario Draghi took the helm. The ECB ensured ample liquidity, especially as the year came to a close and the list of eligible assets as collateral for loans to the banking system was openly enlarged. In December, Portugal was one of 7 countries (the others being Ireland, Spain, France, Italy, Cyprus and Austria) targeted through this major innovatory decision by the ECB to accept less stringent guarantees from the banks for the financing of their Eurosystem operations.

As the sovereign debt crisis deepened, it impacted on the perceived solidness of the banks, highlighting the links between the sovereign debt crises and the banking crises. For a while, there was some stability in the standards being used for loans to companies and households, but conditions worsened in the third quarter.

The indicator showing how interbank loans were moving took turn for the worse again in December, reaching their worst point since mid-2009. The interbank money markets had practically seized up completely.

Financial terms for households and companies got tighter throughout the year – with a credit crunch taking its grip – due to a large extent by the pressure on the bank. They were hit by a double blow: loss of quality in the assets they held; and demands from the European Banking

Authority for them to bolster their capital and push up their solvency ratios.

Finance through the banks dried up as lack of trust and the risk of a credit crunch spread through the euro zone. This led the ECB to provide refinancing operations in December using LTROs – Long Term Refinancing Operations – for the first time. This is a three-year facility, at a 1% interest rate, designed to give the banks more leeway to provide credit. It would also provide the banks in countries affected by a sovereign debt crisis with the funds to buy their countries' debt in the primary market. Put simply, the ECB was easing credit for the banks to take, and they could then buy sovereign debt. The ECB had come round to doing what the FED had done directly, in a policy known as "quantitative easing". The difference is that the ECB cannot buy direct through the primary market for sovereign debt, since such operations are forbidden in the European treaties.

There may in fact be no worsening in the crisis of confidence, but a number of sources of uncertainty for the world economy still remain:

- The European authorities have not as yet brought confidence back into the euro zone.
- The lack of consensus between the Obama administration and the Republican Party has weakened the American ability to tackle their growing public debt policy through structural measures.

- The emerging countries are facing a dilemma: on the one hand there is the concern for medium-term price stability and budgetary balance; and on the other there is the need for immediate stimuli to boost demand as an increase in protectionist measures looms on the horizon.

These downside factors will continue to weigh heavily beyond 2011 even if they get no worse. Growth in the US will be moderate in 2012. It may be faster in emerging economies, reaching levels already seen – in spite of the negative effect caused by the situation in Europe – on the back of more leeway resulting from their budgetary policies in relation to the USA and above all to Europe.

# 05 | ANGOLAN ECONOMY



Following years of hobbled growth, caused in part by the international crisis and its impact on the level of oil prices, the indicators for the Angolan economy in 2011 were good. Salient among them was the recovery in international reserves (to stand at around USD 25 thousand million), a slowdown in the rate that the consumer price index was rising (with inflation at an annual 11.38%) and, although not so expressive, a 3.4% growth rate for the year (according to IMF data), with a major part being played by the non-oil sector (up 7.7%).

Oil production in Angola in fact fell during the year, as a result of technical problems and maintenance in the oil fields, but continuing high oil prices offset this and the sector was an important factor in the performance of the Angolan economy.

This positive picture stemmed also from structural reforms in public finances and in the management of public debt, along with the on-going fall in the primary non-oil deficit. This came in for the year at around 44% of the non-oil GDP (according to IMF data).

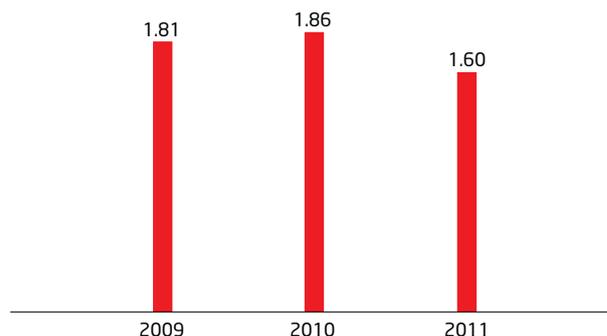
In terms of inflation, there was a slowdown in the upward path of the consumer price index, annual inflation coming in at 11.38%, a fall on the 15.31% seen in 2010.

There is expected to be a convergence in annual inflation to around 10% in 2012, along with consolidation of GDP growth at above 7.5%. This will come not only on the back of the contribution made by the oil sector, through the increase in daily production capacity, but also, and on an ever-increasing basis, from the non-oil sector, serving as an alternative engine of economic growth.

## Oil sector

In year-on-year terms, oil production was down, as a result of technical problems and maintenance in the oil fields. The average daily production was around 1.60 million barrels per day (bpd), although the figure rose towards the end of the year. This compared with 1.86 million bpd a year earlier.

Oil production (millions of barrels per day)



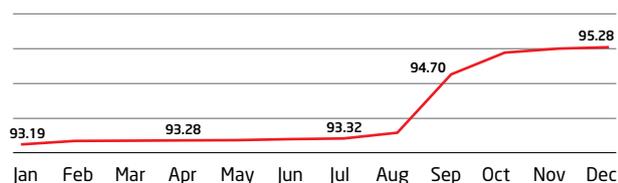
According to official Angolan estimates, average daily oil production is likely to come in at over 2.0 million bpd until 2014. If prices in the international markets remain high, this will provide a major foundation for future growth in the country's economy.

### Foreign Exchange market

At year-end 2010, the Angolan Kwanza stood at 92.643 against the US Dollar. A year later, it stood at 95.282. This devaluation (2.85%) compares with 3.31% in 2010 and 18.93% in 2009).

The reasons behind this greater stability of the Kwanza against the Dollar are essentially to do with the fact that external reserves were boosted, and the price of oil on the international markets spiked. As a result of this, higher revenue came from exports, providing the central bank with more funds to manage the exchange rate.

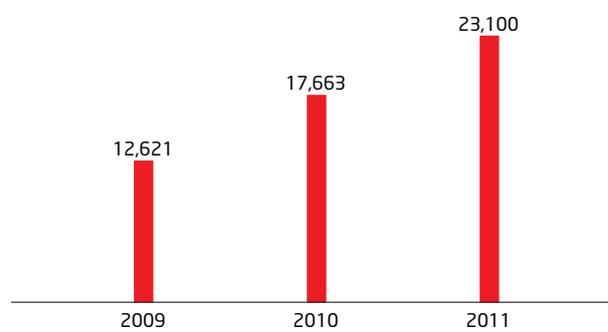
### Moves in value of Kwanza against the US Dollar



Net international reserves have steadily increased, coming on the back of higher earnings on the oil front. The total was over 23 thousand million Dollars in December 2011, approximately

31% higher than the 17.6 thousand million of a year earlier.

### Net international reserves (millions USD)



With expectations high that 2012 levels of oil production will be better than those seen during the year under review, it should be possible to hold international reserves at their present level or even bolster them. The situation will also provide more foreign exchange to be used in the management of exchange rate policy.

## THE ECONOMIC FRAMEWORK

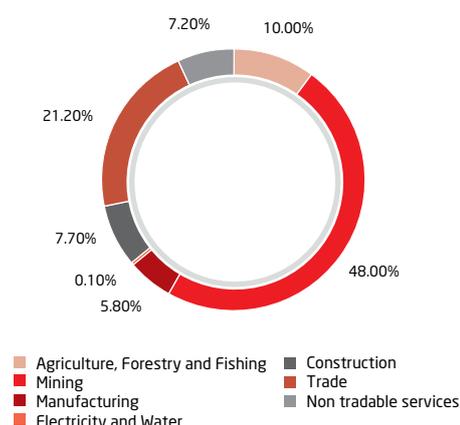
According to IMF figures, there was a slight rise in the non-oil sector's contribution to GDP, up from 51.5% in 2010 to 52% in 2011, a 0.5% change.

This was modest, but there is an awareness that the diversification is essential for a speedier development of the Angolan economy, given that a switch away from imports will provide a response to the needs of people in general, specifically as regards foodstuff. It will also help bring down the number of jobless and play a part in improving the balance of trade figures.

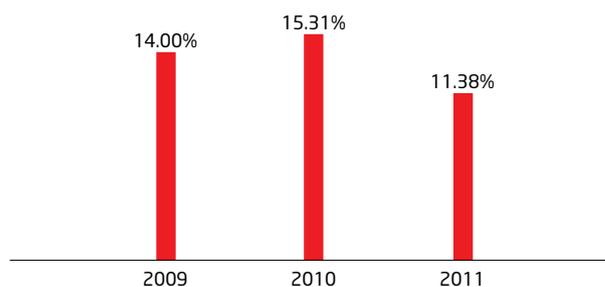
Inflation in 2011 stood at 11.38%, compared with 15.31% a year earlier and 14.00% a year before that. One of the main factors underlying this is the greater stability of the AKZ against the USD.

During the year, interest rates on central bank securities and on treasury bills were down, with a tight rein on amounts offered and maximum yields defined for auctions, the crucial aim being to bring down interest rates on loans.

Composition of GDP (%) 2011



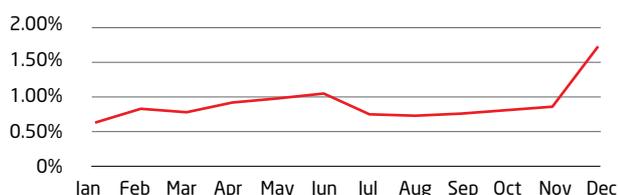
Annual Inflation Rate



### Gross Domestic Product (%)

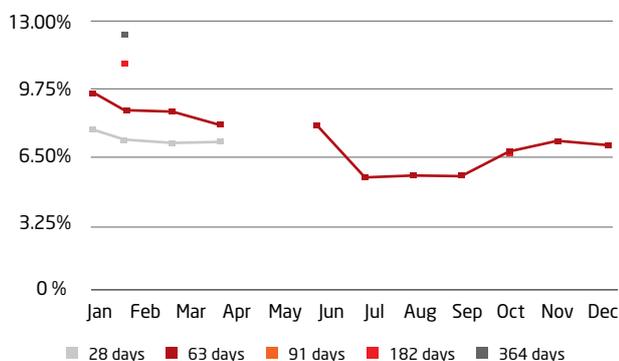
	2009	2010	2011
Agriculture, Forestry and Fishing	11.4%	11.0%	10.0%
Mining	43.3%	48.5%	48.0%
- Crude oil and gas	42.3%	47.4%	47.2%
- Others	1.0%	1.1%	0.8%
Manufacturing	7.2%	6.5%	5.8%
Electricity and water	0.1%	0.1%	0.1%
Construction	7.6%	6.2%	7.7%
Business	22.0%	20.3%	21.2%
Non tradable services	8.4%	7.4%	7.2%

### Monthly inflation (% - 2011)

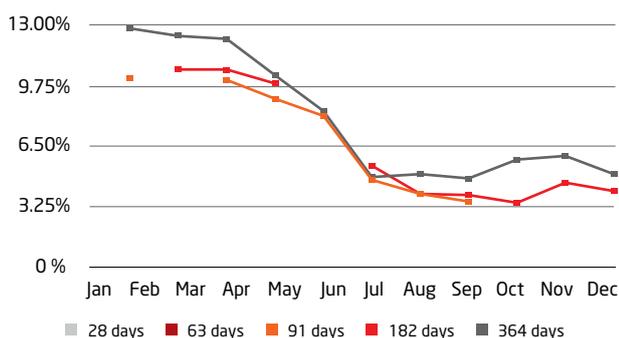


In addition, there was a cut in the coefficient for mandatory reserves in domestic currency (from 25% to 20%), making it possible to free up liquidity in the market. This in its turn had an effect on demand for these securities, with pricing moving on a downward path.

### Moves in nominal interest rates (primary market) CBS

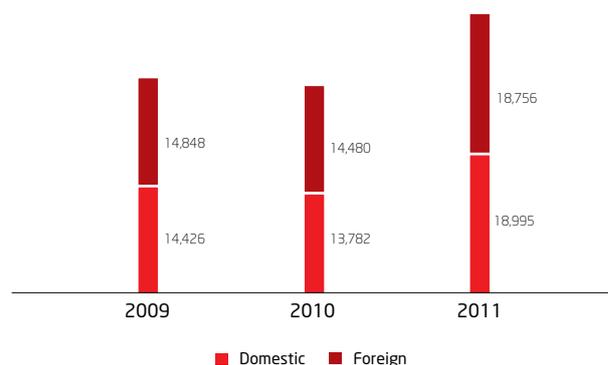


### Moves in nominal interest rates (Primary market) TBS



As at 31 December 2011, customer deposits in the banking sector as a whole stood at around USD 37,751 million (compared with USD 28,262 million a year earlier), translating into a rise of around 34% year on year. The amounts at year-end, broken down into currencies, come in at 50% in Kwanzas (49% in 2009) and 50% in foreign currency (51% in 2009).

### Customer funds (millions USD)

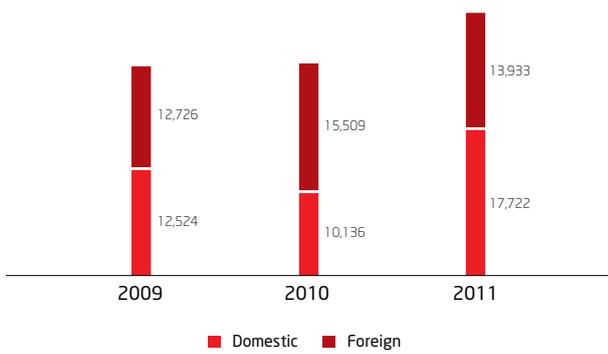


Total credit to the economy from the banking sector stood at approximately USD 31,655 million for the year (as against USD 25,645 million in 2010), a 23% rise year on year. Of this, 56% related to credit in local currency (compared with 40% in 2010), and 44% in foreign currency (as against 60% in 2010).

The fall in credit granted in foreign currency stems fundamentally from the change in the limit to foreign exchange exposure from 30 June onwards, down to 50% of regulatory equity on long positions (it was 70% up to 30 June). Other factors also played a part, among them

restrictions on credit in foreign currency and the tightening of the coefficient for assets denominated in foreign currencies as eligible for calculating the regulatory solvency ratio.

### Credit to the economy (millions USD)



## 06 | POSITION OF BANCO BIC IN THE BANKING SECTOR

In 2011, after a number of years of in the doldrums, the banking sector posted solid growth once more, coming clearly on the back of substantial robustness in the main macro-economic indicators.

The national central bank (Banco Nacional de Angola) played a particularly vigorous part in implementing a raft of monetary and exchange rate policies, specifically through the creation of new instruments to regulate liquidity, with limits placed on assets in foreign currency, with the creation of a monetary policy committee and new base rates in the market – the BNA base rate and the Luibor rate.

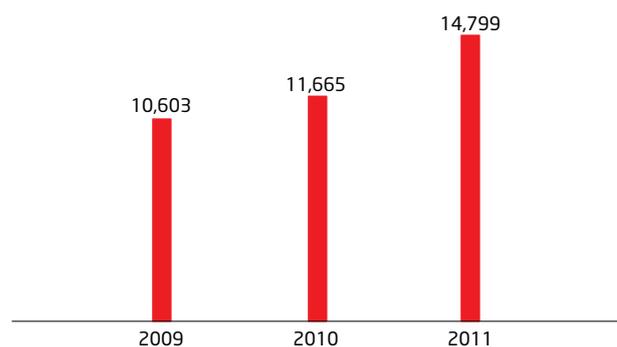
Against this backdrop, the task of Banco BIC was to respond adequately to the changes being put in place, with particular emphasis on support for its customers, close monitoring of the risk/return equation and strict cost control. These factors went hand in hand with an on-going focus on efficiency and effectiveness, above all in technological innovation and improvement to operating procedures. These were crucial for value creation and thence for the Bank's success.

No less relevant for the value creation was the official opening of the Bank's new head office building in Talatona. This then took in a staff of around 350, working in central services and de-

partments, a bank branch, a hub for companies, a research centre, and a private banking arm.

Banco BIC leads the field in exchange operations in the country, with a 14.73% share in the primary foreign currency purchasing market at the Central Bank. This is a business segment that brings new players into the sector year after year, along with new challenges in identifying suitable methodologies for keeping its business at the head of the field.

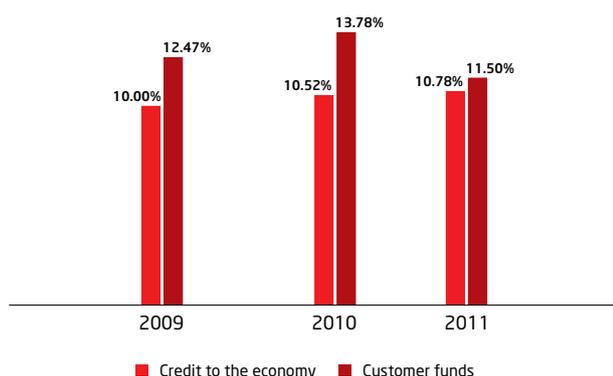
**Primary foreign exchange market  
(millions USD)**



During the year, the Central Bank sold around USD 14,799 million in the primary market for currency fixing, a 27% rise year on year (2010 came in with USD 11,665 million). In the same period, Banco BIC purchased approximately USD 2,181 million, allowing it to keep its leading position in this market segment.

In the segments relating to loans granted and customer deposits taken, the Bank is fourth largest, with an 11.50% market share in 2011, compared with 13.78% a year earlier. In terms of credit for the economy it was also fourth (having been fifth in 2010), with a 10.78% market share, compared with 10.52% in 2010.

### Market share



And even though its market share of customer funds was down on the year, it was nonetheless among the three players which grew their customer funds the most over the year in absolute terms.

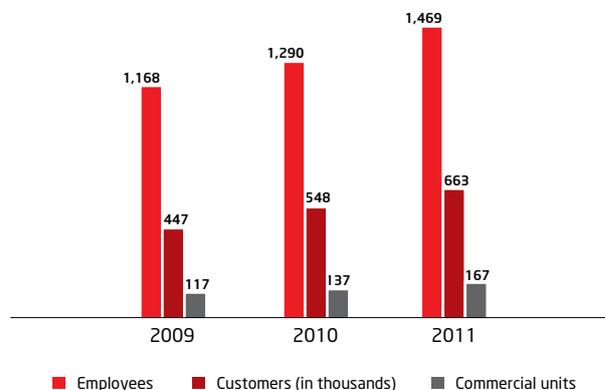
Moreover, the fact that the Bank bolstered its position in terms of loans shows the trust that is put in customers, as well as its continuing dedication to play an active role in helping growth and development in the country.

These developments reflect the success of a unique commercial approach based on total satisfaction of our customers' financial requirements and our strong showing in many business areas.

There were 30 new commercial units opened during the year, witness to the Bank's strategic definition. This brought the total at year-end to 167 commercial outlets, 99 of them in Luanda and the remaining 68 dotted across the country's provinces. This expansion is clear evidence of the country's economic development and translates the Bank's policy to enlarge its commercial network, bringing banking services closer to ordinary people and contributing to an improvement in the living standards in those places where it sets up.

The commercial strategy that was followed and the expansion of the Bank's branch network brought in around 115 thousand new customers during the year, taking the total to around 663 thousand, a growth of nearly 21% over a year earlier. Staff numbers stood at 1,469 at year-end, and their dedication was fundamental to our results.

### Market indicators



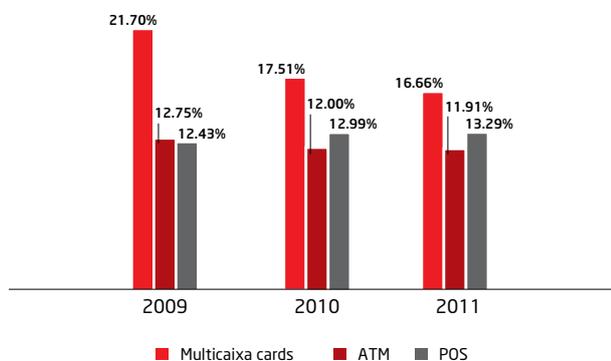
Since it began, the Bank has developed a culture and a profile as a benchmark in its market,

a fact that can be explained to a large extent by the circumstances of its creation and subsequent development.

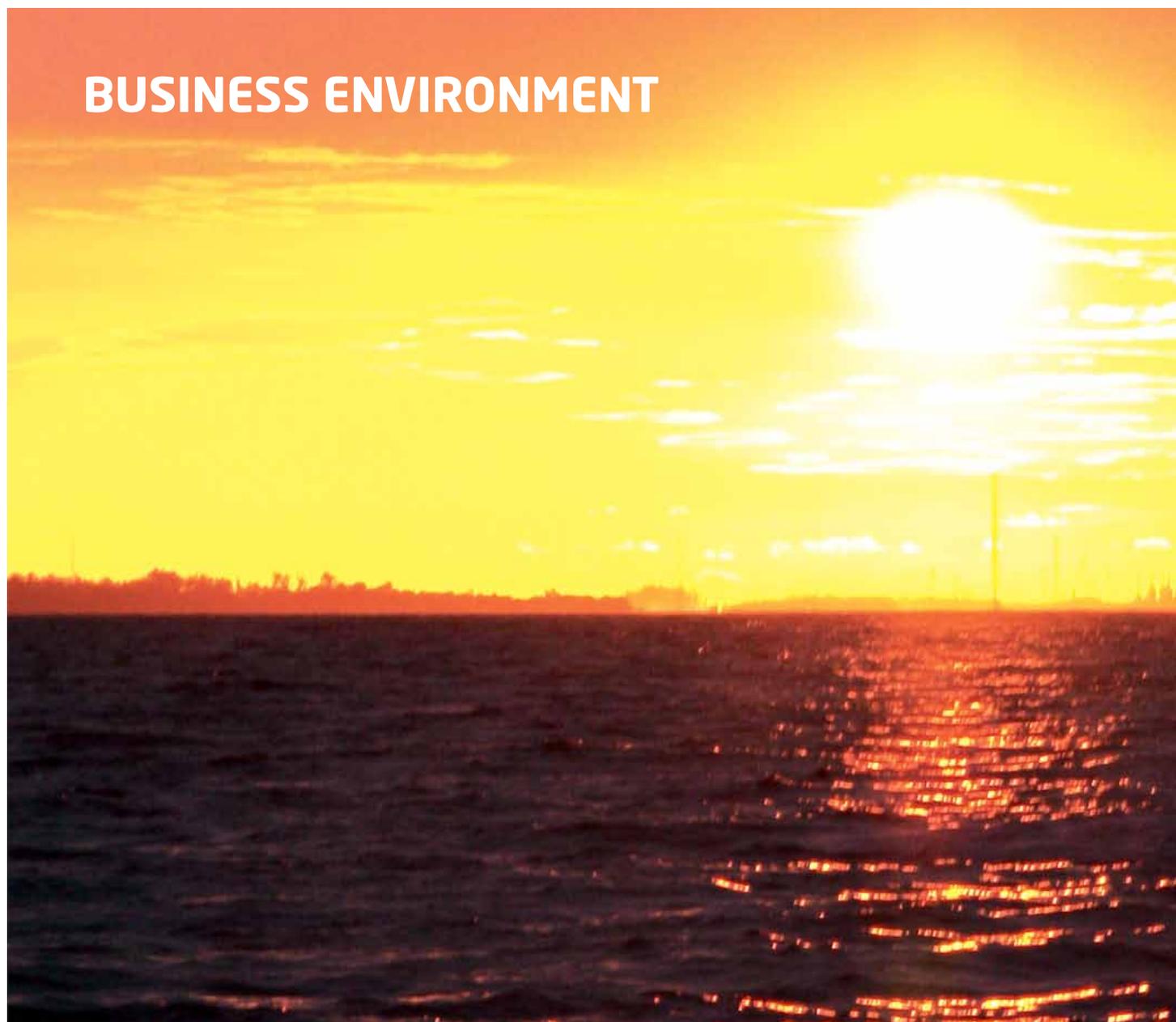
As at 31 December 2011, there were around 396,236 of its ATM cards in circulation, representing a 16.66% market share. At the same date, there were 179 of its ATMs in the country, 38 more than in 2010 (up 27%). It is important to note that the use of ATMs has been growing substantially over the years, with a major increase in the number of transactions being carried out.

Its growing financial sophistication is also illustrated by the big increase in the number of transactions carried out in automatic payment terminals (POS). During 2011, there were 421 more POSs installed with our customers, bringing the total to 1 220 by the end of the year.

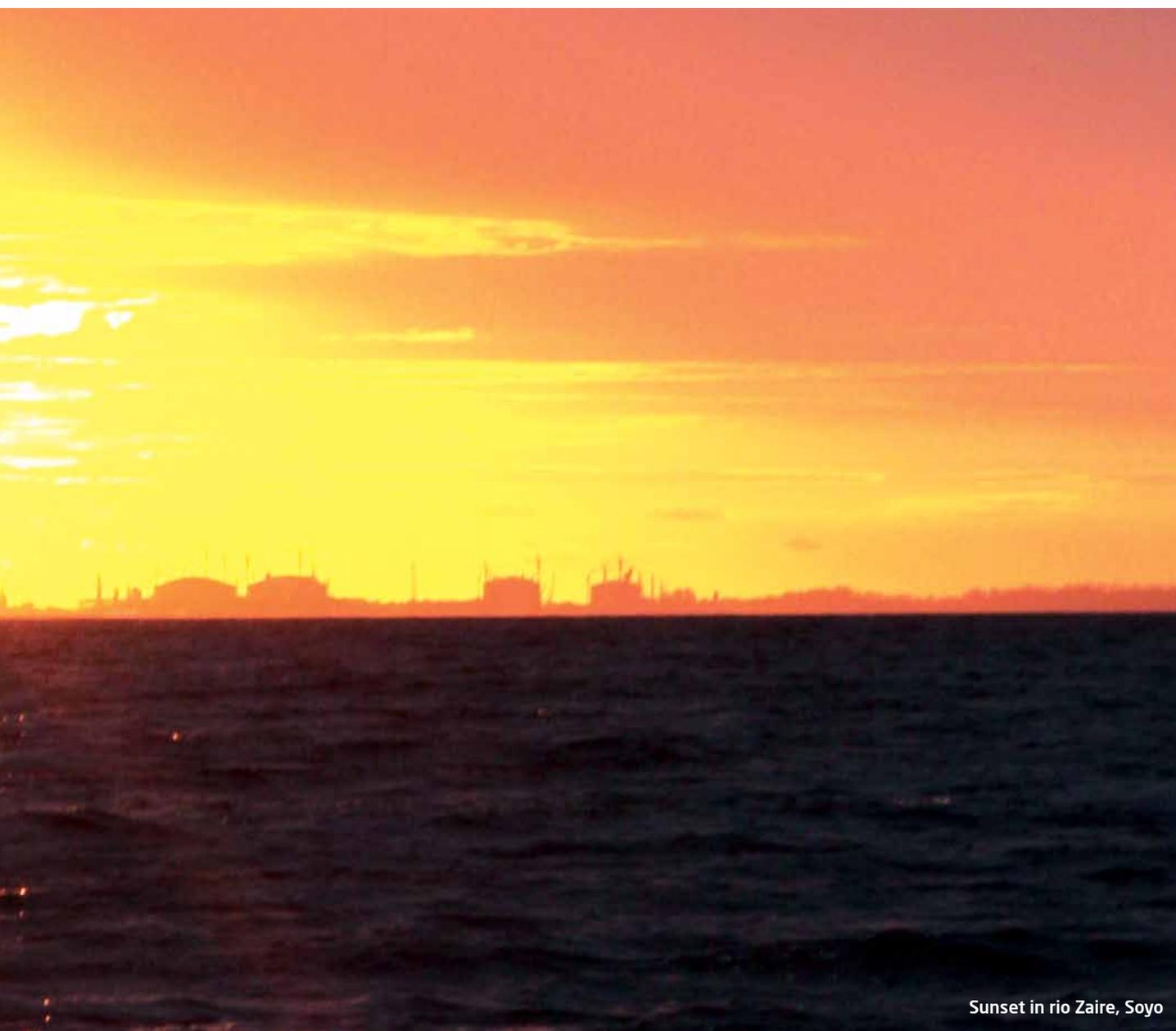
### Market share



# BUSINESS ENVIRONMENT



*Worth highlighting is the official opening of the new headquarters building of Banco BIC which will prove crucial in the creation of value and therefore in the success of the bank. The building will house around 350 staff, covering central services and main departments, a branch of the bank, a centre for companies, a centre for investment and private banking unit.*



Sunset in rio Zaire, Soyo

## 07 | MILESTONES

The Bank has only been in existence for little more than 6 years, but it is recognised today as one of the country's most impactful symbols. It has also been putting down ever stronger roots in Portugal.

### 2011

- Acquisition of the Banco Português de Negócios from the Portuguese State, playing a part in increasing the presence of Banco BIC in the Portuguese and European market (with formal take over on 29 March 2012);
- Official opening of its new head office in Talatona, with His Excellency the Governor of the Banco Nacional de Angola (BNA), Dr. José de Lima Massano, presiding over the ceremony. The new head office means that services can be centralised and this will mean that the customer service quality indicators will rise even higher. The building has 10 floors, and brings together around 350 staff covering central services, a bank branch, a company hub, an investment centre and a private banking arm;
- After little more than 6 years since the start, with initial equity of USD 30 Million, Banco BIC saw its equity standing at USD 650 Million as at 31 December 2011;
- The Bank has become the biggest private bank in the country in terms of commercial cover – 167 outlets, with 99 in Luanda and the remaining 68 to be found throughout the country's provinces;
- Launch of the magazine Revista BIC MAIS, a new means of internal communication and information sharing, creating more value and taking on the role of differentiation factor;
- Launch of the account BIC Cofre Mealheiro, targeting children and their parents, encouraging them to save from an early age so as to be able to make future projects come true; and
- Signing of the cooperation protocol "Depósito Bankita" launched by the Banco Nacional de Angola, together with 7 other banks. The aim of this product, which brings down to 100 Kwanzas the initial sum needed to open a bank account, is to make it possible for anyone to have access to banking services.

## 2010

- Launch of the public service salary campaign (BIC Salário – Função Pública). Public service employees can now receive their salary through Banco BIC, along with associated advantages: personal credit, a loan for car purchase, mortgage loans and access to credit up to 100% of their salary prior to being paid;
- Launch of a campaign focusing on the pan-African football trophy (Prémios CAN 2010), the theme being that the national team (known as Os Palancas) have support from the terraces and from the Bank. The main prize was USD 1,000,000 for the Angolan team if they won the African Nations' Cup (CAN) and there were

prizes for games won, for goals scored and for the player elected man of the match for each game;

- Launch of a campaign celebrating the 5th anniversary of the Bank being there with the country as it was growing ("5 ANOS a fazer crescer Angola"). The major reason behind the campaign was to tell the Angolan people that we are present across the country, in the 18 provincial capitals and the main towns. This means that Banco BIC is ever closer to the Angolans, to the families and companies in the country. It is a major partner in the common purpose of development;



### CAN 2010 AWARDS



### 5th BIC Anniversary

- The number of customers climbed beyond the 500,000 threshold during the year, and includes large companies, small businesses and households, a range that illustrates the trust that our customers put in us;
- The magazine African Business placed Banco BIC as the 42<sup>nd</sup> biggest bank in Africa, in a list that contains banks with histories stretching back over more than half a century. Crucial to this recognition was the financial robustness of the Bank and the quality of service rendered to its customers;
- An agreement signed with the multinational Coca-Cola, relating to the opening of two credit lines with a view to financing private projects in the province of Bengo. They were called "Bengo Investe I e II", and together they have an overall credit facility of 23 million dollars; and
- Banco BIC became the biggest private Angolan bank in terms of the geographic cover of its branches – it has branches in 48 of the 163 municipalities in the country.

## 2009

- Launch of the new image for the Bank, with associations of robustness, technology and innovation. With the customer as the main focus, the Bank enhanced its campaigns: BIC VISA – Gold and Platinum, BIC Multicaixa and

POS (Point-of-sale terminals) connected to the VISA network, the aim being to boost sales of these products; and

- Presence in Filda 2009, with increased focus on the campaign "Investimos Juntos" – "Crescemos Juntos" (Together we invest – together we grow), highlighting the connection to Banco BIC Português, and reinforcing in this way the main factors underpinning its set-up.

## 2008

- This was the year when the number of employees went above the 1,000 mark, with around 81% of them involved in the commercial network. This increase reflects the expansion of its branch network and is one of the Bank's strategic growth pillars;
- The award of the accolade of "The Best Bank in Angola" by the magazine EuroMoney for its excellent performance across its commercial areas, along with its quality of service and the consolidated results it had obtained;
- Launch on the occasion of Filda 2008 and Expo Huíla 2008 of the new campaign BIC Multicaixa – "um Cartão de débito personalizado, que lhe permite movimentar a sua Conta de Depósitos à Ordem em Angola através da rede Multicaixa" (a personalised debit card allowing you access to your current account



**“The Best Bank in Angola”**

through the Multicaixa scheme from anywhere in the country); and

- Opening of Banco BIC in Portugal. One of the reasons behind this decision was the increase in economic relations between Portugal and Angola, bringing the Portuguese business sector closer to Angola in its internationalisation strategy, and taking existing and potential Angolan investors closer to Portugal and Europe.

**2007**

- Authorization given by the Banco de Portugal for setting up Banco BIC Português, S.A., with the majority of its capital Angolan, and with a focus on support for Angolan and Portuguese entrepreneurs with interests in Angola;
- Signing of a protocol with the Ministry of Finance for financing a reconstruction project in the province of Uíge, to an estimated value of around 150 million dollars;
- Creation of a mortgage loan department, the aim being to give a boost to this credit segment and provide better management;
- Marketing of VISA credit cards – Visa Premium and Visa Gold and the launch of a related sales campaign; and
- Launch of Crédito Fácil in Filda, this being a new general credit product for the acquisition of consumer goods, the main feature of which is the speed at which it is authorized, at an attractive rate of interest, and cutting the bureaucratic load that exists for granting credit.

**2006**

- Launch of the BIC Salário account (BIC Salary), a new personal loan product allowing the customer to get access to credit auto-

matically, up to the maximum amount of one net monthly salary, along with the possibility of a credit line;

- Launch of the mortgage and car purchase campaigns (BIC Habitação and BIC Automóvel);
- Extension of the Bank's branch network to practically all the provinces in the country, with only three remaining, and even there building works are under way;
- Discussion and decision on a new capital increase, from USD 20,000,000.00 to USD 30,000,000.00 following authorization from the Banco Nacional de Angola;
- Signing of a protocol with the Banco Popular de Portugal, with a view to setting up credit lines to foster relations between economic agents in Angola and Portugal, with focus on financing and promoting exports;
- Admission to the "POS VISA" network, with BIC acting as an issuer of internationally accepted credit cards, with the status of full member, and therefore being able to support other Angolan banks wishing to obtain VISA cards, thus being part of a small group of banks chosen by the VISA organisation; and
- A capital increase of USD 14,000,000.00, totally paid up and bringing equity to USD 20,000,000.00.

## 2005

- Award of a performance certificate by American Express, for the quality of its processing of foreign operations, thus becoming, within months of its start-up, among the best banks in the world in this segment;
- Promotion of the Banco BIC brand, associated with the slogan "Crescemos Juntos" (We are growing together), this being a way to show that we were partners in the growth of our customers and of our country;
- Opening of the first branch in Luanda (the Maianga branch); and
- Set-up of Banco BIC, S.A., through a public deed, following authorization from the Banco Nacional de Angola (BNA), with equity totaling USD 6,000,000.00.

# 08 | MARKETING AND COMMUNICATION

We are part of a market that is becoming more and more competitive every year and our marketing strategy is crucial for making contact with Angolan society and, above all, for differentiating the Banco BIC brand.

In 2011, the Bank embarked on a number of campaigns to promote the brand and its products, and it also supported and sponsored a number of social, cultural and sporting events. Among the various events and campaigns that were undertaken, the following stand out:

- Reinforcement of the BIC Salário – Função Pública campaign;
- Sponsorship for the Diocese of Kuíto Bié to support training for young people in the institution (February);
- Sponsorship of the 1st International Workshop on quality and safety in health, organized by the Clínica Sagrada Esperança (March);
- Sponsorship of the Angolan Skating Federation taking part in the Nations’ Cup in Switzerland and for the José Eduardo dos Santos Tournament (April);

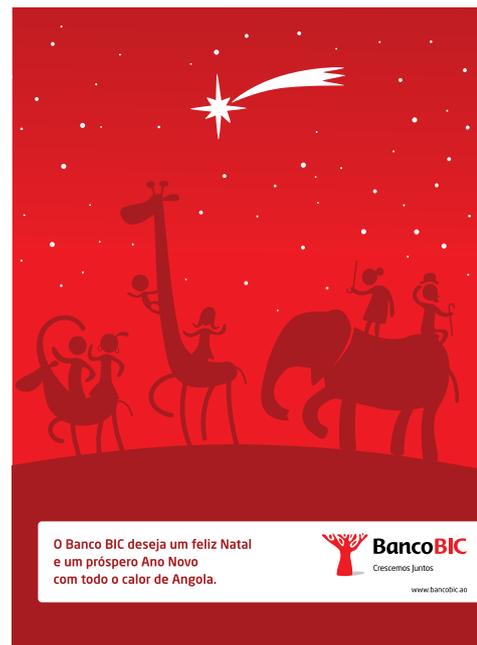
- Launch of the multi-media campaign Cofre Mealheiro – a savings product focusing on the future of the younger ones among us (May);



### Campaign BIC Cofre Mealheiro

- Sponsorship of the final of the Champions League for hockey on skates held in Andorra;
- Support for the celebrations of the city of Saurimo;
- Commemoration of the 6th anniversary of Banco BIC (May);

- Support for the commemorations of the 41<sup>st</sup> anniversary of the city of Waku Kungo;
- Participation in Filda 2011 (July);
- Sponsorship of the Eusébio CUP (July);
- Support for the charitable institute Lar Kuzola, under the aegis of the Ministry for Social Reinsertion;
- Participation in the international fair Expo Huíla 2011 (August);
- Sponsorship of the Jornadas Científicas (Scientific Study Days) at the Universidade Católica de Angola;
- Support for the Angolan Red Cross;
- Sponsorship of the Tournaments in the Angola Independence Cup and of the Angolan cup final;
- Launch of the magazine BIC MAIS (November);
- Reinforcement of the BIC SMS campaign; and
- Launch of the Christmas campaign "O Banco BIC deseja um feliz Natal e um próspero Ano Novo, com todo o calor de Angola" (Banco BIC wishes you a Merry Christmas and a Prosperous New Year, with all the warmth of Angola). This campaign took in all the branches and the customer of Banco BIC (December).



**Christmas Campaign Banco BIC**

# 09 | MAIN BUSINESS LINES

The Bank has always taken one of the main strategic factors that differentiate it to be the rendering of services characterized by excellence and a permanent focus on the needs of each customer. This clear and consistent strategy underpinning growth in the domestic market translated into a powerful commercial dynamic in business and household segments that led to substantial figures for total assets. Operations in the domestic market played a large part in this, but there was continued bolstering internationally, especially with Banco BIC Português. The emphasis was on levels of efficiency between institutions, providing a source for growth and for an increase in value, which was very important for our customers.

The principles that underpin the management of the Bank can be seen in the results obtained in all the business areas. These are organized in four segments: Households and Business, Companies, Private Banking and Investment.

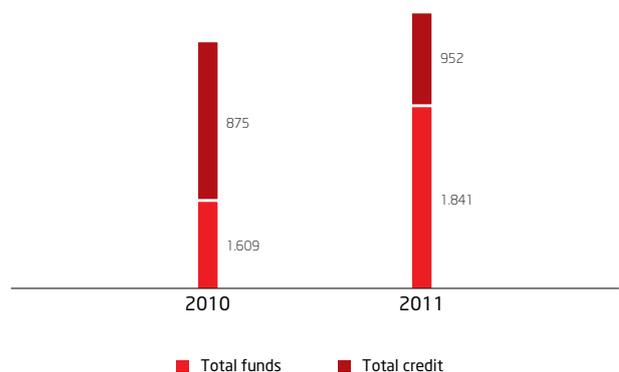
## Department of Households and Businesses

The department covering households and businesses (referred to here as the DHB) was, as at year-end 2011, responsible for 143 branches and 5 customer service points spread through-

out the country's provinces, accounting for around 88% of the total network.

This department provides the support for the Bank's branch network, and saw a USD 232 million rise in total customer funds (up 14% on 31 December 2010). The total amount was USD 1,841 million as at 31 December 2011. As for total loans, the overall figure came in at USD 952 million as at 31 December 2011, an increase of around USD 77 million (up 9% on 31 December 2010).

### Department of household and businesses



There was a major expansion of the branch network during the year, with cover extending across many provinces, and the department used this as a springboard, with specific focus

on: building up customer funds and total loan portfolios; consolidating commercial relations with customers through cross-selling, specifically Multicaixa and Visa, POS, BIC NET and BIC SMS; putting in place the “Depósito Bankita” product, launched by the Banco Nacional de Angola with the aim of opening up access to banking services for everybody; and, no less relevant, controlling and monitoring overdue credit.

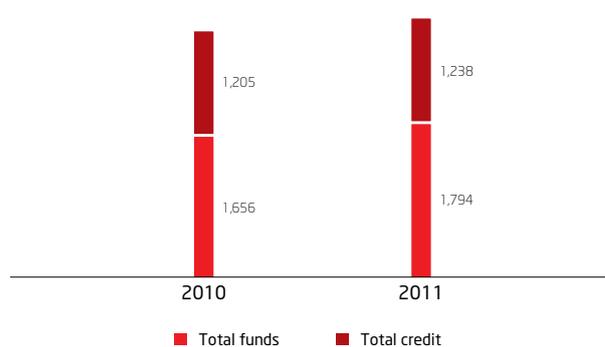
### Department for Corporate Finance

Operations at this Department (referred to hereafter as DCF) focused on setting up commercial partnerships of mutual added value with large and medium-sized companies in Angola, with finance provided for investment projects and treasury. A special mention has to be made here of the support provided for the country’s exporters.

During the year, the DCF worked on attracting new customers and on continuing to build up commercial relations with existing ones. A wider range of products and services was made available, specifically with regard to products focused on transactions, as was the case with the campaign to increase use of the BIC Net Empresas service.

Along the year, this Department held a 39% share in terms of total customer funds, with around USD 1,794 million under management. For this, it had 14 Corporate Centres to make use of.

### Department for Corporate Finance

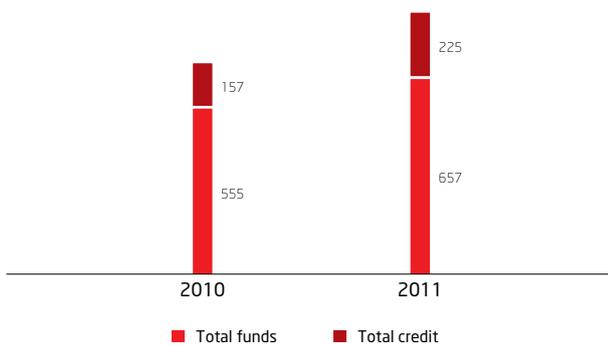


As at 31 December 2011, the DCF held a loan portfolio totalling around USD 1,238 million, a 2% rise year on year. The Department’s concerns centred on the Bank’s solvency ratios, on how solid the business was and the quality of the loan portfolio. It did not lose sight of the need for close monitoring of customer portfolios and there was a special concern for those facing greater difficulties: here, there was a rigorous policy governing the renewal of operations, one of the decisive management tools being enhanced guarantees for loan operations.

### Private Banking

Operations in this Department were bolstered by the opening of another commercial unit in the Bank’s new head office in Talatona. One of the pillars shoring up the performance that has been visible here is the development of a relationship based on trust; and another is the creation of specific solutions for this segment. All of this is backed by private-banking managers

### Private Banking



with a high level of specialist and relationship-building skills.

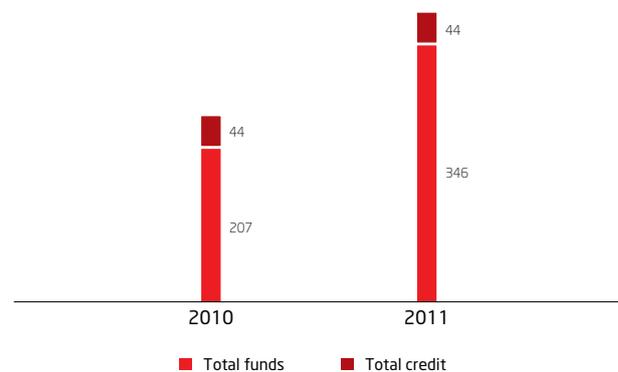
Commercial operations continued to be characterised by a pro-active stance in terms of steady diversification of investments. A big part was played here by making new solutions available as the year went by, and over the twelve-month there was 18% increase in customer funds, 43% in loans granted, and 11% in new customers.

### Investment Department

The Department focuses on best practices for monitoring and searching out investment possibilities, the aim being to bring the best return for the investor, with each project being successful, strategic partnerships built and synergies created to bring added value. The Department is involved, along with the investor, at every stage of the investment, from the point where the idea was put forward to the moment when it becomes fully operational.

There are investors who are willing to diversify their portfolio and put their financial weight into the segment. For them, the Bank has a number of investment options: these go hand in hand with business developments as they happen, enhancing the commercial networks of these economic agents through their financial relations with the Bank. The Department has three investment centres for this purpose.

### Investment department



The strategy in this business area led to a USD 139 million increase in funds, with the loan portfolio coming in at USD 44 million as at 31 December 2011.

# 10 | CREDIT RISK MANAGEMENT

The Bank has been developing and adopting specific methodologies for credit risk management, with particular emphasis on granting, monitoring and recouping loans. One of the mainstays of this procedure relates to the correct risk assessment, regarding both the customer and the operation in hand. Fundamental for this approach has been the development of procedures for assessing risk, including risk notation associated with the quality of the customer's credit and related operations.

The Angolan central bank (BNA) has put a credit risk information centre in place to reinforce this whole process across the country's financial system. The centre acts as a platform providing information on the credit exposure of individuals and companies, the aim being to provide the means needed for better credit risk management.

In terms of the Bank's organisation, it is important to mention here that credit operations up to USD 100 thousand are analysed and decided within the respective commercial area, as their remit warrants. For all other operations, including specialist credit, there are credit risk management units set up to analyse the proposals for loans that are sent to them.

These management units play an essential role in managing and controlling credit risk, through their assessment of requests for loans that are important for the Bank. The ultimate word lies with the credit board. The following management units provide the structure:

**Major risks management unit** – this unit analyses all the loans for companies and individuals of more than USD 1,000,000, except for specialist credit. The unit is split into three risk analysis centres, the division being along sectoral and geographic lines:

- UNIT 1 – This covers the north and east of the country and focuses on the analysis of industrial sectors, teaching, communication, health and air transport.
- UNIT 2 – This covers the south of the country, in the sectors of construction, road transport and the supply of services.
- UNIT 3 – This covers the central provinces and focuses on commerce generally.

**Credit Risk Department** – in charge of studying all kinds of loans, except specialist credit, for individuals and companies, between USD 100,000 and USD 1,000,000, subdivided as follows:

- UNIT 4 - in charge of studying amounts between USD 300,000 and USD 1,000,000.

- UNIT 5 - in charge of studying operations between USD 100,000 and USD 300,000.

**Real Estate Credit Department (High End)**

- in charge of studying financing operations for the acquisition or construction of properties as a permanent dwelling, up to USD 500,000.

**Vehicle Credit Department** - in charge of studying financing operations for the purchase of new vehicles up to USD 100,000.

**Real Estate Credit Department** - in charge of studying financing operations for real estate construction above USD 100,000.

# 11 | DISTRIBUTION NETWORK AND GEOGRAPHIC PRESENCE

BIC would like to be a bank for all Angolans. With this in mind, it now has a network of 167 commercial outlets, made up of branches, company centres, investment centres, private banking and other areas attached to a range of companies. This follows its aim to expand throughout the country, but it also makes the Bank the biggest Angolan private bank in terms of commercial outlets.

It is continuing with the aim of expanding its customer service points across the country, fostering access to banking services for every citizen of Angolan.

As part of the process, there is a detailed assessment of market potential, and the mapping out by region, based on socio-geographic information. The purpose of this is to identify new commercial opportunities and pinpoint specific needs in each and every province and municipality.

During the year, there were 30 commercial outlets opened, bringing the total to 167 across the country. This brought substantially greater "interlacing" for Banco BIC throughout the land.

**Commercial network**

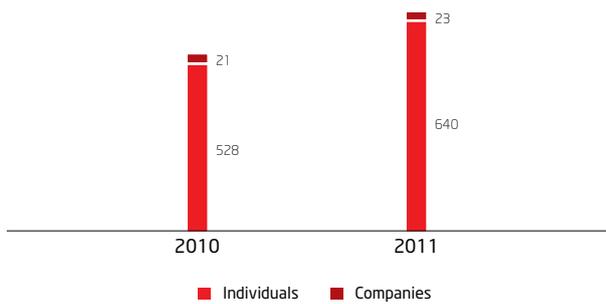


The Bank's service points have been installed in a large number of municipal centres across the country, even in communities where until very recently there was no kind of access to the banking system for local people. In other places where we are now, there was too little supply of banking facilities to provide a response to the potential for getting people into the system.

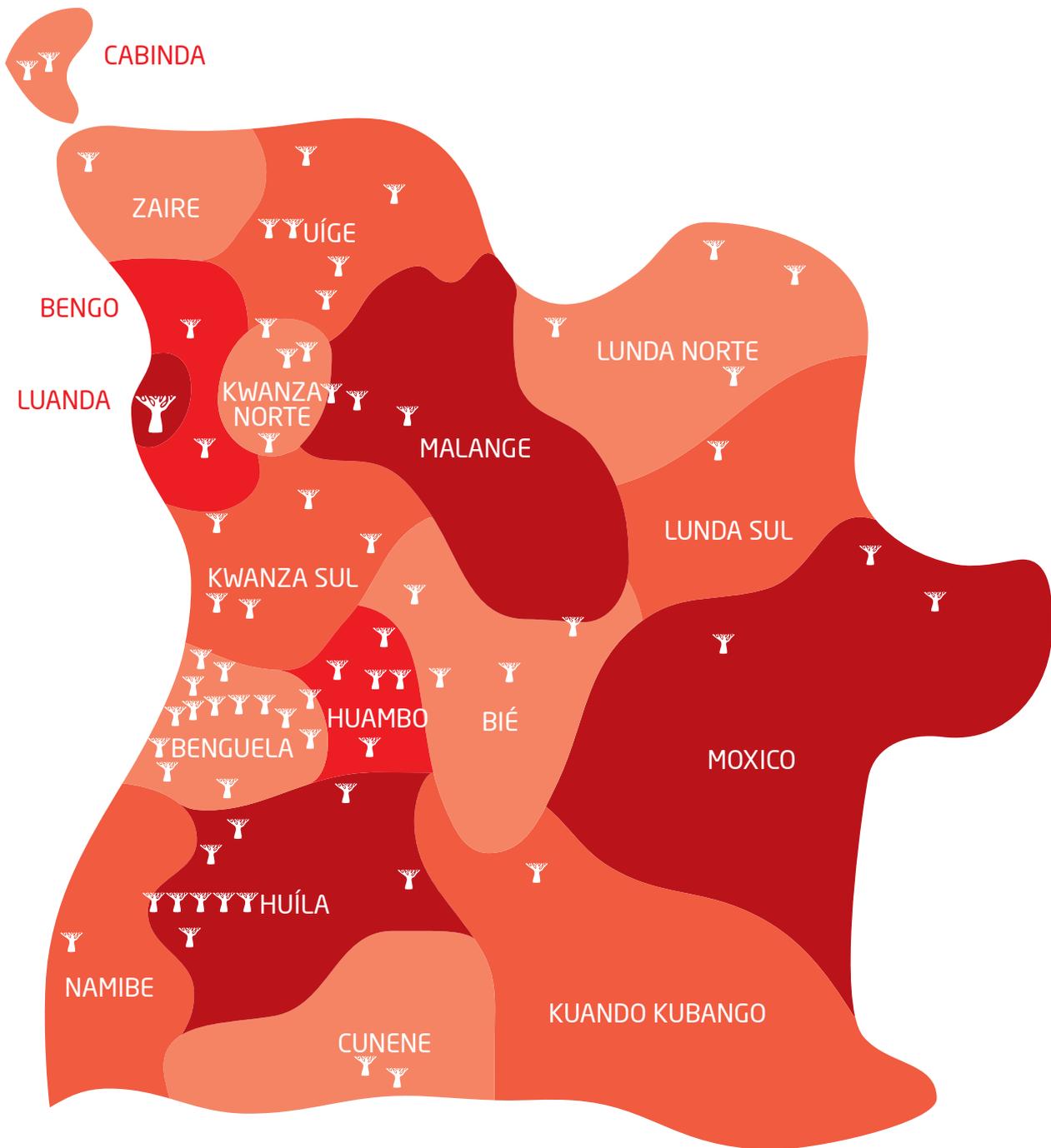
As at 31 December 2011, the service network – a national benchmark – was made up of 143 branches, 14 company centres, 3 investment centres, 2 private banking units and 5 customer service points.

The Bank continues to invest heavily in strengthening its commercial network and in building its clientele, both in terms of numbers and loyalty. As at 31 December 2011, it had nearly 663 thousand customers, a 21% rise year on year.

### Customers (in thousands)



## GEOGRAPHIC DISTRIBUTION OF COMMERCIAL NETWORK - 2011



**LUANDA**  
 79 Branches  
 11 Corporate centres  
 3 Investment centres  
 2 Private banking  
 4 Business branches

**OTHER PROVINCES**  
 64 Branches  
 3 Corporate centres  
 1 Business branch

# 12 | INFORMATION TECHNOLOGY



## Technical infrastructure

During the year, the Bank concluded the installation of its central services and the new data processing centre at its new head office in Talatona.

The Bank took advantage of this opportunity to build on synergies created by the change, putting in place a series of technical infrastructure changes that provided greatly enhanced capacity.

These changes impacted basically on the following areas:

<b>Primary data centre</b>	
<b>What is it?</b>	<b>What is important about it?</b>
It is an active architectural infrastructure array (hardware) at the main point for processing all the Bank's data.	A robust primary data centre is fundamental in view of the fact that any change in its behaviour can have a direct impact on how well the Bank can carry out its functions.
<b>Secondary data centre</b>	
<b>What is it?</b>	<b>What is important about it?</b>
It is an active architectural infrastructure array (hardware) at the secondary support point for the primary centre, with the capacity to process all the Bank's data, either in part or as a whole.	A secondary data centre is fundamental for whatever recovery plan needs to be carried out after any kind of disaster that strikes the primary data centre, ensuring that business continues seamlessly and in good time. If this change is immediate, it is excellent, since it has no impact on users or on business.
<b>VOIP</b>	
<b>What is it?</b>	<b>What is important about it?</b>
Voice-over Internet Protocol. This is a technology that is becoming ever more widespread, allowing for audio communication across computer networks using dedicated telephones for this purpose.	It cuts substantially the costs of communication for any business with big geographical networks and ensures more efficient control over them.
<b>WAAS</b>	
<b>What is it?</b>	<b>What is important about it?</b>
WAAS is a technology that permits a massive and fluid compression of binary data across computer networks.	It reduces the need for bandwidth, optimizing resources and substantially cutting the response time of business applications using the Bank's network.

The changes to technical infrastructures during the year, detailed below, had the following aims:

**1. Construction of a primary data centre on the site of the new head office in Talatona**

The aim was to bring about a substantial increase in quality, bringing the country realistically close to international data centre construction standards for companies the size of Banco BIC.

**2. Reconstruction of the secondary data site in Alvalade**

The aim was to upgrade the site, within the constraints of revamping an old set-up, eliminating obsolete structures and reorganising the space in a more logical, more efficient and cleaner way.

**3. Primary data centre move from the site in Kanhangulo to Talatona**

This involved moving the active data-processing infrastructure from its Major Kanhangulo installation to the new Banco BIC site in Talatona.

**4. Communication infrastructure move to Cisco VOIP**

Enhanced quality and control over voice infrastructure, ensuring at one and the same time greater reliability, scalability and adjustment to local network conditions for each of the branches.

**5. Implementation of WAAS**

Substantial increase in efficiency in the use of band width, cutting out squeeze points and ensuring more rapid and consistent communication.

**Home banking for companies**

Innovation is the order of the day at the Bank, and in its information systems department (DSI). Using a tried and tested platform, a new technological product has been created. The innovation has led to new forms of business being made available for its customers through the speed, ease of access and enhanced security – its Internet Banking operation for companies means that account holders have access to the accounts in real time. This allows them ease and security in carrying out financial operations that are vital for the smooth running of any commercial institution in the domestic market. Access is broadened through the use of a card with coordinates for transactions involving money.

**Reporting to the Banco Nacional de Angola**

Through the year, the DSI provided solutions for the requests coming for various bank departments as they responded to requirements issued by the national central bank. Among them are those relating to the second part of CONTIF (Reporting information to the BNA), and to CIRC (the credit risk information centre – Central de Informação de Risco e Crédito), relating to access to the portal and to the import and use of related information in real time.

# 13 | HUMAN RESOURCES

One of the strategic objectives of the Bank has been and still is the development of a human resources policy based on the active management of talent and the fostering of the right approach to performance.

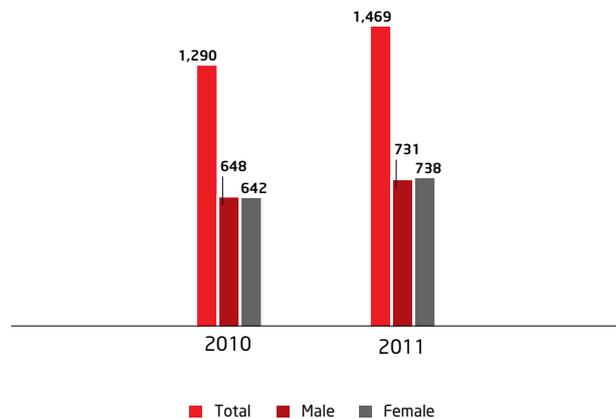
At year-end, the number of staff stood at 1,469 in all areas of the Bank, with 1,001 in Luanda and 468 in the provinces.

The year-on-year difference in the numbers of staff comes in at 2.5% in the provinces and 13.5% in Luanda, an illustration of how the Bank is moving towards its strategic objective to have an ever wider geographical cover in the country's interbank market.

In overall terms, the year-on-year increase comes in at 14%, a figure that came above all because of the opening of 30 new business outlets, along with the bolstering of some areas of the Bank with specific requirements. There was also an emphasis on internal mobility, continuing the strategy of using in-house skills to match the needs for staff.

There was a substantial increase in staff allocated to the commercial area, which now accounts for around 83% of total staffing. This can be explained by the major expansion of the Bank's branch network.

**Employee numbers**



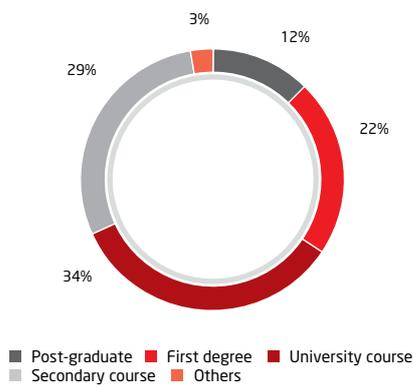
**Operational area**

	2011	2010	Var %
Central services	244	210	16.19%
Commercial network	1,225	958	27.87%
Average numbers per branch	8	8	0

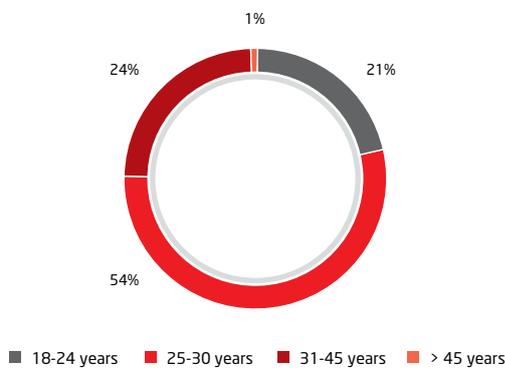
In terms of "ratios" – age and top level education – the average for the first stayed at 28 years, and there was a rise in the percentage of staff with higher education, including university level, going up from 64% to 70%.

As for the management of training, the emphasis remained on vocational and business development. There were 17,000 hours of training given over the year, an average of 12 hours per member of staff, maintaining the trend established in 2010.

### Distribution of staff per level of schooling



### Distribution of staff per age group



### Training

Number of staff receiving professional training	1,025
Total amount of training (total hours)	16,992

Among the courses with most impact on the Bank and in terms of behaviour was the training in "Leadership and Team Management". This was provided for all those members of staff with leadership functions. Specialist activities in the Bank were also earmarked, with more training in the areas of risk analysis and accounting, and longer specialist courses.

Working in partnership with the Portuguese arm (Banco BIC Português) there was a continuing policy of work experience schemes in professional areas made available to a number of members of staff. The Bank also continued with its policy to provide medical assistance for its staff and their families as a way to forestall health problems and look after their well being. During the year, the staff made use of 5,233 out of the 9,160 health checks that were made available.

Speciality	Family members	Staff
Complementary tests	596	686
General clinical tests	953	2,346
Dentistry	177	540
Gynecology/Obstetrics	603	1,209
Surgery	90	58
Pediatrics	1,255	0
Other specialities	253	394
<b>Total</b>	<b>3,927</b>	<b>5,233</b>

Career development management is seen as a strategic tool for retaining and motivating staff, with the performance appraisal scheme still in place. This is regarded as essential for the active management of skills and performance enhancement.

The Bank's results for the year owe a lot to the staff, both in qualitative and quantitative terms, and a large part was played in this by the on-going policy of relating pay to individual performance, with cash incentives for their contribution to the Bank's results.

The social climate continued to move in a positive direction, and it is important to carry out activities that ensure staff develop professionally and work to the maximum of their potential.

# 14 | COMPLIANCE

At the end of 2010, following the stipulations in Law 12/2010 of 9 July and Notice 01/2011 of 26 issued by the BNA, the Bank set up a Compliance Department, with the aim of ensuring fulfilment of rules covering legal, statutory and regulatory requirements and ethical conduct, as applicable to the Bank and its staff.

During the year under review, the department worked within the scope of this legislation, with particular emphasis on combating money laundering and terrorist financing. Customer records were kept up to date and monitored, the main aim being to comply with best international practices relating to "Knowing your customer". The most important financial transactions in this area were studied and followed through.

In addition, within the scope of the legislation referred to above, information is passed on to the central bank's financial information unit whenever it is deemed useful or when requested.

# FINANCIAL ANALYSIS



*As at 31 December 2011, the bank's equity stood at around USD 650 million, a rise of approximately USD 85 million, equivalent to 15% year on year.*



Arcos Lagoon, Namibe

# 15 | BANCO BIC FINANCIAL ANALYSIS

The Angolan economy moved on an upward path during 2011, following a number of years of constraint. Macroeconomic indicators showed considerable upside progress, among them the following:

**I** international currency reserves rose, coming in at around USD 25 thousand million, an increase in absolute terms of some USD 7 thousand million, (up around 39%);

**II** consumer price growth slowed, with inflation posting an annual 11.38% for the year, down on the 15.31% of a year earlier;

**III** the budget consolidation process continued, with the downward trend in the non-oil deficit unabated;

**IV** the USD/AKZ rate of exchange was relatively stable, the Kwanza devaluation for the year coming in at a mere 2.85%;

**V** economic growth was still slow, standing at 3.4% for the year (according to IMF figures), with a substantial contribution from the non-oil sector (+7.7%); and

**VI** the State came practically up to date on the backlog of payment to companies for

goods and services, playing its part in this way in stabilizing the economy.

Against this backdrop, the role of the Angolan central bank was auspicious. It put in place a raft of monetary policy and exchange rate measures, the following warranting a special mention:

**I** a reduction of the mandatory reserve coefficient in Kwanzas, bringing it down from 25% to 20%, and thus loosening up market liquidity;

**II** a cut in the interest rate on central bank bonds, with a ceiling on quantities and the definition of maximum yields in auctions, the fundamental aim being to ease interest rates on loans;

**III** the introduction of open market operations to absorb and provide liquidity, while maintaining liquidity provision facilities;

**IV** a reduction of the limit for foreign exchange exposure from June 30, fixed now at 50% of regulatory equity on long positions; and

**V** restrictions on the provision of credit in foreign currency and tightening of the coeffi-

cient for foreign currency denominated assets when reaching the regulatory solvency ratio.

Given the scenario mentioned above, the Banco BIC attempted to find an adequate response to the changes occurring, with special emphasis on supporting its customers, along with close control of the price/risk balance for interest rates on deposit and loan operations, all of this going hand in hand with a rigorous control of costs.

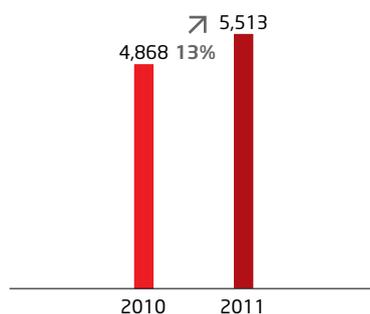
During the year, the Banco BIC strengthened its position among the 22 banks in the banking system. It now ranks fourth in terms of the provision of credit to the economy (it was fifth at year-end 2010) and its market share now stands at 11%. In terms of total customer funds, the bank maintained its position as fourth in the ranking, with a market share of 12%.

Total net assets moved from USD 4,868 million as at 31 December 2010 to USD 5,513 million a year later, a rise in absolute terms of USD 645 million (up around 13%).

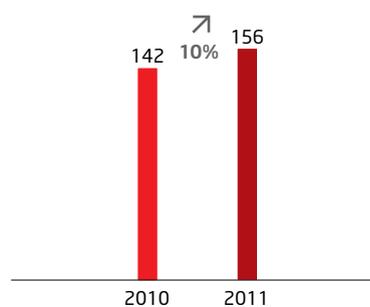
Total customer funds stood at USD 4,638 million as at 31 de December 2011, a 15% increase year on year, while customer loans (including unsecured credit) stood at the same date on USD 2,497 million, a 9% rise over a twelve-month earlier.

Net results came in as at 31 December 2011 on USD 156 million, compared with a figure of

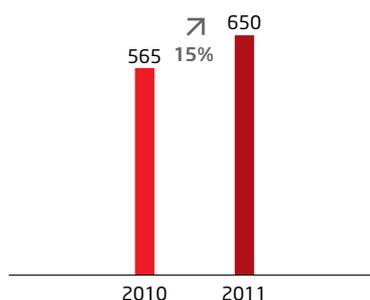
### Net Assets



### Net Results



### Equity



USD 142 million for 2010, a 10% increase year on year.

As at 31 December 2011, the bank's equity stood at USD 650 million, up USD 85 million (15%) on the USD 565 million recorded as at 31 December 2010.

# 16 | BALANCE SHEET

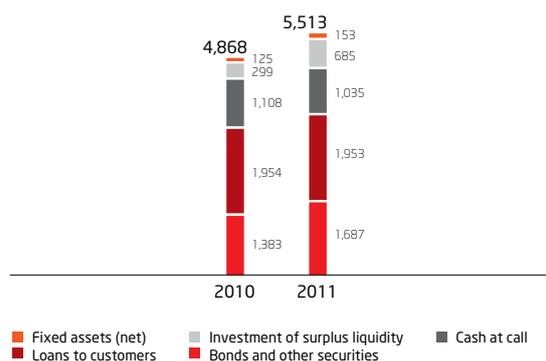
## ASSETS

In 2011, net assets expressed in foreign currency rose by around 13%, moving from USD 4,868 million as at 31 December 2010 to USD 5,513 million a year later, a rise of USD 645 million.

When this indicator is seen in terms of domestic currency, net assets in 2011 grew by around AKZ 74,363 million to AKZ 525,315 million, a rise of around 16% on a year earlier.

Worth a special note is the 41% growth (of around USD 690 million) in the items relating to Investment of surplus liquidity, and Bonds and other securities. These stemmed fundamentally from customer funds drawn in during 2011.

Net Assets



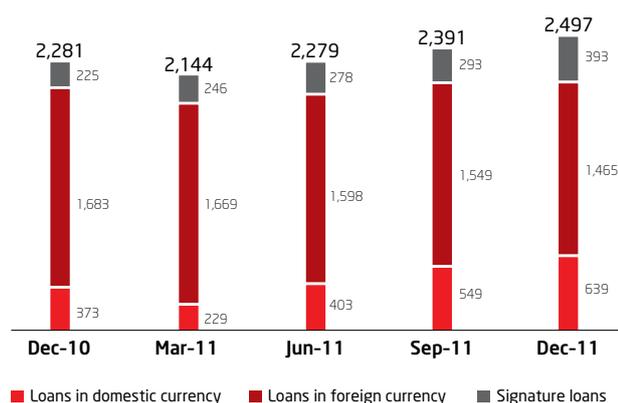
Assets	2011		2010		Variation	
	AKZ	USD	AKZ	USD		%
Cash at call	98,607	1,035	102,615	1,108		-7%
Placement of surplus	65,241	685	27,710	299		129%
Securities and similar	160,769	1,687	128,099	1,383		22%
Loans to customer	186,127	1,953	181,050	1,954		0%
Fixed Assets (net)	9,791	103	8,470	91		12%
Other Assets	4,780	50	3,009	33		50%
<b>TOTAL</b>	<b>525,315</b>	<b>5,513</b>	<b>450,952</b>	<b>4,868</b>		<b>13%</b>

## LOANS TO CUSTOMERS

One of the aims of Banco BIC during 2011 was to support investment in the Angolan economy, and to this end it provided financing for households and companies through a careful selection of projects with credible conditions for returns in various sectors of the economy.

The loan portfolio (including signature loans) came in with an upside balance of USD 2,497 million as at 31 December 2011, a variation of USD 216 million, or a 9% increase over the USD 2,281 million posted as at 31 December 2010.

**Total credit**



Credit on the balance sheet (before provisions) rose by around USD 47 million, up 2% on the year. Customer loans in 2011 account for around 35% of total assets (as against 40% in 2010) and 84% of the aggregate total amount of credit (as against 90% in 2010), including signature loans.

Breaking this down in terms of currencies, as at 31 December 2011, loans in foreign currency stood at around USD 1,465 million, accounting for 70% of the total credit portfolio, with credit in domestic currency coming in with the remaining 30%, the balance here standing at the equivalent of USD 639 million on the same date.

In year-on-year terms, the twelve-month saw loans in foreign currency down by 13%, with loans in domestic currency up by around 71%. Part of the reason for the fall in foreign currency loans derives from a new limit to foreign exchange exposure (as a proportion of equity) coming into force as and from July 2011, with more restrictive regulations (50% as against the previous 70%). In tandem, qualitative limits were also placed on loans in foreign currency.

As at 31 December 2011, signature loans stood at USD 393 million, around 16% of the aggregate customer credit portfolio, coming in with an increase of USD 168 million year on year (equivalent to 75%). A very substantial part of this increase came from a closer relationship with the Portuguese Banco BIC, specifically in the support for customers operating in both markets.

The bank bolstered its provisions for credit risk, given the challenges facing economic agents working in Angola, along with a more conservative and cautionary policy for classifying credit operations. In the light of this the bank, as at

## Loans granted to customers

(In millions)

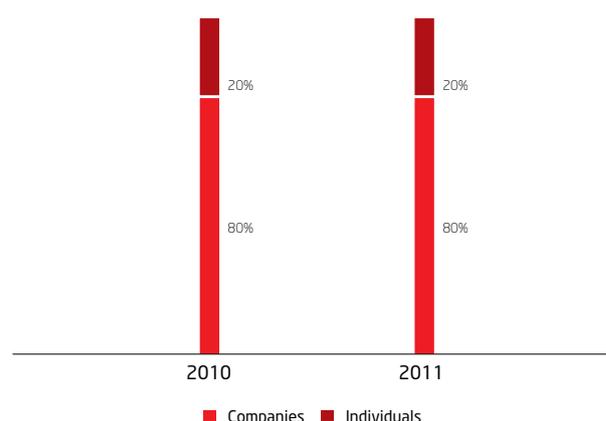
	2011		2010		Variation %
	AKZ	USD	AKZ	USD	
1. Total Credit	237,880	2,497	211,309	2,281	9%
1.1 Customer loans	191,322	2,007	184,022	1,986	1%
Loans in domestic currency	58,189	611	32,723	353	
Loans in foreign currency	133,133	1,396	151,299	1,633	
1.2. Overdue credit and interest	5,778	61	3,787	41	48%
Overdue credit and interest in domestic currency	1,863	20	1,460	16	
Overdue credit and interest in foreign currency	3,915	41	2,327	25	
1.3. Interest receivable	3,363	36	2,704	29	24%
Interest receivable in domestic currency	795	9	372	4	
Interest receivable in foreign currency	2,568	27	2,332	25	
1.4. Signature loans	37,418	393	20,797	225	75%
Guarantees and endorsements	28,551	300	14,790	160	
Open letters of credit	8,867	93	6,007	65	
2. Provisions for credit risk	14,948	157	9,785	106	49%
Bad and doubtful loans	14,336	151	9,464	102	
Guarantees given	612	6	321	3	
3. Loans granted, net of provisions	222,933	2,340	201,524	2,176	8%
Overdue loans / total credit	2.93%	2.93%	2.02%	2.02%	

31 December 2011, held total provisions of approximately USD 157 million, a rise of around USD 51 million, up 49% on a year earlier.

As at 31 December 2011, cover of loans by provisions stood at 6.53%, compared with the 4.77% as at 31 December 2010. Cover of overdue credit stood at around 259% at year-end, fundamentally the same as a year earlier.

As at 31 December 2011, companies accounted for around 80% of loans, with the remaining 20% for households. This is very much the same picture as in 2010.

## Breakdown of loans as per beneficiary



As at 31 December 2011 and 2010, the loan portfolio can be broken down by type of product as follows:

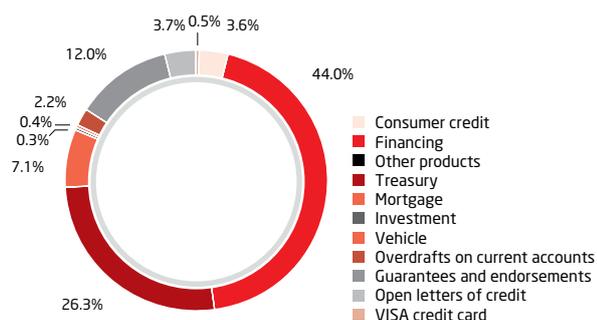
### Loans by type of product

(In millions)

	2011		2010		Variation %
	AKZ	USD	AKZ	USD	
Consumer credit	8,466	89	6,846	74	20%
Financing	104,625	1,098	97,393	1,051	4%
Other products	13	0	528	35	-100%
Treasury	62,482	656	56,899	614	7%
Mortgage	16,865	177	14,355	155	14%
Investment	643	7	563	6	11%
Vehicle	925	10	1,399	15	-36%
Overdrafts on current accounts	5,300	56	8,866	96	-42%
Guarantees and endorsements	28,551	300	14,790	160	88%
Open letters of credit	8,867	92	6,007	65	42%
VISA credit card	1,144	12	959	10	16%
<b>TOTAL</b>	<b>237,880</b>	<b>2,497</b>	<b>208,605</b>	<b>2,281</b>	<b>9%</b>

Salient in this picture are the rises in guarantees and endorsements (USD 140 million, up 88%), in open documentary credit (USD 27 million, up 42%) and, although more modest in terms of volume, mortgage loans (USD 22 million, up 14%) and consumer credit (USD 15 million, up 20%).

### Loans by type of product



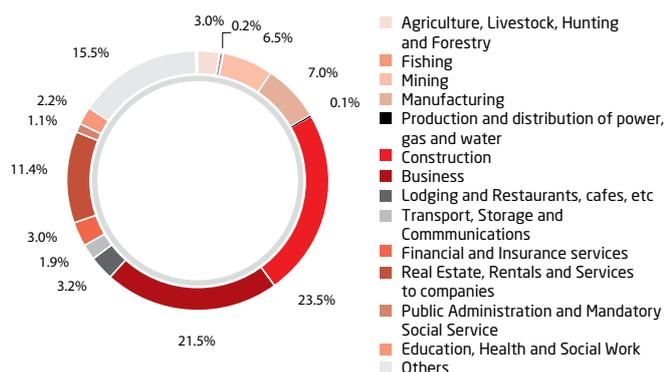
The credit portfolio, broken down as per type of product, illustrates the wide range of activities backed by the Banco BIC. The most sought-after products relate to Financing, accounting for 44%, with loans for Treasury products accounting for 26.3%, Guarantees and endorsements stand at 12%, Mortgage credit at 7.1%, Open documentary credit at 3.7% and Consumer credit at 3.6%. These figures give the proportions of total credit, and include signature loans.

Seen in terms of sector, the salient feature is Construction, at 23.5%, followed by Commerce at 21.5% and Real Estate, rentals and services to companies at 11.4%.

Loan quality remains high, with overdue credit as at 31 December 2011 standing at USD 61 million. This is higher than the previous year, but the ratio of overdue credit to total credit provided was held under control, and was well below other domestic and international ratios.

This increase in exposure, seen in terms of the total loan portfolio figures, and in particular seen in the rise in overdue credit, led the bank to hold to its conservative stance on provisioning. The cover of credit by provisions was bolstered, and stood at 6.5% as at 31 December 2011.

### Credit portfolio as per economic sector



### Overdue loans

(In millions)

	AKZ	USD	AKZ	USD	Variation
	2011		2010		%
Loans granted	197,100	2,068	187,809	2,027	2%
Overdue loans	5,778	61	3,787	41	48%
Overdue loans / Loans granted	2.93%		2.02%		
Cover of overdue credit by provisions	259%		258%		
Provisions for loans / Loans granted	6.53%		4.77%		

## SECURITIES PORTFOLIO

As at 31 December 2011, the bank's securities were classified according to the purpose for which they were acquired. This, in line with applicable norms, gives the following breakdown:

### I Held-for-trading

- Central bank securities (CBS); and
- Treasury bills (TBS), both denominated in Kwanzas.

### II Available-for-sale

- Holdings in securities investment funds NevaFund Global Fixed Income and the securities fund Banco BIC Brasil, both denominated in US dollars.

### III Held-to-maturity

- Treasury bonds (TB) denominated in or indexed to the US dollar; and
- Treasury bonds (TB) with remuneration indexed to the consumer price index (CPI).

The near USD 304 million increase in the securities portfolio came fundamentally from customer funds placed at the bank in the second half of 2011.

In tandem, the portfolio was restructured through an increase in TBS, issued in domestic currency, up by around USD 439 million (127%), and TB indexed to the US dollar, up in absolute terms by USD 74 million (24% higher than a year earlier).

As at 31 December 2011, the CBS and TBS stood at an overall USD 1,180 million, accounting for around 70% of the bank's total portfolio (as against 67% in 2010).

As at 31 December 2011, the bank also had holdings in the securities investment fund NevaFund Global Fixed Income and the securities investment fund Banco BIC Brasil, to a total of around USD 18 million.

As at 31 December 2011, TB stood at an over-

### Securities portfolio

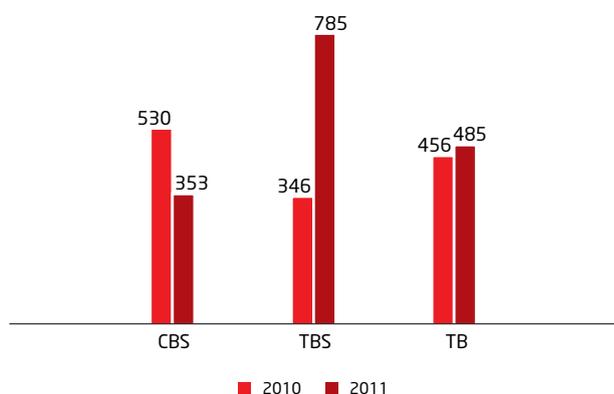
(In millions)

	AKZ		USD		Variation %
	2011	2010	2011	2010	
Held-for-trading	112,462	85,314	1,180	921	28%
Central bank securities	33,631	49,087	353	530	-33%
Treasury bills	74,778	32,073	785	346	127%
Interest receivable	4,054	4,154	42	45	-7%
Available-for-sale	1,691	250	18	3	557%
Held-to-maturity	46,615	42,535	489	459	7%
Treasury bonds	46,230	42,232	485	456	6%
- in domestic currency (Index USD)	36,013	28,182	378	304	24%
- in domestic currency (Index CPI)	5,133	9,053	54	98	-45%
- in foreign currency (USD)	5,085	4,997	53	54	-1%
Interest receivable	385	303	4	3	23%
<b>TOTAL</b>	<b>160,769</b>	<b>128,099</b>	<b>1,687</b>	<b>1,383</b>	<b>22%</b>

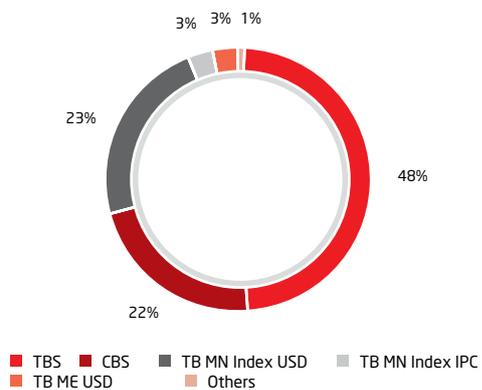
all USD 489 million, accounting for around 29% of the bank's total portfolio (as against 33% in 2010).

The bolstering of the portfolio, specifically in terms of TBS and TB, can be explained to a large extent by the fact that this form of financing has become a more common practice for the Angolan state, contrary to its policy in 2010.

### Securities Portfolio



### Securities Portfolio

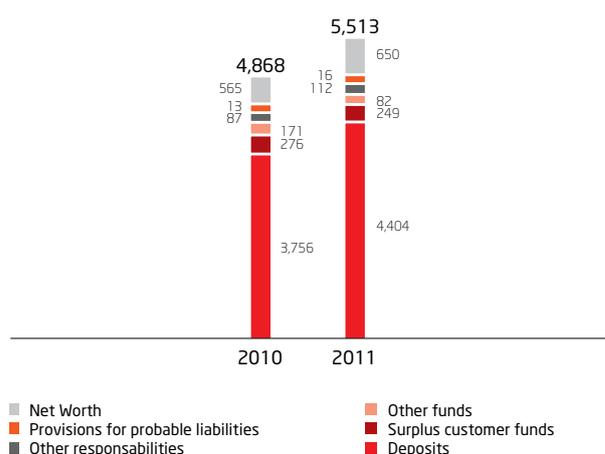


## LIABILITIES AND NET WORTH

There was an increase of around USD 560 million in liabilities compared with 2010 (up 13%). This change comes fundamentally on the back of an increase in customer deposits, coming in at around USD 648 million, up 17% year on year.

The bank's equity were also up, with a year-on-year variation in absolute terms of around USD 85 million (up 15% on the year). This can be put down to the operating capital situation at year-end, bearing in mind also the distribution of dividends for 2010, totalling USD 57 million, disbursed in 2011.

## Liabilities and net worth



### Liabilities and net worth

(In millions)

	2011		2010		Variation %
	AKZ	USD	AKZ	USD	
Deposits	419,608	4,404	347,964	3,756	17%
Customer deposits	418,166	4,389	347,510	3,751	17%
Current accounts from other credit institutions	1,442	15	454	5	209%
Surplus customer funds	23,684	249	25,607	276	-10%
Other funds	7,778	82	15,838	171	-52%
Other responsibilities	10,738	112	7,988	87	28%
Provisions for probable liabilities	1,548	16	1,241	13	21%
Net worth	61,959	650	52,314	565	15%
<b>TOTAL</b>	<b>525,315</b>	<b>5,513</b>	<b>450,953</b>	<b>4,868</b>	<b>13%</b>

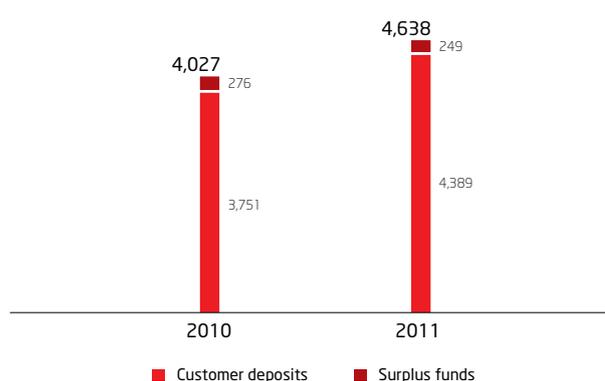
## CUSTOMER FUNDS

Total customer funds for 2011 stood at around USD 4,638 million, an increase of USD 610 million, 15% up on 2010. This figure includes customer deposits, standing at USD 4,389 million, and can be broken down into liquidity operations (accounting for 95%), and liabilities in the form of the sale of own securities to customers with buy-back clauses. This totalled USD 249 million, and accounts for the remaining 5% of the portfolio.

As at 31 December 2011, total customer funds include current accounts standing at USD 2,017 million, up 5%, term deposits showing a balance of USD 2,372 million, up 29%, and liquidity operations to the value of USD 249 million, down 10% year on year.

Customer deposits account for 95% of total funds, growing 17% year on year, with an increase of USD 638 million. Since the increase in customer funds outstripped loans, the trans-

Total customer funds



formation ratio was down from 50% in 2010 to 45% in 2011.

The monthly moves in customer funds is detailed below, the most salient fact being the substantial growth in the second half of the year.

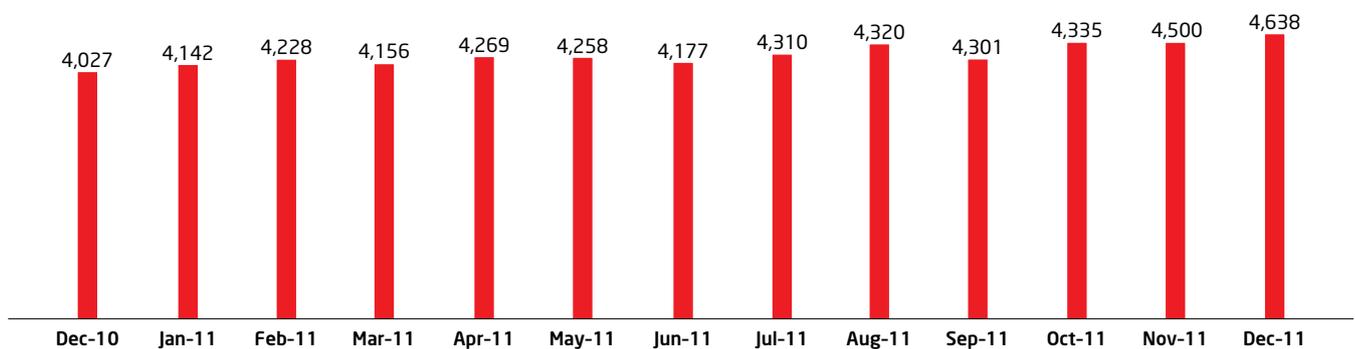
The breakdown in current accounts as per currency is as follows: in Kwanzas, USD 1,178 million, 58% of the total, and in foreign currency, USD 839 million, at 42%.

### Total customer funds

(In millions)

	AKZ		USD		Variation %
	2011	2010	2011	2010	
Customer deposits	418,166	347,510	4,389	3,751	17%
Current accounts	192,196	177,810	2,017	1,919	5%
- Domestic currency	112,249	98,950	1,178	1,068	10%
- Foreign currency	79,947	78,860	839	851	-1%
Term deposits	225,970	169,700	2,372	1,832	29%
- Domestic currency	116,773	93,641	1,226	1,011	21%
- Foreign currency	109,197	76,059	1,146	821	40%
Surplus funds	23,684	25,607	249	276	-10%
- Domestic currency	23,684	25,607	249	276	-10%
<b>TOTAL</b>	<b>441,850</b>	<b>373,117</b>	<b>4,638</b>	<b>4,027</b>	<b>15%</b>

### Moves in total customer funds



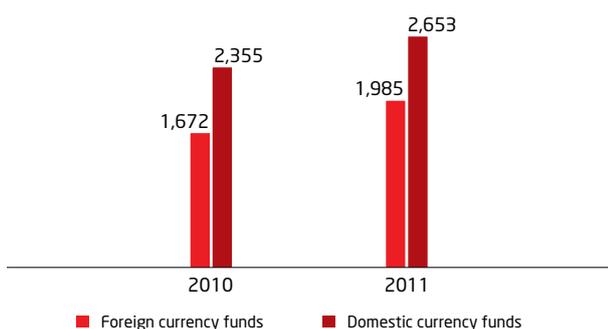
As at 31 December 2011, term deposits in Kwanzas stood as follows, in domestic currency, the balance was USD 1,226 million, up 21%, and in foreign currency, USD 1,146 million, up 40% year on year.

Total customer funds, as at 31 December 2011, can be broken down into domestic currency, at 57%, with a balance of USD 2,653 million, and the remainder, 43% therefore, totalling USD 1,985 million, in foreign currency. This compares with 58% and 42% respectively for 2010.

### PROVISIONS

As at 31 December 2011, the balance under the heading of provisions for probable liabilities stood at USD 16 million, up USD 3 million from 2010. Of this, USD 6 million relates to provisions for guarantees, USD 8 million for retirement pensions and the remaining USD 2 million for contingencies which may occur as a result of the bank's activities. This also covers potential losses on the disposal of assets and reconciliation accounts.

### Total customer funds per currency



## EQUITY

As at 31 December 2011, the bank's equity stood at around USD 650 million, coming in with an increase of some USD 85 million, up 15% year on year.

A decisive contribution to this was the net result for the year, posting USD 156 million, taking into consideration also the distribution of dividends for 2010, totalling USD 57 million, disbursed in 2011.

During the year the bank asked the supervision department for financial institutions of the National Bank of Angola (Departamento de Supervisão de Instituições Financeiras do Banco Nacional de Angola) for authorisation to amend the monetary update reserves for 2010. Authorization was given for this correction to be carried out in the published accounts for 2011.

As a result, around USD 15 million relating to this reserve was carried over to retained earnings on the asset balance.

During 2011, reserves were up by around USD 74 million (after the correction relating to 2010 mentioned above), corresponding to an annual

variation of 22%. As at 31 December 2011, total reserves stood at USD 404 million, broken down into the monetary update reserves for equity relating to 2009, totalling USD 61 million (15%), legal reserves to the amount of USD 97 million (24%) and other sundry reserves to the amount of USD 246 million (61%).

As at 31 December 2011, regulatory equity, as stipulated in Banco Nacional de Angola Instruction no. 03/2011, of 8 June, stood at USD 649 million, giving a solvency ratio of 18%.

As at 31 December 2010, this regulatory solvency ratio, calculated in accordance with Banco Nacional de Angola Instruction no. 15/03, of 17 October, stood at 27%. The lower figure results merely from the change in calculation methodology, which led to a higher figure being necessary for assets weighted according to risk if denominated in or indexed to a foreign currency (for example, the weighting for credit in foreign currency moved from 100% to 130%).

### Equity

(In millions)

	2011		2010	
	AKZ	USD	AKZ	USD
Capital	2,415	25	2,415	26
Reserves	38,479	404	30,580	330
Retained earnings	6,159	64	6,159	67
Net results for the year	14,906	156	13,160	142
<b>TOTAL</b>	<b>61,959</b>	<b>650</b>	<b>52,314</b>	<b>565</b>

# 17 | INCOME STATEMENT

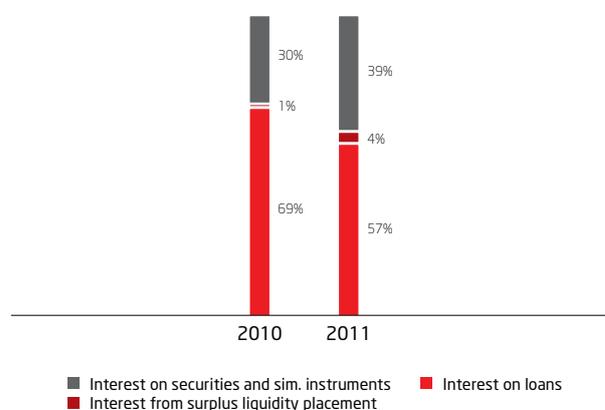
Banco BIC ended the year with net profits of USD 156 million, a year-on-year rise of USD 14 million, or 10%.

This result was decisively influenced by careful selection of growth areas for business, by the volume effect stemming from the change in the customer fund portfolio over the year, by a prudent approach to exchange rates, by thorough analysis of the price/risk balance for loans and by a rigorous and continuous appraisal of interest rates on the deposit and lending sides.

The bank's financial margin moved from USD 169 million in December 2010 to USD 187 million a year later, while the complementary margin stood at USD 83 million in 2011, compared with USD 105 million in 2010.

In the year ending 31 December 2011, interest on loans to customers came in at USD 219 million, accounting for 57% of the financial margin, while interest on securities, totalling USD 151 million, account for 39% (as against 30% in 2010).

Financial margin (assets)



## Operating Account

(In millions)

	AKZ		USD		Variation
	2011	2010	2011	2010	
1. Financial margin (FM)	17,813	15,701	187	169	10%
2. Complementary margin (CM)	7,902	9,660	83	105	-21%
3. Results from financial intermediation (RFI) = (FM)+(CM)	25,715	25,361	270	274	-1%
4. Overhead costs (OC)	11,530	10,017	121	108	12%
5. Other earnings and operating costs (OEOC)	1,871	1,932	20	21	-6%
6. Results from monetary update on assets (RMUA)	0	1,357	0	15	-100%
7. Operating results (OR) = (RFI)-(OC)+(OEOC)-(RMUA)	16,159	15,919	170	172	-1%
8. Non-Operating results (NOR)	578	280	6	3	101%
9. Pre-tax results (PTR) = (OR)+(NOR)	16,737	16,199	176	175	0%
10. Tax on profits (TP)	1,831	3,039	19	33	-41%
<b>11. Net results for the year (NRY) = (PTR)+(TP)</b>	<b>14,906</b>	<b>13,160</b>	<b>156</b>	<b>142</b>	<b>10%</b>
12. Treasury after tax (TAT)	20,888	15,126	219	163	34%

The lower figure for interest on loans, down by around 12%, was due to remunerations, associated with a cut in the average rates of interest on the portfolio over the year, along with the volume effect: although the overall loan portfolio was higher than in 2010, there were fewer loans to customers recorded in the first months of 2011.

The rise of around 37% in interest on securities was due fundamentally to the increase in volume of the portfolio.

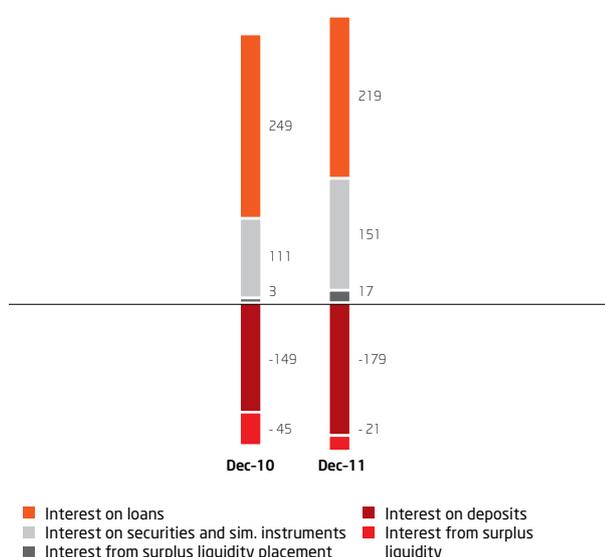
Interest from surplus liquidity placements is effectively short-term, and this item comes in with an upside variation of around USD 14 million, corresponding to around 503%.

The results from financial intermediation for the year ending 31 December 2011 came in around 1% lower at USD 270 million. This was slightly lower, down some USD 4 million. The reason was that even though the financial margin was up by around USD 18 million, the complementary margin was down by around USD 22 million, and this was largely on the back of extra provisions for the credit portfolio, set aside during the year.

Results from trading after adjustment to fair value stood at USD 12 million for the year ending 31 December 2011, down by USD 13 million compared with the USD 25 million recorded a year earlier. As at 31 December 2011, this item fundamentally reflects the foreign exchange gains on the securities issued in or indexed to a foreign currency, along with the upward valuation of other indexed securities in relation to the index concerned.

The results from foreign exchange operations are fundamentally the gains in transactions in-

### Financial Margin



### Financial margin

(In millions)

	AKZ	USD	AKZ	USD	Variation
	2011		2010		%
Interest on loans	20,826	219	23,087	249	-12%
Interest on securities and sim. instruments	14,433	151	10,258	111	37%
Interest from surplus liquidity placement	1,612	17	260	3	503%
Interest on financial instruments and liabilities	-19,058	-200	-17,904	-194	3%
<b>TOTAL</b>	<b>17,813</b>	<b>187</b>	<b>15,701</b>	<b>168</b>	<b>11%</b>

## Results from financial intermediation

(In millions)

	AKZ	USD	AKZ	USD	Variation
	2011		2010		%
Financial margin	17,813	187	15,701	169	10%
Results from trading and adjustment to fair value	1,149	12	2,284	25	-51%
Results from foreign exchange operations	8,652	91	7,011	76	20%
Results from financial services	3,048	32	1,553	17	91%
Provisions for bad and doubtful debt	-4,948	-52	-1,187	-13	305%
<b>TOTAL</b>	<b>25,715</b>	<b>270</b>	<b>25,361</b>	<b>274</b>	<b>-1%</b>

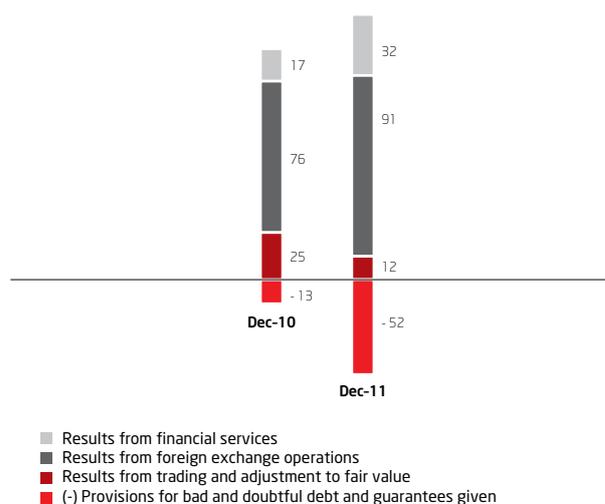
volving purchase and sale of foreign currency by the bank, along with the revaluation of its exchange position. The figure came in at USD 91 million for the year ending 31 December 2011.

There was an increase in the volume of foreign currency purchased from the central bank, up from USD 1,910 million in 2010 to USD 2,181 in 2011, and this played a major part in the increase in results from foreign exchange operations.

There was a rise of around USD 13 million in administrative costs over 2010 (up 12%), an amount that can be broken down into personnel costs (USD 69 million), third party supplies and other expenditure (USD 44 million), and depreciation and amortizations for the year (USD 8 million).

The figure for personnel costs (around USD 69 million) is up USD 7 million year on year, equivalent to 11%, while third party supplies and oth-

## Complementary margin



er expenditure stood at USD 44 million, a 14% variation for the same period.

Depreciation and amortization for the year stood at USD 8 million, a 4% increase over 2010.

## Overhead costs

(In millions)

	AKZ	USD	AKZ	USD	Variation
	2011		2010		%
Personnel	6,586	69	5,757	62	11%
Third party supplies and other expenditure	4,228	44	3,593	39	14%
Depreciation and amortization	716	8	667	7	4%
<b>TOTAL</b>	<b>11,530</b>	<b>121</b>	<b>10,017</b>	<b>108</b>	<b>12%</b>

More staff were taken on, the number rising from 1,290 in 2010 to 1,469 in 2011, as the bank's commercial network expanded (with the opening of 30 new branches and centres), and this played a very large part in the increase in administrative and sales outlet costs.

Tax payable on profits for 2011 stood at USD 19 million (compared with USD 33 million as at 31 December 2010). This was an effective rate of around 12%. The difference between the effective rate and the nominal rate in force (which is 35%) is essentially the result of exemption from corporation tax on the gains from public debt securities and equivalent.

# 18 | PROPOSAL FOR DISTRIBUTION OF RESULTS

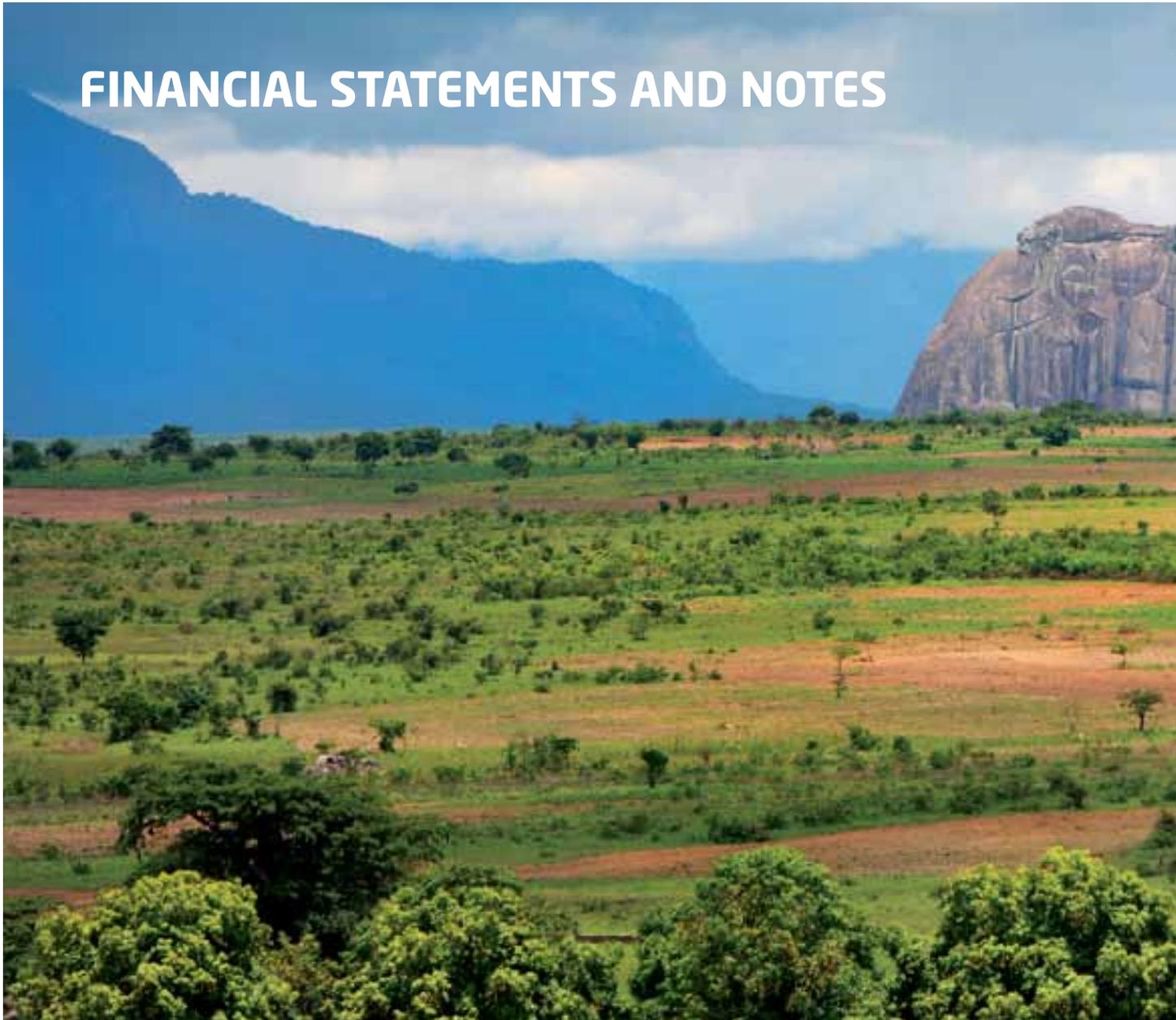
In accordance with legal stipulations regarding reserves, and taking into account the expansion of the bank's commercial network, which should be based on foundations of solid equity, the Board of Directors proposes that the net positive results from the year ending 31 December 2011, totalling 156 million United States dollars, should be distributed as follows:

■ Net positive results		
Legal reserves	20%	31.2 million dollars
Distribution in dividends to shareholders	40%	62.4 million dollars
Other reserves	40%	62.4 million dollars



Embondeiro

# FINANCIAL STATEMENTS AND NOTES





Landscape in Cubal - Benguela

# 19 | FINANCIAL STATEMENTS

(in million Kwanzas)

## Balance sheet at 31 de December 2011 and 2010

■ Assets	Gross assets	Amortizations and provisions		Net assets	Net assets
		2011	2010		
1. Cash at call	98,602,334	-	-	98,602,334	102,615,144
2. Placement of surplus funds	65,241,200	-	-	65,241,200	27,709,550
3. Securities and similar financial instruments	160,769,279	-	-	160,769,279	128,098,678
4. Credit in the payment system	4,523	-	-	4,523	2,262
5. Foreign exchange operations	-	-	-	-	395,815
6. Customer loans	200,462,604	14,335,932	-	186,126,672	181,049,594
7. Other amounts	4,780,282	-	-	4,780,282	2,610,920
8. Intangible fixed assets	505,214	472,874	-	32,340	15,311
9. Tangible fixed assets	13,124,214	3,440,846	-	9,683,369	8,379,391
10. Financial fixed assets	74,975	-	-	74,975	74,975
<b>Total assets</b>	<b>543,564,625</b>	<b>18,249,651</b>		<b>525,314,974</b>	<b>450,951,640</b>
<b>■ Liabilities and net worth</b>					
1. Deposits				419,607,944	347,963,754
a) Current accounts				193,637,716	178,263,570
b) Term deposits				225,970,227	169,700,184
2. Surplus funds				23,684,013	25,607,062
3. Debits in the payment system				7,348,659	2,424,588
4. Foreign exchange operations				-	397,922
5. Other funds				7,778,339	15,838,461
6. Other responsibilities				3,389,721	5,164,840
7. Provisions for probable liabilities				1,547,792	1,241,015
<b>Total Liabilities</b>				<b>463,356,467</b>	<b>398,637,642</b>
8. Equity				2,414,511	2,414,511
9. Reserve for monetary update of equity				5,797,507	5,797,507
10. Reserves and funds				32,679,376	24,783,397
11. Potential results				2,533	-
12. Retained earnings				6,158,618	6,158,618
13. Net results for the year				14,905,962	13,159,965
<b>Total net worth</b>				<b>61,958,507</b>	<b>52,313,998</b>
<b>Total liabilities and net worth</b>				<b>525,314,974</b>	<b>450,951,640</b>

(In thousand dollars)

**Balance sheet at 31 de December 2011 and 2010**

■ Assets	Gross assets	Amortizations and provisions		Net assets	Net assets
		2011	2010		
1. Cash at call	1,034,847	-	-	1,034,847	1,107,641
2. Placement of surplus funds	684,717	-	-	684,717	299,100
3. Securities and similar financial instruments	1,687,300	-	-	1,687,300	1,382,713
4. Credit in the payment system	47	-	-	47	24
5. Foreign exchange operations	-	-	-	-	4,272
6. Customer loans	2,103,887	150,458	-	1,953,430	1,954,272
7. Other amounts	50,170	-	-	50,170	28,183
8. Intangible fixed assets	5,302	4,963	-	339	165
9. Tangible fixed assets	137,741	36,112	-	101,629	90,448
10. Financial fixed assets	787	-	-	787	809
<b>Total assets</b>	<b>5,704,799</b>	<b>191,533</b>		<b>5,513,266</b>	<b>4,867,628</b>
<b>■ Liabilities and net worth</b>					
1. Deposits				4,403,853	3,755,964
a) Current accounts				2,032,259	1,924,199
b) Term deposits				2,371,594	1,831,765
2. Surplus funds				248,568	276,406
3. Debits in the payment system				77,125	26,171
4. Foreign exchange operations				-	4,295
5. Other funds				81,635	170,962
6. Other responsibilities				35,576	55,750
7. Provisions for probable liabilities				16,244	13,396
<b>Total Liabilities</b>				<b>4,863,001</b>	<b>4,302,944</b>
8. Equity				25,341	26,063
9. Reserve for monetary update of equity				60,846	62,579
10. Reserves and funds				342,975	267,515
11. Potential results				27	-
12. Retained earnings				64,636	66,477
13. Net results for the year				156,440	142,050
<b>Total net worth</b>				<b>650,265</b>	<b>564,684</b>
<b>Total liabilities and net worth</b>				<b>5,513,266</b>	<b>4,867,628</b>

(In thousands)

Income statement by function	2011		2010	
	AKZ	USD	AKZ	USD
1. Earnings from financial assets	36,871,486	386,972	33,604,591	362,732
2. Losses on financial liabilities	(19,058,380)	(200,021)	(17,903,857)	(193,256)
<b>3. Financial margin (1+2)</b>	<b>17,813,106</b>	<b>186,951</b>	<b>15,700,734</b>	<b>169,476</b>
4. Results from trading and adjustment to fair value	1,149,300	12,062	2,283,775	24,651
5. Results from foreign exchange operations	8,652,410	90,808	7,011,353	75,681
6. Results from provision of financial services	3,048,472	31,994	1,552,891	16,762
7. Provisions for bad and doubtful debt and guarantees given	(4,948,354)	(51,934)	(1,187,324)	(12,816)
<b>8. Results from financial intermediation (3+4+5+6+7)</b>	<b>25,714,933</b>	<b>269,882</b>	<b>25,361,429</b>	<b>273,754</b>
<b>9. Results from goods, products and other services</b>	<b>102,431</b>	<b>1,075</b>	-	-
10. Personnel	(6,585,857)	(69,120)	(5,756,570)	(62,137)
11. Third party supplies and other expenditure	(4,212,251)	(44,208)	(3,583,931)	(38,685)
12. Depreciation and amortization	(716,070)	(7,515)	(668,069)	(7,211)
<b>13. Overhead costs (10+11+12)</b>	<b>(11,514,178)</b>	<b>(120,843)</b>	<b>(10,008,571)</b>	<b>(108,034)</b>
14. Provisions for other amounts and probable liabilities	(317,314)	(3,330)	(110,375)	(1,191)
15. Other earnings and operating costs	2,172,811	22,804	2,033,346	21,948
<b>16. Other earnings and operating costs (13+14+15)</b>	<b>(9,658,681)</b>	<b>(101,369)</b>	<b>(8,085,599)</b>	<b>(87,277)</b>
17. Results for monetary update of assets	-	-	(1,357,122)	(14,649)
<b>18. Operating results (8 + 9 + 16+17)</b>	<b>16,158,683</b>	<b>169,588</b>	<b>15,918,708</b>	<b>171,829</b>
19. Non-operational result	578,078	6,067	280,111	3,024
<b>20. Pre-tax results (18+19)</b>	<b>16,736,761</b>	<b>175,655</b>	<b>16,198,819</b>	<b>174,852</b>
21. Tax on profits	(1,830,799)	(19,215)	(3,038,855)	(32,802)
<b>22. Net results for the year (20+21)</b>	<b>14,905,962</b>	<b>156,440</b>	<b>13,159,965</b>	<b>142,050</b>
23. Treasury after tax (7+12+14+22)	20,887,700	219,220	15,125,733	163,269

# 20 | NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS ON 31 DECEMBER 2011 AND 2010  
(Amounts in thousands of Angolan Kwanzas - mAKZ, unless expressly indicated)

## 1. INTRODUCTORY NOTE

Banco BIC, S.A. (hereafter also called "Banco BIC" or "Bank") was set up through a public deed on 22 April 2005, following authorization duly made by the Banco Nacional de Angola on 19 April 2005. Its head office is in Rua Comandante Dangereux, nº 73 in Luanda.

The purpose of the Bank is to obtain funds from third parties in the form of deposits or other instruments, which it then uses, along with its equity, for loans, deposits at the Banco Nacional de Angola, placement at other credit institutions, the purchase of securities and other assets where it is duly authorized so to do. It also provides other banking services and carries out a variety of operations in foreign currencies.

To carry on its work, the Bank currently has a network of branches in Angola, consisting of 148 branches and service points, 14 business centres, 3 investment centres and 2 private banking units (compared with 124 branches and service points, 10 business centres, 2 investment centres and 1 private banking unit as at 31 December 2010).

## 1.1. RECLASSIFICATION OF UPDATED EQUITY MONETARY RESERVES

Following authorization in 2009 from the country's central bank, the Banco Nacional de Angola (BNA), Banco BIC updated, as a forward-looking measure, the exchange value of its equity for the years 2009 and 2010, in accordance with the stipulations of Notice no. 2/2009, of 8 May.

On 20 October 2011, the supervision department of the central bank (the Departamento de Supervisão de Instituições Financeiras do BNA) gave due authorization to Banco BIC to undertake this operation with regard to 2010.

Following this indication, and the points set out in a letter from the central bank dated 26 March 2012, Banco BIC duly set about reworking the accounts for 2010, involving the reclassification of mAKZ 1,357,122 referring to the update recorded for 2010, carrying this figure to "Retained earnings" in the 2010 accounts, and then, as a consequence, to the same item in the 2011 accounts (Note 16).

## 2. BASIS FOR PRESENTATION AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

The financial statements were set out on the assumption that the going concern principle was valid, based on the books and ledgers kept by the Bank, in accordance with the accounting principles set out in the pln of accounts for financial institutions (the Plano de Contas das Instituições Financeiras – CONTIF), as defined in Instruction no. 09/07, of 19 September, issued by the Banco Nacional de Angola, along with subsequent amendments. These principles may differ from those generally accepted in other countries.

The financial statements of the Bank as at 31 December 2011 and 2010 are expressed in Angolan Kwanzas, and all assets and liabilities in other currencies are converted to the domestic currency, on the basis of the average exchange rate indicated by the Banco Nacional de Angola for the dates concerned. As at 31 December 2011 and 2010, the dollar (USD) and euro (EUR) rates against the Angolan Kwanza (AKZ) were as follows:

	31.12.11	31.12.10
1 USD	95,282	92,643
1 EUR	123,328	122,697

The main accounting principles used in financial statements were as follows:

### a) Accrual method

Earnings and costs are recorded according to the period when the operation was taking place, following the accrual method, with recognition on the date they were due, irrespective of the date when they were received or paid.

### b) Transactions in foreign currency

Operations in foreign currencies are recorded in line with the principles in the multi-currency system, with each one recorded as a function of the currency concerned. Assets and liabilities in foreign currency are converted to Angolan Kwanzas at the average exchange rate published by the Banco Nacional de Angola at the date of the Balance Sheet.

Purchases and sales of foreign currency with spot contracts or stipulated periods are recorded on the foreign exchange position.

Costs and earnings relating to foreign exchange differences are recorded on the Income Statement for the year in which they occur, under the heading "Results from foreign exchange operations".

### c) Loans to customers

Loans to customers are initially recorded at nominal value. Interest is carried to the statements separately in the accounts to which they relate. Earnings are recognized when they

occur and are distributed in monthly terms, following the pro rata temporis principle, when they deal with operations with residual flow that re longer than one month.

The Bank cancels out interest overdue beyond 60 days and does not recognise interest beyond that point. Any subsequent interest for late repayment is recorded under the heading "Interest for late repayment, net of cancellations" (Note 27).

At a later date, loans to customers, including guarantees and endorsements, give rise to provisions, in line with Banco Nacional de Angola Notice no. 4/2011, of 8 June, along with any other applicable instructions and norms.

During 2011, from the point where Notice no. 4/2011, de 8 June came into force, loan operations are carried out in domestic currency, whatever the length of the loan and for all customers except the State and companies that have proven receipts and income in foreign currency. Such loans cover the following operations:

- to provide financial assistance, including, among others, current accounts with restrictions;
- financing for vehicle purchases;
- consumer loans;
- micro credit;

- advances to depositors or those with overdrafts; and
- other forms of short-term financial (less than one year).

### **Provisions for doubtful debts**

In line with the norms in force, the Bank classifies loan operations as follows, in increasing order of risk:

Level A	Nil 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 losses

Loan operations, including bank guarantees and endorsements, are classified on an individual basis, bearing in mind the characteristics and the risk of each operation and the customer profile. In general, for operations where there has been no default, the following criteria are used:

- **Level A:** Loans to staff, loans backed by accounts held at the Bank and/or State securities (Treasury Bonds and Bills, along with central bank securities). There are also customers in this class considered to be nil risk because of their economic and financial situation, their managerial skills and unblemished previous loan history;
- **Level B:** Mortgage-backed loans and credit

to other customers who, seen in terms of the criteria detailed above, are considered by the Bank as very low risk; and

- **Level C:** Remaining loans with pledge of mortgage and/or any other type of real guarantee, along with operations that are only backed by personal guarantee.

Overdue credit is analysed in similar terms, and at the very least, the classification is made according to the levels of risk already described, as and from the date when there has been a default.

Minimum levels of provisioning are calculated according to the following table:

Levels of risk	A	B	C	D	E	F	G
% of provision	0%	1%	3%	10%	20%	50%	100%
Time elapsed from first default							
Operations up to two years	Up to 15 days	Between 15 and 30 days	Between one and two months	Between two and three months	Between three and five months	Between five and six months	More than six months
Operations of more than two years	Up to 15 days	Between 15 and 60 days	Between two and four months	Between four and six months	Between six and ten months	Between ten months and a year	More than a year

By and large, operations which involve renegotiation are kept at least at the same level of risk as they were in the month immediately preceding the renegotiation. Reclassification to a lower level of risk will only be effected if there is regular repayment of a considerable amount of the operation. Gains or earnings from renegotiation are only recorded when due payment has been made.

In general terms, when loans are for one and the same customer, and a provision is made, the classification of the operation is at the level of the greatest risk.

Provisions for bad and doubtful loans are booked on the asset side under the heading "Loans to customers" (Note 6).

#### **d) Securities portfolio**

Taking into account the characteristics of the securities and the purpose for which they were acquired, the portfolio is valued as follows:

##### *Held-for-trading*

Held-for-trading securities are taken to be those acquired for the purpose of then selling them.

Treasury Bills and Central Bank Central Bank securities, issued with a discount, are recorded at acquisition cost. The difference between this figure and reimbursement (nominal value) constitutes the return for the Bank, and is recorded in regular amounts during the period between the date of purchase and the maturity of the securities, under the heading "Income receivable" (Note 5).

##### *Available-for-sale*

Financial assets available for sale correspond to holdings in investment funds made up of securities. They are initially recorded at acquisition cost, and are then revalued at fair value.

Variations to fair value are recorded against equity, under the heading "Potential results – Adjustments to fair value on available-for-sale financial assets, with gains booked during the year when the assets are effectively sold.

##### *Held to maturity*

This heading includes those securities that the

Bank intends to, and has the capacity for holding up to maturity.

Treasury Bonds are recorded at acquisition cost. Any interest relating to these securities, as well as the difference between acquisition cost and reimbursement (in those cases where the securities are issued with a discount), are recorded in results, with an entry on the asset side under the heading "Income receivable" (Note 5).

Treasury Bonds issued in domestic currency, indexed to the consumer price index, can be revalued at nominal value of the security in line with any change in the index. In the light of this, the results of the revaluation of the nominal value of the security and related interest, are booked on the Income Statement for the year in which they occur, under the heading "Income from securities and similar items" (Note 20).

Treasury Bonds issued in domestic currency, indexed to the rate of exchange of the US dollar are subject to exchange rate update. In the light of this, the results of the update on the nominal value of the security, the discount and the interest incurred are booked on the Income Statement for the year in which they occur, under the heading "Results from trading and adjustments at fair value" (Note 21).

##### *Operations involving purchase of own securities with re-sale agreement*

In 2011 the Bank carried out operations involv-

ing the provision of temporary liquidity in the inter-financial market with the Banco Nacional de Angola, with funds provided against the guarantee of Treasury Bonds. Underlying these operations is a repo agreement of the securities at a future date at a prior price set between the parties (Note 4).

Income from operations involving the purchase of securities from third parties with repo agreement corresponds to the difference between the value of the purchase and sale of the securities. Recording of the income follows the principles of the accrual concept given the flow in the period of operations under the heading "Income from financial assets – Operations involving purchase of securities from third parties with buy-back agreement" (Note 20).

Securities purchased with a resale agreement are not recorded in the securities portfolio. The funds made available are recorded at settlement date on the asset side, under the heading "Liquidity operations – Purchase of securities from third parties with a resale agreement". The associated interest is recorded in the same account over the period.

#### *Sale of own securities with buy-back agreement*

Securities ceded to customers with repurchase agreement remain booked in the Bank's securities portfolio, with the amount from the sale recorded under the heading "Operations involving sale of own securities with buy-back agreement"

(Note 11). The difference between the agreed buy-back price and the initial sale value is recorded by the straight line method on a straight-line basis in the results during the period of the operation, offset against the heading on the liabilities side "Interest payable" (Note 11).

#### *Classification in risk bands*

In accordance with the norms in force, the Bank classifies debt securities, in terms of increasing risk, in the following bands:

Level A	Nil 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 losses

The Bank classifies debt securities issued by the Angolan state and the Banco Nacional de Angola in Level A.

#### **e) Financial fixed assets**

Financial fixed assets are recorded at acquisition cost. When they are denominated in foreign currency, the recording in the books is at the rate of exchange on the date of the operation. Provisions are made in any situation where there would seem to be the chance of permanent losses when disposal is effected.

#### **f) Tangible and intangible fixed assets**

Intangible fixed assets are fundamentally software and leases. Purchases are recorded at ac-

quisition cost and are amortized by the straight line method over a three-year period.

Tangible fixed assets are recoded at acquisition cost. Depreciation is calculated by the straight-line method at maximum rates allowable to act as cost for tax purposes, in line with the Industrial Tax Code (Código do Imposto Industrial), where the following estimated years of useful life are set out:

	Years of useful life
Premises for own use	50
Works in rented properties	3
Equipment:	
- Internal building works	10
- Furniture and materials	10
- Machinery and tools	3 a 10
- IT equipment	3 e 10
- Material related to transport	3
- Other equipment	10

Most IT equipment is being amortized in three years, in spite of the period specified above.

In 2011 and 2010, the Bank did not introduce any monetary update for its fixed assets.

### g) Industrial tax

The Bank is subject to Angolan corporation tax, known as industrial tax. It is considered to be a Group A taxpayer in the system. Taxation of its earnings is covered by clause 1 and 2 of Article 72 of Law no. 18/92, of 3 July, the rate of tax being 35%, in line with Law no. 5/99, of 6 August.

Current tax is calculated on the basis of the taxable results for the year, though this is dif-

ferent from the results in the books because of adjustments to taxable income resulting from costs or income not relevant for tax purposes.

Note 18 below details the reconciliation between the results for tax purposes and the accounting results.

### h) Equity monetary update reserves

Under the terms of Banco Nacional de Angola Notice no 2/2009, of 8 May, on the subject of monetary update (revoking Notice no. 10/2007, of 26 September), financial institutions should, in inflationary times, take monthly account of the effects on purchasing power in the domestic currency, based on the consumer price index.

The figure that results from the monetary update procedure should be recorded monthly, on the debit side in an account on the income statement offset against the monetary update reserves for equity.

In 2009, the Bank took into account the move in exchange rate of the Angolan Kwanza against the US Dollar and consequently its impact on the level of inflation measured in domestic currency, and asked for specific authorization from the Banco Nacional de Angola to apply the provisions of Notice no. 2/2009 on a forward-looking basis.

Authorization for the Bank to effect this monetary update was provided in a letter dated 26 November 2009, from the supervision depart-

ment of the Banco Nacional de Angola, following the signing of the authority by His Excellency the Governor on 23 November.

### **i) Pensions**

Law no. 07/04, of 15 October, governing the Angolan social security system, sets down the right of all Angolan workers registered in this system to receive a pension. The amount of this pension is calculated from a table worked out in proportion to the number of working years, applied to the gross monthly average for the periods immediately before the worker retired from work. Decree no. 7/99, of 28 May, stipulates the rates for contributions to the system as 8% for the employer and 3% for the workers.

As at 31 December 2011 and 2010, there is no formal commitment by the Bank relating to payment of any additional sum to its employees as a pension, over and beyond what stems from the so-called "Compensation on retirement", in terms of current labour law (Note 15).

### **j) Other policies**

In preparing the treasury statement, the Bank considers as "Balance on cash at call at year-end" the total of balances on the headings "Cash at call" and "Funds from credit institutions – Overdrafts on current accounts" (Notes 3 and 10).

### 3. CASH AT CALL

This item can be broken down as follows:

	2011		2010	
	Foreign currency	Domestic currency	Foreign currency	Domestic currency
Cash:				
Domestic notes and coins		5,143,293		5,304,282
Foreign notes and coins				
- In USD	43,041,114	4,101,043	38,570,978	3,573,331
- In other currencies		245,010		88,390
		<b>9,489,346</b>		<b>8,966,003</b>
Current accounts at the Banco Nacional de Angola (BNA):				
In domestic currency		50,888,839		56,924,737
In foreign currency - USD	307,500,000	29,299,215	232,500,000	21,539,497
		<b>80,188,054</b>		<b>78,464,234</b>
Current accounts in correspondent banks abroad:				
- Standard Chartered Bank		4,494,367		1,232,608
- Banco BIC Português. S.A.		1,239,580		8,179,665
- Byblos Bank Europe		844,725		70,392
- Commerzbank		673,130		393,574
- HSBC Bank - Joanesburgo		363,757		173,517
- Others		139,114		154,760
- Millennium BCP. S.A.		9,856		4,800,297
		<b>7,764,529</b>		<b>15,004,813</b>
Cheques for collection - In Angola		1,160,404		180,094
		<b>98,602,334</b>		<b>102,615,144</b>

A Current account item in the Banco Nacional de Angola includes amounts placed to cover the requirements for setting up and maintaining mandatory reserves.

Mandatory reserves are currently calculated in accordance with Instruction no. 03/2010, of 4 June, along with Instruction no. 02/2011, of 28 April. They are held in domestic and in foreign currency, as a function of their denomination under the heading in liabilities where they are to be found.

As at 31 December 2011, the requirement for these mandatory reserves was at an amount

calculated as a 20% coefficient on eligible liabilities in domestic currency (the figure had been 25% up to May 2011), and a 15% coefficient on eligible liabilities in foreign currency.

There is no remuneration on current accounts at the Banco Nacional de Angola, nor on those held at other credit institutions abroad.

As at 31 December 2011 and 2010, the balance on the item "Cheques collectable - in Angola" relates to cheques presented for clearance on the first working days following the end of each previous year.

## 4. LIQUIDITY PLACEMENT

Operations undertaken on the interbank money markets relate to term deposits in credit institutions abroad and can be broken down as follows:

	2011		2010		
	Currency	Foreign currency	Domestic currency	Foreign currency	Domestic currency
Banco BIC Português S.A.	USD	279.541.785	26.635.300	96.580.030	8.947.464
Banco BIC Português S.A.	EUR	62.200.000	7.671.002	90.175.007	11.064.203
Millennium BCP S.A.	EUR	26.665.000	3.288.541	30.577.613	3.751.781
HSBC Bank - Joanesburgo	USD	25.446.351	2.424.579	31.415.924	2.910.465
Byblos Bank Europe	USD	10.079.583	960.403	10.042.064	930.327
Banco Popular Portugal	USD	500.000	47.641	500.000	46.322
Interest receivable			105.943		49.211
			<b>41.133.409</b>		<b>27.699.773</b>

A substantial part of these term deposits is collateralized through the opening of documentary credit and other operations within the scope of contracted credit lines and other agreements with these financial institutions.

As at 31 December 2011 and 2010, term deposits in credit institutions abroad were as follows, structured according to residual maturity periods:

	2011	2010
Up to a month	24,528,589	13,264,481
Between one and three months	11,184,040	13,612,414
Between three and six months	5,314,837	773,667
	<b>41,027,466</b>	<b>27,650,562</b>

As at 31 December 2011 and 2010, term deposits in credit institutions abroad gave interest

at the following average annual rates, weighted by the nominal value of the investments:

	2011	2010
In US Dollars	1.53%	0.57%
In Euros	2.30%	0.92%

Operation involving the purchase of securities from third parties with buy-back agreements relate to Treasury Bonds acquired from the Banco Nacional de Angola, with the buy-back date fixed and at a price stipulated and agreed by the parties prior to the operation.

The Banco BIC earnings from these operations relate solely and exclusively to the positive difference between the buy-back price of the Treasury Bonds, pre-defined and agreed between the parties, and the acquisition cost.

As at 31 December 2011, these buy-back operations can be broken down as follows:

	Interest rate	Amount
Treasury Bonds		
- In domestic currency (Indexed to the USD)	6.47%	14,759,171
- In domestic currency (Indexed to the CPI)	6.26%	8,915,785
Income receivable		423,059
		<b>24,098,015</b>

As at 31 December 2011, the operations on purchases of securities from third parties with buy-back agreement were as follows, structured according to residual maturity periods:

Up to a month	18,295,579
Between one and three months	5,379,377
	<b>23,674,956</b>

## 5. SECURITIES AND SIMILAR INSTRUMENTS

This item can be broken down as follows:

	2011		2010	
	Interest rate	Amount	Interest rate	Amount
Held-for-trading:				
Treasury Bills	9.10%	74,778,405	13.15%	32,073,149
Central Bank securities	7.03%	33,631,143	20.43%	49,087,172
Income receivable		4,053,681		4,153,446
		112,463,229		85,313,767
Held-for-sale	N/A	1,690,581	N/A	250,323
Held up to maturity:				
Treasury Bonds				
- In domestic currency (Index USD)	6.64%	36,012,653	5.73%	28,181,960
- In domestic currency (Index CPI)	4.50%	5,132,931	3.76%	9,053,410
- In foreign currency (USD)	3.81%	5,084,848	3.69%	4,996,821
Income receivable		385,037		302,397
		<b>46,615,469</b>		<b>42,534,588</b>
		<b>160,769,279</b>		<b>128,098,678</b>

As at 31 December 2011 and 2010, the Treasury Bonds issued in domestic currency which are indexed to the consumer price index provide interest at a nominal rate, plus an amount tied to the move in the index.

As at 31 December 2011 and 2010, the securities classified as "Held-for-sale" can be broken down as follows:

Nature	2011				2010			
	Quantity	Market value	Book value		Quantity	Market value	Book value	
			USD	mAKZ			USD	mAKZ
Banco BIC Brasil	50,000	99,06	4,952,800	471,913	-	-	-	-
Nevafund Global Fixed Income								
- Class I	106,052	107,98	11,450,980	1,091,072	25,095	107,67	2,702,017	250,323
- Class A	12,500	107,13	1,339,138	127,596	-	-	-	-
			<b>1,690,581</b>					<b>250,323</b>

As at 31 December 2011 and 2010, the Bank has classified the securities recorded in its portfolios as "Held-for-trading" and "Held up to maturity" at risk A Level (nil). Because they were issued by the Angolan State and by the Banco Nacional de Angola.

As at 31 December 2011 and 2010, the distribution of debt securities per index, excluding Income receivable, is as follows:

	2011			2010		
	Fixed rate	Libor 6M	Total	Fixed rate	Libor 6M	Total
Treasury Bills	74,778,405	-	74,778,405	32,073,149	-	32,073,149
Central Bank securities	33,631,143	-	33,631,143	49,087,172	-	49,087,172
Treasury Bonds						
- In domestic currency (Index USD)	21,790,122	14,222,531	36,012,653	7,977,381	20,204,579	28,181,960
- In domestic currency (CPI Index)	5,132,931	-	5,132,931	9,053,410	-	9,053,410
- In foreign currency (USD)	-	5,084,848	5,084,848	-	4,996,821	4,996,821
	<b>135,332,601</b>	<b>19,307,379</b>	<b>154,639,980</b>	<b>98,191,112</b>	<b>25,201,400</b>	<b>123,392,512</b>

As at 31 December 2011 and 2010, the securities in the portfolio were as follows, structured according to residual maturity periods:

	2011	2010
Up to three months	57,955,601	22,889,229
Between three and six months	27,587,770	20,966,111
Between six months and a year	35,873,346	47,992,890
More than a year	33,223,263	31,544,282
Undefined maturity	1,690,581	250,323
	<b>156,330,561</b>	<b>123,642,835</b>

## 6. LOANS TO CUSTOMERS

This item can be broken down as follows:

	2011	2010
Domestic currency		
Public sector (administrative)	-	9,221,452
Overdrafts on current accounts	2,023,655	3,948,176
Loans	29,372,790	12,552,437
Loans on current accounts	26,706,261	6,944,959
Loans to staff	61,512	51,222
Prestige products	1,860	5,240
	<b>58,166,078</b>	<b>32,723,486</b>
Foreign currency		
Overdrafts on current accounts	2,234,503	4,206,791
Loans	112,378,258	106,911,156
Loans on current accounts	14,151,368	36,809,958
Loans to staff	4,295,830	3,370,531
	<b>133,059,959</b>	<b>151,298,436</b>
Total credit due	191,226,037	184,021,922
Overdue loans and interest		
- Domestic currency	1,862,805	1,459,588
- Foreign currency	3,915,125	2,327,240
Total overdue loans and interest	<b>5,777,930</b>	<b>3,786,828</b>
Total credit granted	197,003,967	187,808,750
Income receivable – domestic currency	817,776	371,600
Income receivable – foreign currency	2,640,861	2,333,291
Total Income receivable	3,458,637	2,704,891
	<b>200,462,604</b>	<b>190,513,641</b>
Provision for credit net of doubtful debt (Note 15)	( 14,335,932 )	( 9,464,047 )
	<b>186,126,672</b>	<b>181,049,594</b>

As at 31 December 2011 and 2010, the credit granted to customers, excluding overdrafts on current accounts gave rise to interest at an average annual rate of 12.85% and 23.99% for credit in domestic currency and 10.81% and 11.12% for credit expressed in US Dollars, respectively.

As at 31 December 2011 and 2010, residual periods for credit granted to customers, excluding overdue credit, can be broken down as follows:

	2011	2010
Up to three months	35,888,285	35,168,006
Between three and six months	27,506,581	37,577,175
Between six months and a year	26,666,840	19,362,324
Between one and three years	42,394,420	40,978,384
Between three and five years	23,027,527	21,901,154
Between five and ten years	18,747,722	15,313,325
More than ten years	16,994,662	13,721,553
	<b>191,226,037</b>	<b>184,021,922</b>

As at 31 December 2011 and 2010, the breakdown on credit granted to customers in the categories of companies and individuals is as follows:

	2011			2010		
	Outstanding	Overdue	Total	Outstanding	Overdue	Total
Companies	153,665,326	3,374,656	157,039,982	149,388,097	1,764,381	151,152,478
Individuals	37,560,711	2,403,274	39,963,985	34,633,825	2,022,447	36,656,272
	<b>191,226,037</b>	<b>5,777,930</b>	<b>197,003,967</b>	<b>184,021,922</b>	<b>3,786,828</b>	<b>187,808,750</b>

As at 31 December 2011 and 2010, the breakdown on credit granted to customers, excluding Income receivable, can be distributed as follows, as per indexed category:

Year	Variable rate - Indexes							
	Fixed rate	Euribor 6M	Euribor 12M	Libor 1M	Libor 3M	Libor 6M	Libor 12M	Total
2011	166,085,380	6,443	9,114,254	2,875,543	4,922,372	2,315,906	11,684,069	197,003,967
2010	155,739,607	282	3,018,346	1,921,422	5,039,222	2,095,994	19,993,877	187,808,750

The tables below show the way that provision for bad and doubtful debt is calculated, as at 31 December 2011 and 2010:

2011						
	Loan outstanding	Overdue loan	Bank guarantees	Total	Rate of cover by provisions	Provisions
Level A	27,834,843	-	11,018,057	38,852,901	0%	-
Level B	77,120,012	28,805	9,138,782	86,287,600	1%	862,876
Level C	63,431,228	437,344	8,384,340	72,252,912	3%	2,167,587
Level D	7,634,280	202,188	-	7,836,468	10%	783,647
Level E	11,552,085	682,314	-	12,234,399	30%	3,706,963
Level F	945,293	382,462	-	1,327,755	50%	663,877
Level G	2,708,296	4,044,816	9,528	6,762,640	100%	6,762,640
	<b>191,226,037</b>	<b>5,777,930</b>	<b>28,550,708</b>	<b>225,554,675</b>		<b>14,947,590</b>

2010						
	Loan outstanding	Overdue loan	Bank guarantees	Total	Rate of cover by provisions	Provisions
Level A	30,589,991	-	2,663,558	33,253,549	0%	-
Level B	97,398,677	-	9,688,535	107,087,212	1%	1,070,872
Level C	48,326,979	330,020	2,428,223	51,085,222	3%	1,532,557
Level D	2,490,658	127,611	-	2,618,269	10%	261,827
Level E	2,486,365	230,051	-	2,716,416	20%	543,283
Level F	562,684	142,699	-	705,383	50%	352,692
Level G	2,166,568	2,956,447	9,265	5,132,280	100%	5,132,280
	<b>184,021,922</b>	<b>3,786,828</b>	<b>14,789,581</b>	<b>202,598,331</b>		<b>8,893,511</b>
Economic provisions		-	-	-		891,818
	<b>184,021,922</b>	<b>3,786,828</b>	<b>14,789,581</b>	<b>202,598,331</b>		<b>9,785,329</b>

The entries on the matrix showing the moves in risk for those holding loans between 31 December 2010 and 2011 is as follows:

December 2011											
Level of risk	A	B	C	D	E	F	G	Settlement / Amortization	Total	Distribution of the portfolio as at 31-12-2010	
December 2010	A	<b>94.83%</b>	0.30%	1.39%	0.00%	0.00%	0.00%	0.07%	3.40%	<b>16.41%</b>	33,253,549
	B	0.01%	<b>79.48%</b>	3.37%	3.24%	0.10%	0.03%	0.50%	13.26%	<b>52.86%</b>	107,087,212
	C	0.04%	0.06%	<b>85.98%</b>	3.73%	2.18%	0.51%	0.87%	6.63%	<b>25.22%</b>	51,085,222
	D	0.00%	0.00%	6.09%	<b>70.90%</b>	2.05%	11.85%	5.45%	3.66%	<b>1.29%</b>	2,618,269
	E	0.00%	0.02%	4.50%	2.63%	<b>56.84%</b>	16.68%	12.37%	6.96%	<b>1.34%</b>	2,716,416
	F	0.00%	0.22%	15.09%	1.75%	1.12%	<b>22.47%</b>	47.48%	11.87%	<b>0.35%</b>	705,383
	G	0.01%	0.12%	3.23%	0.37%	1.70%	0.66%	<b>90.66%</b>	3.25%	<b>2.53%</b>	5,132,280
<b>Total</b>	<b>24.52%</b>	<b>33.37%</b>	<b>24.64%</b>	<b>1.88%</b>	<b>1.41%</b>	<b>0.96%</b>	<b>2.90%</b>	<b>10.32%</b>	<b>100.00%</b>		
Distribution of the portfolio as at 31-12-2010 at year-end 31-12-2011	49,675,183	67,607,640	49,912,035	3,802,307	2,858,519	1,952,025	5,878,234	20,912,389		202,598,331	

An analysis of the moves shows that of the total credit, there was no change in level, as at 31 December 2010, to the amount of mAKZ 202,598,331 (82.50%). Moves between levels of risk show that 0.42% of total credit went down a level and 6.76% went up.

Held at the same Level	
- In debt	82.50%
- Settlement / amortization	10.32%
Moves to other levels	
- Worse	6.76%
- Better	0.42%

As at 31 December 2011 and 2010, the customer credit portfolio composition by sector is as follows:

	2011				2010			
	Outstanding	Overdue	Total	%	Outstanding	Overdue	Total	%
Companies								
Financial operations and insurance	7,155,777	-	7,155,777	3.63%	6,902,885	16,527	6,919,412	3.68%
Real estate, rentals and services rendered to companies	22,197,124	214,486	22,411,610	11.38%	17,884,642	48,255	17,932,897	9.55%
Public administration and mandatory social security	2,233,535	1,335	2,234,870	1.13%	14,382,392	1,206	14,383,598	7.66%
Agriculture, livestock, hunting and forestry	1,749,202	79,989	1,829,191	0.93%	2,289,278	33,487	2,322,765	1.24%
Lodgings, restaurants and cafés	6,257,107	10,671	6,267,778	3.18%	5,415,950	14,709	5,430,659	2.89%
Commerce	51,360,013	794,636	52,154,649	26.47%	48,463,643	433,009	48,896,652	26.04%
Construction	29,000,686	642,975	29,643,661	15.05%	29,745,926	324,264	30,070,190	16.01%
Education, health and social work	3,991,477	5,038	3,996,515	2.03%	1,403,190	2,685	1,405,875	0.75%
Extraction (crude oil, natural gas and others)	12,643,422	267,649	12,911,071	6.55%	6,395,248	206,682	6,601,930	3.52%
Manufacturing	12,865,680	871,641	13,737,321	6.97%	11,486,537	586,337	12,072,874	6.43%
Other activities involving recreation, associations and services	262,312	7,846	270,158	0.14%	383,427	4,316	387,743	0.21%
Fishing	292,498	15,347	307,845	0.16%	335,177	6,243	341,421	0.18%
Production and distribution of electricity, gas and water	226,929	6,163	233,092	0.12%	222,043	11,518	233,561	0.12%
Transport, storage and communications	3,429,564	456,880	3,886,444	1.97%	4,077,758	75,144	4,152,902	2.21%
Individuals	37,560,711	2,403,274	39,963,985	20.29%	34,633,825	2,022,447	36,656,272	19.52%
	<b>191,226,037</b>	<b>5,777,930</b>	<b>197,003,967</b>	<b>100.00%</b>	<b>184,021,922</b>	<b>3,786,828</b>	<b>187,808,750</b>	<b>100.00%</b>

## 7. OTHER AMOUNTS

This item can be broken down as follows:

	2011	2010
Assets for own use	2,670,800	1,776,358
VISA collateral	1,796,570	175,448
Advances – cheques	58,621	78,283
Rentals	52,037	42,511
Stationery	22,267	68,025
Petty cash shortfall	12,826	74,919
Training	2,712	8,282
Software licensing	-	7,931
Insurance	-	25,529
Others	164,448	353,634
	<b>4,780,281</b>	<b>2,610,920</b>

As at 31 December 2011 and 2010, the balance on the item “Assets for other than own use”, refers to fixed asset projects that are under construction and are intended for disposal through the Bank’s staff. In 2010, the balance under this heading was transferred from “Fixed assets in progress” (Note 9). In 2011, part of the increase under this heading, to the amount of mAKZ 748,311, refers to a transfer from “Fixed assets in progress” (Note 9).

Under the provisions of the contract signed by Banco BIC and Visa International, the Bank is obliged to hold a collateral deposit at the VISA custodian bank (Barclays Bank London), the amount being calculated on the basis of the volume of transactions that take place. As at 31 December 2011 and 2010, this deposit stood at around 18,850,000 USD and 13,300,000 USD, respectively and was credited at an annual rate of 0.15%, respectively. In

addition, as at 31 December 2011, the balance on this account included amounts coming from Banco Sol, S.A., due on the acquiring service, totalling 16,900,000 USD (Note 12).

As at 31 December 2011 and 2010, the balance on the item “Advances – cheques” corresponds to advances made by the Bank to its customers, and relate to the purchase of cheques on foreign banks not collected as at that date. These amounts receivable are collected by the correspondent bank at the following year.

There are provisions for any cash error under the heading “Other provisions” (Note 15).

As at 31 December 2011 and 2010, the balance on the item “Other” includes mAKZ 19,419 and mAKZ 161,111, for each year respectively, relating to assets unlikely to be realised. They are totally provisioned under the heading “Other provisions” (Note 15).

## 8. FINANCIAL FIXED ASSETS

This heading can be broken down as follows:

	2011		2010	
	Foreign currency (USD)	Domestic currency	Foreign currency (USD)	Domestic currency
EMIS:				
- Holding in equity	162,350	15,469	178,000	15,469
- Shareholder loans	220,671	21,026	243,647	21,026
ABANC:				
- Shareholder loans	254,245	24,225	261,132	24,225
BVDA:				
- Financial holding	149,609	14,255	159,212	14,255
	<b>786,875</b>	<b>74,975</b>	<b>841,991</b>	<b>74,975</b>

As at 31 December 2011 and 2010, the Bank has a 2.88% holding in the capital of EMIS – Empresa Interbancária de Services, S.A.R.L. (EMIS). The EMIS was set up in Angola to manage the electronic payment system and complementary services.

Following the AGM of EMIS held in January 2009, a decision was taken to increase equity, to the value of USD 3,526,500, with Banco BIC taking USD 108,000, to be paid off in three equal instalments, the first to the total of USD 36,000 in December 2009 and the two following ones during 2010.

During 2006, the Bank provided shareholder loans to this organisation, there being no specific period for reimbursement defined. During the AGM of EMIS on 27 November 2007, it was laid down that these loans would carry interest every half year at the Libor rate plus a spread of 3%. Following the AGM in July 2010, it was de-

cidated to bolster the additional instalments to an amount equivalent to USD 2 million to cover the investment in the clearing house (Câmara de Compensação Automatizada de Angola), with Banco BIC responsible for USD 117,647.

The Bank is an associate of the Angolan Banking Association (Associação Angolana de Bancos – ABANC), which held an extraordinary general meeting on 28 July 2009, in which agreement was reached on an investment plan in fixed assets. The share held by the Banco BIC holding in the Association mandated to this end stood at USD 254,245 as at 31 December 2011.

As at 31 December 2011 and 2010, the Bank had a 0.95% holding in the capital of the Angolan Stock Exchange (Bolsa de Valores and Derivativos de Angola, S.A. – BVDA).

## 9. FIXED ASSETS - TANGIBLE, INTANGIBLE AND IN PROGRESS

The entries under these headings during the years ending 31 December 2010 and 2011 were as follows:

Gross assets											
	Balances at at 31/12/09	Increases	Write- -offs	Transfers	Reconcilia- -tions	Balances at at 31/12/10	Increases	Write- -offs	Transfers	Reconcilia- -tions	Saldos em 31/12/11
Intangible fixed assets											
- Leases	149,815	-	-	-	-	149,815	-	-	-	-	149,815
- Start-up costs	4,383	-	-	-	-	4,383	-	-	-	-	4,383
- Multi-year costs	33,682	-	-	-	-	33,682	-	-	-	1,607	35,289
- Automatic date treatment systems "software"	277,726	-	-	-	-	277,726	38,928	-	-	(1,607)	315,047
- Other intangible fixed assets	679	-	-	-	-	679	-	-	-	-	679
	<b>466,285</b>	-	-	-	-	<b>466,285</b>	<b>38,928</b>	-	-	-	<b>505,213</b>
Tangible fixed assets											
- Premises for own use	2,104,804	474,381	-	649,697	-	3,228,882	209,158	(7,636)	2,691,524	(1,864)	6,120,064
- Building Works in rented properties	1,113,520	28,231	-	92,115	-	1,233,866	40,134	-	79,533	-	1,353,533
- Equipment	2,694,860	547,386	(1,140)	281,069	-	3,522,175	414,266	(1,714)	394,126	1,864	4,330,717
- Works of art	427	391	-	-	-	818	3,302	-	-	-	4,120
	5,913,611	1,050,389	(1,140)	1,022,881	-	7,985,741	666,860	(9,350)	3,165,183	-	11,808,434
Fixed assets in progress	3,008,225	2,932,907	-	(1,022,881)	(1,776,372)	3,141,879	2,190,869	(103,473)	(3,165,183)	(748,311)	1,315,781
	<b>9,388,121</b>	<b>3,983,296</b>	<b>(1,140)</b>	-	<b>(1,776,372)</b>	<b>11,593,905</b>	<b>2,896,657</b>	<b>(112,823)</b>	-	<b>(748,311)</b>	<b>13,629,428</b>

Accumulated amortizations								
	Balances as at 31-12-2009	Reinforce- -ment	Write- -offs	Balances as at 31-12-2010	Reinforce- -ment	Write- -offs	Reconcilia- -tions	Balances as at 31-12-2011
Intangible fixed assets								
- Leases	139,615	8,400	-	148,015	1,799	-	-	149,814
- Start-up costs	4,383	-	-	4,383	-	-	-	4,383
- Multi-year costs	32,880	802	-	33,682	-	-	1,607	35,289
- Automatic date treatment systems "software"	236,180	28,036	-	264,216	20,100	-	(1,607)	282,709
- Other intangible fixed assets	678	-	-	678	-	-	-	678
	<b>413,736</b>	<b>37,238</b>	-	<b>450,974</b>	<b>21,899</b>	-	-	<b>472,873</b>
Tangible fixed assets								
- Premises for own use	220,262	56,203	-	276,465	84,986	(611)	(90)	360,750
- Building Works in rented properties	762,105	145,775	-	907,880	145,661	-	-	1,053,541
- Equipment	1,135,609	428,853	(578)	1,563,884	463,524	(943)	90	2,026,555
	2,117,976	630,831	(578)	2,748,229	694,171	(1,554)	-	3,440,846
	<b>2,531,712</b>	<b>668,069</b>	<b>(578)</b>	<b>3,199,203</b>	<b>716,070</b>	<b>(1,554)</b>	-	<b>3,913,719</b>

As at 31 December 2011 and 2010, the items under the heading of fixed assets in progress relate fundamentally to the costs incurred in the acquisition of space and in payment to suppliers for work being undertaken on premises for the Bank, acquired or rented, specifically one building for administrative services, along with new branches and other premises. The official opening of these is slated for the years after Balance Sheet date.

	2011			2010		
	Gross value	Accumulated amortization	Net value	Gross value	Accumulated amortization	Net value
Interiors	1,207,347	(356,608)	850,739	971,593	(247,385)	724,209
Furniture and fittings	975,725	(291,982)	683,743	807,794	(205,375)	602,420
Machines and tools	620,959	(236,444)	384,515	464,849	(161,579)	303,269
IT equipment	878,133	(669,035)	209,098	720,436	(540,523)	179,912
Transport materials	498,337	(445,976)	52,361	468,132	(394,515)	73,618
Other equipment	150,216	(26,510)	123,706	89,371	(14,507)	74,864
	<b>4,330,717</b>	<b>(2,026,555)</b>	<b>2,304,163</b>	<b>3,522,175</b>	<b>(1,563,884)</b>	<b>1,958,291</b>

## 10. DEPOSITS

These items can be broken down as follows:

	2011	2010
Current accounts held for credit institutions		
Funds from credit institutions in Angola		
- Current accounts		
- Banco de Desenvolvimento de Angola	476,410	386,175
- Interest payable	91,518	48,852
	<b>567,928</b>	<b>435,027</b>
Funds from credit institutions abroad		
- Overdrafts on current accounts		
- Banco BIC Português, S.A. - USD	874,137	-
- Bank Windhoek - USD	-	18,633
	<b>874,137</b>	<b>18,633</b>
Current accounts held for residents		
In domestic currency		
- Public sector	252,401	359,045
- Public sector (business)	3,842,909	11,443,738
- Companies	70,565,290	56,274,021
- Individuals	36,820,130	29,795,705
	<b>111,480,730</b>	<b>97,872,509</b>
In foreign currency		
- Public sector	66,060	101,792
- Public sector (business)	994,390	5,587,125
- Companies	43,577,046	39,434,558
- Individuals	34,370,429	32,526,324
	<b>79,007,925</b>	<b>77,649,799</b>
Current accounts held for non-residents		
In domestic currency	768,402	1,077,237
In foreign currency	938,594	1,210,365
	<b>1,706,996</b>	<b>2,287,602</b>
	<b>192,195,651</b>	<b>177,809,910</b>
Total of current accounts	<b>193,637,716</b>	<b>178,263,570</b>

As at 31 December 2011 and 2010, customers' current accounts receive no interest, apart from specific instances, defined in accordance with guidelines set down by the Board of the Bank.

During 2007, the Banco BIC and the Banco de Desenvolvimento de Angola (BDA) agreed on a convention relating to their finances, with the BDA financing the Bank for credit granted for projects related to fostering private investment in the production of goods and services.

	2011	2010
Term accounts held for residents		
In domestic currency		
- Public sector (administrative)	6,678,437	10,121,709
- Public sector (business)	4,223,542	2,036,468
- Companies	74,628,348	61,844,210
- Individuals	30,316,885	18,043,067
- Interest payable	873,764	1,535,520
	<b>116,720,976</b>	<b>93,580,974</b>
In foreign currency		
- Public sector (business)	4,297,821	3,098,723
- Companies	66,799,449	42,974,541
- Individuals	36,815,719	27,617,502
- Interest payable	1,122,782	650,738
	<b>109,035,771</b>	<b>74,341,504</b>
Term accounts held for non-residents		
In domestic currency	52,258	59,689
- Interest payable	10	476
In foreign currency	160,746	1,708,745
- Interest payable	466	8,796
	<b>213,480</b>	<b>1,777,706</b>
Total term accounts	<b>225,970,227</b>	<b>169,700,184</b>

As at 31 December 2011 and 2010, customers' term accounts as per currency and average interest rate can be broken down as follows:

	2011			2010		
	Interest rate	Amount in foreign currency	Amount in mAKZ	Interest rate	Amount in foreign currency	Amount in mAKZ
In thousands of Angolan Kwanzas	6.48%	-	115,899,470	16.79%	-	92,105,143
In US Dollars	4.93%	1,102,315,745	105,030,849	5.69%	778,154,379	72,090,557
In Euros	2.63%	24,673,124	3,042,886	3.56%	26,968,492	3,308,954
			<b>223,973,205</b>			<b>167,504,654</b>

As at 31 December 2011 and 2010, customers' term accounts as per residual periods to maturity can be broken down as follows:

	2011	2010
Up to three months	193,955,084	139,030,339
Between three and six months	24,245,337	27,375,476
Between six months and a year	5,772,784	1,098,839
	<b>223,973,205</b>	<b>167,504,654</b>

## 11. FUNDS USED FOR LIQUIDITY

This item relates to the sale of own securities with buy-back agreement, as described in Note 2. d), and can be broken down as follows:

	2011		2010	
	Fixed rate of interest	Amount	Fixed rate of interest	Amount
Treasury Bonds	4.18%	22,580,979	4.02%	14,870,106
Central Bank securities	5.54%	896,394	12.72%	9,937,181
Treasury Bills	-	-	10.10%	358,050
Interest payable	-	206,640	-	441,725
		<b>23,684,013</b>		<b>25,607,062</b>

Around 80% of these operations reach maturity in the first half of the year immediately following the Balance Sheet date.

## 12. OBLIGATIONS IN THE PAYMENT SYSTEM

This item can be broken down as follows:

	2011	2010
Funds tied to imports – foreign currency		
Funds in cash	4,599,698	1,904,295
VISA Collateral (Note 7)	1,612,459	-
Guaranteed cheques – Domestic currency	1,134,154	514,085
Payment orders to be settled received	2,087	2,077
Cheques in foreign currency	261	4,131
	<b>7,348,659</b>	<b>2,424,588</b>

The heading “Funds tied to imports – funds in cash” relates to amounts deposited by customers and held against settlement of import operations.

### 13. OTHER FUNDS RAISED

This item can be broken down as follows:

	2011	2010
Funds from credit institutions abroad		
Loans:		
- Banco BIC Português. S.A. - USD	7,768,385	2,650,489
- Banco BIC Português. S.A. - Euros	-	13,125,243
Interest payable	9,954	62,729
	<b>7,778,339</b>	<b>15,838,461</b>

As at 31 December 2011 and 2010, the loans obtained involve interest at the following annual average rates, broken down as per the nominal rates of their respective point of placement:

	2011	2010
In US Dollars	4.31%	7.00%
In Euros	-	4.55%

As at 31 December 2011 and 2010, the loans obtained can be broken down as follows in terms of residual periods to maturity:

	2011	2010
Up to a month	7,768,385	9,334,140
Between one and three months	-	6,441,992
	<b>7,768,385</b>	<b>15,775,732</b>

## 14. OTHER OBLIGATIONS

This item can be broken down as follows:

	2011	2010
<b>Tax obligations</b>		
- Income tax to be settled (Note 18)	1,830,799	3,038,855
- Contributions on salaries	230,615	178,784
- Stamp duty	19,026	23,706
- Other	1,365	106
	<b>2,081,805</b>	<b>3,241,451</b>
<b>Non-fiscal obligations</b>		
- Revenue with differed income - Guarantees	31,894	14,322
- Other	13	-
	<b>31,907</b>	<b>14,322</b>
<b>Administrative and commercial obligations</b>		
- Holidays and holiday subsidies	568,182	467,660
- Charges on payroll (Note 24)	158,614	386,510
- Security and surveillance	48,874	49,323
- Data circuits	40,862	11,006
- VISA cards	39,319	30,688
- Studies and consultations	37,995	22,492
- Mobile communications	34,477	24,786
- ATM clearance	26,073	182,896
- Other administrative costs	321,613	120,221
- Services rendered by shareholders	-	613,485
	<b>1,276,009</b>	<b>1,909,067</b>
	<b>3,389,721</b>	<b>5,164,840</b>

The balance on the item "Charges on payroll" refers to estimates carried out by the Bank with regard to staff performance bonuses for 2011 and 2010, to be settled in 2012 and 2011, respectively.

As at 31 December 2011 and 2010, the balance on the item "Studies and consultations" is made up of 308,081 EUR (mAKZ 37,995) and 183,311 EUR (mAKZ 22,492), respectively for payment to Banco BIC Português, S.A. for technical consultancy services in setting out and

developing projects under the terms of the contract signed in August 2008.

As at 31 December 2011 and 2010, the balance on the item "ATM clearance", refers to entries through ATMs/POSS and POS for Banco BIC in the closing days of the year and await clearance through EMIS.

As at 31 December 2010, the balance on the item "Services rendered by shareholders", relates to an amount payable for a raft of com-

mercial and organisational support services and other services rendered by shareholders of the Bank during 2010 and 2009, totalling 5,000,000 EUR (mAKZ 613,485) (Note 23).

## 15. PROVISIONS

The entries on provisions for the years ending 31 December 2011 and 2010, are as follows:

	Balances as at 31-12-2010	Reinforce-ment	Repositions and cancellations	Exchange rate variation	Use	Transfers	Balances as at 31-12-2011
Bad and doubtful debt	9,464,047	7,183,419	(2,508,184)	196,650	-	-	14,335,932
Guarantees given	321,282	531,901	(258,781)	17,256	-	-	611,658
Retirement pensions	602,180	208,338	-	18,817	-	(95,663)	733,672
Other provisions	317,553	108,976	-	1,518	(321,248)	95,663	202,462
	<b>10,705,062</b>	<b>8,032,634</b>	<b>(2,766,965)</b>	<b>234,241</b>	<b>(321,248)</b>	<b>-</b>	<b>15,883,724</b>

	Balances as at 31-12-2009	Reinforce-ment	Repositions and cancellations	Exchange rate variation	Use	Transfers	Balances as at 31-12-2010
Bad and doubtful debt	-	-	-	-	-	9,464,047	9,464,047
Loans and interest	6,091,607	3,239,541	(3,579,218)	130,512	-	(5,882,442)	-
General credit risk	2,326,670	2,222,793	(842,334)	42,650	-	(3,749,779)	-
Guarantees given	-	234,713	(88,171)	5,839	-	168,901	321,282
Retirement pensions	473,809	110,375	-	17,996	-	-	602,180
Other provisions	418,513	-	-	27	(100,260)	(727)	317,553
	<b>9,310,599</b>	<b>5,807,422</b>	<b>(4,509,723)</b>	<b>197,024</b>	<b>(100,260)</b>	<b>-</b>	<b>10,705,062</b>

The Board of the Bank will be putting in place a retirement and survival complementary pension plan and to this end a provision has been made for pensions. The balance on this as at 31 December 2011 and 2010 stood at mAKZ 733,672 and mAKZ 602,180, approximately equivalent to 7,700,000 USD and 6,500,000 USD, respectively. In the Board's opinion, the provision for this existing as at 31 December 2011 is sufficient to cover initial responsibilities stemming from the formalisation of the defined contribution plan which it intends to underwrite, after deduction of the responsibilities booked under "Retirement compensation", in line with the provisions of Article no. 262 of the General Labour Law.

Under the terms of legislation in force, responsibilities in terms of "Compensation on retirement" are determined by multiplying 25% of the basic monthly salary as at the date when the employee reaches the legal age for retirement by the number of years of service as at that same date. As at 31 December 2011 and 2010, these responsibilities stood at approximately mAKZ 244,850 and mAKZ 170,300, respectively.

For the years 2011 and 2010, the balance on the item "Other provisions" is for possible contingencies that may occur as a result of the Bank's activities. The item also reflects potential losses in the realisable value of receivables and other assets.

## 16. ENTRIES ON EQUITY

Entries under the headings of equity for the years ending 31 December 2010 and 2011, were as follows:

	Equity	Update of equity	Legal reserves	Other reserves	Potential results	Retained earnings	Results for the year	Total net worth
Balances as at 31 December 2009	2,414,511	5,797,507	3,923,154	10,891,119	-	4,801,496	13,292,165	41,119,952
- Distribution of net results for 2009	-	-	2,658,433	7,310,691	-	-	(9,969,124)	-
- Dividends paid	-	-	-	-	-	-	(3,323,041)	(3,323,041)
- Reserves recalculated through update of equity	-	-	-	-	-	1,357,122	-	1,357,122
- Net results for the year	-	-	-	-	-	-	13,159,965	13,159,965
Balances as at 31 December 2010	2,414,511	5,797,507	6,581,587	18,201,810	-	6,158,618	13,159,965	52,313,998
- Distribution of net results for 2010	-	-	2,631,993	5,263,986	-	-	(7,895,979)	-
- Dividends paid	-	-	-	-	-	-	(5,263,986)	(5,263,986)
- Potential results	-	-	-	-	2,533	-	-	2,533
- Net results for the year	-	-	-	-	-	-	14,905,962	14,905,962
Balances as at 31 December 2011	2,414,511	5,797,507	9,213,580	23,465,796	2,533	6,158,618	14,905,962	61,958,507

### Capital

The Bank was set up with equity totalling mAKZ 522,926 (equivalent to 6,000,000 USD at that date), represented by 522,926 nominal shares of one thousand Angolan Kwanzas each one. This amount was totally paid up in cash.

During 2006, the Bank increase its capital by mAKZ 1,088,751 (equivalent to 14,000,000 USD) and later, in the AGM held on 1 December 2006, a further increase was decided on, taking equity from 20,000,000 USD to 30,000,000 USD, totally paid up, and thereafter represented by 2,414,511 nominative shares of one thousand Angolan Kwanzas each one.

As at 31 December 2011, the shareholder structure of the Bank is as follows:

	Number of shares	Percentage
Sociedade de Participações Financeiras, Lda.	603,628	25.00
Amorim Financial Sector BV	603,628	25.00
Fernando Leonídio Mendes Teles	482,902	20.00
José Ruas Vaz	241,451	10.00
Luís Manuel Cortês dos Santos	120,726	5.00
Manuel Pinheiro Fernandes	120,726	5.00
Sebastião Bastos Lavrador	120,726	5.00
Other shareholders	120,724	5.00
	<b>2,414,511</b>	<b>100.00</b>

As at 31 December 2010, the shareholder structure of the Bank was as follows:

	Number of shares	Percentage
Sociedade de Participações Financeiras, Lda.	603,628	25.00
Amorim Holding Financeira, SGPS, S.A.	603,628	25.00
Fernando Leonídio Mendes Teles	482,902	20.00
José Ruas Vaz	241,451	10.00
Luís Manuel Cortês dos Santos	120,726	5.00
Manuel Pinheiro Fernandes	120,726	5.00
Sebastião Bastos Lavrador	120,726	5.00
Other shareholders	120,724	5.00
	<b>2,414,511</b>	<b>100.00</b>

In line with the provisions of clause 3 of Article 446 of Law no. 1/2004, of 13 February, which governs Company Law, the number of shares held by the members of the governing and su-

pervisory bodies of the Bank, along with the percentages of their holdings, are as follows:

Shareholders	Post	Acquisition	Number of shares	% Holding
Fernando Leonídio Mendes Teles	Chairman of the Board	Nominal value	482,902	20.00%
Fernando José Aleixo Duarte	Member of the Board	Nominal value	24,145	1.00%
Graziela do Céu Rodrigues Esteves	Member of the Board	Nominal value	24,145	1.00%
Graça Maria dos Santos Pereira	Member of the Board	Nominal value	24,145	1.00%

### **Reserve for update of equity**

Following an indication from the Banco Nacional de Angola (Note 2. h)), Banco BIC carried out a revision of the amount set aside for monetary update for 2010, taking this to Retained Earnings on the asset side of the Balance Sheet.

### **Distribution of results**

On 12 April 2011, in the AGM, the following proposal for distribution of results, as set down in the Management Report, was presented by the Board and approved. As a result, the net positive result for 2010, to the amount of mAKZ 13,159,965 (around USD 142 million), was carried forward as follows: 20% for legal reserves, to the amount of mAKZ 2,631,993 (approximately USD 28 million), 40% for distribution in the form of dividends to shareholders (equivalent to around USD 57 million) and the remainder for other reserves.

On 15 April 2010, in the AGM, the following proposal for distribution of results, as set down in the Management Report, was presented by the Board and approved. As a result, the net positive result for 2009, to the amount of mAKZ 13,292,165 (around USD 149 million), was carried forward as follows: 20% for legal reserves, to the amount of mAKZ 2,658,433 (approximately USD 30 million), 25% for distribution in the form of dividends to shareholders (equivalent to around USD 37 million) and the remainder for other reserves.

### **Legal reserves**

Under the terms of current legislation, the Bank is obliged to set up legal reserves until this reaches the total amount of its equity. In order to do this, there is an annual transfer to this item of a minimum of 20% of the net results from the previous year. The funds under this heading can only be used to cover accumulated losses when all other reserves have been used.

## Business combinations

As at 31 December 2010 and 2011, the main balances held by the Bank with business combinations are as follows:

	Banco BIC Português, S.A.	Held by shareholders	Shareholders	Total
<b>2011</b>				
Assets:				
Cash at call (Note 3)	1,239,580	-	-	1,239,580
Placement of liquidity (Note 4)	34,306,302	-	-	34,306,302
Loans to customers (Note 6)	-	22,181,125	2,935,306	25,116,431
Liabilities:				
Deposits (Note 10)	(874,137)	-	-	(874,137)
Other funds (Note 13)	(7,778,339)	-	-	(7,778,339)
Other responsibilities (Note 14)	(37,995)	-	-	(37,995)
Off balance-sheet:				
Irrevocable commitments (Note 17)	19,056,400	-	-	19,056,400
<b>2010</b>				
Assets:				
Cash at call (Note 3)	8,179,665	-	-	8,179,665
Placement of liquidity (Note 4)	20,011,667	-	-	20,011,667
Loans to customers (Note 6)	-	14,525,164	3,504,114	18,029,277
Liabilities:				
Other funds (Note 13)	(15,838,461)	-	-	(15,838,461)
Other responsibilities (Note 14)	(635,977)	-	-	(635,977)
Off balance-sheet:				
Irrevocable commitments (Note 17)	265,102	-	-	265,102

## 17. OFF-BALANCE SHEET HEADINGS

These items can be broken down as follows:

	2011	2010
Guarantees provided and other possible liabilities		
- Guarantees and endorsements provided (Note 6)	28,550,708	14,789,581
- Irrevocable commitments	19,056,400	265,102
- Open documentary credit	8,866,846	6,007,054
	<b>56,473,954</b>	<b>21,061,737</b>
Responsibilities for provision of services		
- Custodianship of securities	451,719	4,365,744
- For collection of amounts - domestic sources	1,431,631	1,323,205
- For collection of amounts - foreign sources	64,770	102,847
	<b>1,948,120</b>	<b>5,791,796</b>

As at 31 December 2011 and 2010, the balance on the item "Irrevocable commitments" refers to a credit line for opening and confirmation of documentary credit and bank guarantees involving the Portuguese arm of the Bank (Banco BIC Português, S.A.) to the amount of USD 200 million and USD 50 million, respectively.

## 18. TAX

The Bank is subject to Angolan corporation tax, known as industrial tax. It is considered to be a Group A taxpayer in the system. Taxation of its earnings is covered by clause 1 and 2 of Article 72 of Law no. 18/92, of 3 July, the rate of tax being 35%, in line with Law no. 5/99, of 6 August.

As at 31 December 2011 and 2010, the reconciliation between profit for accounting purposes and profit for the purposes of assessing corporation tax can be summed up as follows:

	2011	2010
Results before tax	16,736,761	16,198,820
Adjustment		
Tax benefits on earnings from public debt securities or equivalent		
- Interest and similar income (Note 20)		
Treasury Bills	(7,286,004)	(805,842)
Treasury Bonds	(2,231,169)	(1,828,490)
Buy-back operations in the purchase of securities from third parties	(841,815)	-
Financial instruments seen as equivalent to public deb	-	(2,617,991)
- Profit from financial operations		
Results on securities (Note 21)	(1,151,683)	(2,264,054)
	<b>(11,505,907)</b>	<b>(7,516,377)</b>
Taxable profit	5,230,854	8,682,443
Nominal rate of tax	35%	35%
Tax to be settled (Note 14)	<b>1,830,799</b>	<b>3,038,855</b>

As at 31 December 2010, interest on financial instruments seen as equivalent to public debt relates to the mutualist contract agreed with the Angolan State. The exemption from tax was confirmed by an external independent expert who expressed this opinion in a statement based on the legal and tax issues involved.

The income from public debt securities obtained in Treasury Bonds and Treasury Bills issued by the Angolan State is exempt from all taxes, as per the fundamental law on direct public debt (Law no. 16/02, of 5 December) and by regulations in the form of decrees (numbers 51/03 and 52/03 of 8 July). This is further established

through the provisions in paragraph c) of clause 1 of Article 23 of the industrial tax code, where it is expressly stated that the income stemming from public debt securities or equivalent is not liable for any corporation tax that is payable.

In the light of this, when the tax for the years ending 31 December 2011 and 2010 was calculated, the above-mentioned income was subtracted from the gross result of the year. In addition, following the opinion stated by the Bank's tax consultants, the net gains from the exchange revaluation of the securities are, for these purposes, considered to be the equivalent of interest and are as a consequence covered by the concept of income exempt from tax as per the stipulations in force.

The income obtained from operations involving the purchase of securities from third parties with buy-back agreements relate to Treasury Bonds and the interest gained from the buy-back position are exempt from taxation levied through the industrial tax (Note 2. d).

The tax authorities have the right to review the tax situation of the Bank for a period of five years, and corrections to the figures on which tax is levied can arise different interpretations of the legislation. This relates to the amounts paid in the years 2007 to 2011. The Board believes, however, that any corrections that may be made will not give rise to significant changes in the financial statements appended.

## 19. BALANCE ON CURRENCY

As at 31 December 2011 and 2010, the Bank's balance on currency can be broken down as follows:

	2011			2010		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Cash at call	56,032,132	41,409,798	97,441,930	62,409,113	40,206,031	102,615,144
Placement of liquidity						
- Operations in the interbank money market	-	41,133,409	41,133,409	-	27,699,773	27,699,773
- Operations involving purchase of securities from third parties with buy-back agreement	24,098,015	-	24,098,015	-	-	-
- Placement in gold and other precious metals	9,777	-	9,777	9,777	-	9,777
Securities and similar						
- Held-for-trading	112,463,229	-	112,463,229	85,313,767	-	85,313,767
- Available-for-sale	-	1,690,581	1,690,581	-	250,323	250,323
- Held-to-maturity	41,487,935	5,127,534	46,615,469	37,495,901	5,038,687	42,534,588
Credit in the payment system	1,164,927	-	1,164,927	2,262	-	2,262
Foreign exchange operations	-	-	-	-	395,815	395,815
Credit						
- Customer loans	60,846,659	139,615,945	200,462,604	34,554,674	155,958,967	190,513,641
- (-) Provisions for bad and doubtful debt	(5,500,922)	(8,835,010)	(14,335,932)	(2,959,937)	(6,504,110)	(9,464,047)
Other amounts	2,486,201	2,294,080	4,780,281	1,984,685	626,235	2,610,920
Fixed assets						
- Financial fixed assets	74,975	-	74,975	74,975	-	74,975
- Tangible fixed assets	9,683,369	-	9,683,369	8,379,391	-	8,379,391
- Intangible fixed assets	32,340	-	32,340	15,311	-	15,311
<b>Total assets</b>	<b>302,878,637</b>	<b>222,436,337</b>	<b>525,314,974</b>	<b>227,279,918</b>	<b>223,671,722</b>	<b>450,951,640</b>
Deposits						
- Current accounts	112,249,132	81,388,584	193,637,716	98,949,746	79,313,824	178,263,570
- Term accounts	116,773,244	109,196,983	225,970,227	93,641,139	76,059,045	169,700,184
Liquidity raised						
- Operations involving sale of own securities with buy-back agreement	23,684,013	-	23,684,013	25,607,062	-	25,607,062
Operations in the payment system	1,134,154	6,214,505	7,348,659	514,085	1,910,503	2,424,588
Foreign exchange operations	-	-	-	-	397,922	397,922
Other funds raised						
- Other funds raised	-	7,778,339	7,778,339	-	15,838,461	15,838,461
Other responsibilities	2,915,400	474,321	3,389,721	4,057,885	1,106,955	5,164,840
Provisions for probable liabilities	88,148	1,459,644	1,547,792	329,658	911,357	1,241,015
<b>Total liabilities</b>	<b>256,844,091</b>	<b>206,512,376</b>	<b>463,356,467</b>	<b>223,099,575</b>	<b>175,538,067</b>	<b>398,637,642</b>
Assets/(Liabilities) - net	46,034,546	15,923,961	61,958,507	4,180,343	48,133,655	52,313,998

## 20. INCOME AND COSTS OF FINANCIAL INSTRUMENTS

These items can be broken down as follows:

	2011	2010
Income from financial instruments on the assets side		
From loans	20,826,348	23,086,710
From securities and equivalent		
- Treasury Bills (Note 18)	7,286,004	805,842
- Central Bank securities	4,915,493	7,623,751
- Treasury Bonds (Note 18)	2,231,169	1,828,490
	<b>14,432,666</b>	<b>10,258,083</b>
From surplus liquidity placement		
- Third-party securities with agreement for resale (Note 18)	841,815	-
- Abroad	609,341	196,391
- In Angola	161,316	63,407
	<b>1,612,472</b>	<b>259,798</b>
<b>Total income from financial instruments on the asset side</b>	<b>36,871,486</b>	<b>33,604,591</b>
Costs from financial instruments on the liabilities side		
From deposits	53,525	141,035
- Current accounts	17,012,807	13,634,697
- Term accounts	17,066,332	13,775,732
From liquidity surplus		
- Securities sold with buy-back agreement	1,242,896	3,214,482
- Funds from other credit institutions	749,152	913,643
	<b>1,992,048</b>	<b>4,128,125</b>
<b>Total costs of financial instruments on the liabilities side</b>	<b>19,058,380</b>	<b>17,903,857</b>
- Financial margin	17,813,106	15,700,734

## 21. RESULTS FROM TRADING AND ADJUSTMENTS AT FAIR VALUE

In the years ending 31 December 2011 and 2010, this heading corresponds fundamentally to gains in foreign exchange on the portfolio of securities issued in or indexed to a foreign currency, along with the upside valuation of other indexed securities. These figures can be broken down as follows:

	2010	2011
Capital gains	1,734,167	4,074,144
Capital losses	(584,867)	(1,790,369)
	<b>1,149,300</b>	<b>2,283,775</b>

## 22. RESULTS FROM FOREIGN EXCHANGE OPERATIONS

In the years ending 31 December 2011 and 2010, this heading corresponds fundamentally to gains in purchase and sales transactions in foreign currency undertaken by the Bank, along with the revaluation of the foreign exchange position as described in Note 2. b). This item can be broken down as follows:

	2011			2010		
	Profit	Loss	Net	Profit	Loss	Net
Results in foreign exchange	13,245,140	(4,841,088)	8,404,052	8,404,653	(1,501,415)	6,903,238
Results in notes and coins	330,732	(82,374)	248,358	342,340	(234,225)	108,116
	<b>13,575,872</b>	<b>(4,923,462)</b>	<b>8,652,410</b>	<b>8,746,993</b>	<b>(1,735,640)</b>	<b>7,011,353</b>

## 23. RESULTS FROM THE PROVISION OF FINANCIAL SERVICES

This item can be broken down as follows:

	2011	2010
Income		
Commissions on payment orders issued	1,003,320	845,128
Commissions on Visa cards	472,756	302,426
Commissions for guarantees and endorsements	429,158	257,911
Commissions – Ministry of Finance	384,041	189,227
Commissions on EMIS transactions	320,597	235,145
Commissions for loans and documentary remittances	303,772	194,660
Commissions for opening or renewing accounts with restrictions	109,206	126,288
Commissions for cheques issued	2,983	9,573
Other commissions	362,211	34,496
	<b>3,388,044</b>	<b>2,194,854</b>
Costs		
Commissions on EMIS transactions	(192,645)	(131,266)
Commissions for guarantees received	(91,112)	(77,323)
Commissions for other services	-	(360,314)
Other commissions	(55,815)	(73,060)
	<b>(339,572)</b>	<b>(641,963)</b>
	<b>3,048,472</b>	<b>1,552,891</b>

In 2010, the balance on the item “Commissions for other services” refers to 2,900,000 EUR (mAKZ 360,314) relating to services provided by shareholders of the Bank during 2010.

## 24. PAYROLL CHARGES

These items can be broken down as follows:

	2011	2010
Remunerations	3,712,562	3,127,491
Variable payments – Performance bonuses		
- Paid during the year	2,066,020	1,708,039
- To be paid (Note 14)	158,614	386,510
Mandatory social charges	252,396	219,299
Optional social charges	231,976	196,704
Others	164,289	118,527
	<b>6,585,857</b>	<b>5,756,570</b>

## 25. THIRD PARTY SUPPLIES

These items can be broken down as follows:

	2011	2010
Security and surveillance	791,548	557,886
Communication and despatch	746,965	660,339
Advertising	544,073	534,822
Printed material and items for everyday use	493,030	252,953
Conservation and repairs	456,501	394,732
Rentals	310,558	343,370
Water, electricity and fuel	254,442	118,403
Travel and out-of-pocket expenses	157,919	208,777
Specialist IT services	127,861	69,078
Cleaning services	108,220	81,677
Fees and donations	48,967	43,431
Insurance	43,933	74,026
Employee training	31,808	17,918
Other	96,426	226,519
	<b>4,212,251</b>	<b>3,583,931</b>

## 26. OTHER OPERATING INCOME AND COSTS

This item can be broken down as follows:

	2011	2010
Income for the provision of sundry services:		
- Sale of currency / withdrawals	1,018,547	991,102
- Issuing of cheques	301,043	254,684
- Others	18,758	26,859
Refund of expenses:		
- On payment orders	291,706	286,788
- Others	42,661	44,612
Postage and related expenses	259,891	265,593
Others	358,198	335,841
	<b>2,290,804</b>	<b>2,205,479</b>
Sundry costs and losses	(102,179)	(163,333)
	<b>2,188,625</b>	<b>2,042,146</b>

## 27. NON-OPERATIONAL RESULTS

These items can be broken down as follows:

	2011	2010
Extraordinary gains:		
Surplus on estimate for holidays and holiday subsidy	234,886	154,291
Collection of interest on late payment, net of cancellations	348,953	143,441
Others	115	5,195
	<b>583,954</b>	<b>302,927</b>
Other extraordinary losses	(5,876)	(22,816)
	<b>578,078</b>	<b>280,111</b>

## 28. NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with the accounting principles established in the Chart of Accounts for Financial Institutions (Plano de Contas das Instituições Financeiras), as defined by Banco

Nacional de Angola, some of which may not conform to generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

# 21 | AUDITOR'S REPORT



Accountants &  
business advisers

## AUDIT REPORT

### Introduction

1. We have examined the attached financial statements of **Banco BIC, S.A.**, which comprise the Balance Sheet as at 31st December 2011 (which shows total assets of 525.314.974 tAKZ and total shareholders equity in the sum of 61.958.507 tAKZ, including a net profit in the sum of 14.905.962 tAKZ), the income statement, the statements of changes in equity and the cash flow statements for the year then ended and the corresponding Notes.

### Responsibilities

2. It is the responsibility of the Bank's Board of Directors to prepare financial statements which present fairly, in all material respects, the financial position of the company and the results of its operations, the change of equity and their cash flows, as well as to adopt appropriate accounting policies and criteria and to maintain an adequate system of internal control.
3. Our responsibility is to express an independent and professional opinion on these financial statements based on our examination.

### Scope

4. We conducted our examination in accordance with the generally accepted audit standards, which require that we plan and perform the examination to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Accordingly, our examination included:
  - verification, on a test basis, of the evidence supporting the amounts and disclosures contained in the financial statements, and accessing de reasonableness of the estimates, based on judgments and criteria of Bank's Board of Directors used in the preparation of the financial statements;
  - assessing the appropriateness and consistency of the accounting policies adopted and their disclosure, as applicable;
  - assessing the applicability of the going concern basis of accounting;
  - an appraisal of the overall adequacy of the presentation of the financial statements.
5. We believe that our examination provides a reasonable basis for our opinion.

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#### **Opinion**

6. In our opinion, the financial statements referred in paragraph 1 above, present fairly in all material respects, the financial position of **Banco BIC, S.A.** as at 31st December 2011 and the results of its operations, the change in equity and its cash flows for the year then ended, in conformity with generally accepted accounting principles in Angola for the banking sector (note 2).

#### **Emphasis**

7. Without affecting our opinion expressed in the preceding paragraph, we draw attention the discloser mentioned in note 1.1 to the financial statements. On 20<sup>th</sup> October 2011, Banco Nacional de Angola (BNA) requested to the Banco BIC, S.A. the correction of the 2010 reserves for monetary correction of own funds. According with letter from BNA, dated of 26<sup>th</sup> March 2012, Banco BIC, S.A. adjusted the amount of tAKZ 1.357.122 from reserves for monetary correction of own funds to retain earnings (Note 16).

Luanda, 12th April 2012



PKF ANGOLA – Auditores e Consultores, S.A.

To the shareholders of  
Banco BIC, S.A.

#### REPORT OF THE FISCAL BOARD

1. In the development of our legal attributions and according to the attributed mandate, we have followed the operations of **Banco BIC S.A.** during the period of 2011 and carried-out the verifications that we believed to be convenient in the circumstances, namely those related to bookkeeping, accounting entries and supporting documentation, having always obtained, either from Board of Directors of the Bank, the necessary explanations.
2. We followed the Bank's operations during the period. In the end of the period we have examined the statutory financial reporting documents, which were done in obedience to the legal requirements and reflecting the Bank's situation and the major operations.
3. We analysed the Audit Report issue by PKF Angola, S.A. with we agreed.
4. In the development of our legal attributions, we have examined the balance sheet, the statements of income, statements of changes in shareholders equity and the statements of cash flow, as at 31<sup>st</sup> December 2011, and the notes to the financial statements, including the accounting policies.
5. Adicionnaly, we have examned the Director's Report and the suggestion of Board of Directors regarding the application of the net income.
6. Considering the above mentioned, taking into account the conclusions of the Statutory Auditor, it is our opinion that the Annual Shareholders Meeting may approve:
  - a) The Director's Report related to the period of 31<sup>st</sup> December 2011;
  - b) The Financial Statements presented;
  - c) The suggestion of Board of Directors regarding the application of the net income.

Luanda, 12<sup>th</sup> April 2012

The Fiscal Board:



Henrique Manuel Cambes Serra  
Presidente

Ana Sofia Almeida Vogal

Ana Sofia Almeida  
Vogal



Maria Ivone de Freitas Pereira dos Santos  
Vogal



