

annual  
report

2017



**BancoBIC**

Growing together



**annual  
report**

**2017**



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Growing together



# Growing together

On May 2017, we celebrate our 12<sup>th</sup> anniversary. These are 12 years of growth and successes which lead us to a top position on the Banking Sector.

Modern, dynamic and using the most modern technologies, BIC aims to be a solid, profitable, socially responsible, efficient and agile bank, focused on the value creation and on being a partner of companies and families.

Throughout the years, Banco BIC remained loyal to the brand's values, based on the permanent contribute for the economic, cultural and social development of Angola.

A Bank which is still growing with a national and international presence, where we embody the motto "Growing Together".



We want to grow in a sustainable and innovative way, offering the best solutions to the clients



# contents

<b>Message from the Chairman</b>	<b>04</b>
----------------------------------	-----------

<b>Key Performance Indicators</b>	<b>08</b>
-----------------------------------	-----------



## **01 | Banco BIC Angola 10**

Organisational Structure	12
Organisational Chart	16
Remuneration Policy	26
Mission, Vision and Values	27



## **02 | Macroeconomic Background 30**

World Economy	32
Angolan Economy	37
Positioning of Banco BIC in the Banking Sector	44



## **03 | Business Environment 48**

Main Business Lines	50
Distribution Network And Geographical Presence	53
Milestones	54
Marketing and Communication	60
Information Technologies	64
Human Resources	66



## **04 | Risk Management System 70**

Risk Management	72
Compliance	74
Risk Management Policies and Processes	74



## **05 | Money Laundering and Terrorist Financing 82**



## **06 | Financial Analysis 86**

Financial Analysis	88
Balance Sheet	90
Income Statement	98
Proposed Appropriation of Net Profit	101



## **07 | Financial Statements and Notes 102**

Financial Statements	104
Annex to the Financial Statements	108
Audit Report	190
Supervisory Board Report	192

# **Message from the Chairman** of the Board of Directors



Dear Sirs,

In 2017, although in a context of some recovery, the maintenance of the oil price at low levels continued to negatively affect the Angolan economy, impacting the reduction of the fiscal revenues, the inflation acceleration, a greater unbalance of the exchange market, the severe decrease of the Net International Reserves, as well as the increase of the market interest taxes and, subsequently, the lower investment encouragement.

The decrease of the foreign currency revenue has been having a material impact on the exchanges, specially on the Net International Reserves, which decrease about 38% compared to last year, for a stock of 13.3 thousand millions of dollars on December 31st 2017. The sales volume of foreign currency to the commercial banks by the National Bank of Angola (NBA) increased about 12.2 thousand millions of dollars during 2017, about 50% below the annual average volumes sold between 2013 and 2015.



**The sales volume of foreign currency to the commercial banks by the National Bank of Angola increased about 12.2 thousand millions of dollars during 2017**





**Our banking network was strengthened with investment on communication infrastructures and technologies and we started a set of new online services to ease the access to the Bank on all levels.**



In this scenario of greater restraint, the BNA, as a regulator of the foreign exchange market, has sought to allocate the available currencies to the sectors and customers defined as priorities.

In 2017, the official Kwanza exchange compared to the US Dollar was almost constant (devaluation of about 23% in 2016) which, naturally, led to the reduction of the rhythm of increase of the basic consumption products, especially of the imported products. The inflation rate for 2017 was fixed at about 26%, compared to a rate of 42% observed on the previous year.

Therefore, although a certain economic recovery was observed in 2017, there are still substantial macroeconomic unbalances on the country, which represent constant challenges to the several economic agents as a whole or to the Commercial Banking, in particular.

Nevertheless, despite the less favourable scenario, Banco BIC maintains its commitment to its customers and to the country, seeking sustainable solutions, with the support of business projects that contribute for the economic development of Angola. In this domain, mainly on the primary sector, we continue to support the financing projects carried out within the Angola Invest program, with the support of the Ministry of Economy, and we launch new products, framed on BIC Agro.

On the other hand, we keep our commitment to granting credit to the Angolan Government, either through the acquisition of Public Debt securities or through direct financing, which has allowed for the implementation of many infrastructure projects of vital importance to the general population.

Our banking network was strengthened with investment on communication infrastructures and technologies and we started a set of new online services to ease the access to the Bank on all levels. On the central services, we maintained our focus on the investment associated with the areas of Internal Control, Risk and Compliance, aiming to make Banco BIC a national reference on these domains, in line with the best international practices.



We celebrate our 12<sup>th</sup> anniversary on May 2017. Twelve years of growth and success that got us a place at the top of the Banking Sector. The reach of a Bank that spans all across Angola, with 227 branches, affecting the lives of 2.067 employees and over 1.3 million customers. This is the scale of the private bank with the largest commercial network in Angola.

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We continue to grow within and outside Angola. We are an Angola Bank with international presence, in five different countries: Portugal, Cape Verde, South Africa, Namibia and we are focused on opening, soon, in China.

The direction of our growth has also led us to new business prospects and innovative services, as well as other forms of participation in society, other than banking. The insurance business, initiated with the launch of BIC Seguros, is a good example of this and, although recent, it is already a successful project. Soon, we aim to reach the securities and property funds.

The year of 2017 was particularly demanding and intense, but we were able to rely on everyone's commitment and collaboration to overcome our challenges every day. Adding sustainability to the national economy means maintaining a sound, efficient and competitive financial system, which is engaged and committed to the development and well-being of society as a whole.

Lastly, a word of thanks for the trust and support showed by our shareholders, our customers and all other stakeholders. In Angola, as in all the other countries of the "BIC Universe", we embody the motto "We grow together".



**Fernando Mendes Teles**

The Chairman of the Board of Directors

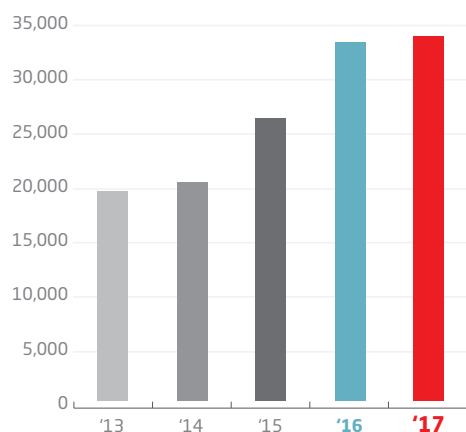
# + Key Performance INDICATORS

1,011,991<sub>AKZ</sub>  
NET TOTAL ASSETS

1,752,420<sub>AKZ</sub>  
BUSINESS TURNOVER

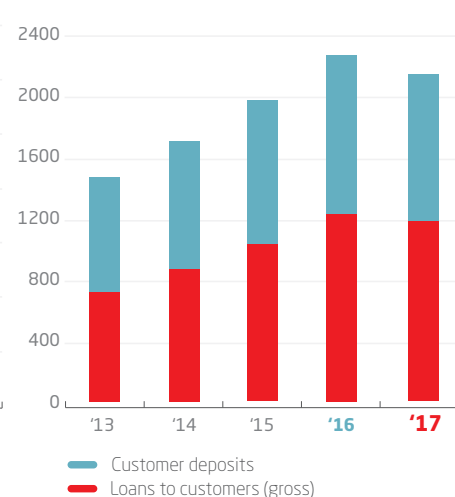
2,067  
EMPLOYEES

NET INCOME FOR THE YEAR  
(million AKZ)



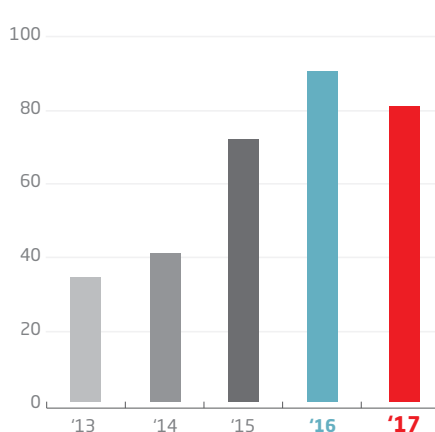
Increase of 1.72% compared to 2016.

CUSTOMER LOANS AND RESOURCES  
(million AKZ)



Slight turnover decrease.

CUSTOMER LOANS AND RESOURCES  
(million AKZ)



Evolution of the bank product influenced by the decrease of the exchange income in 2017, compared to the previous year, essentially justified by the devaluation of the Angolan Kwanza compared to the US Dollar in 2016.



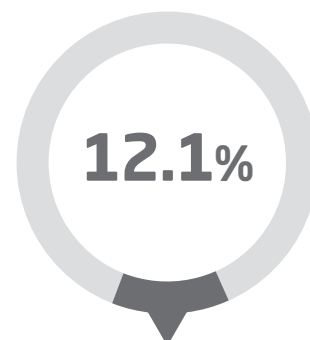
**OPERATING COSTS/  
NET OPERATING INCOME**

Slight deterioration of the cost to income ratio, arising from the decrease of the bank product.



**REGULATORY  
SOLVENCY RATIO**

Ratio higher at the minimum of 10% demanded by the National Bank of Angola.



**LOANS  
WITH DEFAULT**

The degree of coverage increased 196%

Amounts expressed in thousands of Angolan Kwanzas

	<b>'17</b>	<b>'16</b>	<b>Δ%</b> 2017/2016	<b>Δ%</b> 2017/2016
Net Total Assets	1,011,991	1,027,033	(15,042)	-1%
Business Turnover	1,752,420	1,854,955	(102,535)	-6%
Credit to the Economy	965,185	1,004,522	(39,337)	-4%
Customer loans	372,395	379,000	(6,605)	-2%
Loans to the state	522,525	546,556	(24,031)	-4%
Off balance sheet items	70,265	78,966	(8,701)	-11%
Customer funds	787,235	850,433	(63,198)	-7%
Business turnover per employee	847,8	896,5	(49)	-5%
Income from financial brokerage	79,166	88,749	(9,583)	-11%
Income from financial brokerage per employee	38,30	42,89	(5)	-11%
Administrative and commercialization costs/ Income from financial brokerage	36.0%	34.1%	(0.02)	-6%
Staff Costs / Income from financial brokerage	24.4%	18.8%	(0.06)	-30%
Net income for the year	34,253	33,663	590	2%
Net position	118,442	112,969	5,473	5%
Pre-tax income/average net assets	3.5%	3.5%	(0.00)	0%
Income from financial brokerage/average net assets	7.8%	8.9%	(0.01)	-12%
Pre-tax income/average shareholder's equity	31.2%	33.1%	(0.02)	-6%
Regulatory Solvency Ratio	16.0%	14.3%	0.02	12%
Number of Branches	227	226	1	0%
Number of Employees	2,067	2,069	(2)	0%
Number of customers	1,423,363	1,320,307	103,056	8%

Amounts expressed in thousands of North-American Dollars

	<b>'17</b>	<b>'16</b>	<b>Δ%</b> 2017/2016	<b>Δ%</b> 2017/2016
Net Total Assets	6,099	6,191	(92)	-1%
Business Turnover	10,561	11,180	(619)	-6%
Credit to the Economy	5,816	6,054	(238)	-4%
Customer loans	2,244	2,284	(40)	-2%
Loans to the state	3,149	3,294	(145)	-4%
Off balance sheet items	423	476	(53)	-11%
Customer funds	4,745	5,126	(381)	-7%
Business turnover per employee	5,1	5,4	(0)	-5%
Income from financial brokerage	477	535	(58)	-11%
Income from financial brokerage per employee	0.23	0.26	(0)	-11%
Administrative and commercialization costs/ Income from financial brokerage	36.1%	34.2%	(0.02)	-6%
Staff Costs/ Income from financial brokerage	24.3%	18.7%	(0.06)	-30%
Net income for the year	206	203	3	1%
Net position	714	681	33	5%
Pre-tax income/ average net assets	3.5%	3.2%	0.00	9%
Income from financial brokerage/ average net assets	7.8%	8.0%	(0.00)	-3%
Pre-tax income/average shareholder's equity	31.1%	29.9%	0.01	4%
Regulatory Solvency Ratio	16.0%	14.3%	0.02	12%
Number of Branches	227	226	1	0%
Number of Employees	2,067	2,069	(2)	0%
Number of customers	1,423,363	1,320,307	103,056	8%



we grow with  
**ambition**

Our ambition, inside and outside of Angola,  
have always been to grow more and more.  
Today, 12 years later, we are the Angolan  
Private Bank with the greatest internationalisation.

GROWING TOGETHER

# Organisational Structure

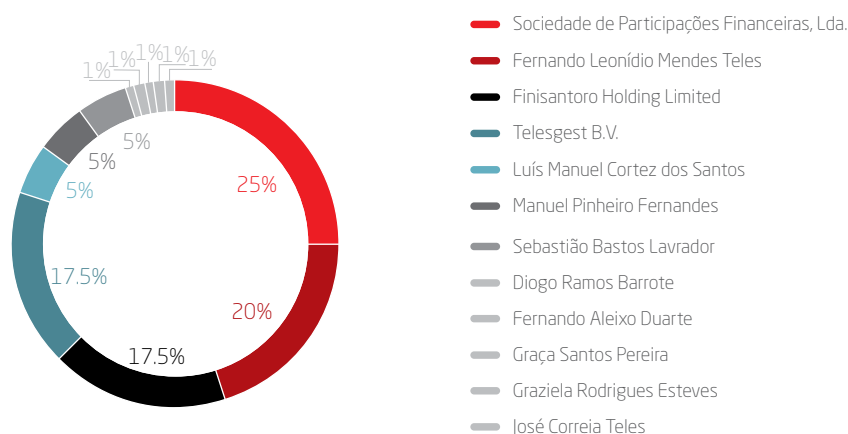
## Governance Model

The Bank's governance model is set out in its Bylaws and complies with the requirements of the Financial Institutions Act (Law No. 12/2015 of 17 June). Its Statutory Bodies are its Governing Bodies, namely the General Meeting and its Chairman, the Board of Directors, the Executive Committee of the Board of Directors, the Supervisory Board and also the Board of the General Meeting and the External Auditor.

Banco BIC was established by the Public Deed of 22 April 2005, following the communication issued by the National Bank of Angola of 19 April 2005, which authorised its incorporation, and it registered office is located at Edifício Banco BIC, in the Borough of Talatona, Municipality of Samba, Luanda.

The Bank is dedicated to obtaining funds from third parties in the form of deposits or other valuables, which it uses, together with its own resources, to grant loans, make deposits at the National Bank of Angola, investments in credit institutions and acquire securities and other assets, for which it is duly authorised. It also provides other banking services and carries out various types of operations involving foreign currencies.

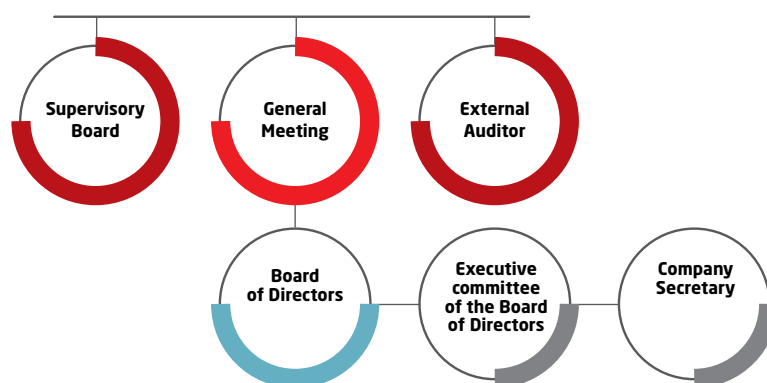
The share capital of Banco BIC is broken down as follows:



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

## ORGANIZATIONAL STRUCTURE

The members were elected for the 2017/2020 three-year period at the General Meeting of 27 April 2017



## General Meeting

The General Meeting is the governing body that comprises all of the Bank's Shareholders, which is governed in accordance with the Bylaws. Its main responsibilities include:

- Appointing the members of the Board of Directors, of the Supervisory Board, the Chairman, the Vice-Chairman and the Secretaries of the Board of the General Meeting and the External Auditor;
- Appraisal of the annual report of the Board of Directors, discussion and vote on the Bank's balance sheet and accounts, considering the opinion of the Supervisory Board and the External Auditor;
- Approving the fixed and/or variable remuneration of the members of the statutory bodies;
- Deciding on the appropriation of profit, upon a proposal from the Board of Directors;
- Deciding on amendments to the Bylaws.

## Board of Directors

The Board of Directors is currently composed of ten members, and the Bank's executive management is in the hands of eight directors, who are appointed by the Board from among its members.

The meetings of the Board of Directors are held at least every quarter, and whenever deemed necessary and convened by the Chairman of the Board of Directors.

With the purpose of regulating its internal functioning, the Board of Directors has delegated to an Executive Committee, composed of eight members, the day-to-day management of the Bank, within the limits laid down in the resolution that approved such delegation.

## Executive Committee of the Board of Directors

The Executive Committee of the Board of Directors, as part of its competences and subject to the action plans and the annual budget, as well as to other measures and guidelines approved by the Board of Directors, possesses extensive management powers to conduct the Bank's current activity, which is constantly monitored by the Board of Directors, the Supervisory Board, and the External Auditor.

All the members of the Executive Committee play an active role in the day-to-day management of the Bank's business, being responsible for one or more specific business areas, according to the respective profile and individual expertise, without prejudice to a greater or lesser focus on one specific area by one of the members.

The Executive Committee of the Board of Directors meets at least once a month, as convened by its Chairman.

## Company Secretary

The Company Secretary is appointed by the Board of Directors and the duration of his duties coincides with the term of office of the appointing members of the Board of Directors.

## Supervisory Board

The composition of the Supervisory Board is governed by the provisions of the Bylaws and comprises a Chairman and two permanent members. The Supervisory Board meets at least once every quarter.

## External Auditor

The external auditing is ensured by PKF Angola - Auditores e Consultores, S.A. The rules governing the provision of services by the External Auditor are set out in Notice no. 04/2013 of 22 April of the National Bank of Angola.

The Bank considers that the incumbent External Auditors possess the required availability, knowledge, expertise and repute for properly fulfilling their duties.



# + Composition of the Governing Bodies



## EXECUTIVE COMMITTEE

Jaime Galhoz Pereira (Director))  
Fernando Aleixo Duarte (Director))  
José Manuel Cândido (Director))  
Graziela Rodrigues Esteves (Director))  
Graça Maria Pereira (Director))  
Fernando Mendes Teles (Chairman))  
Pedro Nunes M'bingani (Director))  
Hugo Silva Teles (Director))





## **General Meeting**

### **Chairman**

Manuel Pinheiro Fernandes

### **Secretary**

Luís Manuel Cortês dos Santos

## **Board of Directors**

### **Chairman**

Fernando Mendes Teles

### **Members**

Graziela Rodrigues Esteves  
 Fernando Aleixo Duarte  
 Graça Maria Pereira  
 Hugo Silva Teles  
 Jaime Galhoz Pereira  
 José Manuel Cândido  
 Pedro Nunes M'Bidingani  
 Isabel José dos Santos (\*)  
 Amadeu Maurício (\*\*)

## **Executive Committee of the Board of Directors**

### **Chairman**

Fernando Mendes Teles

### **Members**

Graziela Rodrigues Esteves  
 Fernando Aleixo Duarte  
 Graça Maria Pereira  
 Hugo Silva Teles  
 Jaime Galhoz Pereira  
 José Manuel Cândido  
 Pedro Nunes M'Bidingani

## **Company Secretary**

Marta Carvalho

## **Statutory Board**

### **Chairman**

Sérgio Henrique Serra

### **Member**

Maria Ivone dos Santos

## **External Auditor**

PKF Angola - Auditores e Consultores, S.A.

(\*) Non-executive Director    (\*\*) Independent Non-executive Director

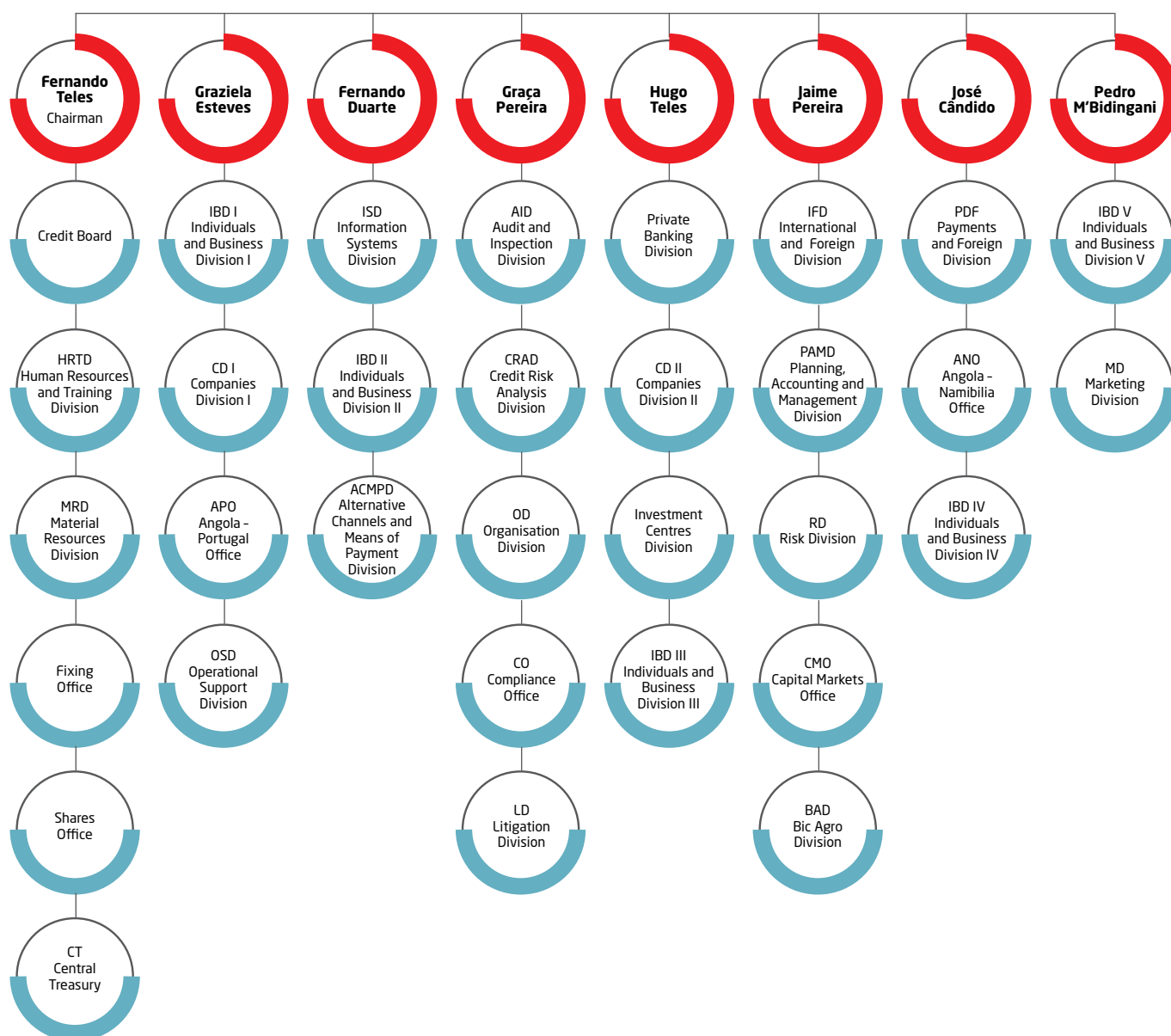
The Bank is currently assessing the composition of its governing bodies, particularly regarding the requirements related to the number of members of each body, as well as its composition.

# Organisational chart

The Bank's functional organisation makes for a clear distinction between the areas and functions of each Division and/or office, under the purview of each executive director.

The Bank's functional organisational chart can be presented as follows:

## EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS



## Composition of the Structural Units

### Fernando Teles

Chairman



#### MAIN DUTIES:

- Recruiting Human Resources, which includes human resources planning, looking for candidates on the market, recruitment, selection and integration;
- Allocating Human Resources, which includes an analysis and description of duties to be performed, personnel placement (horizontally, vertically or diagonally), career planning and merit or performance assessment;
- Maintaining Human Resources, which includes remunerations (payroll management), social benefit schemes (health), other benefits (Loans), workplace hygiene and safety, records, control of personnel and work relationships (declarations, employment certificates, among others);
- Developing Human Resources, which includes training and personnel development plans, and,
- Controlling Human Resources, which includes management indicators, human resources information systems (search for and handling of data, statistics, records, reports, tables and statements).

#### Operational support and accounting department

Senior Director: Telma Pinheiro

Deputy Director: Sarah Figueiredo

Number of employees: 5



#### MAIN DUTIES:

- Head processes to organise and promote tenders/queries of previously selected suppliers, analyse the proposals and prepare documents for the selection/approval of said proposals;
- Negotiate, enter into, award, renew, amend, review or terminate contracts for the provisions of goods and services;
- Manage all procurement and orders related to real estate, equipment including computer equipment and mobile communications (mobile telephones and dongles for mobile internet access), services, stationery/consumables, and books and periodical publications; and,
- Ensure the physical planning of spaces allocated to the Bank's business, suggesting and justifying solutions which optimise and streamline the allocation and use of space to the various Departments, as well as compliance with prevailing technical, operational, safety and environmental requirements.

#### Operational support and accounting department

Senior Director: Alberto Castelo Branco

Number of employees: 43



#### MAIN DUTIES:

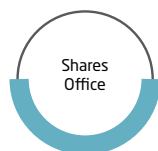
- Ensure the verification and accuracy of the legal documents that are part of the process associated with each operation;
- Conduct a prior analysis of operations approved in the decision-making process, validating the documentation submitted as well as the correct and appropriate framework in accordance with prevailing law and product and service manuals; and,
- Request the reassessment of the operations in the appropriate decision making process should any discrepancies be found, suggesting the respective framework in order to properly formalize the operation.

#### Operational support and accounting department

Senior Director: José Carlos Silva

Deputy Director: Helga Peres

Number of employees: 12

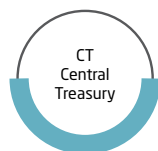
**MAIN DUTIES:**

- Ensure Life and Non-Life Insurance Policies are carried out and issued by virtue of the guarantees associated with Loans granted by the Bank; and
- Ensure the Maintenance of Policies/ Amendments/ Cancellations/ Replacements associated with Loan products.

**Operational support and accounting department**

Senior Directors: Fátima Monteiro/Joaquim Moutinho

Number of employees: 3

**MAIN DUTIES:**

- Ensure that the collection and delivery of amounts from Branch vaults are carried out within the stipulated time frame for such purpose;
- Ensure that the cap amount established for the amounts in the Branch vaults is never exceeded, thus mitigating operational risk; and,
- Ensure that cash amounts at the Bank are never exceeded, arranging for deposits at the Central Bank.

**Operational support and accounting department**

Senior Director: Inocência Almeida

Number of employees: 20

## Graziela Esteves

### Member

**MAIN DUTIES:**

- Define and implement operating policies within the scope of the business strategy established by the Bank's Board of Directors;
- Bolster the attraction of Customers and businesses in its target segment;
- Analyse market conditions;
- Establish business goals, in collaboration with the Board of Directors and the Business Divisions constituting the Branch Network;
- Monitor and control the Division's overdue loans and promote loan recovery;
- Monitor and collaborate in the measures to minimize the potential risk of Customers who show warning signs, which may not exclusively be default; and,
- Analyse reports from the Audit and Inspection Division (DAI) on business and administrative activities, control and foster the correction of anomalies and inform the Director of the area of measures taken, in writing.

**Business Area**

Senior Director: Henrique Oliveira

Division Directors: Edna Gaspar/Pedro Marta/Marcília Gonçalves

Number of employees: 239

**MAIN DUTIES:**

- Define and implement commercial acting policies, within the commercial strategy determined by the Bank's Board of Directors;
- Dynamize the gathering of clients and business on its target segment;
- Analyze the market conditions;
- Establish commercial goals, in articulation with the Board of Directors and the Commercial Boards of the Agencies Network;
- Monitor and control the Board's overdue loan and promote its recovery;
- Monitor and collaborate on the measures that minimize the potential risk in Clients that show alert signals, besides the non-compliance of the operations; and
- Analyze reports of the Audit and Inspection Board (DAI) on the commercial and administrative activities, control and promote the correction of anomalies and notify, in written form, the Board director, of the measures undertaken.

**Business Area**

Senior Director: Pedro Velado

Division Directors: Dacia Nascimento/Luena Fundões/Dinamene Monteiro/José Assis

Number of employees: 60

**MAIN DUTIES:**

- With regard to further developing the Bank's internationalisation, ensure and/or facilitate the business relationship between Banco BIC Angola, S.A. and Banco BIC Português, S.A. and the respective Customers (or potential Customers); and,
- With regard to the aforementioned business relationship, ensure the creation and maintenance of efficient process and communication channels in strict compliance with the legal framework of the two countries and with the Institutions' internal rules.

**Operational support and accounting department**

Senior Director: José Carlos Silva

Number of employees: 3

**MAIN DUTIES:**

- Receive loan proposals submitted by the Business Networks and record them to monitor and control said proposals;
- Provide the Business Network with the necessary support regarding requests for information on the status of credit operations;
- Debit any contract commissions and expenses to the customer.

**Operational support and accounting department**

Senior Director: Jerusa Guedes

Deputy Director: Katimbala Inglês

Number of employees: 12

## Fernando Duarte

Member

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**MAIN DUTIES:**

- Identify and promote the definition of strategic guidelines for action related to Information Systems and respective technological resources;
- Comprehensively manage the components of the information systems and technology infrastructure in order to assure they are properly aligned with current needs and identify the likely impact arising from new requests made by the various Business Areas; and,
- Ensure the planning and implementation of measures needed to adopt resources and methods that adhere to strict conditions when it comes to productivity, efficiency, quality, control, safety, service levels and cost.

**Operational support and accounting department**

Senior Director: Luis Nikolai

Assistant Director: Rui Valente

Number of employees: 28

**MAIN DUTIES:**

- Define and implement commercial acting policies, within the commercial strategy determined by the Bank's Board of Directors;
- Dynamize the gathering of clients and business on its target segment;
- Analyze the market conditions;
- Establish commercial goals, in articulation with the Board of Directors and the Commercial Boards of the Agencies Network;
- Monitor and control the Board's overdue loan and promote its recovery;
- Monitor and collaborate on the measures that minimize the potential risk in Clients that show alert signals, besides the non-compliance of the operations; and
- Analyze reports of the Audit and Inspection Board (DAI) on the commercial and administrative activities, control and promote the correction of anomalies and notify, in written form, the Board director, of the measures undertaken.

**Business Area**

Senior Directors: José Assis/Amílcar Aguiar/Francisco Lourenço/António Silva

Coordinating Directors: Maria Fátima Silva/Elizabeth Pina

Division Directors: Edgar Magalhães/Fábio Leitão/Francisco Melo/João Ivungo/

Justina Praça/Patricia Faria/Simão Finde/José Antunes

Number of employees: 701

**MAIN DUTIES:**

- Ensure the efficient implementation and operation of the operational processes concerning the following products and services: Bank Cards (Debit, Credit or others); Automatic Payment Terminals (APM), ATM machines; Interactive Service (netBanking - Individuals; netBanking - Companies); and Other Alternative Channels (MobileBanking, TabletBanking, SMS Banking, among others);
- Contribute, in articulation with other Organic Units of the Bank, for the definition of new products and services, campaigns and promotional actions, new functions or improvement of those already existing; and,
- Ensure a correct and permanent operation of the APM and ATM.

**Operational support and accounting department**

Senior Director: N'Kiniani Rangel

Deputy Director: Márcia Lima

Number of employees: 31

## Graça Pereira

### Member

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**MAIN DUTIES:**

- Define and prepare the Annual Audit Plan, ensuring the implementation thereof;
- Ensure that all Branches, Business Centres, Investment Centres, and all Central Departments of the Bank are audited;
- Prepare audit reports, including the suggestion of corrective measures to be adopted for irregularities or discrepancies identified during the audit;
- Conduct an analysis of complaints made by Customers which justify action by DAJ, in collaboration with the Body of the Bank involved and collaborating, when necessary, in the preparation of the respective response; and,
- When necessary, conduct inspections (technical analysis and assessment) to Bodies or events which may show irregularities or for the purpose of ascertaining responsibility for the situations in which they occurred or if there is evidence of illegal, fraudulent behaviour or that which contravenes established rules and guidelines, which may impact on the financial interests of the Bank or that of third-parties.

**Control department**

Senior Director: Paula Sousa

Deputy Directors: Fernanda Pinto/Adilson Joaquim

Number of employees: 18

**MAIN DUTIES:**

- Conduct an analysis of the credit operations with regard to the Customer's or Group's risk, within that which is established under Loan Regulations;
- Prepare Credit Risk Reports on Customer/Group operations (Credit Reports), focused on analyses carried out on the greatest and new exposures, atypical credit situations and those of greater complexity, which are assessed by the Credit Board;
- Ensure the creation of Balance Sheet and Credit Rating Tables, assuring the maintenance thereof;
- Ensure the adequate creation of Business Groups and Circles and the respective maintenance thereof; and,
- Provide access to management information related to matters that fall under its scope.

**Operational support and accounting department**

Senior Director: Carla Estronca

Deputy Director: Maria Franco

Number of employees: 19

**MAIN DUTIES:**

- Ensure the preparation and maintenance of Internal Regulations, in collaboration with the Organic Units of the Bank, the corresponding approval from the Board, disclosure and historical archive;
- Ensure or collaborate on the definition of the organisational structure and of the competencies/duties of the Organic Units of the Bank, the corresponding approval from the Board, disclosure and historical archive;
- Design and ensure the maintenance of the content of Bank forms and templates; and,
- Foster collaboration and the sharing of information and knowledge amongst the Bank's various Functional Structures.

**Operational support and accounting department**

Senior Director: Augusto Valente

Deputy Director: Maria Manuela Pereira

Number of employees: 4

**MAIN DUTIES:**

- Prepare and submit a report to the Board and the Institute's Supervisory Body, on an annual basis at the very least, identifying non-compliances identified and the measures adopted to correct any discrepancies found;
- Immediately inform the Board of any indication of breach of legal obligations, rules of conduct and Customer relations or any other duties which would render the Institution or its Employees liable for an unlawful administrative offence;
- Monitor and disclose legislation and regulations published by the various supervisory and regulatory entities; and,
- Within the scope of the Prevention of Money Laundering and the Financing of Terrorism: ensure that internal regulations are updated when prevailing legislation is amended and with regard to the reliability of computer applications for the Prevention of Money Laundering and the Financing of Terrorism.

**Control Area**

Deputy Director: Sónia Almeida

Number of employees: 4

**MAIN DUTIES:**

- Analyze the processes forwarded by the Commercial Networks;
- Create proposals of debt regularization agreements;
- Support, within its sphere of actuation, all the processes regarding external Lawyers;
- Answer the technical and legal questions, asked by all the Bank Bodies; and,
- Draw financing and commercial contracts.

**Operational support and accounting department**

Senior Director: Carlos Campos

Assistant Director: Joaquim Machado

Deputy Director: Isilda Tavares

Number of employees: 26

## Hugo Teles

### Member

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**MAIN DUTIES:**

- Collaborate with the Board and with the Marketing Division to define an overall business strategy and a value proposition for the Private segment, fostering the performance and implementation thereof; and,
- Support Private Bankers when visiting important Customers in order to attract more business and in endeavours to attract promising Customers.

**Business Area**

Senior Director: Stephan Silva

Division Directors: Lúcia Rodrigues

Number of employees: 5





#### MAIN DUTIES:

- Define and implement commercial acting policies, within the commercial strategy determined by the Bank's Board of Directors;
- Dynamize the gathering of clients and business on its target segment;
- Analyze the market conditions;
- Establish commercial goals, in articulation with the Board of Directors and the Commercial Boards of the Agencies Network;
- Monitor and control the Board's overdue loan and promote its recovery;
- Monitor and collaborate on the measures that minimize the potential risk in Clients that show alert signals, besides the non-compliance of the operations; and
- Analyze reports of the Audit and Inspection Board (DAI) on the commercial and administrative activities, control and promote the correction of anomalies and notify, in written form, the Board director, of the measures undertaken.

#### Business Area

Senior Director: Regina Guimarães

Division Directors: Mauro Rogério/Alfredo Castro

Number of employees: 39



#### MAIN DUTIES:

- Develop monitoring and deal sourcing best practices to accomplish the commitment undertaken with those with whom we invest with the purpose of making each project successful, establishing strategic partnerships and valuable synergies;
- Monitor the entire cycle of the investment project with the Investor, from inception right up until the business is up and running; and,
- Study alternative investment options that accompany the evolution of the business, stimulating the business network of the economic agents who have a financial relationship with the Bank.

#### Business Area

Senior Director: Monalisa Dias

Division Directors: Lúcia Rodrigues

Number of employees: 12



#### MAIN DUTIES:

- Define and implement commercial acting policies, within the commercial strategy determined by the Bank's Board of Directors;
- Dynamize the gathering of clients and business on its target segment;
- Analyze the market conditions;
- Establish commercial goals, in articulation with the Board of Directors and the Commercial Boards of the Agencies Network;
- Monitor and control the Board's overdue loan and promote its recovery;
- Monitor and collaborate on the measures that minimize the potential risk in Clients that show alert signals, besides the non-compliance of the operations; and
- Analyze reports of the Audit and Inspection Board (DAI) on the commercial and administrative activities, control and promote the correction of anomalies and notify, in written form, the Board director, of the measures undertaken.

#### Business Area

Senior Director: Susana Silva

Division Directors: Carlos Santos/Hélio Lopes

Number of employees: 113





**MAIN DUTIES:**

- Coordinate the Bank's position and exchange rate risk management as well as its liquidity management and compliance with mandatory reserves;
- Monitor compliance with exposure limits to market and Counterparty risks;
- Control and ensure the appropriate entering of all operations carried out into the Bank's systems;
- Ensure the handling and entering of operations carried out with Counterparties into the appropriate information systems, in a timely manner and in accordance with the established procedures;
- Collaborate in updating the Bank's price list with regard to Products and Services related to the Division's business;
- Establish the pricing of exchange rate products (spot and term), of the Purchase/Sale of Foreign Currency and monetary market transactions; and,
- Monitor market evolution.

**Business Area**

Senior Directors: Bruno Bastos/Irene Vezo

Number of employees: 12



**MAIN DUTIES:**

- Prepare the Bank's financial statements and all other related financial documents;
- Produce and report accounting, prudential, statistical and tax information to supervisory entities and tax authorities, respectively, ensuring compliance with accounting standards and regulatory and tax requirements;
- Manage invoices from and payments to third parties.

**Operational support and accounting department**

Senior Director: Alzira Gama

Deputy Directors: Edhylaine Tavares/Soraia Ramos

Number of employees: 16



**MAIN DUTIES:**

- Obtain a comprehensive view of the risks to which the Bank is exposed in order to gauge their various impacts, including changes in internal capital;
- Implement management and risk measurement methodologies which are appropriate to the materiality and characteristics of each type of risk;
- Ensure the implementation of a sound and reliable management and risk measurement system which enables the comprehensive and segmented handling of risks and an understanding of the respective impacts;
- Raise the level of internal control;
- Coordinate the preparation and maintenance of the Business Continuity Plan (BCP); and,
- Contribute to reinforcing an internal risk culture and improvement in the quality of services. Operational support and accounting department.

**Control Department**

Director: Lilia Rangel

Number of employees: 3



**MAIN DUTIES:**

- Allow Customers to execute all main capital market financial instruments, at a single point of contact, with all required reliability, security and transparency conditions ensured at all times;
- Offer Bank Customers who have a high net worth advice on investment; and,
- Ensure the organisation and structuring of debt and capital market transactions.

**Operational support and accounting department**

Person in charge: Bruno Bastos

Number of employees: 1



#### MAIN DUTIES:

- Dynamize, provide technical support and monitorization of the Commercial Networks of the Bank, regarding the Credit products focused on Agriculture, Livestock and Fishing;
- Ensure the guidance and monitorization of the protocolled credit lines (Angola Invests).

#### Operational support and accounting department

Senior Director: Jorge Veiga

Number of employees: 2

## José Cândido

### Member



#### MAIN DUTIES:

- Open, maintain and settle external documentary and financial operations, outgoing international payment orders and payment orders received;
- Carry out tasks related to compensation received; and,
- Carry out tasks related to cheques drawn on the Bank, paid into or deposited with the Business Networks.

#### Operational support and accounting department

Senior Director: Inês Carvalho

Deputy Director: Paulo Brito

Number of employees: 32



#### MAIN DUTIES:

- With regard to further developing the Bank's internationalisation, ensure and/or facilitate the business relationship between Banco BIC Angola, S.A. and Bank BIC Namibia, and the respective Customers (or potential Customers); and,
- With regard to the aforementioned business relationship, ensure the creation and maintenance of efficient process and communication channels in strict compliance with the legal framework of the two countries and with the Institutions' internal rules.

#### Operational support and accounting department

Person in charge: José Carlos Silva

Number of employees: 1



#### MAIN DUTIES:

- Define and implement commercial acting policies, within the commercial strategy determined by the Bank's Board of Directors;
- Dynamize the gathering of clients and business on its target segment;
- Analyze the market conditions;
- Establish commercial goals, in articulation with the Board of Directors and the Commercial Boards of the Agencies Network;
- Monitor and control the Board's overdue loan and promote its recovery;
- Monitor and collaborate on the measures that minimize the potential risk in Clients that show alert signals, besides the non-compliance of the operations; and
- Analyze reports of the Audit and Inspection Board (DAI) on the commercial and administrative activities, control and promote the correction of anomalies and notify, in written form, the Board director, of the measures undertaken.

#### Business Area

Senior Director: Horácio Almeida

Division Directors: Felícia Fortes/Paula Cajada/Nelson Guilherme

Number of employees: 268

# Pedro M'Bidingani

Member



## MAIN DUTIES:

- Define and implement operating policies within the scope of the business strategy established by the Bank's Board of Directors;
- Bolster the attraction of Customers and businesses in its target segment;
- Analyse market conditions;
- Monitor and control the Division's overdue loans and promote loan recovery;
- Monitor and collaborate in the measures to minimise the potential risk of Customers who show warning signs, which may not exclusively be default; and,
- Analyse reports from the Audit and Inspection Division (DAI) on business and administrative activities, control and foster the correction of anomalies and inform the Director of the area of measures taken, in writing.

## Business area

Senior Directors: Anabela Santinho/José Zacarias

Division Directors: Rui Caetano/Armindo Cunha/Solange Martins

Number of employees: 326



## MAIN DUTIES:

- Propose the launch of campaigns to stimulate business to support the Bank's strategic objectives, especially those which promote the sale of new products and services, and monitor the achievement of stipulated objectives;
- Keep all content available on the intranet and internet up-to-date;
- Ensure and check that Advertising Agencies execute all advertising media and material related to implementing campaigns (spots on TV and radio, advertisements in the press, outdoors, banners, flyers, etc.);
- Coordinate and monitor the organisation of all events, in particular Staff Meetings, Conventions and Anniversaries;
- Implement the processes needed to publish Annual Reports, ensuring coordination with the Communication Agency selected to edit and produce the publication; and,
- Analyse, negotiate and implement all sponsorships, leveraging the benefits of the investment and ensuring the correct application of the brand's identity on the various materials.

## Operational support and accounting department

Senior Director: Mafalda Carvalho

Deputy Director: Inês Fernandes

Number of employees: 4

# Remuneration Policy

## Disclosure of quantitative information

In compliance with the provisions of article 22(3)(d) of Notice No. 01/2013 of 22 March of the National Bank of Angola, we hereby disclose that the remunerations earned in 2017 by the Board of Directors and Supervisory Board of the Bank amounted to approximately 321 million kwanzas (252 million kwanzas in FY 2016).

## Annual disclosure on the remuneration policy

### 1. Remuneration of the Corporate Bodies

- 1.1. The Remuneration Policy of the Social Bodies of Banco BIC, S.A. in force on the fiscal year of 2017, was approved by the General Assembly on April 27<sup>th</sup> 2017, upon proposal of the Board of Directors.
- 1.2. On the definition of the Remuneration Policy did not participate any external consultants nor was there a Remuneration Commission.
- 1.3. The Remuneration Policy in 2017 was compatible with the long-term interests of the Bank and did not stimulate the excessive risk assumption.
- 1.4. The non-executive directors only benefit from a fixed remuneration approved by the General Assembly.
- 1.5. The members of the Statutory Board only benefit from a fixed remuneration approved by the General Assembly.
- 1.6. Remuneration of the members of the Executive Commission:
  - a) All the members of the Executive Commission earn a fixed remuneration, paid 14 times on a year;
  - b) Annually, the General Assembly evaluates the Board, considering the achievement of objectives, the quantitative and qualitative results achieved, as well as its origin and nature, its sustainability or occasions, the associated risk to its obtaining, the compliance with the standards, the added value to the Shareholders and the way the institution dealt with other stakeholders.
- 1.7. Remuneration of the members of the General Assembly Board:

The members of the General Assembly Board earn an attendance ticket, of fixed value, for each participation on the meetings of the General Assembly, defined and approved by this Assembly.

### 2. Remuneration of Employees

- 2.1. The Remuneration Policy of the Collaborators of Banco BIC, S.A. in force on the fiscal year of 2017, was approved by the General Assembly on April 27<sup>th</sup> 2017, upon proposal of the Board of Directors.
- 2.2. The evaluation of the Collaborator's performance is performed at least once a year, carried out by the correspondent immediate superior and the appointment of the variable component of the remuneration depends of its results.
- 2.3. The Collaborators that keep a legal-labor relationship with the Bank through a work contract do not benefit from other forms of remuneration besides the ones arising from the normal application of the labor law, not benefiting from a system of annual premiums or any other non-pecuniary benefits, without prejudice of eventually earning a variable remuneration pursuant to the terms of the remuneration policy in force.

The Remuneration Policy in 2017 was compatible with the long-term interests of the Bank and did not encourage the excessive risk assumption

# **Mission, Vision and Values**

Our vision is centred around everyone's commitment to our mission, through work carried out based on our corporate values, which embodies our motto: *We Invest Together, We Grow Together*.

## **Vision**

To be the best and largest private Bank operating in Angola, growing in a sustainable and innovative way and offering our Customers the best solutions, with a permanent capacity for self-renewal and actively contributing to Angola's development and growth.

## **Mission**

To be a solid, profitable, socially responsible, efficient and agile Bank, with domestic and international presence, focused on creating value, a partner to businesses and families, which stands out by the return on its assets, its Customers' satisfaction and personal fulfilment among its employees, always guided by the highest degree of ethics and social responsibility.

## **Values**

To reflect, in all our behaviours, attitudes and decisions, the principles that guide us in the exercise of our responsibilities and the pursuance of our goals:

### **Customer Focus**

To build lasting relationships with the Clients, based on the rigor, integrity and transparency. Our dedication and compromise with our values allow the Client to know they can count on us to provide excellent services which help them achieve their personal and professional objectives.

### **Innovation**

Continuously observing and interpreting the market to be able to make a difference in a highly competitive environment, not only by anticipating solutions and acquiring new knowledge, but also by creating value.

### **Ambition**

The permanent bond between personal humility and professional ambition allow us to believe that we can always do more and better, a belief that is one of the driving forces behind the professional growth of each professional in particular and of the team as a whole.

### **Continuous Recognition and Appreciation of Employees**

Human Resources are one of the main driving forces that allow us to grow and achieve our strategic goals. Our action is aimed towards the creation of working conditions and individual career plans that foster satisfaction and increase everyone's motivation, while privileging a continuous investment in the development of our employees' technical and behavioural skills.

## **Teamwork**

The pursuit of our Mission is not the work of an individual but of an entire team. The constant combination of talents and skills seeks to obtain highly effective teams with the ability to always do more and better, thus allowing us to go beyond our own limits.

## **High integrity standards**

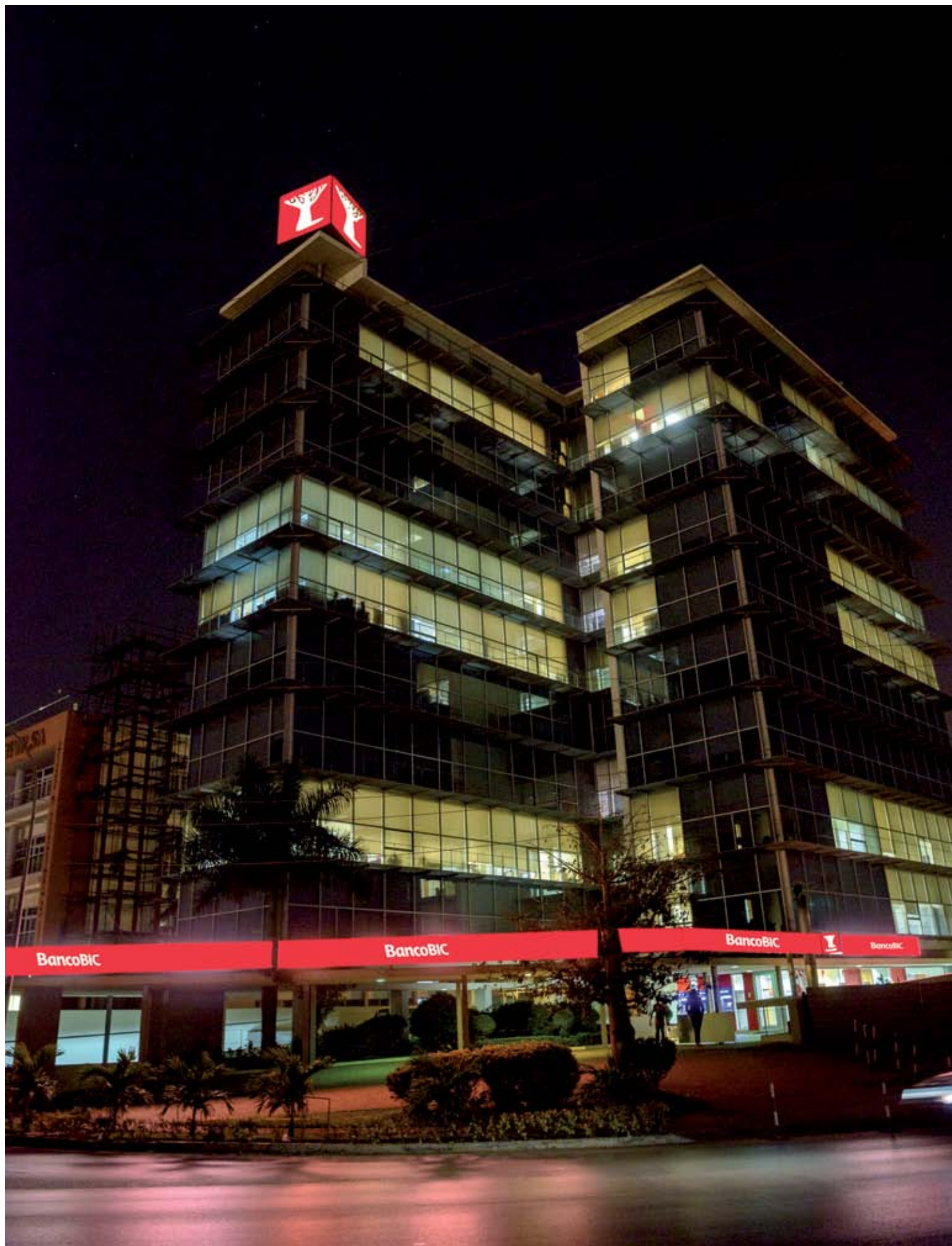
The actions of each and every one of our employees follow high ethical standards and are strictly guided by the Bank's regulations and recommendations, inspired by the legal framework established by the Regulatory Authorities.

## **Social Responsibility**

Wherever we are, we strive for the creation of a favourable environment for investment and growth, while seeking to be fully integrated into the Community, in terms of both our involvement with the population and the services we provide. The legacy of each of our employees, and of the team as a whole, is the construction of a better world for the coming generations.

These values (Customer Focus, Innovation, Ambition, Continuous Recognition and Appreciation of Employees, Teamwork, High Integrity Standards and Social Responsibility) reflect Banco BIC's corporate personality and essence, and inspire us to keep doing more and better, day after day, year after year, for the benefit of all.









we grow with  
**integrity**

What is required from a Bank.  
Competence and confidentiality,  
accuracy and trust, which  
are the practices of integrity.

GROWING TOGETHER

# World Economy

The global economy is going through a moment of cyclic recovery of high synchronization between the several economic blocs, with the dispersion levels of the growth and inflation rates hitting very low levels, a situation that shall be extended according to the projections of the main international economic bodies. Still, the growth rhythm of the economic activity in 2017 was moderate, when compared to the one registered before the economic and financial crisis. The monetary and financial conditions remained favorable, with the monetary policy continuing to be characterized by a high level of accommodation, given the context of very gradual removal of stimulus associated to the non-conventional measures of the monetary policy, especially on the developed economies.

## Global Activity

The growth rhythm of the economic activity in 2017 was moderate, when compared to the one registered before the economic and financial crisis

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The most recent estimates of the International Monetary Fund (IMF) show a world GDP growth of 3.7% in real terms, after an increase of 3.2% in 2016 and 3.3% in 2015. This occurred within a context of acceleration of the economic activity on the majority of the economic blocs, which represented the most comprehensive synchronization of the activity since 2010.

In the USA, the economy showed a significant acceleration in 2017 compared to the previous year (variation in the change in GDP of 2.3% in 2017, against 1.5% in 2016) although it was still far from the dynamism observed two years before (2.6%). The poor consumption on the first quarter of 2017 revealed itself to be temporary, within a framework of a labor market that remained robust, while the business investment continued to get stronger, partly reflecting a recovery of the activity on the energy sector, leveraged by the increase of the oil prices.

In the Euro area, the acceleration of the economic activity showed an intensity identical to the USA, with a variation in the change in GDP going from 1.8% in 2016 to 2.4% last year, but, in this case, the growth in 2017 corresponded to the higher value in ten years. The GDP suffered a particularly intense acceleration on the first half of the year and the internal demand (private consumption and investment) continued to be the main support of the economic activity, given the favorable developments on the labor market and the high reliability of the economic agents. Nevertheless, the net external demand had an important contribute for the growth on the second half of the year, within a framework of high dynamism of the international trade, despite the movement of appreciation of the Euro. The behavior of the different member-states was far more homogenous than on the recent past. Regarding the greatest economies, the GDP picked up in Germany (with 0.6 percentage points to 2.5%), in France (0.6 p.p. to 1.8%) and in Italy (0.7 p.p. for 1.6%), while in Spain it slowed down slightly, still remaining with a growth above the area's average (3.1%).

2017 was equality characterized for an acceleration on the smaller economies, highlighting the high dynamism in Ireland, Malta, Estonia, Latvia and Slovenia (the average GDP growth in these countries was higher than 5%). Greece returned to the positive GDP variations, therefore interrupting the recessive direction of the two previous years.

In contrast, in the United Kingdom was observed a new loss of dynamism in 2017, although slight during the whole year (variation in the GDP of 1.7% against 1.9% and 2.3% in 2016 and 2015, respectively). The slowdown of the private consumption, partly associated to the impact of the pound depreciation on the real available income of the families is highlighted, occurred in the aftermath of the referendum result on the permanency in the European Union, as well as, generally, the high uncertainty associated to the process of leaving the European Union.

In Japan, the economic activity picked up from a growth rate of 0.9% in 2016 to 1.8% in 2017. The GDP performance reflected the dynamism of the private consumption, investment and external demand and the economy benefited from the favorable context in the trade and international investment flows. These developments were extended to the remaining developed economies of Southwest Asia.

In terms of the group of emergent and developing economies, a slight acceleration of the GDP in 2017 was globally observed and the movement registered on the previous year was repeated. These econo-

mies continued to benefit from the favorable monetary and financial conditions and, in the case of the raw materials transporters, from the price increase started on the second semester of 2016. Nevertheless, this hid an uneven behavior between some of the economic blocs.

In China, a marginal acceleration of the GDP in 2017 to a rate of change of 6.8% (0.1 p.p. more than the previous year) was observed, highlighting the performance, stronger than foreseen, of the internal demand and the strengthening of the service sector, within a framework of maintenance of a mix-expatiating policy by the Chinese authorities. Nevertheless, the growing worries about the medium term financial stability of the country, due to the high growth rhythm of the credit on the current years (already showing ratios against the GDP well above the standard on emergent economies) is emphasized.

An equal acceleration pattern was visible on the emergent Asian economies, showing, as a whole, a growth of 6.5% in 2017, 0.1 p.p. more than on the previous year.

As a whole on the emergent European economies, the acceleration was more pronounced, with GDP going from an average expansion rhythm of 3.2% in 2016 to 5.2% in 2017.

In this sense, the economies of Latin America and the Caribbean as a whole revealed a context of expansion in 2017 (GDP change of 1.3% against 0.7% on the previous year). However, the greatest economies of this economic block shown an uneven progress: Brazil overcame the downturn felt on the two previous years (change of 1.1% in 2017 against -3.5% in 2016 and -3.6% in 2015), benefiting from the recovery of the raw material prices and of the correspondent export sector, as well as from the reduction of the decrease rhythm of the internal demand, while Mexico showed a slowdown of the economic activity (to 2.0% in 2017 against 2.9% on the previous year), within a context of remarkable increase of the monetary policy tightening.

In Russia, just like in Brazil, was visible a recovery of the economic activity in 2017, sustained by the internet and external demand, after a downturn on the previous year (GDP change of 1.8% in 2017 against -0.2% in 2016). Alongside, the remaining countries of the Independent States Communities showed a reinforcement of the growth already shown in 2016.

Finally, and in contrast, the economies of the Middle East and North Africa showed a significant downturn of the economic activity (growth rate of 2.5% in 2017 against 4.9% on the previous year, framed by internal and cross-border conflicts on several regions).

For 2018, the IMF forecasts indicate a new acceleration of the global economic activity (although more modest than in 2017), with a growth of 3.9% of the world GDP. This acceleration shall result on the greatest dynamism of the set of emergent and developing economies (growth of 4.9%), given that the advanced economies shall keep the expansion rhythm of 2017 (2.3%). Within the first bloc of countries, we highlight the new acceleration of the USA (growth of 2.7%) against a marginal slowdown of the Euro area (to 2.2%) and the United Kingdom (to 1.5%) and a more profound slowdown in Japan (to 1.2%). As for the second, we highlight the forecast recovery of Brazil (to a growth of 1.8%) against a marginal slowdown of China (to 6.6%) and Russia (1.7%).



**+3.9%**

In the global GDP  
(IMF forecasts)

## Labour Market

In the Euro area, the labor market remained in a recovery cycle in 2017, with the employment prolonging its growth direction (average change rate of 1.5% against 1.3% in 2017) and with the unemployment rate remaining in a downturn (for an annual average value of 9.1%, 0.9 p.p. less than in 2016). In December, the unemployment rate already achieved the 8.7%, which was the lowest value since January 2009, although still superior to the one observed on the years previous to the economic and financial crisis. The fact that the number of working hours is still lower than the ones on the pre-crisis level and that the "involuntary" partial employment remains high suggest that there is still a gap on the labor market. The reduction movement of the unemployment rate was extended to the majority of the member-states.

In the United Kingdom and on the USA, the labor market conditions remained robust in 2017, although with some slowdown of the employment, reflecting the most advanced state of the economic cycle when compared to the Euro area. The employment registered a growth rate of 1.3% in the USA (less 0.4 p.p. than in 2016, despite the GDP acceleration in 2017) and 0.9% in the United Kingdom (1.4% in 2016), while the employment rate receded again in both cases (to 4.4% in the USA and 4.5% in the United Kingdom, 0.5 p.p and 0.3 p.p. less than on 2016, respectively) although it was already on historically low levels - the long-term average is about 6% on the two economies.

In Japan, the employment slowed down in 2017 for a growth rate of 0.7% (against 0.9% in 2016), despite the GDP acceleration, but the employment rate receded 0.2 p.p. to 2.9% (therefore remaining well under the long-term average of 4.5%).

## International trade

The international trade of goods and services volume registered an expressive acceleration in 2017 on a world level, with a growth rate of 4.7% (against 2.5% in 2016 and 2.7% in 2015). This evolution was the reflex of the greatest dynamism in the case of the advanced economies but, mainly, of the emergent and developing economies, which contribute for the growth of the international goods trade flows was the greatest since 2011. As the growth rhythm of the international trade was higher than the one of the world GDP, 2017 was characterized by a recovery of the intensity of the world trades, after many downfall years.

## Raw material prices and inflation rates

In 2017, the price index of the raw materials compiled by the IMF recovered, on an annual average, after five consecutive years of decline. Income of 23.1% on the oil component and 6.5% on the non-energetic component (average change of -15.7% and -1.6%, respectively, in 2016) were registered.

Specially regarding the oil, the Brent price in dollars per barrel increased 23.4% in 2017, against a decline of 16.0% on the previous year. The price increase reflected, essentially, the strong dynamism on the second semester of 2017, with the price levels getting closer, at the end of 2017, to the maximums of three years, in daily quotation. This evolution reflected a combination of different factors: the improvement of the world economic growth forecasts, the perturbations on the USA's supply due to very adverse weather conditions, the geopolitical tension on the Middle East and the duration extension of the OPEC agreement for the limitation of the daily production of oil by the member countries, including Russia.

On the whole of the advanced economies, the inflation rate, measured through the change on the Consumer Price Index (CPI), remained on really low levels in 2017, although on an ascendant direction against the previous year (medium rate of 1.7% in 2017, after 0.8% in 2016). This mainly reflected the inverse progress of the prices on several raw materials (already started in the end of 2016), as the pressures with the wage costs and subacent inflation (mainly through the services prices) remained contained, despite the robust growth of the economic activity.

In the Euro area, the inflation rate was fixed at 1.5% in 2017, against only 0.2% in 2016, reflecting a particularly pronounced recovery on the first months, influenced by the behavior of the prices of the energetic and alimentary goods. In the United Kingdom, the prices acceleration in 2017 was more intense, as a result of the pronounced depreciation of the pound since mid-year (the inflation rate went to 2.7% on the previous year, against 0.6% in 2016).

In the USA, the consumer prices acceleration in 2017 was less intense than on the Euro area, but with an inflation rate positioned on much higher levels, as a reflex of the most advanced phase of this country's economic cycle. Therefore, the inflation rate increased to 2.0% in 2017, against 1.3% on the previous year.

In Japan, the interannual movement occurred on the same sense, but with lower inflation rate average levels. This rate was 0.4% on the average of 2017, recovering a little against the virtual price stagnation in 2016 (inflation rate of -0.1%).



# 23.4%

Increase of the  
Brent price in dollars  
per barrel in 2017

On the emergent and developing economies, on the other hand, the inflation rate receded a little, without ever leaving relatively high levels – as a reflex of the GDP growth rhythm also globally higher than on the advanced economies. The average inflation rate in this set of countries was fixed at 4.1% in 2017, that is, 0.2 p.p. lower the one observed on the previous year.

## Monetary policy and interest rates

In response to the inflation rates (particularly when measured by the subjacent indicators) consistently lower than the aimed inflation of the monetary policy, together with an intensification of the economic activity recovery on the advanced economies, the correspondent central banks generally opted for a very gradual reduction of the expansionist orientation of the monetary policy.

The European Central Bank (ECB) kept its reference interest rates unchanged during 2017 (at 0% in the case of the interest rate applicable to the main refinancing operations). Alongside, ECB kept the program of monthly purchases of 60 thousand million euros of debt securities (public and private) until the end of the year, also announcing the extension of this program at least until September 2018, but with the monthly purchase rhythm decreasing for half (30 thousand million euros). However, given the improvement of the economic activity and the disappearance of deflation risks on the Euro area, the ECB carried out, in June, an alteration of the communication concerning the key interest rates, not mentioning that these could be reduced in the future and mentioning that they forecast the maintenance of the rates on the current level for a “long period”, going besides the term of the program of assets purchase. In March 2017, the last operation of ORPAD-II was carried out, announced a year before.

The European Central Bank kept its reference interest rates unchanged during 2017

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In the USA, the Federal Reserve intensified, during 2017, the standardization process of the monetary policy – understood as the return of the short-term interest rate and of the assets held by the Federal Reserve at levels in line with the historical norm. Particularly, the Federal Reserve began, in October, the gradual reduction of the assets held on its balance through the decrease of the reinvestments of the amounts concerning expired or amortization securities and executed, for three years, increases of 0.25 p.p. of the main key interest rate (Fed Funds rate), that ended as 1.5% in 2017. At the end of the year, the Federal Reserve flagged other three increases of the key rate for 2018 and the maintenance of the reduction process of its balance on the already established terms, within a scenery of balanced risks for the economic growth and inflation.

In the United Kingdom, the central bank opted to alter the official interest rate, in November, increasing it from 0.25% to 0.5%. Within a context of high uncertainty associated to process of leaving the European Union, the Bank of England sought, during 2017, to establish a balance between the need of supporting the economic activity and the obligation of achieving the medium-term objective for the inflation. The non-conventional monetary expansion measures program was kept within the framework of the previous year.

In Japan, the central bank kept its short-term key interest rate at -0.1% and the objective for the treasury obligation yields to 10 years at 0%. The Bank of Japan also kept the non-conventional monetary expansion measures program while the registered inflation rate doesn't meet the objective of 2% in a consistent way.

On the capital market, the longer-term interest rates of the advanced economies showed an irregular behavior throughout the year which led to, at the end of 2017, only marginal changes when compared to the level registered at the end of the previous year. Some factors creating volatility might have been the French and British elections, the (initial) uncertainty about the standardization rhythm of the monetary policies on the different economic blocs, as well as the uncertainty about the dimension and date of implementation of the budget stimulus pack announced by the USA's president. On average, the rates remain at historically low levels, although a little above the minimums registered mid-2016. This behavior might be explained through the current conservative expectations on the growth of the nominal GDP at long-term and through the evolution of the risk premiums in the aftermath of the international economic and financial crisis. On average levels of 2017, the treasury obligations yields to 10 years were fixed at 0.37% in Germany, 0.52% on the Euro area average and 2.33% in the USA.





The effective nominal exchange rate of the euro increased 2.3% after a change of 2.9% on the previous year

## Foreign Exchange Market

In 2017, it is important to highlight the reversion of the movement of appreciation of the US dollar (particularly against the euro) verified on the previous year. The attenuation of the political uncertainty on the euro area (particularly with the victory of Emmanuel Macron on the French presidential elections) and its accentuation in the USA (investigations to the Trump Administration), together in the economic front with a growth of the economic activity of the Euro area stronger than expected, the perspective of a quicker standardization of the ECB monetary stimulus, the postponement of the stimulus measures of the Trump Administration (the fiscal reform was only approved in December) and the confirmation of the gradual standardization of the Federal Reserve policy were determinant for the strengthening of the euro against the dollar from mid-2017. We also highlight the extension of the direction of depreciation of the British pound, begun with the Brexit referendum in 2016. Compared to an average quotation of December 2017 of the same month of the previous year, the euro presented an appreciation of 12.3% against the dollar, 9.2% against the yen, 7.0% against the yuan and 4.5% against the British pound.

In 2017, the effective nominal exchange rate of the euro (regarding the main 19 business partners of the Euro area) increased 2.3% after a change of 2.9% on the previous year.

Regarding the currencies of the emergent and developing economies, 2017 was marked by a contained reaction to the standardization process of the monetary policy in the USA and the worries of a sudden grip of the global financial conditions, including a reversal of the capital flows and pronounced exchange depreciations, did not materialize. Therefore, for this contributed the gradualism and predictability of the withdrawal on the monetary stimulus on the USA and the fact that this process was followed by an improvement of the perspectives for the US economy, with positive implications for the global economy and for the raw materials and financial assets prices. The Mexican weight showed some recovery in terms of effective nominal terms, after the significant depreciation on the previous year, within a context of a more restrictive monetary policy and an attenuation of the worries concerning the future of the business relationships with the USA. In contrast, the Chinese yuan, the Brazilian real and the Russian ruble lost some value, within a context of more expansionist monetary policies and, particularly in Brazil, as a reflex of the growing political instability.



**1.1%**

**EURO AREA**  
Reduction of the public deficit in GDP

## Public accounts

In the Euro area, 2017 was characterized by a new reduction of the public deficit weight on the GDP (to 1.1%, 0.5 p.p. less than in 2016) and of the ratio of the gross public debt on the GDP (to 89.3%, 1.8 p.p. less than in 2016). These ratios benefited from a favorable cyclical component of the GDP on nominal terms and on the maintenance of the average interest rate on the European public debt on a historically low level. In contrast, the ratio of the structural deficit on the GDP might have been slightly aggravated in 2017.

The favorable evolution of the deficit and debt ratios of the GDP was extended to the majority of the member-states. We highlight the significant reductions of the deficit ratio in Spain, Belgium, Slovenia, Austria, Cyprus and Slovakia and of the debt ratio in Austria, Cyprus, Netherlands, Germany, Portugal and Ireland. The processes of excessive deficits of Greece and Portugal were closed, confirming that the deficit is currently lower than 3% of the GDP on these two countries. Spain is now the only member-state with a deficit ratio higher than the limit of 3% established by the Maastricht Treaty.

In the United Kingdom, the process of fiscal consolidation continued in 2017. A new significant reduction of the public deficit ratio occurred, this time on 0.8 p.p. to 2.1% of the GDP, while the public debt receded 1.7 p.p. to 86.6% of the GDP.

In contrast, in the USA, in 2017 we observed a stabilization of public deficit weight on the GDP (in 5.0%) - within a context in which happened a postponement of the fiscal stimulus measures of the Trump Administration - while the gross public debt kept its upward trend (growing 1.1 p.p. to 108.2%), reflecting the high deficits accumulated on the previous years.

In Japan, in 2017 was prolonged the movement of escalation of the public deficit weight on the GDP, although on a slower rhythm than on the previous year (0.2 p.p. to 4.3%). This dynamic contrasts with the significant budget consolidation between 2013 and 2015. As expected, the public debt ratio kept its upward trend, as a reflex of the high past public deficits (increase to 239.6% of the GDP in 2017, 0.6 p.p. more than on the previous year).

# + Angolan Economy

After a cycle, started in 2014, in which the GDP presented a downward trend, inclusively with an economic contraction in 2016, in 2017 was observed a return to the economic growth, in about 1.1%, that may have been driven essentially by the increase of the public expenditure.

Accordingly to the proposal of the General State Budget (GSB) to 2018, the performance of the GDP in 2017 was supported by an increase of 1.9% of the non-oil sector and by a contraction of 0.5% of the oil sector. On the non-oil sector, the industrial production and the farming operation, despite the replacement potential of the amounts on these areas, continued limited by the lack of supplies and equipment goods due to its import difficulties.

In 2017, on the fourth consecutive year, the Angolan economic presented deficits on the public and external accounts. In turn, the weight of the public revenues on the GDP continued to recede in 2017, within a context of a new decrease of the price of the oil fiscal revenue, while the ratio of the public expenditure covered slightly, leveraged by the investment expenditure.

Despite the accumulation of public deficits, the acceleration of the GDP growth in nominal terms allowed a decrease of the public debt ratio on the GDP in 2017. Accordingly to the available data, the ratio was fixed at 65.1% of the GDP, lower than in 2016, but still equivalent to double of the average level presented between 2010 and 2013.

Although within a scenery of some recovery, verified on a year of elections, the maintenance of the oil price at low levels, particularly on the first semester of the year, continued to negatively affect the Angolan economy, impacting the decrease of the fiscal revenues, the inflation acceleration, a greater unbalance on the exchange market due to the significant reduction of the supply, the pronounced decrease of the net international reserves (NIR) as well as the increase of the market interest rates and, consequently, of an investment reduction.

Given the need of a correction of the macroeconomic unbalances that remain since 2014 and of a greater emphasis on the diversification of the productive structure, the new Executive proposed an Interim Plan to run for 6 months. The plan entails, namely, an increase of the efforts of budget consolidation, an increase of the exchange flexibility and an improvement of the business environment and of the management of the commercial companies.

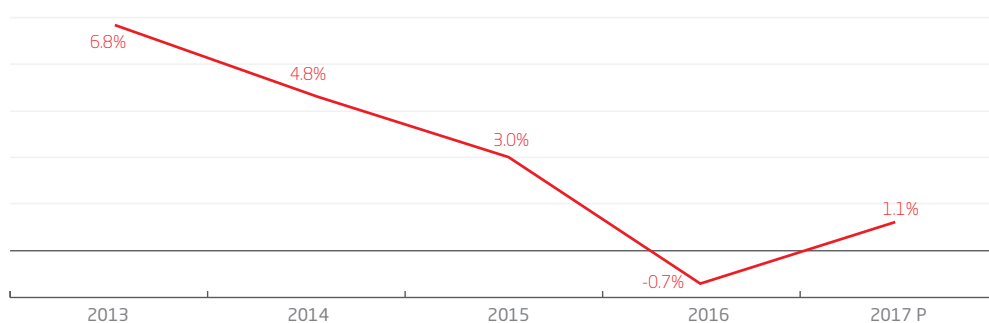


**65.1%**  
**OF THE GDP**

acceleration of the GDP growth in nominal terms allowed a decrease of the public debt ratio of the GDP in 2017

## Gross Domestic Product

### REAL GROWTH OF THE GDP



Source: IMF

The macroeconomic scenery of the Government for 2017, present on the 2018 GSB Proposal, foresees that the improvement of the GDP performance in 2017 was supported by an increase of 1.9% of the non-oil sector, within a context of a slight drop of 0.5% of the oil sector. As referred by the Government, on the report of Grounds of 2018 GSB proposal, the effects of the low oil prices continued to negatively affect the Angolan economy in 2017, reflected on moderate recovery levels of the GDP growth, of 1.1%, below what was forecast on the 2017 CSB (+2.1%) and that the Government justifies as the performance below the expected for the oil and non-oil sector alike. On the non-oil sector, the emphasis is on the manufacturing industry, which was severely affected by the lack of exchange resources.

The estimates of the Angolan Government for the oil sector, particularly for the oil production, excluding the production of liquefied natural gas (LNS), were revised downwards, from a production of 1.821 million of barrels per day foreseen on the 2017 CSB to 1.740 million of barrels per day. In this context, the Government estimates suggest, to the oil sector, an increase of its performance, showing a negative growth rate of 0.5% (including the LNS), below the foreseen on the 2017 CSB (+3.2%).

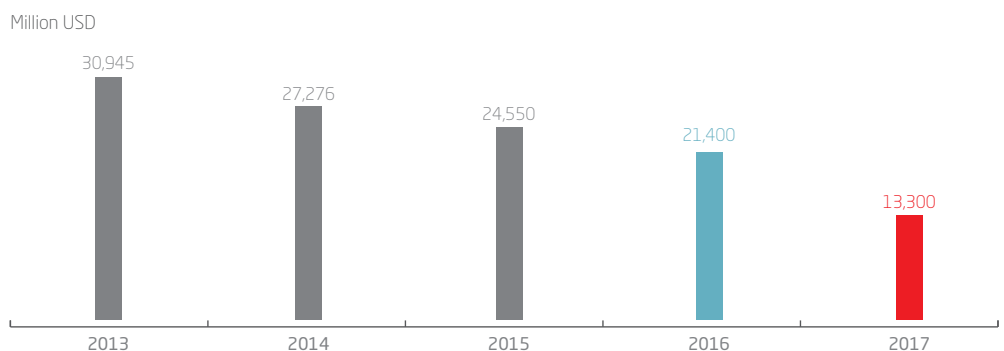
Contrary to the predicted on the 2017 CSB (+2.3%), the new Government's estimates decrease the non-oil GDP growth expectations to 1.9%. However, regarding the estimated growth by the Executive for 2016, these projections represent an improvement of 0.7% of the non-oil sector growth, mainly supported by the energy, agriculture, building and fishing sectors.

## International Reserves and Oil Sector

The net international reserves (NIR) decreased sharply with the price drop of the main commodity, representing a reduction of about 38%, equivalent to about 8 thousand million US dollars, when compared to 2016.

### NET INTERNATIONAL RESERVES

Decrease of about 38% of the net international reserves (NIR)



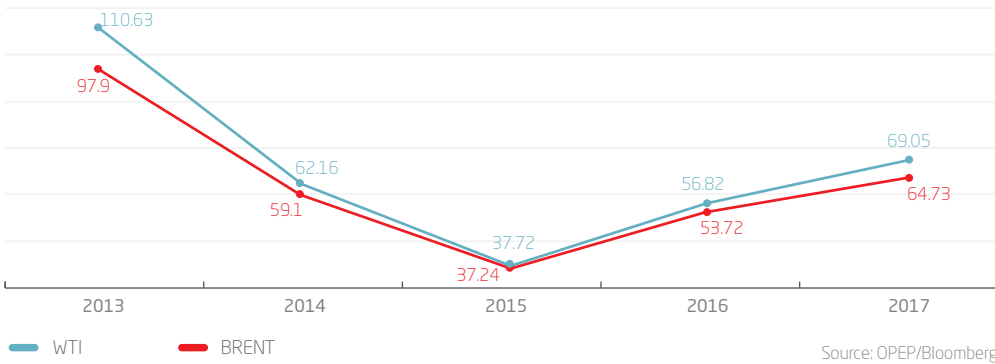
Source: BNA / Bloomberg

The NIR hit a minimum of 13.3 thousand million of dollars on December 31st 2017 against 21.4 thousand million of dollars verified on December 31st 2016, which represents a coverage of about 7 months of imports.

Accordingly to Moody's, the grounds of the oil market continue to show reduced price levels when compared to the ones until 2012, given the reforms on the oil exportation restrictions on the USA and the growth rhythm of the oil demand, insufficient to boost a significant price increase.



## DEVELOPMENTS IN THE PRICE OF OIL



On the other hand, it is estimated that the production cuts implemented by the OPEC, in infraction with Russia, were not sufficiently deep to eliminate the global surplus. The most recent forecasts of the World Bank and the International Energy Agency indicate an average price slightly over 60 USD per oil barrel to 2018 which, despite everything and if operated, shall be above the annual price average of the last 3 years.

## Foreign Exchange Market

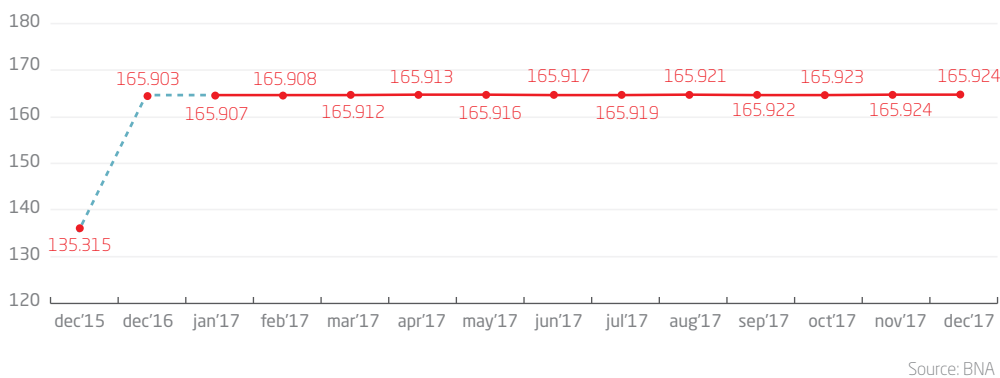
In 2016, the NBA proceeded to the Kwanza devaluation against the US Dollar on about 23% (32% in 2015), essentially occurred during the first four months of the year. In 2017, a devaluation of only 0.1% was observed and the exchange rate on December 31st 2017 was AKZ/USD 165.24.



# 0.1%

Kwanza devaluation  
against the US Dollar  
on about 23%

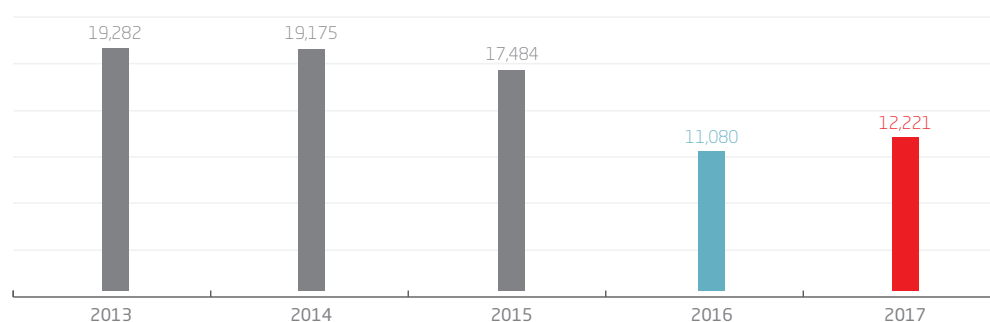
## DEVELOPMENTS IN FOREIGN EXCHANGE RATES



Until 2017 and for a period of about 2 years, an exchange regime of the administered exchange rate, determined by the NBA, remained, regardless of the relationship between the demand and the supply. For 2018, the NBA adopted a regime characterized by the fluctuation of the exchange rate, within an admissible exchange rate stripe to define accordingly to the transactions occurred on foreign currency auctions of the primary market.

## SALE OF CURRENCIES BNA

Million USD



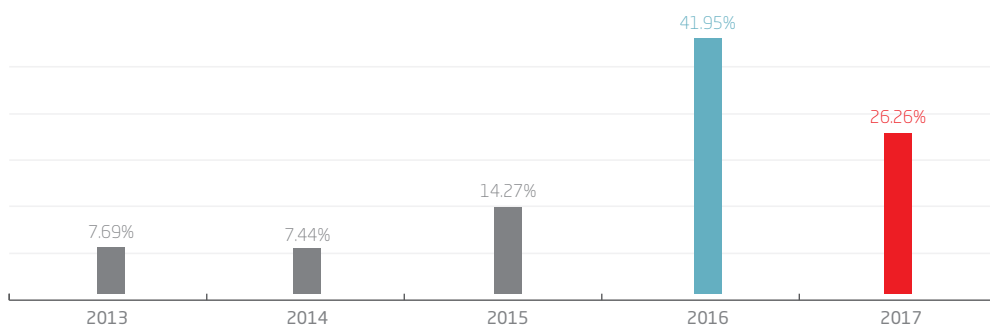
Source: BNA

In 2017, NBA sold 12.221 million of dollars to Commercial Banks which, although corresponding to an increase of about 1.141 million of dollars compared to 2016, was way below the amounts sold during 2013, 2014 and 2015.

## Inflation and Money Market

The inflation rate for 2017 showed a less accelerated growth rhythm when compared to 2016. Accordingly to the National Statistics Institute, the inflation was fixed at 26.26%, representing a reduction of 15.69 p.p. when compared to the 41.95% verified on the same period. This behavior might be explain by the exchange stability observed throughout 2017, which shall have lead to the reduction of the growth rhythm of the price of the base consumption goods, specially of imported goods.

## ACCUMULATED ANNUAL INFLATION



Source: INE/MINFIN

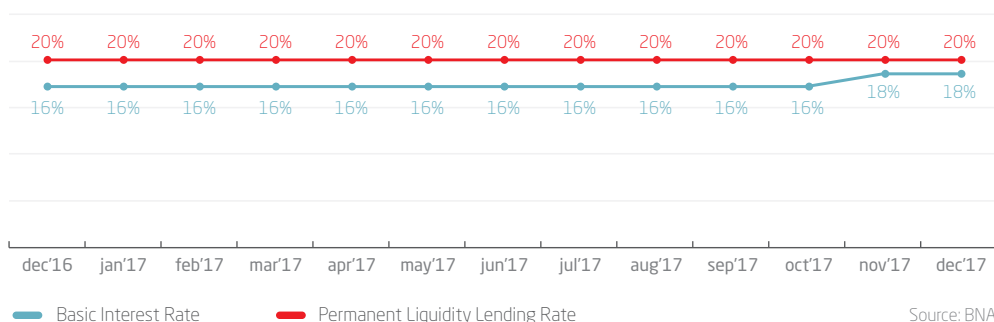


# 18%

Increase of the  
base interest rate

Within the meeting of the committee of the monetary policy of November 30th 2017, the National Bank of Angola executed a set of alterations, adopting a more restrictive policy, aiming to control the inflation pression, namely through the increase of the base interest rate - NBA rate - from 16% to 18%, as well as through the reduction of the interest rate of the equity price risk to 7 days to 2.75% to 0%.

## MACROECONOMIC INDICATORS



In this same meeting, the NBA proceeded, equally, to the following alterations of the monetary policy: i) adoption of the monetary base on national currency as an operational variable of the monetary policy; ii) elimination of the need of constitution of captives in national currency for effect of executing the purchase operations of national currency either for the clients before the Commercial Banks or for the Commercial banks before the NBA; iii) alteration of the mechanism of constitution of the mandatory reserves in national currency which, although with a reduction of the nominal rate from 30% to 20%, given the greatest limitation on the eligible assets for compliance with the reserves, namely at the public debt level, lead to a generalized increase of the effective rate of mandatory reserves in national currency.

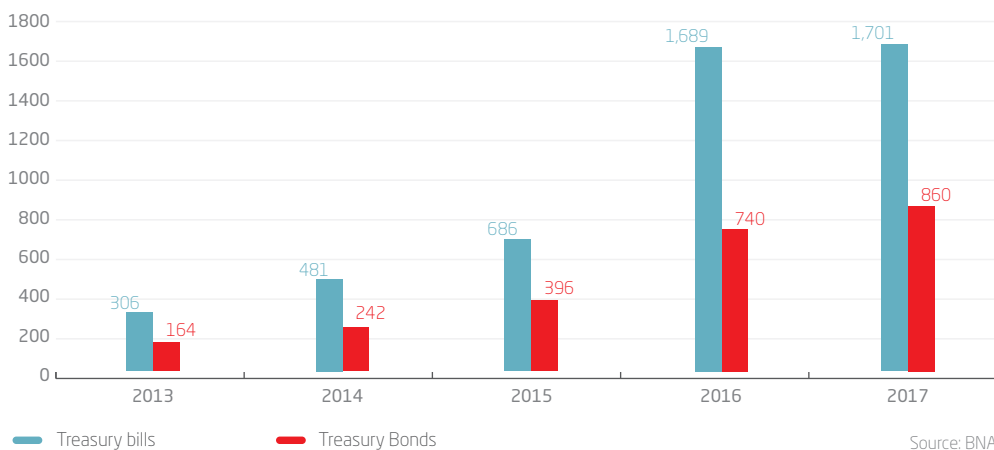
With the drop of the oil price and within the context of the registered macroeconomic unbalances, the State resorted again to the issuance of the debt to ensure its operation, as well as to the execution of several public projects. Therefore, at the level of the public debt securities market, was verified an increase of 5.43% of the issuances of Treasury Bonds in 2017, compared to the same period. In 2017, were placed on the market on the amount of AKZ 2.561 thousand million, AKZ 1.701 thousand millions of Treasure Securities (TS) and AKZ 860 thousand million Treasury Bonds (TB) for the current management of the National Treasury.



# 5.43%

Increase of the  
Treasury Bonds  
issuances

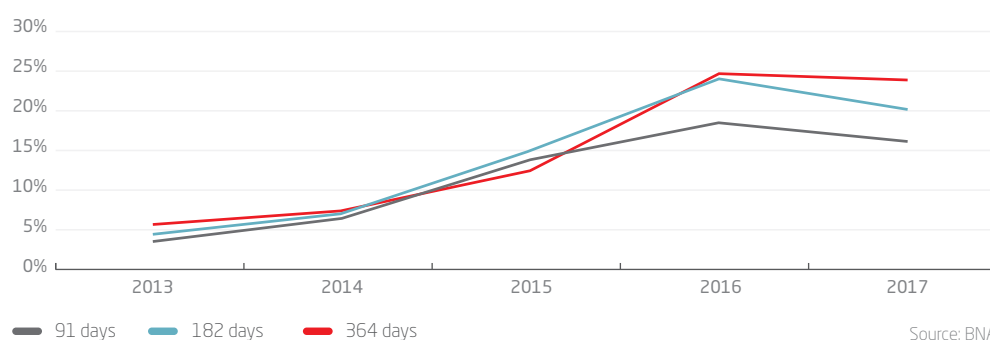
## ISSUANCE OF SECURITIES



On December 2017, the average interest rates of the Treasury Securities hit 16.15%, 20.25% and 23.90% for the maturities of 91, 182 and 364 days, respectively, being lower to the ones verified on the same period, where the values was 18.55%, 24.08% and 24.07% for the same maturities, which was translated on a slight decrease of the debt cost.

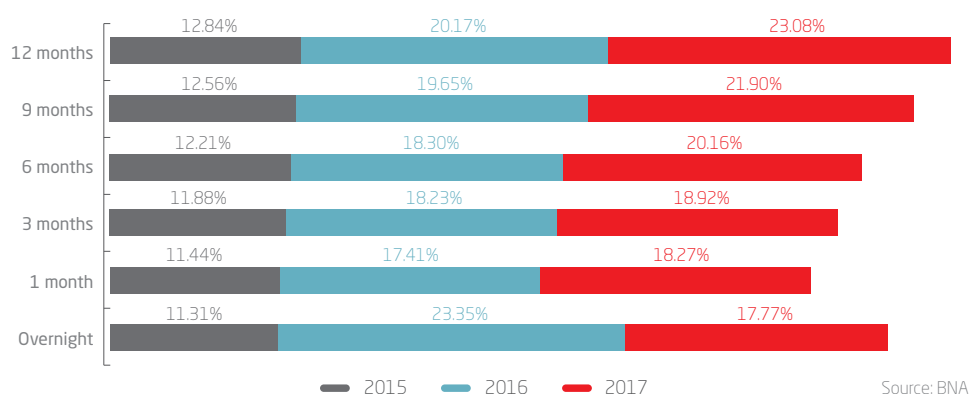
Regarding the Treasury Bonds with the maturities of 3, 4, 5, 6 and 7 years, the correspondent interest rates remain static during 2017, corresponding to 7%, 7.25%, 7.50%, 7.75% and 8%, respectively..

## INTEREST RATES - TREASURY BILLS



Given the alterations of the monetary policy occurred on November 30<sup>th</sup> 2017, a generalized increase of the interest rate on the inter-banking monetary market was observed. On the LUIBOR taxes to 3, 6 and 12 months were registered many oscillations during the year, given that at December 31st 2017, the taxes were 18.92%, 20.16% and 23.08%, respectively, while on December 31st 2016 were 18.23%, 18.30% and 20.17%, respectively.

## LUIBOR BNA



## Banking Sector Indicators

In 2017, the accrued amount of the clients deposits was AKZ 7.013 thousand millions, which represented an annual decrease of 1% when compared to 2016. The total deposits were mainly driven by the demand deposits, which represented more than 50% of the deposits. In 2017, the deposits on national currency represented 70% of the total of deposits, increasing 1 p.p. when compared to the verified weight in 2016.

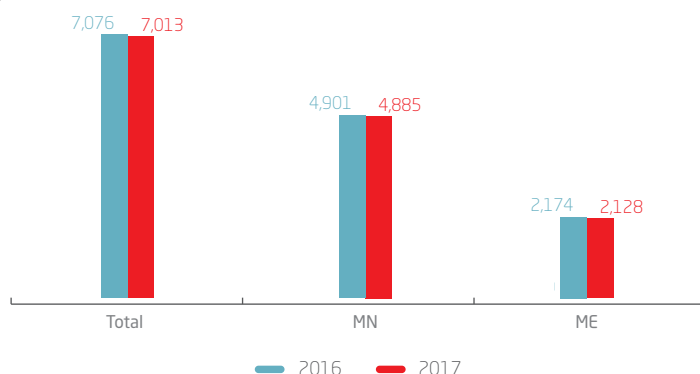


# 1%

The accrued amount of the clients deposits was AKZ 7.013 thousand millions, representing a decrease of 1% when compared to 2016

### TOTAL DEPOSITS

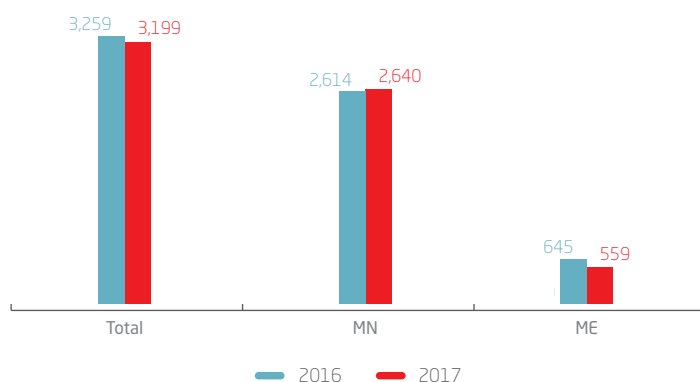
In billion Kwanzas



At the level of the credit granted to the private economy sector (excluding the credit to the Central Administration), in 2017 was verified a decrease of about 2% for AKZ 3.199 thousand millions. This credit stock reduction was due, mainly, to the slowdown of the economic activity, as well as due to the adoption of most restrictive granting rules, a reflex of the monetary policies adopted by the NBA, with the consequent increase of the interest rates.

### TOTAL LOANS

In billion Kwanzas



In 2017, its accrued amount corresponded to 3.199 thousand million AKZ and the credit granted in national currency (with a total weight of 83%) registered an increase of 1%, while the credit in foreign currency presented a decrease of 13% when compared to the previous year.

The granting of medium and long-term financing to the business sector for economic development projects, namely within the program Angola Invest, has been one of the strategies to try to reduce the external dependency and the imports.

The Program Angola Invest has been one of the strategies to try to reduce the external dependency and the imports.

# Positioning of Banco BIC in the Banking Sector

Although in 2017 was verified some recovery in terms of the GDP growth, as well as a timid increase of the oil prices on the international market, continued to exist substantial macroeconomic unbalances on the country.

In this macroeconomic context, which translated into lower fiscal revenues for the State, a scenery of inflation, relevant unbalances on the exchange market, pronounced decrease of the NIR and high interest rates, the transformation and adaptation of a financial system has been one of the main challenges for the commercial banking.

In 2017, NBA sold 12.221 millions of dollars to the commercial banks which, although correspondent to an increase of about 1.141 millions of dollars compared to 2016, was below the amounts sold during 2013, 2014 and 2015. It is natural that the prolonged maintenance of this situation is translated on a lower turnover of the companies and on a lower purchase power for the individuals, as well as a low capacity of both to answer adequately to the compromises undertaken, externally or internally, at the level of the credit responsibilities.

Since 2016 and until November 30th 2017, NBA adopted and kept a set of restrictive measures within the scope of the exchange policies aiming to stabilize the price levels, namely the bond of the commercial banks to constitute a captive correspondent to the countervalue of the intended needs of foreign currency. Alongside, BNA kept, besides the sale of foreign currency through an auction, a very significant direct action on the exchange market, through the sales of foreign currency aimed for sectors and clients considered a priority to the Executive.

In the meeting of the monetary policy committee of November 30th 2017, NBA adopted a more restrictive policy which, besides the diverse adjustments at the level of the market interest rates, altered the mechanism of constitution of mandatory reserves in national currency which, generically, lead to an increase of the effective tax of the mandatory reserves in national currency, that is, greater restrictions at the level of the liquidity available on the financial system.

Before this challenging economic scenery, Banco BIC kept his focus on a strict cost control, on the prudence and rigor at the level of the granting and analysis of the new financings, on a management of the adequate liquidity to the market adjustments, on the continuous reinforcement of the remaining processes and policies of risk monitoring, namely the operational risk and other market risks, as well as, given the ever more demanding international framework, a constant adequacy to the Compliance demands and to the adoption of accounting standards.

The volume of credit to the Bank's Economy, including the credit to the State, was, on December 31st 2017, 5.816 millions USD, which compared to 2016 corresponds to a contract of 238 million USD (4%), from which 145 millions USD derive from the reduction of the credit to the State.

On December 31st 2017, the market quota of Banco BIC on the Credit to the Economy was 9.03%, while that on the clients Resources was 11.23%.



**1.141M\$**

increase of the millions of dollars sold to the Commercial Banks

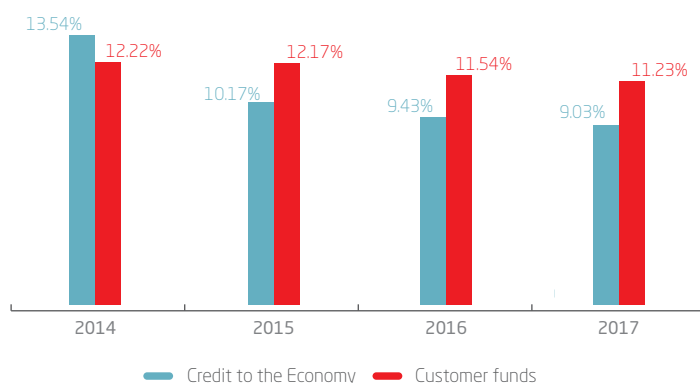


**4%**

contraction of the volume of credit to the Bank's Economy



## MARKET SHARES



The credit activity has also an indispensable role on the support to the ongoing efforts of diversification of the Angolan economy, working as a driving force of the different economy sectors. In this context, Banco BIC adhered in 2013 to the Program Angola Invest (which includes a subsidized credit line and a fund of public warrantees), approving about 35 billions of Kwanzas until December 31<sup>st</sup> 2017, corresponding to a total of 63 projects, of which 52 are already ongoing.

From this credit line, until 2017, were already disbursed about 23 billions AKZ, within the program Angola Invest and the provinces benefited were Luanda, Kwanza-south and Kwanza-south, Bengo, Benguela, Uíge, Bié, Huíla and Huambo. The sectors with a greatest preponderance were the Manufacturing Industry and the Agriculture and Fishing, with a total of 32 and 23 projects, respectively.

Within an adverse scenery, in 2017, were amortized 3 projects, on a total of 514 millions AKZ and 13 new projects were approved, on the total amount of 8 thousand millions AKZ.

The growth that Banco BIC achieved, to this day, implied substantial investments on infrastructures and information technologies, as well as on human capital, indispensable pillars for the banking market. In this sense, given the above-mentioned framework, since 2015 has been verified an alteration on the positioning of this investment, with a greater focus on the Internal Control, Risk and Compliance areas.

Regarding its registered office, Banco BIC proceeded to the opening of more than one business unit, in a total of 227 units on all national territory, serving a diversified base of clients. The chart of collaborators approximately kept the same number compared to the previous year, on a total of 2.067 collaborators.

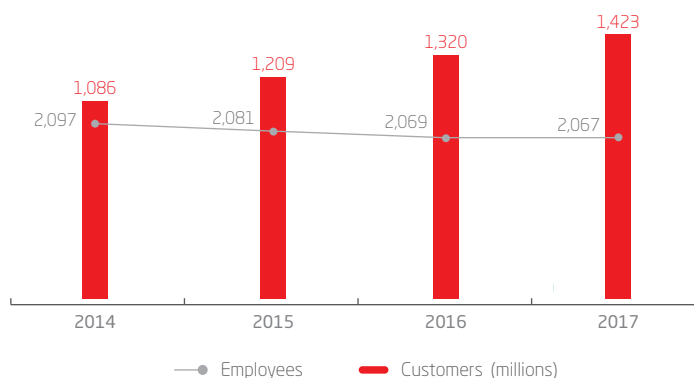
Since 2015, the growth of Banco BIC has been verified with a greater focus on the reinforcement of the areas of Internal Control, Risk and Compliance

## MARKET INDICATORS



**103,000**  
**INCREASE**

of the number of  
clients for a total of  
1,432,000



Banco BIC kept its open bank and proximity philosophy, always receptive to those who sought products and bank services. Based on this philosophy, the client base had a growth of more than 103.000 clients, on a total of 1.423.000 clients, comprising companies and individuals.

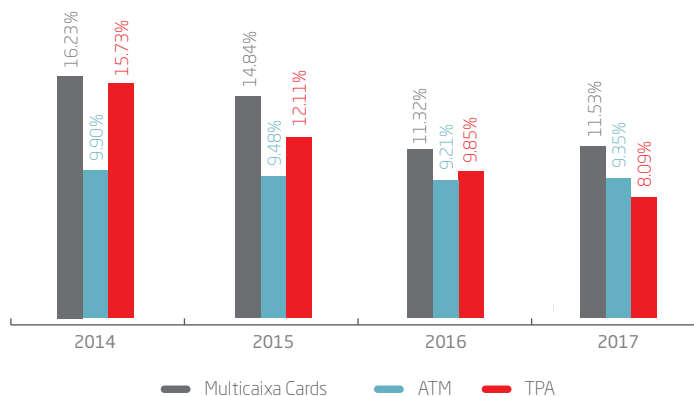
The permanent focus on the diversification and quality of its offer and provision of banking services are visible on the provision, to the network, of about 283 ATM's in 2017, representing an increase of 8% compared to the previous year and the ATM's are distributed on all national territory, enabling the populations to execute their transactions at any time of the day. In the term of APM's were counted, for 2017, a total of 6.552 before our new clients, which represents about 8% of the total available on the market.

Regarding the cards, one of the segments of the supplies of products and services are issued on a total of 675.875 cards in 2017.

## MARKET SHARES



**675,875**  
**ISSUED CARDS**  
in 2017









we grow with  
**dynamism**

Tomorrow begins today.  
Today we continue tomorrow,  
we believe in tomorrow,  
working for the future.

GROWING TOGETHER

## + Main Business Lines

The commercial structure of the Bank was divided into four main segments, namely Individuals and Business, Private Banking, Investment and Companies

Since its establishment, the provision of services characterised by excellence and a permanent focus on the needs of each customer, are one of Banco BIC's strategic and differentiating pillars.

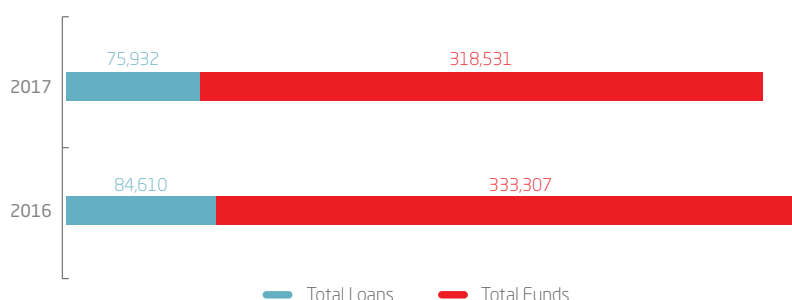
The Bank's commercial structure was defined taking into account a greater focus on customer needs and is, therefore, divided into four main segments, namely Individuals and Businesses, Private Banking, Investment and Companies.

The strengthening of its international activity, with Banco BIC Português, Banco BIC Cape Verde, the Representation Office in South Africa and the opening, in 2016, of Bank BIC Namibia, allowed it to focus on inter-institution efficiency levels, which represent a key source of growth and added value for our customers.

### Department of Individuals and Business

On 31 December 2017, the Individuals and Business Division (hereinafter DPN [Direcção de Particulares e Negócios]) has a total of 200 branches and 6 Service Points, distributed throughout Angola's provinces, representing approximately 90% of Banco BIC's entire commercial network.

This Department, which supports the Agencies Network of Banco BIC, had a credit portfolio on the amount of 75.932 million AKZ on December 31st 2017 (a decrease of 10% when compared to December 31st 2016). The clients resources rose to 18.531 million AKZ on December 31st 2017 (a decrease of 4% when compared to December 31st 2016).



### Companies Division

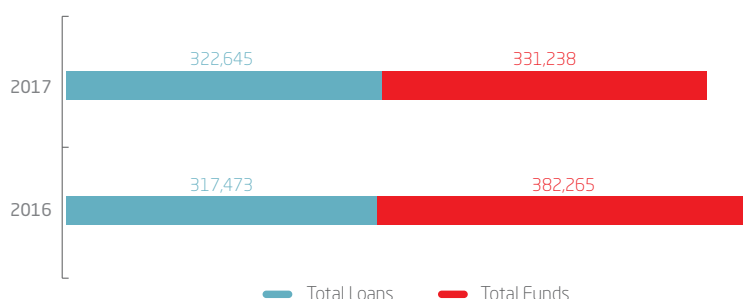
In 2017, the Department of Companies (hereinafter DC) continued the action of gaining clients with the provision of a more qualified system. On December 31st 2017, Banco BIC had 17 company centers.

At the end of the fiscal year of 2017, the total resources captured by the DC would rise to 331.238 million AKZ (a decrease of 2% when compared to December 31st 2016). In terms of credit granted to clients, on December 31st 2017, the total managed by DC hit 322.645 million AKZ, with an increase of 2% when compared to December 31st 2016.



Always bearing in mind the solvency ratios of the Bank, the solidity of the business and the quality of the credit portfolio, the DC continued to closely monitor its clients portfolio and, for those who showed signs of a greater struggle, established a detailed policy of renovations of operations, and the reinforcement of the guarantees associated to the credit operations is one the decisive management tools.

The Department of Companies, on December 31<sup>st</sup> 2017, contributed with about 73% for the credit portfolio and with 42% for the total resources portfolio of the Bank.



**73%**

**CONTRIBUTE**

for the credit  
portfolio of  
the Department  
of Companies

## Companies Division - Oil and Gas Department

On May 2012, with the approval of the new Exchange Law applicable to the oil sector, Banco BIC created a Department of Oil and Gas, designed from scratch to answer, exclusively and with an excellency service, the specific needs of this segment.

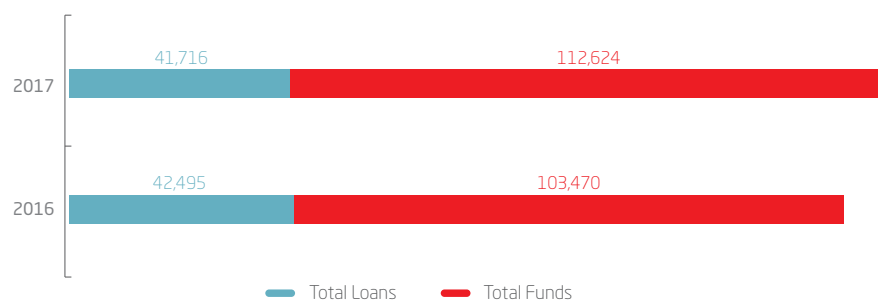
On a first phase, the Department was focused essentially on the front office activities to support the companies on the process of transition of the several phases of the new Exchange Law. Then, the back office activities were developed, namely with the creation of a set of sub departments on the several central services departments which, together with a set of technological innovations, aim to ensure the celerity and efficiency of all processes and a greater adequacy to this sector's demands.

## Private Banking

The activity of this Department is ensured by private manager, with great technical and negotiating skills, based on a relationship of trust in real time. On December 31<sup>st</sup> 2017, the resources would hit 112.264 million AKZ, which represented an increase of 9% when compared to December 31<sup>st</sup> 2016, when the portfolio had a total of 103.470 million AKZ. Regarding the credit, the portfolio had a total, on December 31<sup>st</sup> 2017, of about 41.716 million AKZ.

Our compromise is to continuously improve the service to our clients, having the highest and most differentiating level of banking service, providing a more customized structure based on the sale of financial consulting products, in line with the risk profile identified for each client; and keeping as main goal the sustainable conservation of the clients assets to the detriment of the performance, for the maintenance of the growth and consolidation of the activity.

Our compromise is to continuously improve the service to our clients

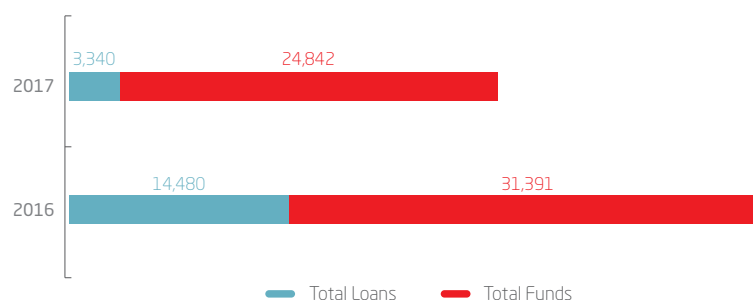


## Investment Division

The Department of Investment is governed by the traditional model of banking segmentation, for its clients at the level of the investment/rent they present. Knowing the client better and developing the best monitoring and prospection practices, to materialize the compromise with the investors, aiming to achieve a successful realization of each project, building strategic partnership and valuable synergies.

For the investors that are willing to diversity their investment and invest on this segment, Banco BIC provides several investment alternatives which follow the evolution of the business reality, dynamizing the commercial network of the economic agents who keep financial relationships with the Bank.

On December 31<sup>st</sup> 2017, this department has three Investment Centers which provide a permanent and specialized monitorization, on the daily management of the clients portfolio and on the investment decision making. On December 31<sup>st</sup> 2017, the balance of the total resources portfolio was 24.842 million AKZ and the granted credit portfolio had 3.340 million AKZ.



These offices aim at increasingly strengthening commercial relations between the two countries, ensuring the required levels of excellence and professionalism

## Angola-Portugal Office and Angola-Namibia Office

On May 2012, the Angola-Portugal Department (hereinafter GAP) was created, for the dynamization of the bilateral business between Angola and Portugal, ensuring the management of the financial flows between the two countries and supporting the Angolan and Portuguese entrepreneurs on their internationalization activity. In this sense, in 2016, was created the Angola-Namibia Department ("GAB").

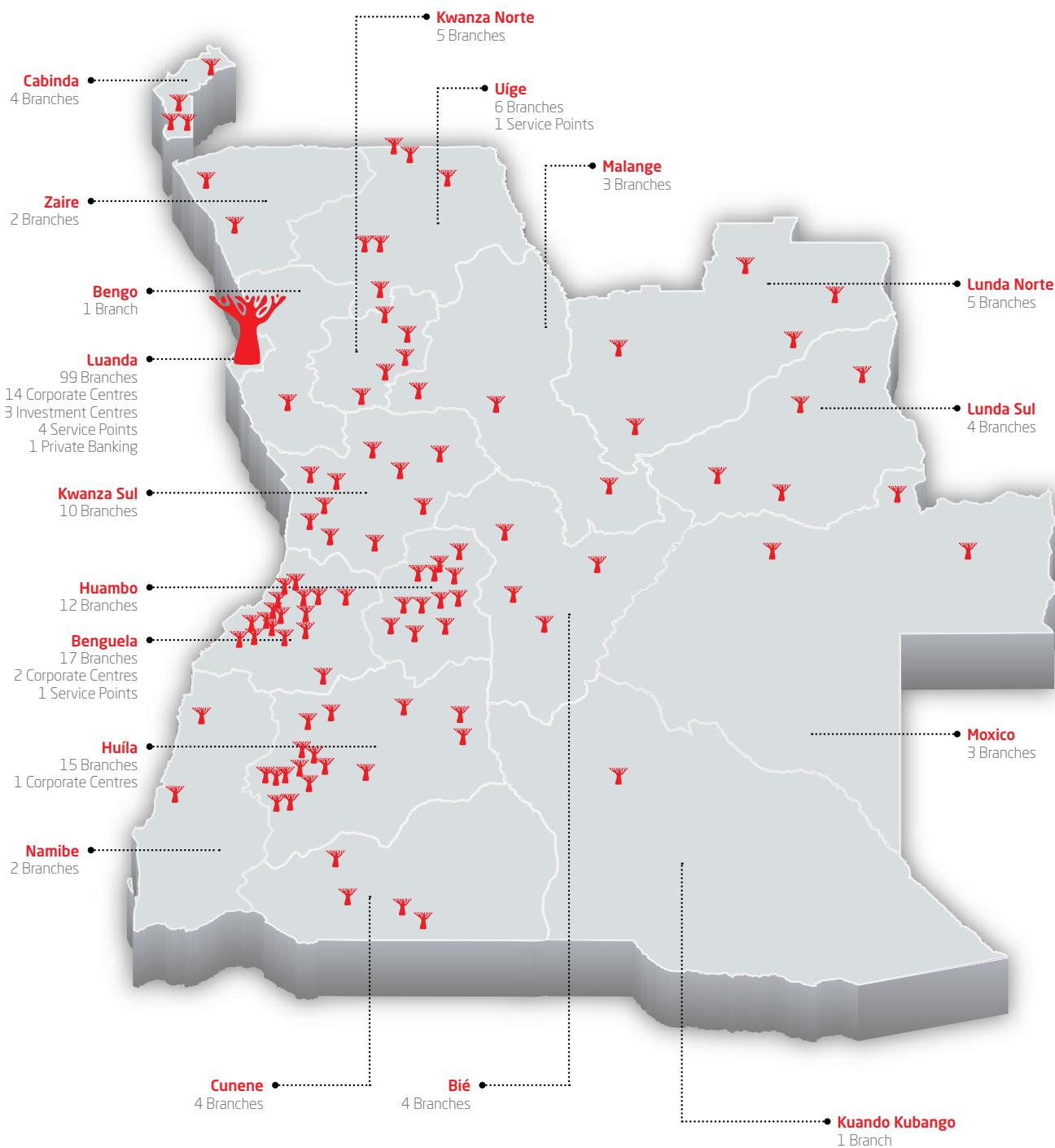
In line with the commercial strategy of the Bank, the objective of these Departments is to deepen the business relationships between the countries, ensuring the levels of excellency and professionalism demanded.

Among the main GAP and GAN activities are the financial support to the current activity of the companies with the presence or business relationship on these countries, namely with support financing services to exports, provision of data on the specificities of each market and monitorization of the flows created between the countries, with a special focus on the celerity of the processes and the practiced pricing competitiveness.

## Department of BIC Agro

In 2017, the Bank, conscious of the importance of the Agriculture, Farming and Fishing sectors on the Angola economy created the Department of BIC Agro. This Department has as main activities the dynamization, technical support and monitorization of the Bank's Commercial Networks, regarding the Credit products on the primary sector and ensure the guidance and monitorization of the agreed credit lines (Angola Invest).

# + Distribution network and geographical presence



Network Updated on 31 December 2017

# + Milestones

Throughout its years of existence, Banco BIC has remained faithful to the brand's values, which are based around a permanent contribution to the economic, cultural and social development of Angola and all other countries in which it is present.

Banco BIC's historical milestones are a clear reflection of a consistent strategy and a balanced and stable management.

## 2006

Launch of the BIC Housing and BIC Vehicle Campaigns

## 2005

INCORPORATION OF BANCO BIC, S.A.  
BY A PUBLIC DEED

Following an authorization of the National Bank of Angola with a share capital of 6,000,000.00 USD

## 2005

Performance Certificate Awarded by American Express, for the quality of the Bank's foreign transaction processing, which, after just months in existence, placed Banco BIC among the best international banks in this segment;

Promotion of the Banco BIC brand, using the "Crescemos Juntos" (We Grow Together) slogan to assert our position as partners in the growth of our customers and of the country;

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

Incorporation of Banco BIC, S.A., by public deed, following an authorisation from the National Bank of Angola, with a share capital of 6,000,000.00 US dollars.

## 2006

Launch of the BIC Salary account, a new Personal Credit product, which allows the client to access the Automatic Credit, to the maximum amount of a net salary and the possibility of access to a credit line;

Launch of the BIC Habitação (Housing) and BIC Automóvel (Auto) campaigns;

Expansion of the Bank's branch network to almost every Province in the Country, with only three provinces remaining, but where works are already in progress;

Deliberation to make a new capital increase, from 20,000,000.00 to 30,000,000.00 US dollars, following the granting of authorization by the National Bank of Angola;

Signing of a protocol agreement with Banco Popular de Portugal, with a view to providing Lines of Credit to foster relationships between Angolan and Portuguese economic agents, through the financing and promotion of exports;

Entry to the "POS VISA" network, with BIC acting as an issuer of internationally accepted credit cards, as a leading member, and able to support other Angolan banks in obtaining VISA cards, as part of the select group of banks chosen by VISA; and

Capital increase by 14,000,000.00 US dollars, fully paid up in cash, thus totaling 20,000,000.00 US dollars.

# 2008

EuroMoney recognized Banco Bic with  
"The Best Bank in Angola" award  
for its outstanding performance in all areas,  
including sales, service quality and  
consolidated results achievement

# 2007

Signing of a protocol agreement  
with the Ministry of Finance  
to fund a project to rebuild the Uíge  
province, estimated at approximately  
150 million US dollars

+



## 2007

The Bank of Portugal authorized the establishment of Banco BIC Português S.A., with mostly Angolan capital and focusing its activities on supporting Angolan and Portuguese entrepreneurs with interests in Angola;

Signing of a protocol agreement with the Ministry of Finance, to fund a project to rebuild the Uíge province, estimated at approximately 150 million US dollars;

Creation of the Real Estate Credit Department, with the aim of streamlining the management of this credit segment;

Marketing of Visa Gold and Visa Premium VISA credit cards and launch of a sales campaign; and

Launch, at Filda, of "Crédito Fácil" (Easy Credit), a new General Credit product for the purchase of consumer goods, whose main characteristic is the speed at which it is granted at a very attractive interest rate, cutting through the red tape associated with loans.

## 2008

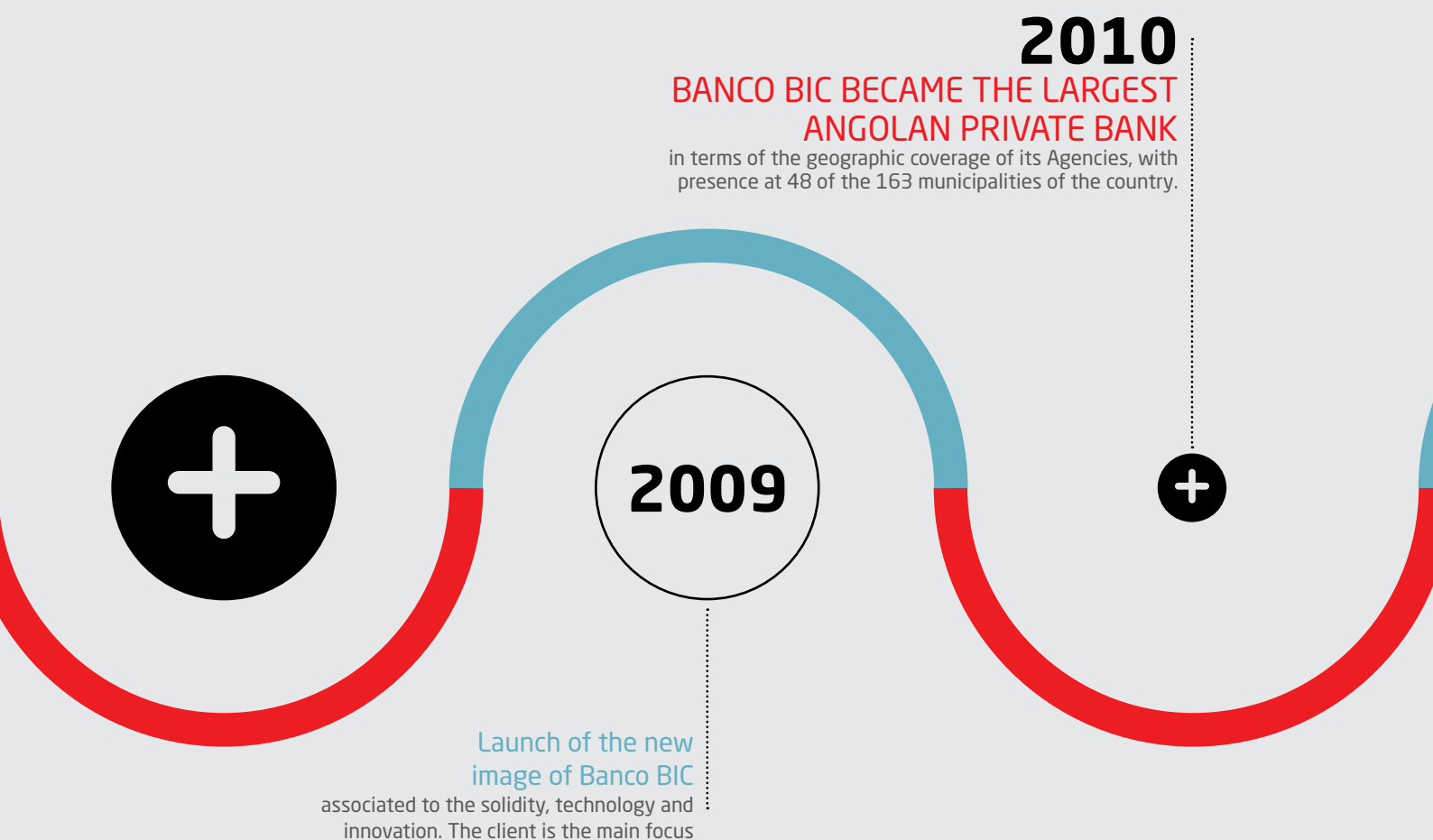
In 2008, the 1,000 employee threshold was exceeded, of which approximately 81% were allocated to the commercial network. This growth of the bank's staff numbers, reflecting the expansion of its service network, represents one of the pillars of the Bank's Growth Strategy;

EuroMoney recognised Banco BIC with "The Best Bank in Angola" award, for its outstanding performance in all areas,

including sales, service quality and consolidated results achieved;

Launch, at Filda 2008 and Expo Huíla 2008, of the new BIC Multicaixa campaign – "a personalised debit card that allows you to operate your Demand Deposit Account in Angola through the Multicaixa network"; and

Opening of Banco BIC Português. The strengthening of economic relations between Portugal and Angola was one of the factors underpinning this decision, which aims at supporting the Portuguese business sector in its internationalization strategy towards Angola, as well as Angolan investors already operating or wanting to operate in Portugal and Europe.



## 2009

Launch of Banco BIC's new image associated with strength, technology and innovation. With customers as its main focus, Banco BIC strengthened its campaigns: BIC VISA - Gold and Platinum, BIC Multicaixa and Point-Of-Sale (POS) terminals connected to the VISA network, with the aim of increasing the sales of these products; and

Presence at Filda 2009, where the campaign "Investimos Juntos - Crescemos Juntos" (We Invest Together - We Grow Together) was strengthened, with highlight to the liaison with Banco BIC Português, thus reinforcing the main factors that motivated its formation.

## 2010

Launch of the BIC Salary "Função Pública" (civil service) campaign. Civil servants can now receive their wages through Banco BIC. With added benefits: Access to Personal Loans, Car loans, Mortgage Loans and Cash Advance of up to 100% of their salary;

Launch of the ACN 2010 Awards, under the theme – "the Palancas (name of the Angolan football team) have the support of the grandstand and of the Bank", with a prize of 1,000,000 US dollars for the Angolan team if they win the Africa Cup of Nations (ACN) and also prizes for match wins, goals scored and for the performance of the best players;

Launch of the "5 YEARS making Angola grow" campaign, referring to the 5<sup>th</sup> anniversary of Banco BIC. The main goal was to let Angolans know that we are present all throughout the country, in all 18 province capitals and in major cities. This is to say that Banco BIC is increasingly closer to Angolans, their families and their businesses, as astrong partner for common development;

In 2010, the 500,000-customer threshold was exceeded, including large companies,

small businesses and individuals, demonstrating our customer's trust in us;

African Business magazine ranked Banco BIC the 42<sup>nd</sup> Largest Bank in Africa, on a list containing banks that have been in operation for over half a century. The bank's financial soundness, as well as the quality of the services provided to its customers, were key factors for such recognition;

An agreement was signed with multinational company Coca-Cola, for the opening of two lines of credit, to fund private projects in the province of Bengo. The two lines of credit, called "Bengo Investe I and II", are worth a total amount of 23 million dollars; and

Banco BIC became the largest private bank in Angola, in terms of the geographical coverage of its Branches, with a presence in 48 of the nation's 163 municipalitie.



# 2012

Banco BIC closed FY 2012  
with a customer base  
of more than 800.000

Thus demonstration the trust that its  
customers place in this Bank and the  
efforts of its employees

# 2011

BIC MAIS magazine is launched

A new form of internal communication  
and information sharing

## 2011

Acquisition of Banco Português de Negócios from the Portuguese Government, thus contributing to expanding Banco BIC's presence in the Portuguese and European markets (formally concluded on March 29, 2012);

Inauguration of the new Banco BIC's head office in Talatona, a ceremony presided over by its Excellency, the Governor of the National Bank of Angola, Dr. José de Lima Massano. The new head office allowed centralising the services, thus contributing to further raise the quality indices of the service provided to our customers. The 10-storey building houses around 350 employees distributed by central services, a branch, a business centre, an investment centre and a private banking centre;

With just over 6 years of existence and an initial capital of 30 million US dollars, Banco BIC exceeded, as of 31 December 2011, an

equity amount of 650 million US Dollars;

Banco BIC became the largest Angolan private bank in terms of commercial coverage in Angola - 167 commercial units, of which 99 are located in Luanda and the remaining 68 are distributed across the different provinces of the country;

BIC MAIS magazine is launched, a new form of internal communication and information sharing, creating further value and standing as a differentiating factor;

Launch of the BIC Cofre Mealheiro (Moneybox) account, an account designed for children and their parents, which encourages saving from an early age to finance future projects

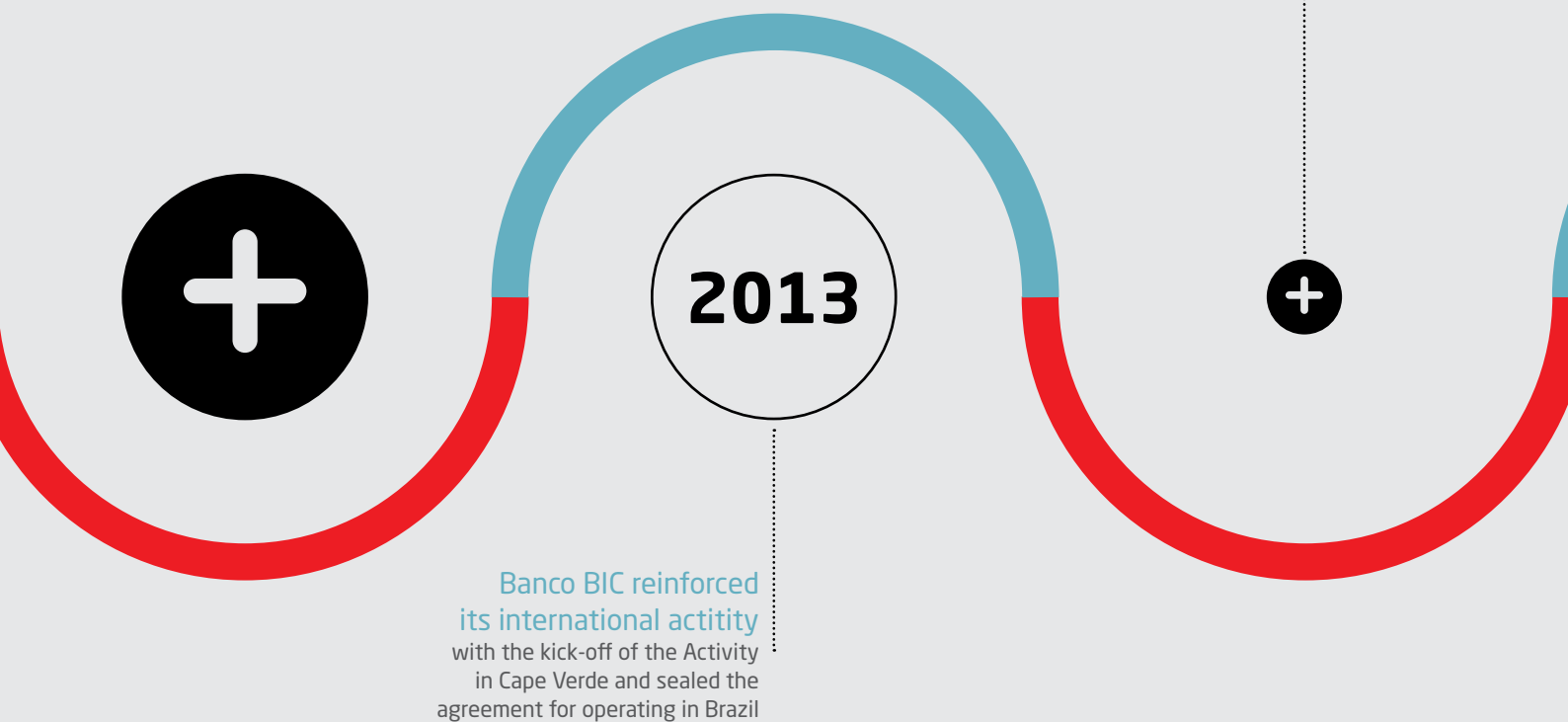
Signing of the "Bankita Deposit" cooperation protocol launched by the National Bank of Angola, in conjunction

with another seven banks. The product, which reduces the minimum amount required to open an account to 100 kwanzas, aims at extending access to the banking circuit to every citizen.

## 2012

Accordingly to the African Business magazine, which annually publishes a listing of the 100 largest banks in Africa, based on each institution's Own Funds, Banco BIC has become the 32nd largest Bank in Africa. This remarkable fact is even more relevant if we consider Banco BIC's seven years of existence, comparing it to other institutions operating in the African financial system for over 50 years;

Banco BIC closed FY 2012 with a customer base of more than 800,000, thus demonstrating the trust that its customers place in this Bank and the efforts of its employees;



The Oil & Gas Department was created to cater to the specific needs of this sector. Because Angola is one of the largest oil producers, and its government is imposing conditions for greater involvement by companies in this sector in the domestic financial market, there is an urgent need for banks to adapt to the specific requirements of those companies.

## 2013

Banco BIC was distinguished as "Best Company of the Year in the Financial Sector in Angola", at the 2013 Sirius Awards;

Recognition awarded by the prestigious magazine The Banker, of the Financial Times group - Award for Best Bank in Angola;

Beginning of the process of internationalisation and convertibility of the Angolan currency (Kwanza). In this process, Kwanza bills are marketed through Banco BIC's network branch in Portugal;

Banco BIC reinforced its international activity with the kick-off of the Activity in Cape Verde and sealed the agreement for operating in Brazil.

## 2014

BIC Seguros, S.A. inaugurated its Head Office on 15 October 2014;

On 1 October 2014, Banco BIC's shareholders obtain a licence to operate in the Angolan insurance market, through the BIC Seguros, S.A. insurance company;

Banco BIC Angola exceeds 1,000,000 customers, with 2,097 employees working in a total of 217 branches;

Banco BIC is an increasingly international brand. Not only due to its presence in Portugal, since 2008, but now also in Cape Verde (IFI) and South Africa (Rep. Office);

Banco BIC was awarded the SIRIUS 2014 prize for the Best Financial Education Programme;

Banco BIC climbs to 32<sup>nd</sup> place of the Top 100 African Banks Ranking, published by The Banker magazine.

# 2016

Banco BIC Angola  
exceeds 1,300,000  
with 2,069 employees  
and a total of 226 business units

## 2015

BANCO BIC COMMEMORATES  
10 YEARS OF EXISTENCE

+

## 2017

THE BIC UNIVERSE  
GROWS MORE

After Portugal, Cape Verde,  
South Africa and Namibia,  
Banco BIC applied for an opening  
request of a branch in China

## 2015

Banco BIC celebrates 10 years of existence, with many reasons to celebrate. 10 Years later, Banco BIC is of a different dimension:

- for its growth;
- for its international expansion;
- for its product and service offer;
- for the reach of the Banco BIC brand;
- for its performance as an economic agent;
- for its role as an employer;
- for its capacity to support the country's development.

More than 10 Years growing, it's 10 years growing Together:

- Over 1 million Customers,
- Over 220 branches;
- Present in 5 countries and 2 continents;
- Offering Insurance.

Banco BIC is on the 805<sup>th</sup> position of the "TOP 1000 World Banks" ranking, annually published by The Banker magazine on June 20115. In which concerns the Angolan ranking, the Bank appears on the 4<sup>th</sup> position.

## 2016

Banco BIC Angola exceeds 1,300,000 customers, with 2,069 employees working in a total of 226 business units;

Bank BIC Namibia obtained its commercial banking license, beginning its operations in June 2016, thus contributing to strengthening the international banking activity of the BIC Universe.

## 2017

Banco BIC Angola was one of the main

financers of the ANGOLA INVEST Program, a Governmental program that supports small and medium companies;

The BIC Universe grows more. After Portugal, Cape Verde, South Africa and Namibia, Banco BIC applied for an opening request of a branch in China, on the Special Administrative Region of Macau, before the National Bank of Angola and AMCM;

BIC Seguros grew 50% in premium volume, when compared to the previous year, and launches the installment of a Health Medical Center exclusive for the insured people;

Banco BIC Portugal changes its name to EuroBIC, due to legal imperatives. The change implies an image and business strategy change with possible results.

# + Marketing and Communication

Operating in an increasingly demanding and competitive market, Banco BIC has consolidated its growth, as well as its symbolic and commercial value through a marketing strategy that, year after year, develops and strengthens the relationship between the Institution and Angolan society, significantly contributing to the development and growth of Angola.

2017 was characterized for the launch of new products, for the continuity of sponsors on cultural and sports events, for the special support to basketball, where BIC was the official sponsor of the Senior Male National Championship, for the launch of new advertisement campaigns disclosed on the different television, radio and newspaper means, on communications materials such as leaflets, flyers, banners, posters on public placards and for the reinforcement of promotional actions of existent products and services.

Among the main actions, the following stand out:

01

## January

### Insurance Campaign Reinforcement

With the motto "I go to the Insurance Company as I go to the Bank", Banco BIC reinforces the range of insurances solutions provided on its network with 226 business units, offering different insurances solutions, namely Personal, Life, Housing, Vehicle, Health and Companies Insurances.

The campaigns are disclosed on the registered office of the bank, on a exclusive point of sale (BIC Seguros Kiosk), as well as on TV, radio and press.



02

## February

### Agro Campaign Reinforcement

On a dynamic of incentive to the financing of Primary Sectors, namely Agriculture and Farming, assuming a role of an economy dynamizing agent, Banco BIC reinforces the BIC Agro campaign, disclosed on all the business network, offering financing solutions that potentialize the sustainability and the national production capacity.



### Pura All Star Games

Within the scope of the social responsibility, BIC supports the second edition of the event "Pura All Stars Games", a basketball activity with old celebrities of this sport and current athletes of the national BIC Basket championship, an event which occurred on the Cidadela Pavilion. The funds collected were donated to nursery homes.

### Support to the National Football

Interclub Sport Club, Process of Luanda South and Santa Rita Uige Football Club:

Banco BIC keeps the compromise on the support of the national sport, being associated to several sport disciplines, with a special focus on the sponsor of Football Clubs that play on the Girabola League, namely the Interclub Sport Club, Process of Luanda South and Santa Rita, Uige Football Club, ensuring the notoriety of the BIC brand.

### BIC Basket 2017

With the status of Official Sponsor of the National Senior Male Basketball Championship, Banco BIC reaffirms the partnership with the Angolan Basketball Federation for the sports season of 2017. The Bank has been seeking to foment the proximity with the populations and to strengthen the relationship with the public, ensuring a high visibility to the brand.

## Agriculture Portugal-Angola Forum

The Agriculture Portugal-Angola Forum occurred in Lisbon on the Champalimaud Foundation, assumed as a milestone on the economic relationship of both countries, therefore identifying the investment opportunities on the agricultural sector in Angola, as well as potentializing the partnerships between entrepreneurs of both countries and the signalization of adequate financial solutions for projects within the agricultural scope.



## 05 May

### Banco BIC Anniversary - 12 years

"12 Years, Together we make a large number", this was the motto of one more anniversary celebration of Banco BIC, which occurred on May 26th on Palmeiras Club, with a lot of pride on the conquests and successes, with solid consolidation steps and with a sustained growth achieved during 12 years of existence. Banco BIC has 2.069 collaborators, more than 226 business units in Angola and international presence in Portugal, Cape Verde, South Africa and Namibia.



## BIC Multicaixa Card - 1.º de Agosto

Launch of the BIC Multicaixa 1.º de Agosto debit card exclusive for members of the Club, with the motto "Together, with a card which matches your passion", reinforcing the partnership between Banco BIC and the Sports Club 1.º de Agosto.



## BIC Plus Term deposit

Launch of the BIC Plus product, a term deposit with a high profitability which offers the best rates on the market. The slogan "It's worth waiting for a tax like this one" defined the purpose of the campaign aimed for companies and individual clients.

## BIC Seguros Reinforcement campaigns

Intensification of the Health and Vehicle Insurance campaigns of BIC Seguros, two products that contribute for the expansion of the insurance company in 2017, which registered a growth of about 50% of the clients portfolio.

## 06 June

### Children's Dance Show, Dançarte "A night in the Attic"

Hand in hand with art and culture, BIC supports the 8th children's dance festival of the Dançarte school; A show which occurred on the Arts House on June 24th and 25th, called "A night in the Attic" and which gathered 80 children, contributing for the development and Valuation of Dance, Culture and Arts in general.

## Participation on the Creator's Fair - Benguela

Participation on the 5th edition of the Angolan Creator/Inventor Fair, aiming for the development of culture regarding academic creativity and innovation; An initiative of the Ministry of Sciences and Technology.



07

# July

## Banking Forum promoted by the Newspaper Expansão

Participation on the Banking Forum, organized by the seminary Expansão, dedicated to the theme: Banking Regulation and Supervision - New Borders and Consequences in Angola, in which the President of Banco BIC's Board of Directors, Dr. Fernando Teles, was one of the main lecturers.

## New ways to potentialize the national production Forum

Participation on the Forum promoted by the Commerce and Industry Council of Portugal, which reunited Angolan and Portuguese entrepreneurs, on new ways to potentialize the national production. Banco BIC was represented by the director Hugo Teles, one of the intervening parties of the Forum.

## Proximity with the clients

Banco BIC and BIC Seguros were present on the main fairs of the country, with own stands to ensure a greater proximity of the BIC brand with its clients, disclosing the banking products and the insurance products.



## FILDA (Luanda's International Fair)

FILDA, the fair with the largest open door of access to the Angolan market's business was used, this year, for the presentation in Angola of the new EuroBIC image and the BIC Seguros products.



08

# August

## Luanda Fight Championship

Banco BIC was the official sponsor of the first International Festival of Martial Arts "Luanda Fight Championship", where participated federate, national and international athletes on the disciplines of Judo, Kung Fu, Jui-Jitso and Taekwondo.





## Banco BIC and BIC Seguros Road Safety Campaign

Banco BIC and the insurance company BIC Seguros, in a partnership with the National Police of Angola developed several awareness campaigns for the road accident index and for the importance of complying with the traffic rules for pedestrians and drivers.



09

## September

### Swimming festival

Banco BIC sponsored the Swimming festival, where several swimming schools participated. Once again, Banco BIC supports the amateur sport.



09

## October

### Macau Forum

Participation on the Macau Forum, organized by the Commerce and Investment Promotion Institute of Macau, which gathered entrepreneurs and business people of Africa, Asia and America, in convergence with UCCLA and had as lecturer and president of one Conference Panel, the President of Banco BIC's Board of Directors, Dr. Fernando Teles. This was the first step on the promotion of Banco BIC on the next foreseen territory for the internationalization of the BIC brand.



12

## December

### BIC Family party

We organized a BIC Family party for the children. Together, We are More and we never stop growing.

# Information Technologies

Improvement and consolidation of the services ensured by the Information System Department

---

2017 was characterized by the improvement and consolidation of the services ensured by the Information Systems Department, grounded on the entering into force, on the last quarter of the previous year, of the important investment carried out by the Bank on its Project of Renovation of the Technological Infrastructure and Data Processing Centers, named "ACORSIS".

On the period at stake, different initiatives were carried out, equally forecast on the structuring Project "ACORSIS", focused on the strong investment on the maintenance of high excellency patterns of the industry, optimizing its Risk Control and operational performance, thus potentializing the efficiency of its business processes and, consequently, the one goal and main reason of the institution, the improvement and satisfaction on the quality of the service provided to its Clients.

From the different initiatives carried out during 2017, we highlight the execution of the below-mentioned Projects, within the correspondent domains:

## Safety, Control and Mitigation of the Operational Risk

### Migration of Infrastructures

The migration of Services for a new Technological Infrastructure was concluded in a gradual and non-disruptive way, involving the transfer of physical equipment between its Data Processing Centers, implementation and setting of base software, culminating on a rigorous trial plan of different Services layers.

### Alterations and upgrade of international connection circuits

Additions and adjustments carried out at the level of the institutional and extra institutional international communication circuits, for the improvement of the transfer speed and increase of the data flow.

### Upgrade and safety alterations of the communications

Improvements and alterations carried out in a hierarchical way, for the increase of the safety of this internal and external traffic flow for the safety of the users and correspondent accesses.

### Upgrade and implementation of new circuits on Data Centers

Improvements on the existent circuits and new additions of circuits of high debit on the Data Center to face the continuous growth of the internal traffic. Implementations carried out on the Data Centers for the segmentation and connection of new equipment relevant for data storage.

### Alterations and upgrade of Internet data flow (Websites and Institutional Emails)

Improvements on existent circuits and new additions to circuits of high debit on the Data Center to face the continuous growth of the external traffic.

### New implementation of Extranet connections

Implementation of new circuits to enable and improve the synergies with external institutions.

### Disaster Recovery (DR) and High Availability (HA)

With an integrated and correlated approach, the control and execution proceedings of the different Service layers involved were review, ensuring a great robustness and effective reacting capacity on contingency situations.

### Data Safeguard

Based on the BRMS Product of IBM, all the Safeguard and Data Retention at the level of Core Business were reviewed and redesigned and a more efficient Control of the Stock and Data Management/Safeguarded Version on the several physical and logical supports were ensured.

This revision brought accrued gains to the business processes, namely:

- Reduction of the unavailability windows of the business services, allowing unavailability periods of 0%; and
- Execution periods of the Data Safeguard Processes with gains of about 45%.

### **Optimization of the Business Processes - “Light Batch” Project**

With the reinforcement of the processing capacity, resulting from the entering into force of the “ACORSIS” Infrastructure, different initiatives, aggregated on the Project called “Light Batch” were carried out:

“Light Batch” results from the need to identify and correct the several critical processes of Business at the Core Business level, covering themes such as:

- Databases optimization;
- Reallocation and diverse optimization of System’s resources;
- Identification and elimination of redundant processes;
- Identification and elimination of calculus processes;
- Revision of the Bank’s operative proceedings.

With a significant impact on the Mitigation of the Operational Risk and the accrued gains observed on the greatest availability of Core Business for final Users and Bank Clients, on the channels in person and remotely, we highlight the following indicators:

- Gain of 600% on the execution time on the Business Journals BATCH Processes;
- Average gain of 300% on the execution time on the Legal Reports Processes;
- Reduction of the availability window of Remote Channels on about 90%;
- Gradual reduction of the necessary System’s resources allocated on the Productive Environments, allowing a sharing and most efficient management of these resources with Development and Tests Environment, thus decreasing the natural tendency of additional investment on eventually future business needs.

## **Innovation**

### **Pilot Implementation of Front-End**

Structuring project which provides to the different Bank areas a more intuitive and modern Front-End, allowing a friendlier experience to the final user on the access and handling of different layers of the Business Applications, significantly contributing for a gain of efficiency on the Client support.

Gradually, this Project, started in 2015 on 5 pilot branches connected to the Individuals and Business Board, shall be implemented and concluded during 2018.

It’s implementation on web technologies makes it agnostic to the characteristics of the work stations (Hardware/Software) that the Bank provides to its collaborators, which enables the Bank to have wider options on the definition and exploration of new solutions with the best cost-benefit at short and medium terms.



Implementation of the pilot project Front-End on 5 branches connected to the Individuals and Business Board

# Human Resources

The Organizational culture of Banco BIC is strongly grounded on its Values: Client Orientation, Innovation, Ambition, Continuous recognition and valuation of the collaborators, Teamwork and High Integrity Pattern. The orientation for the merit goals and culture are concepts and practices present on the management of the Human Capital of the Bank. As such, these guideless had to be references of the policies and practices of the Human Resources that Banco BIC implemented throughout 2017.

The 2017 business plan maintained its focus on promoting structuring programmes for developing Banco BIC in a sustained manner, of which we highlight the following:

- Continuing our organisational alignment and clarification, with the aim of adjusting our Human Resources to the demands of the business and to the creation of new opportunities, thus fostering internal mobility;
- Strengthening the Bank's employee development programmes, taking into account any new challenges and the dissemination of knowledge;
- Continuing to recognise organisational and individual merit, in a sustained manner;
- Improving our talent and performance recognition practices.

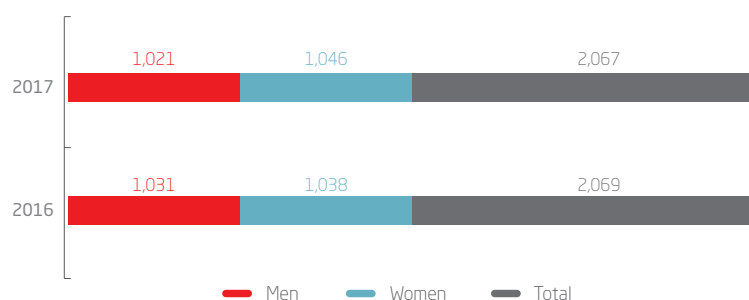
## Characterisation of our Human Capital

At the end of 2017, the number of employees had a slight decrease (0.10%) over 2016.

### NUMBER OF EMPLOYEES

	'16	'17
Men	1,031	1,021
Women	1,038	1,046
<b>TOTAL</b>	<b>2,069</b>	<b>2,067</b>

  
**2,067**  
**EMPLOYEES**

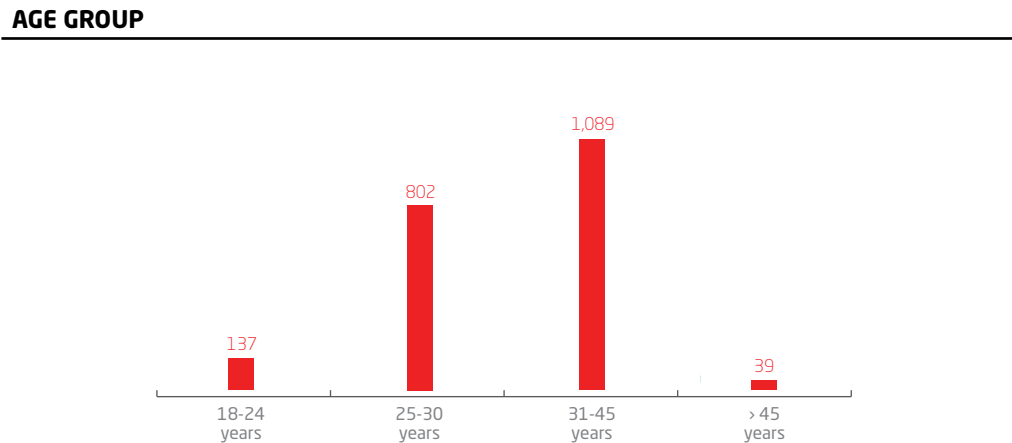
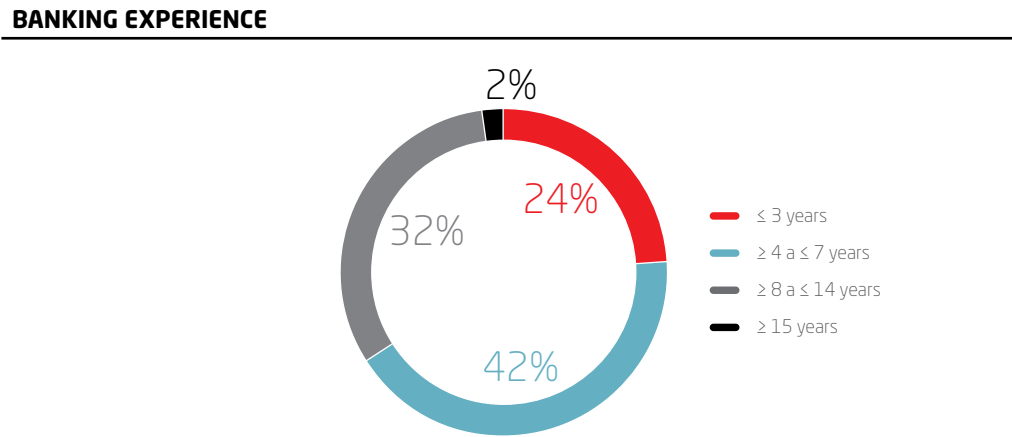


From a total of 2,067 Collaborators, 1,391 are in Luanda, 676 are distributed through the other Provinces of the country and 1 is on the representation office in South Africa.

The number of allocated collaborators per business area is 85% of the Bank's total, keeping the trend already verified on previous years.

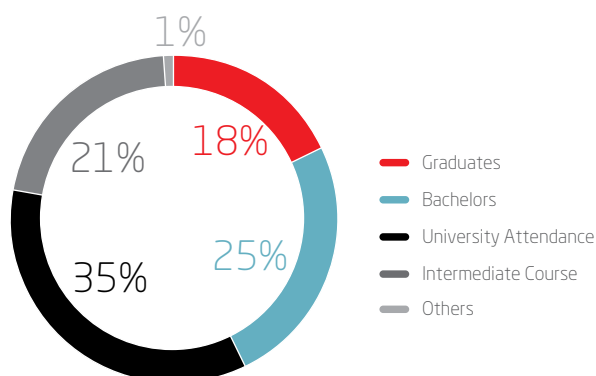
FUNCTIONAL AREA	'16	'17
Central Services	318	310
Business Network	1,751	1,757
AVERAGE NO. PER AGENCY	8	8

With regard to banking experience ratios, age and higher education, and after over 12 years of activity, the average age of the Bank's employees is 32 years, where 45% of employees are between the ages of 18 and 30. The percentage of employees that completed university education is 78%.



**78%**  
**EMPLOYEES**  
that completed  
university  
education

## LEVEL OF EDUCATION



## Talent Training and Retention

Training has always been deemed a priority for developing our Employees' professional and personal skills. Therefore, and in terms of knowledge management, our vocational training efforts remained focused on people and business development, resulting in over 50,000 hours of training, which corresponds to an average of 24 hours per employee.

↑  
**49,982**  
**TRAINING**  
**HOURS**

### TRAINING ACTIVITY

	'16	'17
Number of Training Hours	42,296	49,982
Per employee	20h	24h

All the training activities that were carried out aimed at harnessing each employee's potential with the aim of aligning Human Resource policies with the employees' expectations and the Institution's strategic goals.

The Annual Training Programme included cross-sectional and specific training courses, both in a classroom and e-learning environment. In terms of cross-sectional training, highlight goes to training in the behavioural area, which is in line with the Bank's values and organizational strategy, namely: "Conduct in Customer Relationships". In terms of specific training, the emphasis was once again placed on technical banking-related matters, with highlight to training in Banking Products and the Capital Market. During the year 2017, Training and literacy on Money Laundering and Terrorist Financing also remained a concern for the Bank which strengthened the skills related to its internal control systems, so that all procedures are in line with international best practices.



## Medical Assistance Benefits

Banco BIC's benefit policy, focused on providing support to its employees in relevant areas of their personal and family life, includes a series of additional aids and benefits in the field of health.

In 2017, the health assistance benefits, appointed transversally, counted a total of 64.454 clinical acts, 4% more than in 2016.



# 64,454

## CLINICAL PROCEDURES

4% more than  
in 2016

### MEDICAL PROCEDURES IN 2017

SPECIALITY	OVERALL	EMPLOYEES
Complementary Exams	3,710	4,271
General Medicine	5,931	14,574
Stomatology	1,102	3,361
Gynecology/Obstetrics	5,220	10,469
Surgery	560	362
Paediatrics	10,865	-
Other Specialties	1,575	2,454
<b>TOTAL</b>	<b>28,963</b>	<b>35,491</b>

## Performance Assessment

The Performance Assessment System, an essential tool for an active talent and career management, remained focused on promoting the development of critical skills, as well as a culture of merit.

Combining an ethical conduct and professional precision with enthusiasm and initiative, appreciating the teamwork of all employees, allows supporting an objective management, focused on Human Capital as a key factor for business success.

To attract, retain, generate and develop professional talent, in working conditions that give employees a real sense of pride and belonging, remains Banco BIC's major goal in terms of Human Resources.

To attract, retain,  
generate and develop  
professional talent  
remains Banco BIC's  
major goal









we grow with  
**transparency**

There are high risks where there is no transparency.  
Motorization, inspection  
and compliance protect risks.  
We are advocates of transparency.

GROWING TOGETHER

# Risk Management

In 2017, Banco BIC kept its focus on the investment associated with the areas of internal control and risk management, aiming to reinforce the institution in terms of control, monitoring and evaluation mechanisms of the several risks that concern the activities developed.

In this sense, among other investments in these areas, the Bank acquired a Risk Management Application System (SAGR) which aims to provide the Bank an automatic system of data processing and reporting to the NBA, for a significant part of the risks inherent to its activity.

In 2017, the Bank proceeded to the acquisition of an Application System of Risk Management

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Risk Management is distributed across several organisational bodies, in accordance with the type of risk, as follows:

- Credit risk is covered by the Credit Risk Analysis Division (CRAD);
- Risk management, in an integrated perspective, as well as operational risk, are ensured by the Risk Division;
- The risk associated with information systems is monitored by the Information Systems Division;
- Market risks are managed by the International and Financial Division (DIF), monitored by the Risk Division and analysed by the Management and Senior Directors in the context of the Asset and Liability Committee (ALCO).

The main activities development and the most relevant interventions for the reinforcement and improvement of the Risk Management system, throughout 2017, were the following:

- Continuous reinforcement of the governance model of risk management through several improvements on the established model;
- Annual review of the "Risk Management Principles and Policies";
- Implementation of the reports of Liquidity Risk, Prudence Limits to Great Risks and New Requirements for Own Regulatory Funds;
- Review of the report model of the Interest Rate Risk;
- Definition of the action plan on the Effort Tests, to be implemented in 2018, which aim, essentially, to evaluate the potential effects of extraordinary occurrences on the financial institutions;
- Continuous development of the risk management system of the Bank, as well as the reinforcement of the internal control mechanisms.
- Reinforcement on the drawing and implementation of the internal reports.

## Risk Management Governance

The risk management model is defined and the competences and appointments of the bodies which intervene on the government of the risk management and internal supervision of the Bank, besides the Administration Council (CA) and the Executive Commission (CE) are the following:

### Risk Committee

The risk committee is responsible, at the executive level, for monitoring the overall levels of credit, market, liquidity and operational risk, as well as all other risks deemed materially relevant to the Institution, ensuring that the levels of risk are compatible with the objectives, the financial resources available and the strategies approved for the development of the Bank's activity.

In this committee are included the Risk officer and the first responsible for the International and Financial Board, Internal Audit Board and others that are appointed accordingly to the approached themes.

## Credit Committee

This committee meets in a credit board and is responsible for evaluating and deciding on loan applications submitted by the Bank's customers, according to the competencies assigned to it by internal regulations. This Committee also issues advisory opinions on credit proposals submitted by the Bank's related entities.

On the committee participate all the CE members, the responsible for the Credit Risk Analysis Board, which are responsible to ensure the compliance and monitoring of the credit risk management policy, the International and Financial Board and the remaining responsible for the Bank's commercial areas.

## ALCO Committee

Committee in charge of managing the Bank's global capital, as well as its assets and liabilities, and of setting out liquidity management strategies. This committee is primarily responsible for the structural management of interest rate and liquidity risks, including but not limited to:

- Capital allocation planning and proposals;
- Monitoring and management of the interest rate risk associated with the asset and liability structure;
- Preparation of proposals to outline appropriate policies to manage liquidity and interest rate risks, in terms of the Bank's balance sheet.

The Asset and Liability Committee meets monthly and is integrated by all the members of the Executive Committee and by the heads of the following Divisions: International and Financial Division, Risk Division, Planning, Accountancy and Management Division Credit Risk Analysis Division. Other elements may be called to integrate the ALCO Committee, depending on the topics addressed.

## Risk Officer

The Risk Officer is responsible for coordinating the Bank's risk control function. Thus, in order to ensure the monitoring and alignment of concepts, practices and objectives, it is the responsibility of the Risk Officer to inform the Risk Committee of the general risk level and propose measures to improve the control environment and implement controls that ensure compliance with the limits approved. Its duties include:

- Supporting the establishment of risk management policies and methodologies, which can identify, measure, limit, monitor, mitigate and report various types of risks;
- Proposing and implementing a set of metrics for the various types of risks;
- Ensuring the existence of a set of rules and procedures to support risk management;
- Permanently monitoring the evolution of the different risks and compliance with applicable policies, regulations and limits;
- Ensuring the existence of an effective platform and a database that allow for robust and comprehensive risk management;
- Preparing risk management information for publishing, both internally and for the market.

The Risk Officer is responsible to inform the Risk Committee of the general risk level and propose measures to improve the control environment and implement controls that ensure the compliance with the limits approved

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## **Compliance**

The Compliance function is established in the Bank as a first-line body reporting directly to Management, in an independent, permanent and effective manner.

The main goals of this function are to abide by all the applicable legal and regulatory provisions, including those relating to the prevention of money laundering and terrorist financing, professional and ethical standards and practices, internal and statutory regulations, rules of conduct in customer relationships and guidelines issued by corporate bodies, in order to protect the reputation and integrity of the Bank and prevent it from being subject to any sanctions.

In addition, as part of its duties in relation to combating money laundering and terrorist financing, the Compliance Office (GC) is responsible for ensuring that the Bank's employees receive appropriate training in these matters, as well as for reporting any suspicious situations to the Financial Information Unit (UIF).

The year 2017 was marked as a year of stabilisation for the Compliance function at Banco BIC, following the restructuring carried out on the previous years.

In 2017, following what occurred in previous years, we continued to witness very high pressure with regard to combating money laundering and terrorist financing, both internally, as the BNA issued new Notices and carried out periodic inspections, and externally, through correspondents, with constant requests for information on operations involving Banco BIC and requests for updated documentation and Anti-Money Laundering (AML) policies.

Although the beginning of 2016 was marked by positive news, as Angola was removed from FATF's List of Monitored Countries, following a local inspection by this body (and where Banco BIC's Compliance Division was present), externally, the Angolan financial sector continues to experience difficulties in accessing its correspondents, and so, it is expected that 2018 will continue to be marked by increased regulatory stringency by the National Bank of Angola and by further challenges in relations with international partners.



Standardization year for the Compliance function after the organizational restructuring process

## **Risk Management Policies and Processes**

On recent years, the NBA issued several Warnings and Instructions aimed for the financial institutions which strive to, essentially, safeguard the national financial system, establishing a robust framework, considering the functions, policies and proceedings of risk management for the evaluation, monitoring, control and provision of data for the credit, market, liquidity and operational risk management, as well as for the correspondent concentration, ensuring that the financial institutions consider the reliable corporate values on an international level.

In this sense and considering its framework on the Financial System of Angola, Banco BIC has been developing projects accordingly to the several Warnings, Guidelines and Instructions issued by the regulator, on the guarantee of the adequate identification, evaluation and reporting of all material risks, aiming to ensure the strict compliance with all the legal and regulatory provisions in force.

The risk management policy of the Bank aims to contribute for the prosecution of the correspondent strategic goals, aiming to ensure a balanced and sustainable development, maintaining an appropriate relationship between the own funds and risks incurred within the developed activity. In this sense, it is deemed crucial to ensure the segregation of functions between the areas that originate the risks and those which monitor it, enabling the latter to perform their competences in an objective and independent way.

The risk management function is ensured by the Risk Board, with an autonomous character and should be performed independently given the risk taking areas, given the sufficient resources for the pursuit of its goals as well as be given an extended access to all the activities and relevant data for the exercise of its functions, as defined on Notice no. 02/2013 of April 19<sup>th</sup> of the National Bank of Angola.

## Credit Risk

The credit risk is considered one of the most relevant risks of the Financial Institution's activity. It is materialized on the losses and on the uncertainty about future returns generated by the loan portfolio, by the possibility of non-compliance of some loan holders (and of its guardian, if they exist) or of the issuer of a security or counterparty of a contract.

The granting limits and proceedings and the management of credit operations are established on the General Regulation of Bank Credit.

The analysis and decision of the credit risk is distributed through the different levels of the credit granting decision.

The Credit Risk Analysis Board (DARC) is responsible to ensure the definition and monitoring of the credit risk analysis policy. Currently, there is a set of handbooks and standards that ensure the above-mentioned through the definition of competence levels on the credit granting, the limits per operation type, the evaluation of the client's capacity, the monitoring of the compliance with the financial plans and the analysis of the uncollectability risk and need of renegotiation of operations.

The Bank has been adopting and developing risk management methodologies, particularly concerning the credit granting, monitoring and recovery.

### Decision

The Bank's Credit Risk Analysis Division (DARC) is sub-divided into:

- Major Risks - area responsible for the analysis of all credit operations or customers with general debts over 8.3 million kwanzas, equivalent to 50,000 US dollars;
- Retail - area responsible for the analysis of all credit operations or customers with general debts lower than 8.3 million kwanzas, equivalent to 50,000 US dollars.

### Assessment

Credit risk assessment is based on the following weighting criteria:

- Internal ratings from non-financial entities:
  - Customer's Financial Information, to which a Quantitative Rating is assigned;
  - Completion of a questionnaire by the commercial area (which may be reviewed at any time by DARC) comprising qualitative information that will define the Risk Level. The above should also reflect the real value of the company in qualitative terms.
- The Credit Type, Purpose and Amount Proposed;
- The Economic Group's overall Credit Risk;
- The global indebtedness reflected in the Credit Risk Information Centre (CIRC) of the National Bank of Angola;
- Existence of any debts to the State or Social Security;
- The concentration of the exposure;
- The existing commercial and credit relationship/experience;
- The Economic Group's Asset Value.

The Credit Risk Analysis Board is responsible to ensure the definition and monitoring of the credit risk analysis policy



There are also different assessment processes for specific credit types, such as:

- Construction Financing, which, in addition to the aforementioned weightings, is also supplemented by an analysis of:
  - Completed Projects (Historical);
  - Works in progress;
  - Project to be financed (Statement of Operations, Financial Plan, Project Description, including persuasive aspects and the Licences necessary for its implementation);
- In addition to the aforementioned weightings, Mortgage and Auto/Personal Loans are also supplemented with an analysis of the following:
  - Evaluation of the property being acquired;
  - Indebtedness listed in CIRC;
  - The existing commercial and credit relationship/experience;
  - Income of the applicants;
  - Debt capacity.

Lastly, the overall process of analysis comprises the appraisal of collateral.

CIRC has proven to be an essential tool for assessing the level of general indebtedness of customers in the national Banking system, allowing for a deeper analysis of the degree of risk involved in credit operations.

### **Follow-up**

Customer follow-up is associated with permanent observation work, which allows us to know, at each moment, the degree of confidence on the punctual repayment of the loan granted and/or to allow for a timely alert regarding any circumstances that may affect the proper development of operations.

The credit follow-up process begins when the loan is contracted and lasts up to its full repayment, so as to ensure compliance. The Bank performs a characterisation that implies a classification into different degrees of Special Surveillance, according to the degree of concern regarding the possibility of default (VE4 - monitoring, VE3 - collateral increase, VE2 - reduction and VE1 - extinction).

There is also a classification of customers that are already in default and for which the possibilities of negotiation by the commercial structure are considered exhausted, into C- Litigation and in PC- Pre-Litigation.

As part of its monitoring of the overdue credit portfolio, DARC maintains permanent control over overdue loans in excess of 5,000 US dollars. This control is carried out through monthly reports and meetings with the respective commercial areas.

### **Central Archive**

It is centered on the Credit Risk and Monitoring Board, an area of management of the archive of credit processes over 8.6 million AKZ, equivalent to 50 thousand USD. Nevertheless and given the existence of the CWF tool, this archive is being gradually replaced by the application, as it allows the scanning of all the documents inherent to all the approved credit proposals.

### **Balance Sheet Centre - Rating**

In 2014, the Bank implemented the Balance Central in order to obtain a database of economic and financial data on the clients which are companies. The data is based on the annual financial statements, as well as on the qualitative data obtained through the Bank's Commercial Network.

The main goal of the Balance Central is to contribute for a greater knowledge/monitoring of the company's economic and financial situation with the request and/or ongoing credit.

### **Credit Workflow**

The Credit Work-Flow (CWF) application continues to be a crucial tool, allowing the Bank to maintain the celerity gains in terms of the duration of the credit granting process (Elaboration of the proposals-decisions).

The Credit Work-Flow application continues to be a crucial tool in terms of the duration of the credit granting process

In 2017, 6,386 operations were recorded.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Approved	327 91.6%	440 92.2%	450 92.0%	427 93.2%	586 90.7%	633 93.9%	645 95.0%	579 90.8%	50 11.6%	597 90.0%	502 91.1%	278 85.8%	5,514 86.3%
Rejected	26 7.3%	33 6.9%	36 7.4%	28 6.1%	43 6.7%	33 4.9%	25 3.7%	48 7.5%	20 4.7%	46 6.9%	32 5.8%	21 6.5%	391 6.1%
Removed	4 1.1%	3 0.6%	3 0.6%	2 0.4%	9 1.4%	8 1.2%	6 0.9%	3 0.5%	10 2.3%	2 0.3%	4 0.7%	5 1.5%	59 0.9%
Under Approval	- 0.0%	1 0.2%	- 0.0%	1 0.2%	6 0.9%	- 0.0%	3 0.4%	8 1.3%	350 81.4%	16 2.4%	12 2.2%	20 6.2%	417 6.5%
Under Removal	- 0.0%	- 0.0%	- 0.0%	- 0.0%	2 0.3%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	2 0.3%	1 0.2%	- 0.0%	5 0.1%
<b>TOTAL</b>	<b>357 100%</b>	<b>477 100%</b>	<b>489 100%</b>	<b>458 100%</b>	<b>646 100%</b>	<b>674 100%</b>	<b>679 100%</b>	<b>638 100%</b>	<b>430 100%</b>	<b>663 100%</b>	<b>551 100%</b>	<b>324 100%</b>	<b>6,386 100%</b>

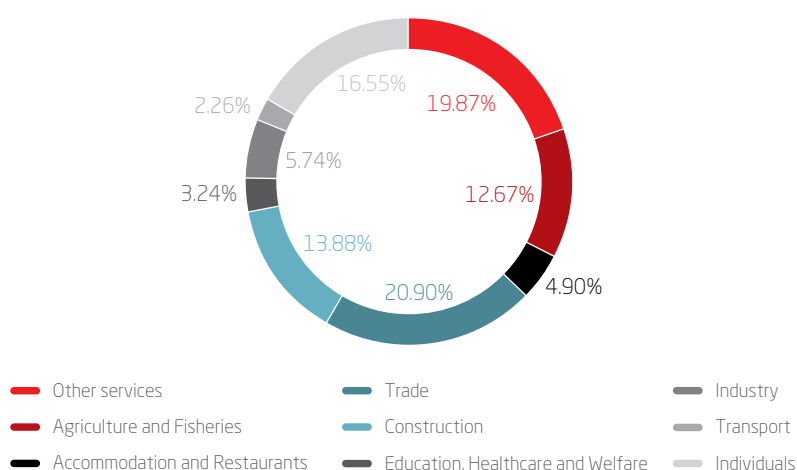
WFC has proven to be an effective and efficient tool for processing all credit at the Bank, due to the following features:

<b>SPEED</b>	The time spent on the analysis of credit transactions has been significantly reduced.
<b>DOCUMENTS MANAGEMENT</b>	Document support for credit transactions moving automatically across the platform.
<b>STANDARDIZATION</b>	Credit transactions are executed in standardized manner across the entire structure of the Bank.
<b>AUTOMATION</b>	Collects pre-existing customer-related data in the Bank's central application.
<b>PROCESS CONTROL</b>	WFC allows all the parties involved at each stage of the circuit to see the exact progress of the credit transactions.

## Control of restructured operations

Currently, the Bank doesn't have automatic means of collection of credit operations subject to restructuring, namely the operations which conditions and guarantees were renegotiated due to the degradation of the credit risk or to non-compliance. Nevertheless, on the continuous development of the data systems and credit risk analysis, the renegotiated credit operations are being identified.

The Bank's credit portfolio shows a well-balanced sectoral diversification.



↑  
**25%**  
**RATIO**  
of hedging  
of overdue loans  
in 2016

Demonstrating a prudent risk management policy, the ratio of the total credit coverage (excluding the subscription credit) per impairment, on December 31<sup>st</sup> 2017, was 25% (20% on December 31<sup>st</sup> 2016).

Million of Kwanzas

	<b>'17</b>	<b>'16</b>	<b>'15</b> PRO-FORM
Impairment of loans	87,957	74,681	50,558
Hedging of overdue loans	196%	204%	214%
Hedging of total loans	25%	20%	15%

## Market Risk

In terms of market risks, the Bank intends to pursue a policy of not leveraging its activity through the negotiation of financial instruments, recognising that the activity should be essentially based on the commercial and retail segment. The Trading Room ensures a prudent cash management, through investment and capitalisation on surplus liquidity. Nevertheless, the Bank has implemented mechanisms to control the market risks to which it is exposed and to monitor their management, in structural terms, under the responsibility of the Asset and Liability Committee (ALCO).

Portfolio acquisitions with longer maturities reflect financial investments subject to a combined analysis of the credit risk, market risk and an optimisation of risk-weighted assets, in order to enhance the profitability/risk binomial.

The investment of the portfolio favor assets with appropriate levels of profitability and liquidity and the portfolio is, mostly, applied on public debt securities eligible for the operations of monetary policy of the National Bank of Angola and for purposes of liquidity coverage ratio.

The acquisition of public debt securities for the Bank's portfolio is carried out in the manner outlined by the Management. In this regard, mechanisms to control the approved limits and methodologies for measuring the portfolio risk are in place.

It is incumbent upon the Risk Division to monitor the limits set in the Risk Management Policy, reporting on possible defaults, as well as to periodically prepare a specific report on market risks.

The specific matter of market risks started to appear in the second half of 2016, as part of regulatory requirements imposed on Financial Institutions, especially Notice No. 04/2016 - Regulatory own funds requirements for market risk and counterparty credit risk in the trading book; Instructions no. 14/2016 Regulatory own funds calculation and requirements for market risk and counterparty credit risk in the trading book -, No. 15/2016 - Reporting on regulatory own funds for market risk and counterparty credit risk in the trading portfolio and No. 27/2016 Governance of market risk.

## Interest Rate Risk

Interest rate risk may be defined as the impact on net income and equity of an adverse variation in market interest rates. The Bank employs an assumption of interest risk whenever, during the course of its activity, it contracts operations with future financial flows that are sensitive to possible variations in the interest rate.

The evaluation of the interest rate risk originated by banking portfolio operations is carried out through a risk sensitivity analysis process, for certain items in the Bank's Balance Sheet, in compliance with Notice No. 08/2016 - Interest rate risk in the banking book.

Subject to the Notice no. 08/2016, the Bank reports to the NBA, biannually, since December 31<sup>st</sup> 2016, its exposure level to the interest rate risk of the banking book accordingly to the Own Regulatory Funds.

## Liquidity Risk

The International and Financial Division has an adequate structure to monitor liquidity, market and foreign exchange risks, and prudential limits of exposure to these risks are defined for the Bank's actions in the inter-bank money and exchange markets.

For short-term investments in the Bank's own portfolio (own portfolio market risk), the goal is to capitalise on liquidity surpluses, in addition to the Inter-bank Money Market applications, thus contributing positively to the Bank's net interest margin. This includes investments in Treasury Bills and the acquisition of Repurchase Agreements (Repos).

Each month, the International and Financial Division prepares reporting information for the Board of Directors' Executive Committee on the development of investments made by the Bank and its exposure to such risks.

### Liquidity risk control

The liquidity control is carried out daily by DIF, based on internally defined metrics, which measure the maximum needs of lending and funds taking that may occur, also determining the evolution of the liquidity position of the Bank.

The Risk Board, accordingly to the Instruction no. 19/2016 of August 30<sup>th</sup> - Liquidity risk, monthly reports to the National Bank of Angola the economic value of the future cash flows in national and foreign currency, for evaluation and monitoring of the liquidity level. The calculation methodology of this report, as well as its sending to the National Bank of Angola, is implemented since the first semester of 2017.

## Foreign Exchange Risk

The exchange rate risk derives from the changes on the exchange rate which affect structural positions of the balance on foreign currency. Its management aims to minimize the impact of this structural risk on the result and position of the Bank's capital.

The foreign exchange risk associated with the Bank's portfolio pertains to a small set of low-risk positions in the portfolio, which is specifically managed by the International and Financial Division, and the respective risk is controlled on a daily basis, through the metrics and limits set for controlling market risks.

## Operational Risk

Operational risk is materialised in the occurrence of losses resulting from failures or inadequacies of processes, systems or people, as well as from external events. The management of operational risk is based on a decentralised model, whose scope and dissemination reach all levels of the hierarchical structure. The methodology provides activity- and risk-mapping processes that seek to capture material exposures to operational risk, as well as processes for recording and approving events and self-assessing risks and controls.

In order to ensure the correct implementation of the control activities mentioned above, the control functions carry out several audits and inspections throughout the year, to identify situations that still require improvements and to outline and monitor the action plans implemented to remedy them.

With regard to operational risk, the aim is to, in the short term, implement a comprehensive risk measurement and management system that allows its identification and the implementation of mitigating measures.

The regulatory approach to the calculation of own funds to cover operational risk is to follow the basic indicator method, as set out in Notice no. 05/2016 and Instruction no. 16/2016 of August 8.

Periodic reports are submitted to the Executive Committee regarding the audits and inspections carried out, indicating the situations identified and the action plans to be implemented.

The management of operational risk is based on a decentralized model

The Risk Division is finalising a methodology for managing and monitoring Operational Risk, which will be implemented during the year 2018.

## Concentration Risk

With regard to counterparty credit risk, the Bank aims at diversifying its counterparties, based on methodologies for evaluating, monitoring and controlling credit ceilings for institutions, as well as compliance with Prudential limits on major risks, in accordance with Notice no. 09/2016 of the National Bank of Angola.

The Bank must adequately consider the concentration of risk in its risk management strategies, policies and processes, defining responsibilities for relevant employees and developing processes for identifying, evaluating, monitoring, controlling and reporting risk concentration.

Each quarter, the Risk Division analyses the credit concentration risk, based on internal criteria, by calculating the Individual Concentration Index (ICI) and the Sectoral Concentration Index (SCI).

## Reputational Risk

The Bank's image is monitored by the Marketing Division, which conducts advertising campaigns and actions among its customers throughout the year, conveying the principles and values associated with Banco BIC.

In addition, and as part of reputational risk management, the Compliance Office is responsible for coordinating and safeguarding the proper execution of the procedures implemented for the prevention of money laundering and terrorist financing.

It is incumbent on these areas, as well as on the Executive Committee, to regularly monitor and assess any situations that could jeopardise the Bank's reputation, and take the necessary steps to resolve them.

The Bank's reputational policy is based on the constant conveyance of the vision, mission and values that guide the Bank's activity and its relationship with customers, counterparties, shareholders, investors and the Supervisory Body.

## Compliance Risk

Compliance risk consists of the occurrence of negative impacts on income or on capital, arising from any breaches or non-compliance with laws, regulations, specific determinations, contracts, rules of conduct and applicable to customer relationships, established practices or ethical principles that may result in legal sanctions, limitation of business opportunities, reduction of potential for expansion or unenforceability of contractual obligations.

It is, therefore, the Bank's goal, in terms of compliance risk, to comply with all applicable legal and regulatory provisions, including those relating to the prevention of money laundering and terrorist financing, as well as any professional and ethical standards and practices, internal rules and statutes, rules of conduct and applicable to customer relationships and guidelines issued by the governing bodies, in order to protect the Institution's reputation and avoid sanctions.

Banco BIC has implemented methodologies and tools that allow preventing the occurrence of compliance and reputational risk events, as indicated in chapters 6.2 - Compliance and 7 - Money laundering and terrorist financing. These methodologies ensure the regular monitoring and assessment of the adequacy and effectiveness of the measures and procedures adopted to detect any risk of non-compliance with any legal obligations and duties to which the institution is subject. The Bank also has in place procedures and tools that allow for the constant monitoring and assessment of risks in the field of money laundering and terrorist financing, adopting standards in accordance not only with legal provisions in force, but also with international best practices.

The Bank has,  
as reputation  
policy, the constant  
transmission of the  
vision, mission  
and values

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**BancoBIC**



## 05 | MONEY LAUNDERING AND TERRORIST FINANCING

we grow with  
**solidity**

The pyramid is built from the bottom up.  
The soundness is measured by the solvency ratio.  
It's the pillar of our sustainability.  
We grow safely by your side.

GROWING TOGETHER

# Money Laundering and Terrorist Financing

Banco BIC has continuously adopted and updated strategies, policies and processes to prevent the use of Credit Institutions for Money Laundering and Terrorist Financing

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Credit Institutions may be used to conceal, convert, transfer, or invest funds of illicit origins, resulting from activities classified as criminal.

The Republic of Angola adopted Resolutions 19/99 of 30 July, 21/10 of 22 June and 38/10 of 17 December, published in the Official Gazette Series I, nos. 31, 115 and 239, ratifying the United Nations Conventions against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, transnational criminality and terrorist financing, respectively, in order to ensure the security of the Angolan financial system.

Law 34/11 of 12 December establishes preventive and repressive measures to combat the laundering of money from illegal sources and terrorist financing.

Notice No. 22/2012 of the National Bank of Angola, pursuant to the provisions of article 36 of Law No. 34/11, regulates the conditions for exercising the obligations set forth in said Law.

This set of legal provisions, in addition to criminalising certain types of behaviours, namely those that translate into "laundering of funds resulting from illegal activities", also establishes a set of preventive measures, especially aimed at the financial system.

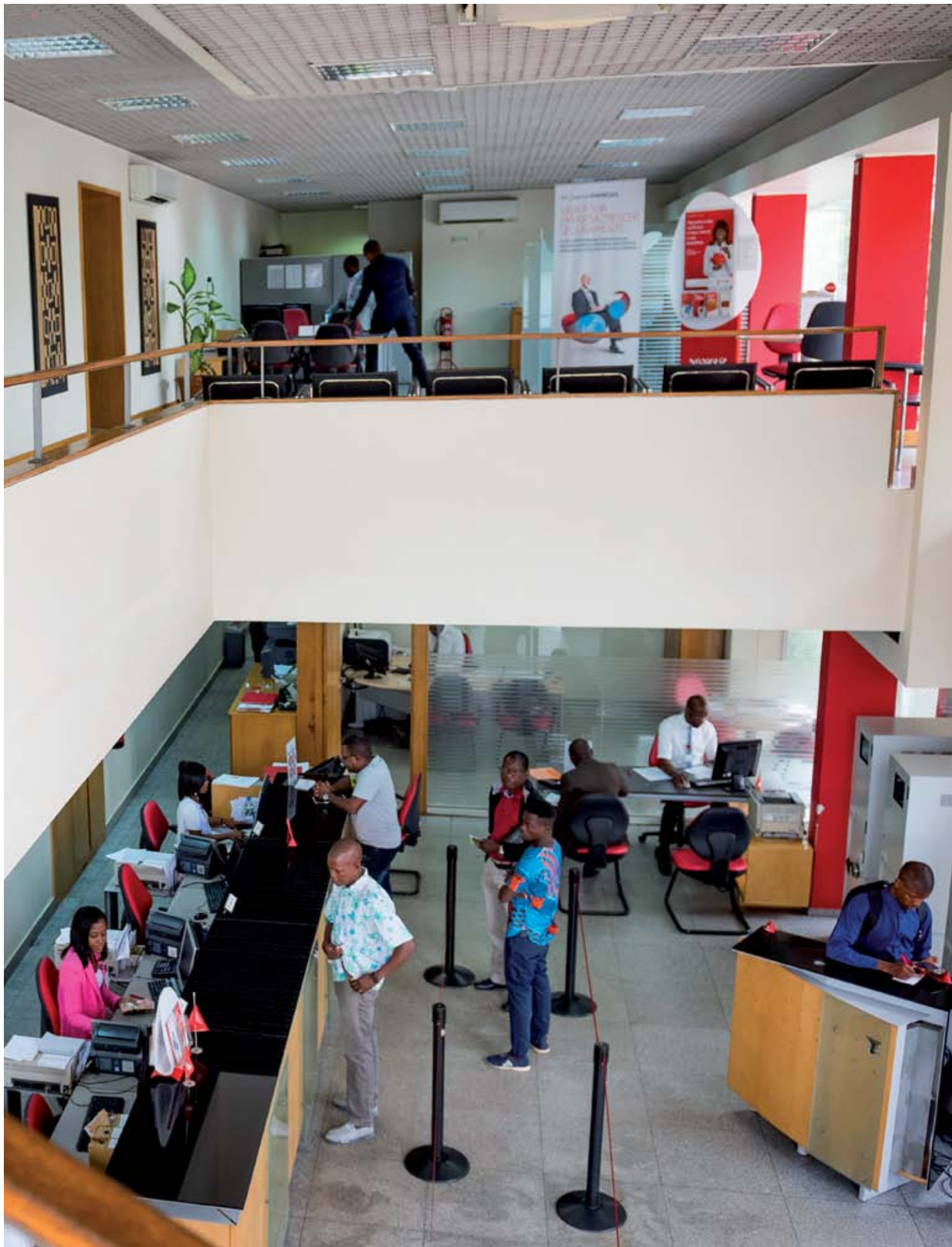
In this regard, Banco BIC has continuously adopted and updated strategies, policies and processes to prevent the use of Credit Institutions for Money Laundering and Terrorist Financing (ML/TF). The main aspects to be highlighted include the following:

- Implementation and dissemination of the Manual on the Prevention of Money Laundering and Terrorist Financing;
- Preparation and dissemination of Compliance standards and policies applicable to the entire organisation;
- Implementation and continuous development of Money Laundering and Terrorist Financing Prevention software, both in the Know Your Customer (KYC) and Know Your Transaction (KYT) varieties;
- The development, together with internationally recognised partners, of training initiatives targeting the entire universe of Banco BIC employees.

The Compliance Office is responsible for ensuring compliance with the procedures adopted to comply with the above. It is also through the Compliance Office that a coordination is developed with the National Bank of Angola and the Financial Information Unit regarding issues related to ML/TF, through close collaboration with these bodies and participation in the seminars promoted for this purpose, including the participation in a meeting with observers from the International Financial Action Task Force (FATF), which resulted in Angola's removal from the list of monitored jurisdictions.

In addition, Banco BIC has acted proactively with international partners, namely Correspondent Banks, in order to continually adapt to international best practices in this area.







**BancoBIC**





we grow with  
**accuracy**

The reputation of a Bank is measured  
by the compliance with the ethical code.  
Accuracy defines the Bank's values.  
We are a friend and trustworthy Bank.

GROWING TOGETHER

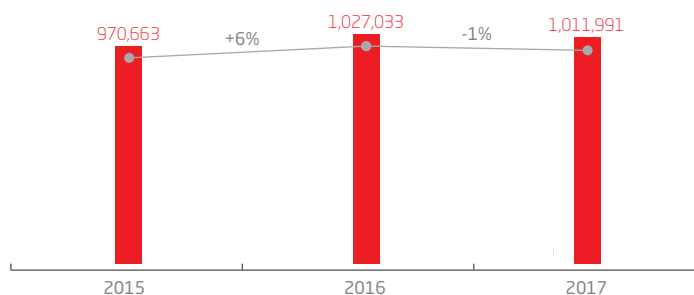


# Financial Analysis

On the fiscal year 2017, the Turnover of Banco BIC amounted to 1,752,420 million AKZ, representing a variation of -6% when compared to 31 December 2016 (1,854,955 million AKZ)..

## NET ASSETS

(Million kwanzas)



The Net Assets of the Bank amounted to 1,011,991 million AKZ on 31 December 2017, a decrease of 15,042 million AKZ over 2016, corresponding to a negative variation of 1%. This decrease was exacerbated by the decrease of the investments portfolio held to maturity on 80,496 million AKZ, partly compensated by the increase of the financial assets held for trading, which increased 50,880 million AKZ. Furthermore, the Cash and resources section on central banks registered an increase of 25,919 million AKZ, while the loans to clients decreased 19,882 million AKZ.

The Assets are mainly by the clients' resources and other loans, which registered a decrease of 63,198 million AKZ (-7%) compared to 31 December 2016, while the resources of central banks and other credit institutions registered an increase of 40,826 million AKZ (126%) when compared to 31 December 2016. On 31 December 2017, the clients' resources amounted to 787,235 million AKZ.

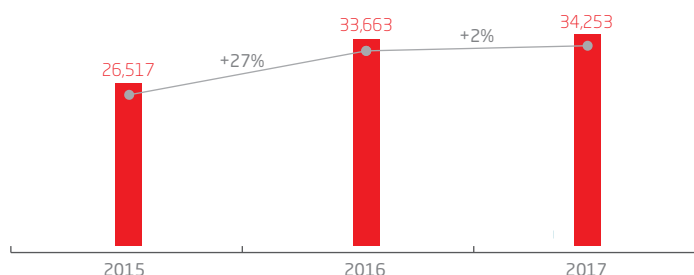
The net income of Banco BIC in 2017 totalled 34,253 million AKZ which, compared to the net income of 33,662 million AKZ on the fiscal year 2016, corresponds to an increase of 2% compared to the same period.

  
**2%**

Net results  
of Banco BIC in AKZ  
compared to 2016

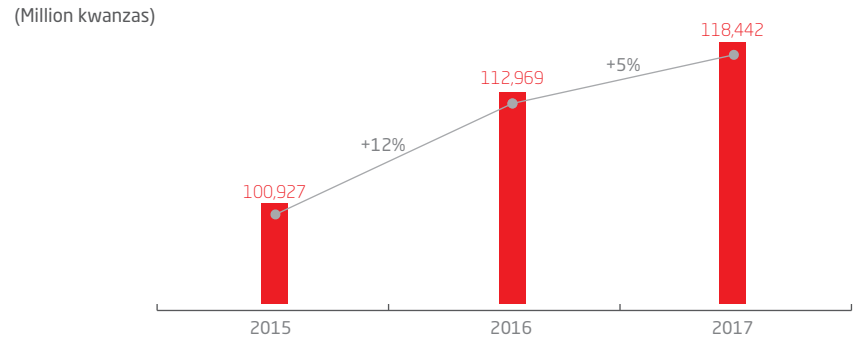
## NET RESULT

(Million kwanzas)



On 31 December 2017, the equity of the Bank amounted to 118,442 million AKZ, an increase of 5,473 million AKZ, when compared to the 112,969 million AKZ observed on 31 December 2016. This variation is explained, on one hand, by the net profit of the fiscal year (34,253 million AKZ) and, on the other hand, by the distribution of dividends, concerning the fiscal year 2016, which took place in 2017.

**SHAREHOLDERS' EQUITY**



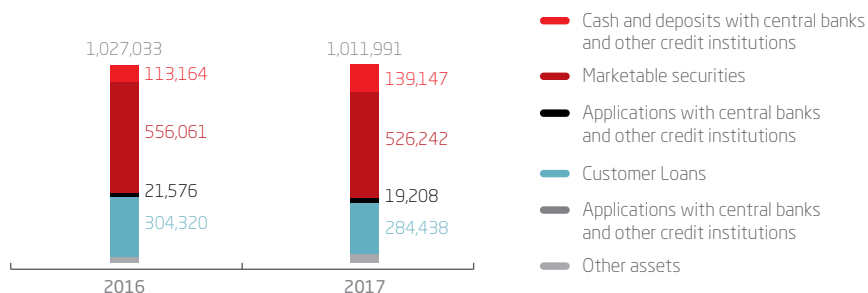
# + Balance Sheet

## Assets

On 31 December 2017, the Net Assets amounted to the total of 1,001,991 million AKZ, therefore registering a 1% decrease compared to 2016. This variation was due, on one hand, to the decrease of the investments portfolio held to maturity, namely the Non Re-adjustable Treasury Bonds in National Currency and the Treasury Bonds Indexed to the US Dollar on 56,760 million AKZ and 32,389 million AKZ, respectively; and, on the other hand, to the increase of the Treasury Bills, registered as financial assets to the fair value through the income, which increased 50,880 million AKZ. It is also important to highlight the increase observed on Cash and resources on central banks on the amount of 25,919 million AKZ, explained by the need to reinforce the mandatory reserves before the National Bank of Angola (NBA), in the aftermath of the entry into force of the Instruction no. 06/2017 and the impossibility of complying with the demands of the mandatory reserves with Treasury Bonds. The clients' credit decreased 19,882 million AKZ, largely explained by the settlement of foreign currency operations.

### NET ASSETS

(Million kwanzas)



(in millions)

	'17		'16		Δ
	AKZ	USD	AKZ	USD	%
<b>ASSETS</b>					
Cash and deposits with central banks	130,412	786	104,493	630	25%
Deposits with other credit institutions	8,735	53	8,671	52	1%
Loans and advances with central banks and other credit institutions	19,208	116	21,576	130	-11%
Financial assets at fair value through profit and loss	134,184	809	77,710	468	73%
Financial assets available for sale	-	0	5,797	35	-100%
Held-to-maturity investments	392,058	2,363	472,554	2,848	-17%
Customer loans	284,438	1,714	304,320	1,834	-7%
Non-current assets held for sale	19,266	116	13,615	82	42%
Other tangible assets	12,704	77	12,205	74	4%
Intangible assets	308	1	26	-	1085%
Investments in subsidiaries, associated companies and joint ventures	345	2	340	2	1%
Others assets	10,333	62	5,726	36	80%
<b>TOTAL</b>	<b>1,011,991</b>	<b>6,099</b>	<b>1,027,033</b>	<b>6,191</b>	<b>-1%</b>

## Loans to Customers

Banco BIC maintains its willingness to support customers' investments in the Angolan Economy by selecting projects that are suitable to the respective credit risk profile in the various sectors of economic activity.

The portfolio of loans granted to customers (including unsecured credit) totaled 442,660 billion kwanzas as on 31 December 2017, which corresponds to a 3% decrease, when compared to 457,967 billion kwanzas recorded on 31 December 2016.

(in millions)

	'17		'16		Δ
	AKZ	USD	AKZ	USD	%
<b>LOANS TO CUSTOMERS</b>					
1. Total Loans	442,660	2,669	457,967	2,760	-3%
1.1 Customer Loans	312,607	1,884	331,826	2,000	-6%
Domestic currency loans	169,313	1,020	170,288	1,026	-1%
Foreign currency loans	143,294	864	161,538	974	-11%
1.2 Overdue loans and interest	44,937	271	36,572	220	23%
Overdue loans and interest in domestic currency	20,553	124	14,821	89	39%
Overdue loans and interest in foreign currency	24,384	147	21,751	131	12%
1.3 Interest receivable	15,824	96	11,694	71	35%
Interest receivable in domestic currency	9,422	57	6,892	42	37%
Interest receivable in foreign currency	6,402	39	4,802	29	33%
1.4 Bank guarantees	70,265	424	78,966	476	-11%
Guarantees and sureties	61,866	373	75,191	453	-18%
Open documentary credits	8,399	51	3,775	23	122%
1.5 Commissions associated with amortised cost	(973)	(6)	(1,091)	(7)	-11%
2. Impairment and provisions set up for credit risk	90,094	543	76,821	463	17%
Loans granted	87,957	530	74,681	450	18%
Provision of guarantees	2,137	13	2,140	13	0%
3. Loans granted, net of impairment and provisions	352,566	2,126	381,146	2,297	-7%
<b>OVERDUE LOANS/TOTAL CREDIT</b>	<b>12.57%</b>	<b>12.57%</b>	<b>9.93%</b>	<b>9.93%</b>	

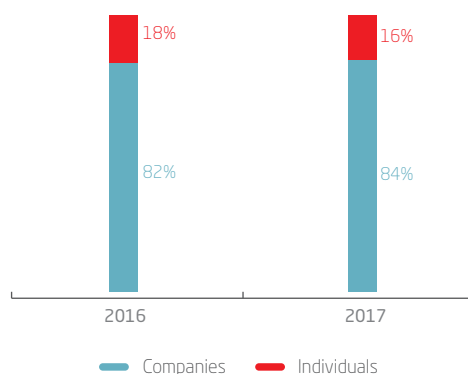
Loans granted to customers at the end of 2017 represent approximately 28% of total assets (30% as on 31 December 2016).

In the year under review, unsecured credit decreased by 8,701 billion kwanzas, which corresponds to a 11% drop, standing at 70,265 billion kwanzas as on 31 December 2017. The Securities and Sureties Granted decreased from 75,191 million AKZ at the end of the fiscal year 2016 to 61,866 million AKZ on 31 December 2017, while the Open Documentary Credits increased 4,624 million AKZ.

In the fiscal year 2017, the Bank maintained its conservative policy regarding the classification of risk in loans granted, reinforcing impairment recorded for credit risks. On 31 December 2017, Banco BIC has an impairment and total provisions of approximately 90,094 billion kwanzas, i.e. a net change of approximately 13,273 billion kwanzas (17%) over 31 December 2016.

On 31 December 2017, the coverage of impairment loans stands at 24.60%, compared to 20.27% on 31 December 2016. In turn, hedging for overdue loans is round 204% at the end of the fiscal year 2017 (204% in 2016).

### DISTRIBUTION OF LOANS GRANTED BY BENEFICIARIES

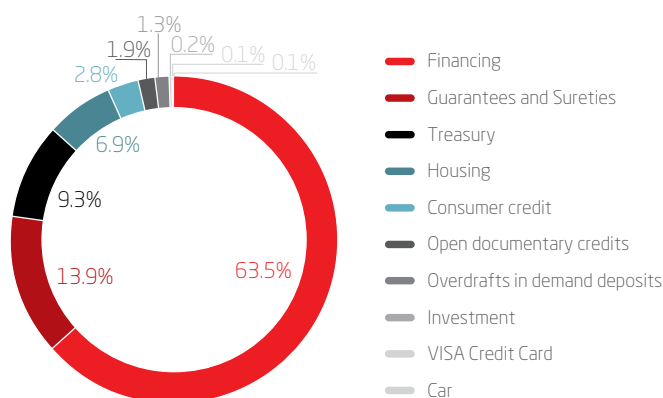


On 31 December 2016, around 84% of the loan portfolio corresponded to loans to Companies, while the remaining 16% refer to Private Customers.

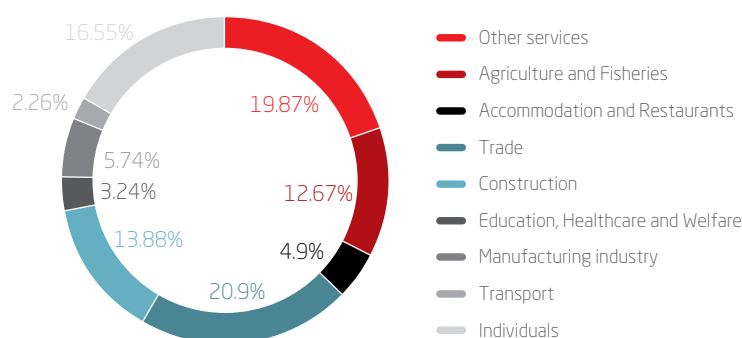
On 31 December 2017 and 2016, the credit portfolio can be broken down by product type as follows:

(in millions)

	'17		'16		Δ
	AKZ	USD	AKZ	USD	%
<b>LOANS BY TYPE OF PRODUCT</b>					
Financing	281,078	1,694	285,322	1,720	-1%
Guarantees and sureties	61,866	373	75,191	453	-18%
Mortgage	41,419	250	34,021	205	22%
Treasury	30,681	185	34,183	206	-10%
Consumer credit	12,392	75	14,963	90	-17%
Open documentary credits	8,399	51	3,775	23	122%
Overdrafts in demand deposits	5,746	35	5,903	36	-3%
Investment	1,052	6	4,539	27	-77%
Car	366	2	564	3	-35%
VISA Credit Card	634	4	597	4	6%
<b>TOTAL</b>	<b>443,633</b>	<b>2,675</b>	<b>459,058</b>	<b>2,767</b>	<b>-3%</b>



The distribution of the loan portfolio by product type reveals great diversity in the activities supported by Banco BIC. The products most sought by the Bank's customers correspond are Financing, with a weight of 63.5%, Guarantees and Sureties Provided, with 13.9%, Credit for Treasury support with 9.3%, Housing Loans with 6.9% and Consumer Credit, with a weight of 3.3%.



In the fiscal year 2017, Construction and Trade, with 20.9% and 13.9% respectively, were the sectors that, in terms of loans granted, deserved a greatest support from Banco BIC. The highlight also goes to loans granted to private customers that absorbed 16.6% of the total loans granted.

In the fiscal year 2017, even though an increase of the overdue credit and interest to 44,937 million AKZ was observed when compared to the amounts presented at the end of the fiscal year 2016, the Bank kept an adequate coverage on the impairment and reserves credit risk.

The reinforcement observed at the level of credit reserves allowed the impairment and reserves credit for granted credit to increase from 20.27% to 24.60% at the end of the fiscal year 2017 and, on the same day, the overdue provision credit coverage was 196%.

(in millions)

	'17		'16			Δ
	AKZ	USD	AKZ	USD	USD	%
<b>OVERDUE LOANS</b>						
Loans granted	357,544	2,155	368,398	2,220	2,433	-3%
Overdue loans	44,937	271	36,572	220	175	23%
Overdue loans/Loans granted	12.57%		9.93%			27%
Hedging of overdue loans by impairment	196%		204%			-4%
Impairment for loans/Granted loans	24.60%		20.27%			-21%

## Securities Portfolio

The Bank's securities portfolio, classified according to the substance inherent to the purpose of their acquisition and in accordance with applicable regulations, contains the following categories:

- Fair Value Through Profit and Loss:
  - Held for Trading - which include Treasury Bills (TBis), denominated in Kwanza.
- Available for Sale - equity via shares.
- Held to Maturity - including Treasury Bonds (TBs) denominated in or indexed to the US Dollar
- and Treasury Bonds (TBs) in local currency and not indexed.



(in millions)

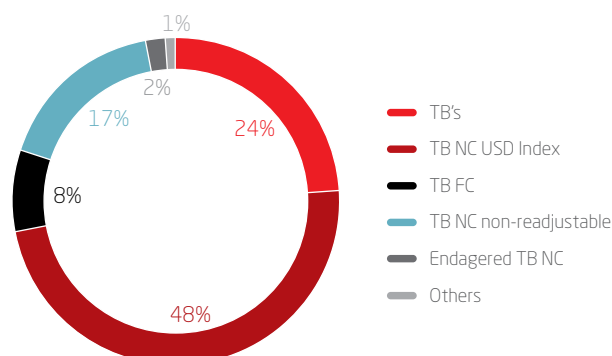
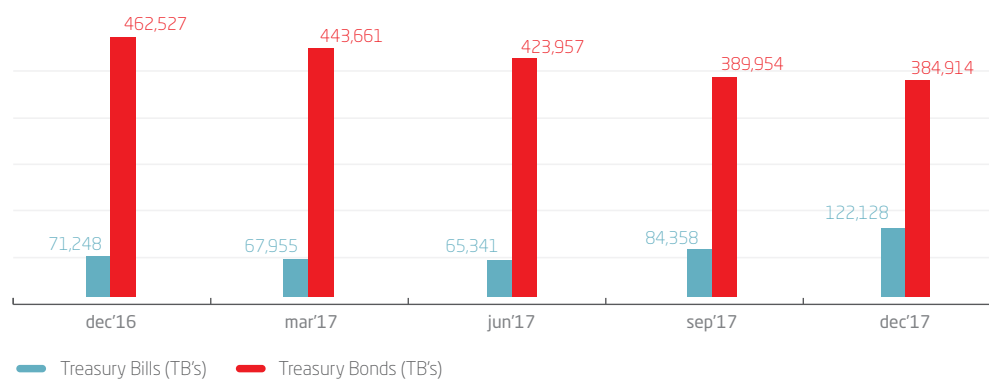
	'17		'16		Δ
	AKZ	USD	AKZ	USD	%
<b>SECURITIES PORTFOLIO</b>					
Fair Value through profit and loss	134,184	808	77,710	468	73%
Held for trade	134,184	808	77,710	468	73%
Treasury Bills	122,128	736	71,248	429	71%
Commercial Paper	3,708	22	3,708	22	0%
Interest receivable	8,348	50	2,754	17	203%
Available for sale	-	-	5,797	35	-100%
Held to maturity	392,058	2,364	472,554	2,848	-17%
Treasury Bonds	384,914	2,320	462,527	2,788	-17%
In domestic currency (USD Index)	245,530	1,480	277,919	1,675	-12%
In foreign currency (USD)	39,907	241	40,492	244	-1%
In domestic currency (non-readjustable)	87,356	526	144,116	869	-39%
In National Currency (endangered)	12,121	73	-	-	100%
Interest receivable	7,144	44	10,027	60	-29%
<b>TOTAL</b>	<b>526,242</b>	<b>3,172</b>	<b>556,061</b>	<b>3,351</b>	<b>-5%</b>

The credit portfolio of the bank registered, on the fiscal year 2017, a decrease of about 29,819 million AKZ (-5%) when compared to the position on 31 December 2016. For this variation contributed the maturity of the Treasury Bonds on National Currency (non-re-adjustable) and the Treasury Bonds on National Currency Indexed to the US Dollar, which decreased 56,760 million AKZ and 32,389 million AKZ, respectively.

Furthermore, on the fiscal year 2017, was alienated the totality of the actions of Banco BIC, S.A. on portfolio.

Contrarily, the Bank increase its investments held to maturity, through the acquisition of Treasury Bonds, which increased 50,880 million AKZ when compared to 31 December 2016.

(Million kwanzas)



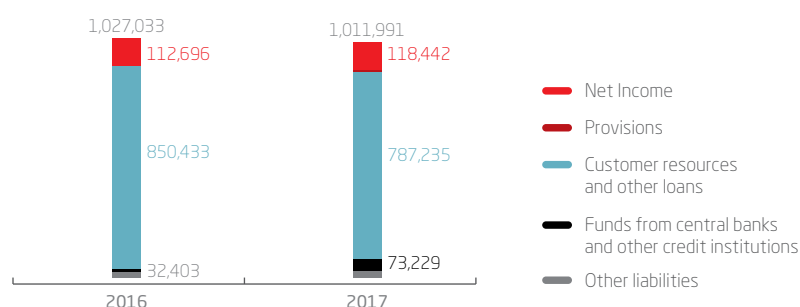
## Liabilities and Net Worth

The Bank's liability registered, on the fiscal year 2017, a decrease of about 20,515 million AKZ compared to 2016, which corresponds to a variation of -1%. This was essentially due to the variation of the Clients Resources and Other Loans sections in about 63,198 million AKZ (-7%) on one hand and, on the other hand, to the increase of the Resources of the Central Banks and other Credit institutions in 40,826 million AKZ (126%).

On the fiscal year 2017, the equity of the Bank increased 5,473 million AKZ, a variation explained, on one hand, by the net result of the fiscal year (34,253 million AKZ) and, on the other hand, by the allocation of dividends, concerning the fiscal year 2016, which occurred in 2017, on the amount of 26,930 million AKZ.

### LIABILITIES AND NET WORTH

(Million kwanzas)



(in millions)

	'17		'16		Δ
	AKZ	USD	AKZ	USD	%
<b>LIABILITIES AND NET WORTH</b>					
Funds from central banks and other credit institutions	73,229	441	32,403	195	126%
Customer funds and other loans	787,235	4,745	850,433	5,126	-7%
Provisions	6,039	36	5,538	33	9%
Deferred tax liabilities	-	-	798	5	-100%
Other liabilities	27,046	163	24,892	151	9%
Net income	118,442	714	112,969	681	5%
<b>TOTAL</b>	<b>1,011,991</b>	<b>6,099</b>	<b>1,027,033</b>	<b>6,191</b>	<b>-1%</b>

## Customer Funds and Other Loans

The total resources portfolio of clients and other loans on the exercise of 2017 amounts to 787,235 million AKZ, corresponding to a reduction of 63,198 million AKZ and a variation of -7% when compared to 31 December 2016.

On 31 December 2017, the total clients' resources and other loans include demand deposits on the amount of 424,215 million AKZ, term deposits on the amount of 358,650 million AKZ and other deposits on the amount of 4,370 million AKZ.

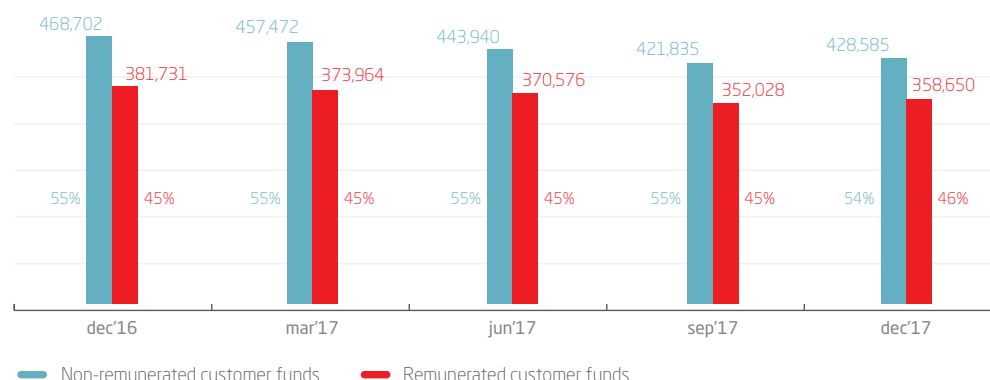
(in millions)

	'17		'16		Δ
	AKZ	USD	AKZ	USD	%
TOTAL OF CUSTOMER FUNDS AND OTHER LOANS					
Customers' Deposits	782,865	4,717	810,695	4,887	-3%
Demand Deposits	424,215	2,556	428,964	2,586	-1%
Domestic currency	352,972	2,127	348,913	2,103	1%
Foreign currency	71,243	429	80,051	483	-11%
Term Deposits	358,650	2,161	381,731	2,301	-6%
Domestic currency	227,212	1,369	254,794	1,536	-11%
Foreign currency	131,438	792	126,937	765	4%
Linked funds - Foreign exchange transactions	-	-	35,368	213	-100%
Other Deposits	4,370	28	4,370	26	0%
Domestic currency	4,370	28	4,370	26	0%
TOTAL	787,235	4,745	850,433	5,126	-7%

On 31 December 2017, about 74% of the Customer Fund Portfolio is in domestic currency (72% in 2016), and the remaining 26% is denominated foreign currency.

On the fiscal year of 2017, about 46% of the deposits correspond to remunerated resources (45% in 2016), equivalent to 358.650 million AKZ (381.731 million AKZ in 2016) and the remaining 428.585 million AKZ (468.702 million AKZ in 2016) concern non-remunerated resources.

(Million kwanzas)



The Credit/Funds transformation ratio increased from 109% in 31 December 2016 to 114% on 31 December 2017.

(in millions)

	'17		'16	
	AKZ	USD	AKZ	USD
<b>TRANSFORMATION RATIO</b>				
Customer Funds	787,235	4,745	850,433	5,126
Total loans (including Government Loans)	894,920	5,394	925,556	5,579
<b>TOTAL</b>	<b>114%</b>		<b>109%</b>	

## Provisions

On 31 December 2017, the balance of provisions for probable liabilities stood at 6,039 million AKZ (5,538 million AKZ on 31 December 2016). Of this total, 2,137 million AKZ were related to provisions for guarantees, 3,435 million AKZ related to provisions for retirement pensions and the remaining 467 million AKZ related to provisions to cover potential liabilities resulting from the Bank's activity, as well as to reflect potential losses on the realization value of other assets and accruals.

## Shareholder's Equity

On 31 December 2017, the Bank's equity amounted to 118,442 million AKZ, observing an increase of 5,473 million AKZ, equivalent to about 5%, compared to 31 December 2016.

For this variation of Banco BIC's equity contributed the net result of the fiscal year which amounted to 34,253 million AKZ and the allocation of dividends corresponding to 80% of the net result of the fiscal year 2016, on the amount of 26,930 million AKZ.

(in millions)

	'17		'16	
	AKZ	USD	AKZ	USD
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	3,000	18	3,000	18
Reserves	81,189	489	76,306	460
Net Income for the Year	34,253	207	33,663	203
<b>TOTAL</b>	<b>118,442</b>	<b>714</b>	<b>112,969</b>	<b>681</b>



**5%**  
**EQUITY**

equivalent  
to an increase of  
5,473 million AKZ

The reserves section increased 4,883 million AKZ on the fiscal year 2017, from which 6,733 million AKZ correspond the application of 20% of the net result of 2016 on reserves, approved by the General Assembly. On 31 December 2017, the reserves total, on the amount of 81,189 million AKZ comprises the exchange rate reserves on the amount of 5,824 million AKZ, the legal reserve on the amount of 35,716 million AKZ and the other reserves on the amount of 39,649 million AKZ.

On 31 December 2017, the Regulatory Own Funds of the Bank, calculated accordingly to the Instruction 03/2011 of the National Bank of Angola of June 8<sup>th</sup>, were about 114,877 million AKZ, which corresponds to a Regulatory Solvency Ratio of about 15.96% when compared to 14.29% observed on 31 December 2016.

# + Income Statements

Banco BIC closed the fiscal year 2017 with a net profit of 34,253 million AKZ, correspondent to an increase of 2% compared to the same period.

(In millions)

	'17		'16	
	AKZ	USD	AKZ	USD
<b>OPERATING ACCOUNT</b>				
1. Net interest income (NII)	66,013	398	57,867	349
2. Complementary Margin (CM)	13,153	79	30,882	186
3. Net operating income from banking activity (NOIBA)=(NII)+(CM)	79,166	477	88,749	535
5. Administrative and commercialisation costs	28,500	172	30,303	183
6. Impairment and provisions (IP)	14,601	88	23,000	139
7. Other revenues and operational costs (OROC)	(9)	-	(46)	-
8. Pre-tax income (PTI) = (NOIBA)-(AMC)-(IP)+(OROC)	36,056	217	35,400	213
9. Income tax (IT)	1,803	11	1,737	10
<b>10. NET INCOME FOR THE YEAR (NIFY) = (PTI)-(IT)</b>	<b>34,253</b>	<b>206</b>	<b>33,663</b>	<b>203</b>
<b>11. CASH FLOW AFTER TAXES (CF)</b>	<b>57,505</b>	<b>347</b>	<b>57,505</b>	<b>347</b>

✦  
**34,253M. AKZ**  
**NET INCOME**

On the fiscal year 2017, the financial margin registered an increase of 8,146 million AKZ when compared to 2016. For this financial margin variation contributed the income on Credit and Transferable Securities and Values Interest that increased 6,142 million AKZ and 6,528 million AKZ respectively.

(In millions)

	'17		'16	
	AKZ	USD	AKZ	USD
<b>NET INTEREST INCOME</b>				
Interest from Loans	43,798	265	37,656	227
Interest from Bonds and Securities	48,640	293	42,112	254
Interest from Liquidity Investments	912	5	2,218	13
Commissions received associated with amortised cost	735	4	658	4
Interest from Financial Liabilities	(28,072)	(169)	(24,777)	(149)
<b>TOTAL</b>	<b>66,013</b>	<b>398</b>	<b>57,867</b>	<b>349</b>

On the fiscal year 2017, the Complementary Margin registered a decrease of about 17,729 million AKZ when compared to the fiscal year 2016.

(In millions)

	'17		'16	
	AKZ	USD	AKZ	USD
<b>COMPLEMENTARY MARGIN</b>				
Income and costs related to services and commissions	5,659	34	5,436	33
Income from financial assets available for sale	2,666	16	-	-
Income from investments held to maturity	1,662	10	-	-
Income from foreign exchange transactions	2,864	17	26,853	161
Income from disposal of other assets	1,524	9	125	1
Other operating income	(1,222)	(7)	(1,532)	(9)
<b>TOTAL</b>	<b>13,153</b>	<b>79</b>	<b>30,882</b>	<b>186</b>

Available for sale financial assets in the amount of AKZ 2,666 million relate to the gain on the sale of all the shares of Banco BPI in the portfolio.

The results of foreign exchange operations, which correspond essentially to the gains on the foreign currency purchase and sale transactions carried out by the Bank, as well as in the revaluation of the foreign currency exchange position, totaled AKZ 2,864 million in 2017, a decrease of AKZ 23,989 million (-89%) compared to the same period of the previous year, mainly due to the devaluation of the Angolan Kwanza (AKZ) against the United States Dollar (USD) in 2016.

The administrative costs of the Bank, which add to staff costs of AKZ 19,277 million, third-party supplies and services amounting to AKZ 8,210 million and depreciation and amortization for the year of AKZ 1,013 million, around AKZ 1,803 million (6%) compared to the year 2016.

(In millions)

	'17		'16	
	AKZ	USD	AKZ	USD
<b>ADMINISTRATIVE AND COMMERCIALISATION COSTS</b>				
Staff	19,277	117	16,644	101
External supplies and services	8,210	49	12,817	77
Depreciations and amortisations	1,013	6	842	5
<b>TOTAL</b>	<b>28,500</b>	<b>172</b>	<b>30,303</b>	<b>183</b>



**6%**  
**DECREASE**

of the administrative  
and trade costs





**36%**  
**INCREASE**

of the cost-to-  
-income ratio

Personnel costs totaled AKZ 19,277 million, an increase over AKZ 2,633 million over 2016, which resulted from the increase in variable remuneration (performance bonus).

Third-party supplies and services decreased to AKZ 8,210 million, a variation of approximately -36% over the same period of the previous year. This variation is mainly due to the decrease in costs of a set of commercial, organizational and other services provided by related entities of the Bank in 2016.

Depreciation and amortization for the year stood at AKZ 1,013 million, representing an increase of AKZ 171 million compared to the year 2016.

(In millions)

<b>COST-TO-INCOME</b>	<b>'17</b>	<b>'16</b>
Administrative and Commercialisation Costs	28,500	30,303
Net operating income from banking activity	79,166	88,749
<b>COST-TO-INCOME</b>	<b>36%</b>	<b>34%</b>

In the fiscal year 2017, the cost-to-income ratio increased from 34% to 36% when compared to the previous year.

In 2017, taxes on recorded profits amounted to 1,803 million Kwanzas (1,737 million in 2016) corresponding to an effective industrial tax rate of around 5%.

The income earned from government debt securities obtained from Treasury Bonds and Treasury Bills issued by the Angolan State is not subject to taxation, pursuant to Article 23, (1) (c) of the Industrial Tax Code. This fiscal framework is a key factor to determine the difference between the tax loss calculated and the nominal rate in force (30%).

Presidential Legislative Decree No. 5/11, of December 30, introduced a standard that charges Capital Gains Tax (CGT) on the interest on Treasury Bills, Treasury Bonds and other financial investments. However, it shall only apply in respect to securities issued after 1 January 2013.

The CGT rate varies between 5% (in the case of income from debt securities admitted to trading in a regulated market and that show a maturity equal to or greater than three years) and 15%. In the fiscal year 2017 and 2016, the costs of this tax, which are recorded in the income statement, under 'Other Operating Income,' amounted to 2,294 million kwanzas and 2,172 million kwanzas, respectively.

On 31 December 2017 and 2016, based on the amounts calculated for the two taxes, Industrial and CGT, the joint effective rates stand at 11.36% and 11.04%, respectively.

# **+ Proposed Appropriation of Net Profit**

In accordance with the legal provisions relating to the establishment of reserves, the Board of Directors proposes that the net profit for the year ended 31 December 2017, on the amount of 34,253 million Angolan Kwanzas be allocated as follows:

Legal Reserve 20%	6,851 million Kwanzas
Distribution of dividends to shareholders 80% (*)	27,402 million Kwanzas

(\*) Updated to the exchange rate on the date of allocation.





**BancoBIC**





we grow with  
**modernidade**

It's about being proactive. It's about team work.  
Modernity is not a model, it's a requirement.  
The technological and operational transformations.  
The workforce is combined with technology.  
We are a young Bank, we are modern.

GROWING TOGETHER

# Financial Statements

## BALANCE SHEETS OF 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Angolan Kwanzas)

				'17	'16
	NOTES	ASSETS GROSS	PROVISIONS, IMPAIRMENT AND DEPRECIATION	ASSETS NET	ASSETS NET
<b>ASSETS</b>					
Cash and deposits with central banks	3	130,411,935	-	130,411,935	104,492,564
Deposits with other credit institutions	4	8,735,172	-	8,735,172	8,671,075
Loans and advances with central banks and other credit institutions	5	19,208,389	-	19,208,389	21,575,883
Financial assets at fair value through profit and loss	6	134,184,233	-	134,184,233	77,710,095
Financial assets available for sale	7	-	-	-	5,796,606
Held-to-maturity investments	8	392,058,425	-	392,058,425	472,553,566
Customer loans	9	372,394,925	(87,956,827)	284,438,098	304,319,570
Non-current assets held for sale	10	21,100,230	(1,834,253)	19,265,977	13,614,933
Other tangible assets	11	21,368,367	(8,664,347)	12,704,020	12,204,994
Intangible assets	11	895,146	(587,611)	307,535	25,969
Investments in subsidiaries, associates and jointly controlled entities	12	345,137	-	345,137	340,782
Others assets	13	10,332,491	-	10,332,491	5,727,256
<b>TOTAL ASSETS</b>		<b>1,111,034,450</b>	<b>(99,043,038)</b>	<b>1,011,991,412</b>	<b>1,027,033,293</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Funds from central banks and other credit institutions	14			73,228,647	32,403,237
Customer funds and other loans	15			787,234,531	850,432,779
Provisions	16			6,039,607	5,537,507
Deferred tax liabilities	17			-	798,652
Other liabilities	18			27,046,712	24,892,191
<b>TOTAL LIABILITIES</b>				<b>893,549,497</b>	<b>914,064,366</b>
<b>Principal</b>					
Share Capital	19			3,000,000	3,000,000
Reevaluation Reserves	19			5,823,538	7,673,654
Other reserves and retained earnings	19			75,365,073	68,632,523
Net result of the fiscal year	19			34,253,304	33,662,750
<b>TOTAL PRINCIPAL</b>				<b>118,441,915</b>	<b>112,968,927</b>
<b>TOTAL LIABILITIES AND PRINCIPAL</b>				<b>1,011,991,412</b>	<b>1,027,033,293</b>

The Notes are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Angolan Kwanzas)

	NOTES	'17	'16
Interest and similar income	21	94,085,248	82,643,740
Interest and similar expenses	21	(28,071,783)	(24,776,723)
<b>NET INTEREST INCOME</b>		<b>66,013,465</b>	<b>57,867,017</b>
Income from services and commissions	22	6,950,024	6,551,842
Expenses with services and commissions	22	(1,290,666)	(1,116,098)
Income of financial assets available for sale	23	2,665,530	-
Income of investments held to maturity	24	1,662,218	-
Income from foreign exchange transactions	25	2,863,623	26,853,003
Income from disposal of other assets	26	1,523,743	125,406
Other operating income	27	(1,221,667)	(1,531,721)
<b>NET OPERATING INCOME FROM BANKING ACTIVITY</b>		<b>79,166,270</b>	<b>88,749,449</b>
Staff costs	28	(19,277,484)	(16,644,495)
External supplies and services	29	(8,209,531)	(12,817,331)
Depreciation and amortization for the year	11	(1,013,282)	(841,911)
Provisions net of cancellations	16	(573,105)	(686,296)
Impairment for customer loans net of reversals and recoveries	16	(14,027,637)	(22,314,006)
Income from subsidiaries, associated companies and jointly controlled entities	12	4,339	(32,988)
Results on net monetary position	19	(13,461)	(12,570)
<b>PRE-TAX INCOME</b>		<b>36,056,109</b>	<b>35,399,852</b>
<b>Income tax</b>			
Current	17	(1,802,805)	(1,737,102)
<b>RESULTS AFTER TAX</b>		<b>34,253,304</b>	<b>33,662,750</b>
<b>NET INCOME FOR THE YEAR</b>		<b>34,253,304</b>	<b>33,662,750</b>
Average number of ordinary shares issued		3,000,000	3,000,000
Income per basic share (in Kwanzas)		11,42	11,22

The Notes are an integral part of these financial statements.



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Angolan Kwanzas)

	'17	'16
<b>NET INCOME FOR THE YEAR</b>	<b>34,253,304</b>	<b>33,662,750</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will be subsequently reclassified to profit or loss for the year:</b>		
Financial assets available for sale		
Changes in fair value (Note 7)	-	702,697
Tax effect	-	(210,806)
	-	<b>491,891</b>
Transfer for income per alienation (Note 7)	(2,662,229)	-
Tax effect	798,652	-
	<b>(1,863,577)</b>	-
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>32,389,727</b>	<b>34,154,641</b>

The Notes are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in thousands of Angolan Kwanzas)

	REVALUATION RESERVES				OTHER RESERVES AND RETAINED EARNINGS			INCOME NET FINANCIAL YEAR	PRINCIPAL EQUITY
	SHARE CAPITAL	RESERVES FAIR VALUE	RESERVES FOREIGN EXCHANGE TRANSLATION	TOTAL	LEGAL RESERVE	OTHER RESERVES	TOTAL		
<b>BALANCE ON 31 DECEMBER 2015</b>	<b>3,000,000</b>	<b>1,371,686</b>	<b>5,797,507</b>	<b>7,169,193</b>	<b>23,452,466</b>	<b>40,788,045</b>	<b>64,240,511</b>	<b>26,516,915</b>	<b>100,926,619</b>
<b>Appropriation of the net income from 2015 financial year:</b>									
Distribution of dividends	-	-	-	-	-	-	-	(22,124,903)	(22,124,903)
Transfer to legal reserve	-	-	-	-	5,531,226	(1,139,214)	4,392,012	(4,392,012)	-
Update to own funds	-	-	12,570	12,570	-	-	-	-	12,570
Comprehensive income for the year	-	491,891	-	491,891	-	-	-	33,662,750	34,154,641
<b>BALANCE ON 31 DECEMBER 2016</b>	<b>3,000,000</b>	<b>1,863,577</b>	<b>5,810,077</b>	<b>7,673,654</b>	<b>28,983,692</b>	<b>39,648,831</b>	<b>68,632,523</b>	<b>33,662,750</b>	<b>112,968,927</b>
<b>Appropriation of the net income from 2016 financial year:</b>									
Distribution of dividends	-	-	-	-	-	-	-	(26,930,200)	(26,930,200)
Transfer to legal reserve	-	-	-	-	6,732,550	-	6,732,550	(6,732,550)	-
Update to own funds	-	-	13,461	13,461	-	-	-	-	13,461
Comprehensive income for the year	-	(1,863,577)	-	(1,863,577)	-	-	-	34,253,304	32,389,727
<b>BALANCE ON 31 DECEMBER 2017</b>	<b>3,000,000</b>	-	<b>5,823,538</b>	<b>5,823,538</b>	<b>35,716,242</b>	<b>39,648,831</b>	<b>75,365,073</b>	<b>34,253,304</b>	<b>118,441,915</b>

The Notes are an integral part of these financial statements.

**CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS  
ENDED 31 DECEMBER 2017 AND 2015**

(Amounts expressed in thousands of Angolan Kwanzas)

	<b>'17</b>	<b>'16</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Interests, fees and similar income received	88,130,434	75,210,152
Interests, fees and similar expenses paid	(29,337,306)	(23,600,364)
Payment to staff and suppliers	(26,836,028)	(23,789,727)
Other profits and losses	7,287,139	(13,381,126)
<b>CASH FLOWS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>39,244,239</b>	<b>14,438,935</b>
<b>(Increases)/Decreases in operating assets:</b>		
Loans and advances with central banks and other credit institutions	2,338,602	75,872,570
Financial assets at fair value through profit and loss	(50,879,876)	(52,542,364)
Financial Assets available for sale	5,800,262	-
Held-to maturity investments	77,617,346	(20,897,593)
Customer loans	4,583,480	(16,577,605)
Other assets	(4,716,275)	(800,981)
<b>CASH FLOW FROM OPERATING ASSETS</b>	<b>34,743,539</b>	<b>(14,945,973)</b>
<b>Increases/(decreases) in operating liabilities:</b>		
Funds from central banks and other credit institutions	41,566,236	(66,037,221)
Customer funds and other loans	(63,118,386)	34,271,091
Other liabilities	1,545,651	12,900,747
<b>CASH FLOW FROM OPERATING LIABILITIES</b>	<b>(20,006,499)</b>	<b>(18,865,383)</b>
Net cash from operating activities before corporate income taxes	53,981,279	(19,372,421)
Corporate income taxes paid	(33,051)	(36,420)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>53,948,228</b>	<b>(19,408,841)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Acquisition of other tangible assets, net of disposals	(1,102,370)	(1,437,106)
Acquisition of intangible assets, net of disposals	(338,626)	(21,729)
Sale of participations in subsidiaries, associated companies and jointly controlled entities, net of disposals	-	14,255
<b>NET CASH FROM INVESTMENT ACTIVITIES</b>	<b>(1,440,996)</b>	<b>(1,444,580)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Distribution of dividends	(26,930,200)	(22,124,903)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(26,930,200)</b>	<b>(22,124,903)</b>
<b>Changes in cash and cash equivalents</b>	<b>25,577,032</b>	<b>(42,978,324)</b>
Cash and cash equivalents at the beginning of the financial year	112,864,584	155,839,355
Effects of exchange rate differences on cash and cash equivalents	(8,577)	3,553
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>138,433,039</b>	<b>112,864,584</b>

The Notes are an integral part of these financial statements.

# Annex to the Financial Statements

## on 31 december 2017 and 2016

(Amounts expressed in thousands of Angolan Kwanzas - MAKZ, except when otherwise indicated)

### 1. Introduction

Banco BIC, SA (hereinafter also referred to as "Banco BIC" or "Bank") was constituted by Public Deed dated 22 April 2005, following the communication from the National Bank of Angola dated 19 April 2005, which authorized its incorporation, and is headquartered in the Banco BIC Building, located in the Talatona Neighborhood, Samba Municipality, in Luanda.

The Bank engages in obtaining funds from third parties in the form of deposits or other deposits, which, together with its own resources, apply to loans, deposits with Banco Nacional de Angola, investments in credit institutions, securities and other assets for which it is duly authorized. It also provides other banking services and carries out various types of operations in foreign currency.

In order to carry out its operations, the Bank currently has in Angola a national network of 206 branches and service stations, 17 business centers, three investment centers and one private banking unit (205 branches and service stations, 17 business centers, three investment centers and a private banking unit on 31 December 2016), as well as a representative office in Johannesburg (South Africa).

### 2. Basis of presentation, comparability of information and summary of the main accounting policies

#### 2.1. Bases of presentation

The financial statements of Banco BIC were prepared on a going concern basis, based on the books and accounting records maintained in accordance with the principles set forth in International Financial Reporting Standards (IAS / IFRS), pursuant to Notice no. 6/2016 of the National Bank of Angola, dated 16 May 2016. IAS / IFRS includes the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

The Bank's financial statements of 31 December 2017 and 2016 are expressed in Angolan Kwanzas and the assets and liabilities denominated in other currencies have been converted into the national currency, based on the average indicative exchange rate published by the National Bank of Angola on those dates.

As of 31 December 2017 and 2016, the Angolan Kwanza (AKZ) exchange rates against the United States Dollar (USD) and the Euro (EUR) were as follows:

	'17	'16
1 USD	165,924	165,903
1 EUR	185,400	185,379

#### 2.2. Adoption of standards (new or revised) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC)

The following standards, interpretations, amendments and revisions are mandatory for the first time in the year beginning on 1 January 2017:

- Amendment to IAS 12 - "Recognition of deferred tax assets for unrealized losses": this amendment clarifies the conditions for recognition and measurement of tax assets resulting from unrealized losses. Applicable for annual periods beginning on or after 1 January 2017;

- Amendment to IAS 7 - "Disclosures": this amendment introduces additional disclosures related to the cash flows from financing activities. Applicable for annual periods beginning on or after 1 January 2017;
- Improvements to international financial reporting standards (cycle 2014-2016): IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the standard for its application to interests classified as held for sale or held for distribution under IFRS 5. Applicable for annual periods beginning on or after 1 January 2017.

There were no significant effects on the Bank's financial statements arising from the adoption of the standards, interpretations, amendments and revisions referred to above.

The following standards, interpretations, amendments and revisions are mandatory in future financial years:

- IFRS 9 - "Financial instruments and subsequent amendments": this standard is included in the draft revision of IAS 39, establishing new rules for the classification and measurement of financial assets and liabilities, including the revision of the methodology for calculating impairment and the application accounting rules, namely:
  - It defines a new methodology for the recognition of impairment losses on financial assets based on expected loss model ("ECL"). According to this new methodology, entities must recognize expected losses before the occurrence of loss events. There is also a need to include forward looking information in expected loss estimates, including future trends and scenarios, including macroeconomic scenarios. In the ECL model, the assets subject to the impairment calculation should be categorized into three categories, depending on changes in credit risk since the initial recognition of the asset and not in relation to the credit risk at the reporting date;
  - It establishes new classification and measurement requirements for financial instruments and for certain types of purchase or sale of non-financial items;
  - It presents new possibilities for applying hedge accounting rules through a greater number of hedge relationships between the hedged items and the covered instruments.

This standard is applicable for years beginning on or after 1 January 2018.

- IFRS 15 - "Customer contract revenue": this standard introduces a principles-based revenue recognition framework based on a template to be applied to all contracts entered into with clients, replacing IAS 18 - Revenue, IAS 11 - Construction contracts; IFRIC 13 - Loyalty programs; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Transactions of direct exchange involving advertising services. It shall apply for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 15 - "Customer Contract Revenue": these amendments introduce several clarifications to the standard in order to eliminate the possibility of diverging interpretations of various topics. It shall apply for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 2 - "Share-based payments": these amendments introduce several clarifications to the standard relating to: (i) recording share-based payment transactions that are settled with cash; (ii) recording changes in share-based payment transactions (from cash settled to settled with equity instruments); (iii) the classification of transactions with offsetting characteristics. It shall apply for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 4 - "Insurance contracts": these amendments provide guidance on the application of IFRS 4 in conjunction with IFRS9. IFRS 4 will be replaced with the entry into force of IFRS 17. It shall apply for annual periods beginning on or after 1 January 2018.
- Amendments to IAS 40 - "Investment property": these amendments clarify that a change in classification of or for investment property should only be made when there is evidence of a change in the use of the asset. It shall apply for financial years beginning on or after 1 January 2018.

- IFRS 16 - "Leases": this standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - Leases. The standard defines a single accounting model for lease contracts that results in the lessee's recognition of assets and liabilities for all lease contracts, except for leases with a period of less than 12 months or for leases that relate to value assets reduced. Lessors shall continue to classify operating or financial leases, and IFRS 16 shall not involve substantial changes to such entities in relation to those defined in IAS 17. It shall apply for annual periods beginning on or after 1 January 2019.
- IFRS 17 - "Insurance contracts": this standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. It shall be applicable for annual periods beginning on or after 1 January 2021.
- Improvements in international financial reporting standards (cycle 2014-2016): these improvements involve clarification of some aspects related to:
  - IFRS 1 - First-time adoption of international financial reporting standards: eliminates some short-term exemptions;
  - IAS 28 - Investments in associates and joint ventures: introduces clarifications on the measurement at fair value of results of investments in associates or joint ventures held by venture capital companies or investment funds.
- Improvements to IFRS 1 and IAS 28 are applicable for years beginning on or after 1 January 2018.
- Improvements to international financial reporting standards (cycle 2015-2017): these improvements involve clarification of some aspects related to:
  - IFRS 3 - Concentration of business activities: it requires remeasurement of interests previously held when an entity obtains control over an investee over which it previously had joint control;
  - IFRS 11 - Joint ventures: clarifies that there should be no measurement of interests previously held when an entity obtains joint control over a joint operation;
  - IAS 12 - Income Tax: clarifies that all tax consequences of dividends should be recorded in profit or loss, regardless of how the tax arises;
  - IAS 23 - Borrowing costs: clarifies that the part of the loan directly related to the acquisition / construction of an asset, outstanding after the corresponding asset has been ready for the intended use, is, for the purpose of determining the capitalization rate, considered an integral part of the entity's generic financing.

These improvements shall apply for financial years beginning on or after 1 January 2019.

- IFRIC 22 - "Foreign currency transactions and advances": this interpretation establishes the date of the initial recognition of the advance or deferred income as the date of the transaction for the purpose of determining the exchange rate of the recognition of the revenue. It shall apply for annual periods beginning on or after 1 January 2018.
- Amendment to IAS 28 - "Long-term investments in associates and joint arrangements": this amendment clarifies that IFRS 9 should be applied (including related impairment requirements) to investments in associates and joint arrangements when the equity method equity is not applied in the measurement thereof. It shall apply for annual periods beginning on or after 1 January 2019.
- IFRIC 23 - "Uncertainties in the treatment of income tax": this interpretation provides guidance on the determination of taxable income, tax bases, tax losses to be reported, tax credits to be used and tax rates in uncertainty as to the treatment of income tax. It shall apply for annual periods beginning on or after 1 January 2019.
- Amendment to IFRS 9 - "Negative compensation prepayment characteristics": this amendment allows financial assets with contractual conditions which, in their early amortization, to pay a considerable sum on the part of the creditor, can be measured at cost amortized or fair value for reserves (depending on the business model), provided that: (i) on the date of the initial recognition of the asset, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative compensation in early amortization is the only reason for the asset not being considered as an instrument that only includes principal and interest payments. It shall be applicable for annual periods beginning on or after 1 January 2021.

The Bank does not anticipate that significant effects will be produced in its financial statements with the adoption of these new standards, interpretations, amendments and revisions referred to above. Nevertheless, it is studying the impacts arising from the new rules for classification and measurement of impairment losses of financial assets, in accordance with IFRS 9, and is working on its implementation.

## 2.3. Accounting Policies

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

### a) Accrual accounting

Income and expenses are recognized according to the period of validity of the operations, in accordance with the accrual principle, and are recorded as they are generated, regardless of when they are received or paid.

### b) Transactions in foreign currency

Transactions in foreign currency are recorded in accordance with the principles of the multi-currency system, each transaction being registered in accordance with the respective denomination currencies. Assets and liabilities denominated in foreign currencies are translated into Angolan Kwanzas at the average exchange rate published by the National Bank of Angola at the balance sheet date.

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

The costs and income related to exchange differences, realized or potential, are recorded in the income statement for the year in which they occur, under the heading "Foreign exchange results".

### c) Financial instruments

#### l) Loans and advances to customers and accounts receivable from other debtors

##### Measurement

Credit and receivables cover loans granted by the Bank to Customers and Credit Institutions.

At the initial moment, credits and amounts receivable are recorded at fair value. In general, the fair value at the initial time corresponds to the transaction value and includes commissions, fees or other costs and income associated with the credit operations.

Subsequently, loans and receivables are valued at amortized cost, based on the effective interest rate method and subject to impairment tests.

Whenever applicable, interest, commissions and other costs and income associated with credit operations are accrued over the life of the operations, when dealing with operations that produce net flows over a period of more than one month, regardless of the moment in which they are charged or paid. Commissions received on credit commitments are recognized on a straight-line basis over the life of the commitment.

##### De-recognition

According to IAS 39 "Financial Instruments", credits are only removed from the balance sheet ("derecognition") when the Bank transfers substantially all the risks and benefits associated with their detention; when they no longer have any expectation of receiving them and when they are written down to the asset using the respective impairment.

##### Guarantees Given

Borrowing liabilities are recorded in off-balance-sheet items at their fair value, with interest, commissions or other income being recorded in the income statement over the life of operations.

##### Interest written-off

The Bank annuls interest accrued over 60 days and does not recognize interest from that date, until the moment the client rectifies the situation.

##### Impairment

Periodically, credit granted to customers, guarantees, documentary import credits and irrevocable commitments are subject to impairment tests. The identified impairment losses are recorded against the results for the year. In the event that, in future periods, there is a reduction in the estimated loss, the impairment initially recorded is also reversed against the income statement.



To this end, the Bank analyzes the credit portfolio granted to customers, guarantees, documentary import credits and individual irrevocable commitments, through a case-by-case analysis, and collectively, through a statistical model for the determination of impairment losses

The Bank carries out an individual analysis of all clients with global liabilities (including off-balance sheet liabilities) equal to or more than 0.5% of own funds, as well as clients with exposure equal to or greater than 0,1% of own funds and which show signs of impairment.

Also analyzed individually are all the customers belonging to an Economic Group in which a client is included eligible for the individual analysis.

For customers not subject to individual analysis and individually analyzed customers for which impairment losses are not determined, the Bank determines the realizable value of the credits, and consequently the need for impairment, based on a collective impairment losses model.

For calculating collective impairment losses, the Bank has segmented its portfolio as follows:

- Business Segment:
  - Industry;
  - Trade and repairs;
  - Construction;
  - Services and others;
  - Guarantees provided.
- Private Segment:
  - Housing;
  - Credit to employees;
  - Revolving (Accounts Receivable, Credit Cards and Bank Discoveries);
  - Other credits;
  - Guarantees provided.

Considering the segments defined are calculated risk factors that determine the calculation of the expected cash flow: Probability of Default (non-compliance)(PI); Probability of Default (PD); and Loss Given Default (LGD). These risk factors were obtained through the historical analysis of the behavior of the operations started between January 2011 and December 2017.

Finally, operations are framed in one of three classes, which differ in the way the expected cash flow is determined:

i. For non-defaulting customers, the expected cash flows consider the probability that these operations will exceed 90 days of default. If the operations exceed 90 days of default, the expected cash flow corresponds to the amount outstanding at that time multiplied by the expectation of future recovery ("Loss Given Default"). If the credit does not exceed 90 days of default, the expected cash flow corresponds to the contractual cash flow of the operation. In both cases, cash flows are discounted at the nominal interest rate of the contracts at the reference date.

Subsequently, the spread between the balance sheet value and the expected cash flow is multiplied by the default probability (default probability - "PI").

PI corresponds to the probability that an operation or customer will default during a certain period of emergency. This period is equivalent to the time that elapses between the occurrence of an event causing losses and the time when this event is perceived and incorporated by the Bank ("Incurred but not reported"). The Bank considers an emergency period of 6 months for all segments of the portfolio.

ii. For customers with default of less than 90 days, the expected cash flows result from applying the method described in i), with the PI corresponding to 100%. Private customers are classified in this class if they present more than 15 days of delay in payment of the credit installment (30 days in the case of companies).

iii. For customers with defaults more than 90 days, the expected cash flow corresponds to the indebtedness multiplied by the expected future recovery (1-LGD).

## **II) Other financial assets and liabilities**

Other financial assets and liabilities are recognized and valued in accordance with IAS 32 and IAS 39 and are recorded at the fair value date.

#### a) Financial assets and liabilities held for trading and at fair value through profit or loss

Financial assets and liabilities held for trading include Treasury Bills and other debt instruments purchased for sale.

Financial assets and liabilities held for trading and assets and liabilities at fair value through profit or loss are initially recognized at fair value. Gains and losses arising from the valuation subsequent to fair value are recognized in the income statement.

Interest on financial assets and differences between cost and nominal value (premium or discount) are calculated using the effective rate method and recognized in the income statement under "Interest and similar income - securities and securities" (Note 21). The effective rate is one that, when used to discount the estimated future cash flows associated with the financial instrument, allows to equal its present value to the value of the financial instrument on the date of initial recognition.

The fair value of financial assets traded in active markets is their bid-price or their closing price at the balance sheet date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include pricing models or discounted cash-flow techniques.

When discounted cash-flow techniques are used, future financial flows are estimated according to market expectations and the discount rate used corresponds to the market rate for financial instruments with similar characteristics. In the price evaluation models, the data used correspond to market price information.

#### b) Financial assets available for sale

As of 31 December 2016, this category corresponds to equities (equity instruments), which are measured at fair value, with the exception of equity instruments not quoted on an active market and whose fair value can not be reliably measured, which are recorded at cost (Note 7). Gains or losses resulting from the revaluation are recorded directly in shareholders' equity under "Revaluation reserves".

At the time of sale, or if impairment is determined, accumulated changes in fair value are transferred to income or costs for the year and are recorded under "Available for sale financial assets" or "Impairment of other financial assets, net of reversals and recoveries", respectively. Exchange gains or losses on monetary assets are recognized directly in the income statement.

For the purposes of determining the results of the sale, the assets sold are valued at the weighted average cost of acquisition.

### Fair value

As mentioned above, financial assets recorded under "Financial assets/liabilities held for trading", "Financial assets at fair value through profit or loss" and "Available for sale financial assets" are valued at fair value.

Under IFRS13, a fair value is the price that would be received for the sale of an asset or paid to transfer a liability in a transaction between market participants at the measurement date. At the date of entering into or commencing an operation, the fair value is generally the value of the transaction.

The fair value of financial assets is determined based on:

- Closing quotation on the balance sheet date for instruments traded in active markets; and
- Prices (bid-prices) distributed by means of diffusion of financial information, namely to Bloomberg.

The fair value of financial assets traded in active markets is their bid price or their closing price at the balance sheet date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include pricing models or discounted cash-flow techniques.

When discounted cash-flow techniques are used, future financial flows are estimated according to market expectations and the discount rate used corresponds to the market rate for financial instruments with similar characteristics. In the price evaluation models, the data used correspond to market price information.

### Impairment

As mentioned above, available-for-sale financial assets are recorded at fair value, with changes in fair value being recognized in equity under "Revaluation reserves".

Where there is objective evidence of impairment, accumulated capital losses that have been recognized in reserves are transferred to cost for the year in the form of impairment losses under "Impairment of other financial assets, net of reversals and recoveries".

IAS 39 provides the following specific indications for impairment in equity instruments:

- Information on significant changes with adverse impact on the technological, market, economic or legal environment in which the issuer operates that indicates that the cost of the investment will not be recovered;
- A significant or prolonged decline in market value below the cost price.

For quoted equity instruments, it is considered that there is objective evidence of impairment when there is a prolonged or significant devaluation in the price of those securities. For the remaining securities, it is considered objective evidence of impairment to have a negative impact on the estimated future cash flows of the financial asset, provided that it can be estimated reliably.

Impairment losses on equity instruments can not be reversed, and any potential capital gains arising from the recognition of impairment losses are reflected in "Revaluation reserves". If additional losses are subsequently determined, impairment is always considered to be impaired and is reflected in profit or loss for the year.

Impairment losses on fixed income securities may be reversed through profit or loss if there is a positive change in their fair value resulting from an event occurring after the determination of impairment.

### **c) Financial assets held to maturity**

This item includes non-derivative financial assets, namely Treasury Bonds, with fixed or determinable payments and defined maturities, which the Bank intends and holds until maturity.

These investments are valued at amortized cost, based on the effective interest rate method and subject to impairment tests. Impairment losses recognized are recorded in the income statement for the year. If, in a subsequent period, the amount of the impairment loss decreases, and that impairment can be objectively related to an event that occurred after the recognition of the impairment, it is reversed against the results of the year.

Treasury Bonds issued in local currency, indexed to the United States Dollar exchange rate and Treasury Bonds in foreign currency, are subject to exchange rate adjustment. In this way, the result of the exchange rate adjustment of the nominal value of the securities is reflected in the statement of profit and loss for the year in which it occurs under "Foreign exchange results" (Note 25). The discount and interest are recorded in the caption "Interest and similar income from securities" (Note 21).

In 2012, Order No. 159/12 of February 20 was published, which authorizes the regular issuance of Treasury Bonds in non-readjustable national currency, with coupon interest rates predefined by maturity. Interest on these securities is reflected in the income statement for the year in which they occur, under "Interest and similar income from securities" (Note 21).

#### *Transactions for the purchase of third party securities with resale agreements*

In 2017 and 2016, the Bank carried out temporary liquidity transactions in the interbank market with the National Bank of Angola in which funds were received receiving Treasury Bonds as collateral. These transactions underlie a resale agreement for the securities at a future date, at a price previously established between the parties (Note 5).

Securities purchased under resale agreements are not recorded in the securities portfolio. The funds delivered are recorded, on the settlement date, in the assets under the caption "Liquidity Investments - Purchase Transactions of Third Party Securities with Resale Agreement", and the interest amount is accrued in the same line item.

The proceeds from the purchase of third party securities with resale agreements correspond to the difference between the resale value and the purchase price of the securities. The recognition of the income was made in accordance with the principle of specialization due to the fluency of the term of operations in the caption "Interest and similar income from liquidity investments - Securities of Third Parties with Resale Agreement" (Note 21).

#### *Selling securities transactions with repurchase agreement*

The securities assigned to the National Bank of Angola with a repurchase agreement remained recorded in the Bank's securities portfolio, and the amount of the sale was recorded in the caption "Funds from Central Banks and Other Credit Institutions - repurchase" (Note 14). The difference between the contracted repurchase value and the respective initial selling price is recognized in the income statement over the life of the transaction, as a contra entry to the liability item "Interest payable" (Note 14).

### **III) loans and accounts receivable**

These are financial assets with fixed or determinable payments that are not quoted on an active market and are not included in any of the other categories of financial assets.

At initial recognition, these assets are recorded at their fair value, less any commissions included in the effective rate, plus any incremental costs directly attributable to the transaction. Subsequently, these assets are recognized on the balance sheet at amortized cost, less impairment losses.

Interest is recognized based on the effective rate method, which allows the amortized cost to be calculated and the interest distributed over the period of operations.

#### **IV) Other financial liabilities**

Other financial liabilities correspond to resources of other credit institutions and of customers and liabilities incurred to pay for services or purchase of assets, recorded under "Other liabilities".

The other financial liabilities are recorded at the date of purchase at their fair value, less costs directly attributable to the transaction.

Subsequently, they are valued at amortized cost, and interest, when applicable, is recognized according to the effective rate method.

#### **d) Non-current assets held for sale**

The Bank records under the heading "Non-current Assets Held for Sale - Real Estate Received as Payment", the assets received in connection with the sale or payment of overdue loans, when these are available for immediate sale in their present condition and exist the probability of disposal in the period of one year (Note 10).

These assets are recorded at the amount determined in their valuation, against the amount of the recovered credit and the respective specific provisions.

In addition, real estate projects under construction and intended to be sold to employees of the Bank are also recorded under this caption and are periodically evaluated to determine any impairment losses.

The assets recorded under this caption are not amortized and are valued at the lower of the carrying amount and the fair value, less costs to be incurred in the sale. The fair value of these assets is determined on the basis of periodic assessments made by external expert appraisers. Whenever the value of these valuations (net of selling costs) is less than the amount they are accounted for, impairment losses are recorded under "Impairment of other assets net of reversals and recoveries".

When the legal term of 2 years has expired without the assets being sold (extendable by authorization from the BNA), a new valuation is carried out to determine the updated market value, with a view to the possible constitution of the corresponding impairment.

#### **e) Other tangible assets**

Tangible fixed assets are recorded at acquisition cost, less accumulated amortization and impairment losses.

Amortizations are calculated on a systematic basis over the estimated useful life of the asset, which corresponds to the period in which the asset is expected to be available for use, which is:

	YEARS OF USEFUL LIFE
Properties for own use	50
Improvements to leased buildings	3
Equipment	
Interior facilities	10
Furniture and fixtures	10
Machines and tools	3 a 10
Computer equipment	3 a 10
Vehicles	3
Other equipment	10

Notwithstanding the abovementioned interval, the general computer equipment is being amortized over three years.

#### f) Intangible assets

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

Software maintenance expenses are accounted for as costs in the year in which they are incurred.

#### g) Investments in subsidiaries, associates and joint ventures

Financial holdings in which the Bank holds, directly or indirectly, a percentage equal to or greater than 10% of the respective capital, are accounted for using the equity method. Under this method, investments are initially valued at acquisition cost, which is subsequently adjusted based on the effective percentage of the Bank in changes in shareholders' equity (including results) of the subsidiaries. These changes are reflected in the income statement under "Investments in subsidiaries, associates and joint ventures".

Financial investments in which the Bank holds, directly or indirectly, less than 10% of its capital, are recorded at acquisition cost. When it is denominated in foreign currency, it is reflected in the foreign exchange rate at the date of the transaction. Whenever permanent losses are estimated at their realizable value, the respective impairment is recognized.

#### h) Income taxes

##### *Industrial tax*

The Bank is subject to taxation in Industrial Tax, being considered a taxpayer of Group A, subject to a tax rate of 30%.

Current tax includes Industrial Tax, which is calculated based on the fiscal result for the year, which may differ from the accounting result due to adjustments under the Industrial Tax Code.

On 1 January 2015, the new Industrial Tax Code, approved by Law No. 19/14, of 22 October, came into force, which established that income subject to Capital Tax (IAC) are deductible for the purpose of determining the taxable profit, not constituting the IAC a cost accepted fiscally (Note 17).

On the other hand, in a meeting with ABANC, the General Tax Administration confirmed that income from public debt securities (including any exchange rate revaluations) issued up to 31 December 2012 is exempt from all taxes under issuance of such securities, and that the revaluations of foreign currency-denominated debt securities issued after that date, in national currency but indexed to the foreign currency is subject to Industrial Tax until the BNA is able to withhold IAC on these incomes.

In addition, under the terms of the new Industrial Tax Code, taxpayers whose activity is within the scope of the supervisory powers of the National Bank of Angola, as is the case of Banco BIC, must, by the end of August of each year, the provisional assessment of the Industrial Tax for that year, with the tax to be delivered calculated based on 2% of the income derived from financial intermediation operations, calculated in the first six months of the previous fiscal year, excluding income subject to IAC.

Tax losses calculated each year, as provided for in article 48 of the Industrial Tax Code, may be deducted from the taxable income for the three subsequent years.

In accordance with the legislation in force, industrial tax returns and other taxes may be subject to review and correction by the tax authorities in the five years following the year to which they relate. The Board of Directors believes that any corrections that may result from such revisions will not be significant for the accompanying financial statements.

The reconciliation between the taxable income and the accounting result is shown in Note 17.

##### *Capital Gains Tax (CGT)*

Presidential Legislative Decree No. 5/11, of 30 December, introduced various legislative changes to the Capital Taxation Code, and has since been amended by Presidential Legislative Decree No. 2/14 of 20 of October. IAC is generally concerned with income from the Bank's financial investments, including income from securities investments and income. The rate varies between 5% (in the case of yields on debt securities admitted to trading on a regulated market and of a maturity of three years or more) and 15%.

In a letter from the BNA to ABANC of 26 September 2013, it was reiterated that yields on public debt securities are only subject to IAC, in respect of securities issued after 1 January 2011.

### *Urban Property Tax (UPT)*

IPU shall be levied at the rate of 0.5% on the book value of own properties intended to develop the normal activity of the Bank when its net asset value exceeds mAKZ 5,000.

### *Deferred taxes*

Deferred tax assets and liabilities correspond to the amount of tax recoverable or payable in future periods resulting from deductible or taxable temporary differences between the value of the assets and liabilities in the balance sheet and their tax base used in determining the taxable profit.

Deferred tax liabilities are recorded for all taxable temporary differences, whereas deferred tax assets are only recognized up to the amount in which it is probable that future taxable profits will exist that allow the use of the corresponding deductible tax differences or the carryforward of tax losses.

Current taxes and deferred taxes are reflected in profit or loss, except for taxes on transactions directly recorded in equity, including potential results of securities classified in the available-for-sale portfolio.

As of 31 December 2017 and 2016, the Bank did not record deferred tax assets. As of 31 December 2016, deferred tax liabilities recorded refer to changes in the fair value of securities classified in the available-for-sale portfolio (Notes 7, 17 and 19).

In addition, no deferred tax assets were recorded on tax loss carryforwards in 2015, 2016 and 2017 because there are no duly substantiated expectations that taxable income will be realized in the next three years.

### **i) Reserve for monetary correction of own funds**

Under IAS 29 - Financial reporting in hyperinflationary economies, hyperinflationary economies are characterized by several situations which include:

- a. The general population prefers to keep their wealth in non-monetary assets or in a relatively stable foreign currency. The amounts of local currency held are immediately invested to maintain purchasing power;
- b. The population in general sees monetary amounts not in terms of local currency but in terms of a stable foreign currency. Prices can be quoted in this currency;
- c. Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the crediting period, even if the period is short;
- d. Interest rates, wages and prices are linked to a price index; and
- e. The inflation rate accumulated over three years is close to 100% or exceeds this value.

In 2016, due to the evolution of the Angolan Kwanza exchange rate vis-à-vis the international reference currencies and, consequently, its impact on the inflation rate measured in national currency, the Bank requested from the BNA, by letter dated 14 April 2016, the authorization to adopt the procedure for monetary updating of its own funds, which started in May 2016.

The amount resulting from the monetary restatement is reflected monthly in a profit and loss account against the reserve for monetary restatement of own funds.

### **j) Provisões e passivos contingentes**

A provision is recognized when there is a present obligation (legal or constructive) resulting from past events for which the future expenditure of resources is probable and can be determined reliably. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability at the balance sheet date.

If it is not probable the future expenditure of resources, it is a contingent liability. Contingent liabilities are only disclosed, unless the possibility of their realization is remote.

(Endnote 16) The amounts recorded in the caption "Other provisions" are intended to cover various contingencies of the Bank, in particular regarding ongoing legal proceedings, fraud and other specific risks arising from its activity (Note 16).



## k) Retirement pensions

Law No. 07/04 of 15 October, which regulates the Angolan Social Security system, provides for the granting of retirement pensions to all Angolan workers enrolled in Social Security. The value of these pensions is calculated on the basis of a table proportional to the number of years of work applied to the average monthly gross wages received in the periods immediately preceding the date on which the worker ceases to work. According to Decree no. 7/99, of May 28, the contribution rates for this system are 8% for the employer and 3% for the workers.

Law No. 02/00, dated October 15, provided for compensation for retirement, determined by multiplying 25% of the basic monthly salary practiced on the date the worker reached the legal retirement age, by the number of years of seniority on the same date.

The new General Labor Law (Law no. 07/2015 of 15 June), which came into force in September 2015, does not provide for the payment of those or other retirement benefits to workers who reach the legal retirement age. Nevertheless, the Bank is studying the implementation of a supplementary retirement and survivors' pension program and has therefore decided to maintain the provision for this purpose, calculated consistently with previous years.

The Bank has a provision for retirement pensions and the liabilities that the Bank may incur under the supplementary retirement and survivors' pension program have been calculated through an actuarial valuation carried out by an independent expert based on the Bank's population to cover and the following assumptions:

Actuarial technical rate (discount)	2%
Total wage growth	8%
Mortality	SA 85-90 (Light)
Normal retirement age	60 year or 35 of service

The discount rate was calculated considering the performance of financial markets, duration of liabilities and inherent risk.

## l) Fees

Commissions relating to credit operations and other financial instruments, namely commissions charged or paid at the origin of operations, are recognized over the period of operations by the effective interest method in "Interest and similar income" and "Interest and similar charges".

Fees for services rendered are normally recognized as income over the period of service or in one installment if they correspond to compensation for the execution of single acts.

## m) Investments and Liquidity intake

The applications and liquidity, among financial institutions, in the case of regular systemic operations that seek to distribute the most adequate liquidity throughout the financial system, nationally and internationally, are not classified as mutual.

## n) Cash and cash equivalents

For the purposes of preparing the cash flow statement, the Bank considers the total balance of "Cash and cash equivalents at Central Bank", "Cash and cash equivalents at other credit institutions" and "Cash and cash equivalents at Central Banks and other credit institutions" (Notes 3, 4 and 14).

## 2.4. Critical accounting estimates and most relevant judgmental aspects in the application of accounting policies

In applying the accounting policies described above, it is necessary to make estimates by the Bank's Board of Directors. The estimates with the greatest impact on the Bank's financial statements include the following.

### Determination of impairment losses for customer loans

Impairment losses are determined based on expected cash flows and estimates of the recoverable value of the operations in accordance with the methodology defined in Note 2.3. c) I). Impairment is determined for significant exposures through an individual analysis, based on the Bank's judgment as to the economic and financial situation of its clients and the estimated value of collateral received in collateral. Impairment losses on other operations are determined through an impairment loss accounting model based on historical parameters for comparable types of operations, considering default and recovery estimates.

The Bank considers impairment losses for loans determined based on the methodology referred to in Note 2.3. c) I) adequately reflect the risk associated with their loan portfolio.

### Valuation of financial instruments not traded in active markets

In accordance with IAS 39, the Bank values at fair value all financial instruments, except those recorded at amortized cost. In the valuation of financial instruments not traded in liquid markets, valuation techniques are used based on the offers of buy and sell spread through specialized entities. The valuations obtained correspond to the best estimate of the fair value of these instruments at the balance sheet date.

### Determination of impairment losses in financial assets available for sale and held-to-maturity investments

As described in Note 2.3. c) II) b), the capital gains resulting from the valuation of available-for-sale assets are recognized against the "Revaluation reserves" account. However, whenever there is objective evidence of impairment, the capital accumulated losses in that reserve are transferred to costs for the year.

In the case of equity instruments, the determination of the existence of impairment losses may be subjective. The Bank determines whether or not these assets are impaired by a specific analysis at each balance sheet date and taking into account the evidence set out in IAS 39.

In the case of debt instruments classified as held-to-maturity investments, impairment is recorded whenever there is evidence of non-compliance with contractual cash flows, namely due to financial difficulties of the issuer, non-compliance with other financial liabilities, or significant deterioration in the rating of the issuer or of the issues held by the Bank.

### Employee benefits

As mentioned in Note 2.3. k), the Bank is considering the implementation of a supplementary retirement and survivors' pension program and has therefore decided to maintain the provision recorded under the obligations arising from the labor legislation repealed in the meantime. In this sense, the liabilities that the Bank could incur with this program were calculated through an actuarial valuation carried out by an independent expert. The actuarial valuations incorporate actuarial assumptions regarding mortality, disability, salary and pension growth, discount rate, among others. The assumptions adopted correspond to the best estimate of the Bank and the actuaries contracted for this purpose in relation to the future behavior of the respective variables.

### 3. Cash and deposits with central banks

This heading may be broken down as follows:

	'17		'16	
	FOREIGN CURRENCY	DOMESTIC CURRENCY	FOREIGN CURRENCY	DOMESTIC CURRENCY
<b>CASH:</b>				
<b>National banknotes and coins:</b>				
In vault		6,934,491		4,725,114
In ATM		4,572,593		4,387,355
<b>Foreign banknotes and coins:</b>				
In EUR	1,647,779	305,498	1,163,735	215,732
In USD	101,723	16,878	356,851	59,203
In other currencies		3,725		5,908
		<b>11,833,185</b>		<b>9,393,312</b>
<b>DEMAND DEPOSITS AT THE BNA:</b>				
In domestic currency		115,855,937		93,280,955
In foreign currency - USD	16,410,000	2,722,813	10,960,000	1,818,297
		<b>118,578,750</b>		<b>95,099,252</b>
		<b>130,411,935</b>		<b>104,492,564</b>

Current account deposits at the National Bank of Angola (BNA) include deposits made to meet the requirements for the constitution and maintenance of mandatory reserves.

On 31 December 2017, the mandatory reserves are cleared in accordance with the provisions of Instruction no. 06/2017 of 1 December. As of 31 December 2016, these were calculated in accordance with Instruction no. 02/2016 of April 11 and no. 04/2016 of 13 May. The mandatory reserves are recorded in local currency and in foreign currency, depending on the respective denomination of the liabilities that constitute their reserve base.

On 31 December 2017, the requirement to maintain mandatory reserves was determined by applying a 21% rate on eligible liabilities in national currency and 15% in foreign currency. On 31 December 2016, the requirement to maintain mandatory reserves was determined through the application of a 30% quotient on eligible liabilities in national currency, and the Bank may meet up to 20% of the liabilities in Treasury Bonds, belonging to the portfolio and / or medium and long-term financing agreements with the Ministry of Finance, weighting the respective maturities, provided they are issued or disbursed respectively from January 2015, and 15% liabilities in foreign currency.

With the entry into force of Instruction no. 06/2017, of 1 December, it was no longer possible to comply with the requirement of compulsory reserves with Treasury Bonds, which entailed the effective reinforcement of the mandatory reserves deposited with the central bank.

The amount of up to 5% of the weekly arithmetic average of the final daily balances recorded in the national currency cash account and the amount of up to 80% of the assets representing the amount of the disbursements of credits in national currency may be deducted from the requirement in national currency, calculated on the last day of the week in which the credit portfolio is constituted, in the Agriculture, Livestock, Forestry and Fisheries sectors, provided that it has a maturity of 24 months or more.

Demand deposits with the National Bank of Angola are not remunerated.

## 4. Deposits with other credit institutions

This heading may be broken down as follows:

	'17	'16
<b>Demand deposits at foreign correspondents:</b>		
Banco BIC Cabo Verde, S.A.	5,408,747	9,269
Banco BIC Português, S.A.	1,593,888	7,226,823
Commerzbank	911,263	813,705
Others	631,447	194,267
	<b>8,545,345</b>	<b>8,244,064</b>
Clearing of cheques	189,827	427,011
	<b>8,735,172</b>	<b>8,671,075</b>

On 31 December 2017 and 2016, the balance of the item "Clearing of checks" refers to the checks presented for clearing at the sessions of the business days following the end of the respective years.

## 5. Deposits at Central Banks and Other Credit Institutions

This heading may be broken down as follows:

	'17	'16
<b>Transactions in the interbank money market</b>	19,167,102	16,004,633
Interest receivable	41,287	44,671
	<b>19,208,389</b>	<b>16,049,304</b>
<b>Third-Party debt securities purchased with resale agreements</b>	-	5,500,000
Interest receivable	-	26,579
	<b>-</b>	<b>5,526,579</b>
	<b>19,208,389</b>	<b>21,575,883</b>

The transactions carried out in the interbank money market correspond to term deposits at credit institutions and can be broken down as follows:

	CURRENCY	'17		'16	
		FOREIGN CURRENCY	DOMESTIC CURRENCY	FOREIGN CURRENCY	DOMESTIC CURRENCY
<b>With Credit Institutions in the Country:</b>					
National Bank of Angola (BNA)	AKZ	-	-	-	7,000,000
			<b>-</b>		<b>7,000,000</b>
<b>With Credit Institutions Abroad:</b>					
Banco BIC Português, S.A.	EUR	55,950,000	10,373,130	17,990,572	3,335,074
Banco BIC Português, S.A.	USD	20,000,000	3,318,480	-	-
			<b>13,691,610</b>		<b>3,335,074</b>
Banco BIC Cabo Verde, S.A.	USD	23,000,000	3,816,252	23,000,000	3,815,769
Banco BIC Cabo Verde, S.A.	EUR	-	-	10,000,000	1,853,790
			<b>3,816,252</b>		<b>5,669,559</b>
Commerzbank	USD	10,000,000	1,659,240	-	-
<b>INTEREST RECEIVABLE</b>			<b>41,287</b>		<b>44,671</b>
			<b>19,208,389</b>		<b>16,049,304</b>

A significant part of the term deposits at the aforementioned foreign credit institutions are collateralizing the opening of documentary credits and other transactions, within the framework of contracted credit facilities and other agreements entered into with these financial institutions.

As of 31 December 2017 and 2016, time deposits at credit institutions, excluding interest receivable, had the following structure, by residual terms of maturity:

	<b>'17</b>	<b>'16</b>
Up to a month	4,977,720	9,037,421
Between one and three months	7,802,352	3,815,769
Between three and six months	3,986,100	370,758
Between six months and one year	2,400,930	1,853,790
Over a year	-	926,895
	<b>19,167,102</b>	<b>16,004,633</b>

As of 31 December 2017 and 2016, time deposits at Credit Institutions bear interest at the following annual average rates, weighted by the respective nominal value of the applications:

	<b>'17</b>	<b>'16</b>
In Angolan Kwanzas	-	7.00%
In American Dollars	2.47%	3.70%
In Euros	0.01%	0.01%

On 31 December 2016, the applications with BNA correspond to Third Party Securities Purchase Transactions with a Treasury Bond Resale Agreement, with a resale agreement at a future date, at a price previously defined and agreed between the parties.

The income earned by Banco BIC in these transactions corresponds solely and exclusively to the positive difference between the resale price of these Treasury Bonds, pre-defined and agreed between the parties, and their initial acquisition value.

As of 31 December 2016, Third Party Bond Purchase Operations with Resale Agreement matured in the first quarter of 2017.

## 6. Financial assets at fair value through profit or loss

This heading may be broken down as follows:

	<b>'17</b>		<b>'16</b>	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
<b>Financial Assets Held for Trade</b>				
Treasury Bills	21.27%	122,128,144	18.01%	71,248,268
Other Securities (Commercial Paper)		3,708,000		3,707,580
Income receivable		8,348,089		2,754,247
		<b>134,184,233</b>		<b>77,710,095</b>

As of 31 December 2017 and 2016, due to the absence of evidence of impairment and given that they were issued by the Angolan State, the Bank classifies the securities registered in the "Held for trading - Treasury bills" portfolios at risk level A - Minimum.

As of 31 December 2017 and 2016, Treasury Bills in the portfolio had the following structure, in accordance with the residual maturity dates:

	<b>'17</b>	<b>'16</b>
Up to three months	54,077,396	45,705,182
From three to six months	30,064,515	18,664,241
From six months to a year	37,986,233	6,878,845
	<b>122,128,144</b>	<b>71,248,268</b>

As of 31 December 2017 and 2016, the other securities correspond to commercial paper issued by an entity in the media sector and mature in January 2018 and 2017, respectively (Note 30).

## 7. Financial Assets available for sale

As of 31 December 2016, "Available for sale financial assets" corresponds to equity instruments issued by non-resident entities:

				<b>'16</b>	
				BOOK VALUE	
NATURE	CURRENCY	QUANTITY	MARKET VALUE	CURRENCY	mAKZ
Shares	EUR	27,646,900	1.13	31,268,945	5,796,606

As of 31 December 2016, the fair value reserve has the following composition (Note 19):

	<b>'16</b>
Adjustments to the fair value in financial assets available for sale	2,662,229
Tax burdens on potential income	(798,652)
	<b>1,863,577</b>

In February 2017, all the shares of Banco BPI, S.A. were sold in the portfolio, and the Bank recorded a gain in the amount of mAKZ 2,665,530 (Note 23).



## 8. Held-to-maturity investments

This heading may be broken down as follows:

	'17		'16	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
<b>Treasury Bonds in Domestic Currency</b>				
Non-readjustable	7.70%	87,355,827	7.63%	144,115,641
Index USD	7.31%	257,651,109	7.11%	277,919,088
		<b>345,006,936</b>		<b>422,034,729</b>
<b>In Foreign Currency</b>	4.89%	39,907,460	4.88%	40,491,887
Income receivable		7,144,029		10,026,950
		<b>392,058,425</b>		<b>472,553,566</b>

As of 31 December 2017 and 2016, due to the absence of indications of impairment and given that they were issued by the Angolan State, the Bank classifies the Treasury Bonds as "Held-to-maturity investments" at risk level A - Minimum.

As of 31 December 2017, the caption "Treasury Bonds in USD - denominated national currency" included bonds given as collateral of the sale of own securities with repurchase agreement contracted with the National Bank of Angola (Note 14), in the amount of mAKZ 12,121,000.

As of 31 December 2017 and 2016, the distribution of debt securities by index, excluding income receivable, is as follows:

	'17			'16		
	RATE FIXED	6 MONTH LIBOR	TOTAL	RATE FIXED	6 MONTH LIBOR	TOTAL
<b>Treasury Bonds</b>						
In domestic currency (non-readjustable)	87,355,827	-	87,355,827	144,115,641	-	144,115,641
In domestic currency (USD Index)	257,651,109	-	257,651,109	277,919,088	-	277,919,088
In foreign currency (USD)	-	39,907,460	39,907,460	-	40,491,887	40,491,887
	<b>345,006,936</b>	<b>39,907,460</b>	<b>384,914,396</b>	<b>422,034,729</b>	<b>40,491,887</b>	<b>462,526,616</b>

As of 31 December 2017 and 2016, the Treasury Bonds in the portfolio had the following structure, in accordance with the residual maturity dates:

	'17	'16
Up to three months	29,820,372	19,907,973
From three to six months	24,613,719	32,612,680
From six months to a year	67,927,038	103,422,471
Over a year	262,553,267	306,583,492
	<b>384,914,396</b>	<b>462,526,616</b>

## 9. Customer Loans

This heading may be broken down as follows:

	'17	'16
<b>Domestic Currency</b>		
Overdrafts in demand deposits	1,403,795	1,918,304
Loans	137,279,677	146,586,664
Loans in current account	28,512,314	19,965,240
Employee loans	2,117,568	1,817,806
	<b>169,313,354</b>	<b>170,288,014</b>
<b>Foreign Currency</b>		
Overdrafts in demand deposits	98,936	58,116
Loans	134,209,907	151,501,912
Loans in current account	-	953,710
Employee loans	8,984,976	9,024,171
	<b>143,293,819</b>	<b>161,537,909</b>
<b>TOTAL PERFORMING LOANS</b>	<b>312,607,173</b>	<b>331,825,923</b>
<b>Overdue loans and interest:</b>		
Domestic currency	20,553,435	14,821,020
Foreign currency	24,383,752	21,750,621
<b>TOTAL OVERDUE LOANS AND INTEREST</b>	<b>44,937,187</b>	<b>36,571,641</b>
<b>TOTAL LOANS GRANTED</b>	<b>357,544,360</b>	<b>368,397,564</b>
Income receivable - domestic currency	9,421,437	6,892,387
Income receivable - foreign currency	6,402,156	4,801,565
<b>TOTAL INCOME RECEIVABLE</b>	<b>15,823,593</b>	<b>11,693,952</b>
Fees associated with amortized cost	(973,028)	(1,091,078)
	<b>372,394,925</b>	<b>379,000,438</b>
Impairment for customer loans (Note 16)	(87,956,827)	(74,680,868)
	<b>284,438,098</b>	<b>304,319,570</b>

As of 31 December 2017 and 2016, the residual maturities of loans granted to customers, excluding overdue loans, are as follows:

	'17	'16
Up to three months	47,486,664	33,861,915
From three to six months	28,645,294	44,561,742
From six months to a year	37,835,745	23,255,099
From one to three years	27,585,799	45,190,799
From three to five years	44,378,303	39,149,353
From five to ten years	93,097,131	111,691,537
More than ten years	33,578,237	34,115,478
	<b>312,607,173</b>	<b>331,825,923</b>

As of 31 December 2017 and 2016, the breakdown of loans and advances to customers, excluding income receivable, between companies and individuals is as follows:

	'17			'16		
	PERFORMING	OVERDUE	TOTAL	PERFORMING	OVERDUE	TOTAL
Companies	263,001,815	35,608,596	298,610,411	274,199,129	28,853,294	303,052,423
Individuals	49,605,358	9,328,591	58,933,949	57,626,794	7,718,347	65,345,141
	<b>312,607,173</b>	<b>44,937,187</b>	<b>357,544,360</b>	<b>331,825,923</b>	<b>36,571,641</b>	<b>368,397,564</b>

Em 31 de Dezembro de 2017 e 2016, a repartição do crédito concedido a clientes, excluindo proveitos a receber, apresentava a seguinte distribuição por indexante:

VARIABLE RATE - INDEX													
DATE	FIXED RATE	EURIBOR 3M	EURIBOR 12M	EURIBOR 6M	LIBOR 1M	LIBOR 3M	LIBOR 6M	LIBOR 12M	LUIBOR 1M	LUIBOR 3M	LUIBOR 6M	LUIBOR 12M	TOTAL
2017	251,519,611	4,635,000	660	2,543,687	70,898	935,845	325,177	4,007,086	622,111	6,151,007	45,380,766	41,352,512	357,544,360
2016	261,465,077	4,634,475	-	2,543,400	116,995	999,456	1,672,520	4,518,495	-	5,420,741	46,980,028	40,046,377	368,397,564

As of 31 December 2017 and 2016, the credit granted, which includes the guarantees provided and documentary credits (Note 20), and their impairment is broken down by type of impairment:

	LOANS GRANTED		IMPAIRMENT	
	'17	'16	'17	'16
Individual analysis	375,430,413	381,802,068	83,551,903	69,811,897
Collective analysis	68,202,631	77,255,547	6,542,356	7,008,672
	<b>443,633,044</b>	<b>459,057,615</b>	<b>90,094,259</b>	<b>76,820,569</b>

The methodology for calculating the impairment of loans granted is described in Note 2.3. c) I).

As of 31 December 2017 and 2016, impairment and provisions are shown as follows:

	'17	'16
Impairment for customer loans	87,956,827	74,680,868
Impairment and provisions for guarantees provided and documentary credit (Note 16)	2,137,432	2,139,701
	<b>90,094,259</b>	<b>76,820,569</b>

As of 31 December, 2017 and 2016, the loan portfolio has the following structure by segment:

**'17**

SEGMENT	EXPOSURE						IMPAIRMENT		
	TOTAL EXPOSURE	CREDIT IN FULFILLMENT	OF WHICH IS HEALED	OF WHICH IS RESTRUCTURED	DEFAULT CREDIT	OF WHICH IS RESTRUCTURED	TOTAL IMPAIRMENT	CREDIT IN FULFILLMENT	DEFAULT CREDIT
<b>Companies</b>									
Guarantees Given	61,228,903	61,110,720	-	-	118,183	-	1,304,325	1,254,608	49,717
Industry	26,382,712	17,176,813	607,516	597,236	9,205,899	8,093,863	5,431,910	724,972	4,706,938
Trade and repairs	76,570,874	49,772,608	1,148,626	26,308,929	26,798,266	11,980,528	20,835,852	1,257,197	19,578,655
Construction	54,662,844	26,282,333	9,123,212	9,414,017	28,380,511	21,540,790	16,137,905	933,750	15,204,155
Services and Others	156,490,964	107,040,586	21,752,528	30,613,509	49,450,378	39,449,947	28,689,669	2,931,797	25,757,872
<b>Individuals</b>									
Housing	30,650,991	23,477,863	1,412,632	555,330	7,173,128	997,259	6,752,694	1,004,851	5,747,843
Employees	2,076,435	2,070,681	627	-	5,754	-	13,016	8,387	4,629
Revolving	2,351,102	1,323,388	57	-	1,027,714	-	981,000	48,951	932,049
Other Credits	24,182,031	11,117,680	2,847,827	46,977	13,064,351	5,956,662	9,114,781	1,023,133	8,091,648
Guarantees Given	9,036,188	9,036,188	-	-	-	-	833,107	833,107	-
	<b>443,633,044</b>	<b>308,408,860</b>	<b>36,893,025</b>	<b>67,535,998</b>	<b>135,224,184</b>	<b>88,019,049</b>	<b>90,094,259</b>	<b>10,020,753</b>	<b>80,073,506</b>

**'16**

SEGMENT	EXPOSURE						IMPAIRMENT		
	TOTAL EXPOSURE	CREDIT IN FULFILLMENT	OF WHICH IS HEALED	OF WHICH IS RESTRUCTURED	DEFAULT CREDIT	OF WHICH IS RESTRUCTURED	TOTAL IMPAIRMENT	CREDIT IN FULFILLMENT	DEFAULT CREDIT
<b>Empresas</b>									
<b>Companies</b>									
Guarantees Given	64,458,524	64,354,113	-	-	104,411	-	1,207,587	1,162,004	45,583
Industry	18,244,639	11,229,119	768,020	1,592,805	7,015,520	4,082,428	4,877,734	946,491	3,931,243
Trade and repairs	88,456,474	70,187,854	24,638,268	29,044,149	18,268,620	5,759,710	20,210,587	2,466,033	17,744,554
Construction	62,218,705	31,734,871	2,751,924	8,750,299	30,483,834	25,345,910	14,386,360	1,095,462	13,290,898
Services and Others	145,448,538	105,765,031	30,472,101	35,159,059	39,683,507	25,523,435	21,707,653	3,160,857	18,546,796
<b>Individuals</b>									
Housing	34,150,995	26,826,596	2,464,586	977,832	7,324,399	669,272	4,523,087	1,492,164	3,030,923
Employees	1,867,595	1,837,953	32,680	-	29,642	-	30,433	13,394	17,039
Revolving	1,973,728	1,005,596	8,645	-	968,132	-	845,672	13,733	831,939
Other Credits	27,730,842	19,116,130	293,291	5,134,645	8,614,712	1,131,052	8,099,342	882,253	7,217,089
Guarantees Given	14,507,575	14,507,575	-	-	-	-	932,114	932,144	-
	<b>459,057,615</b>	<b>346,564,838</b>	<b>61,429,515</b>	<b>80,658,789</b>	<b>112,492,777</b>	<b>62,511,807</b>	<b>76,820,569</b>	<b>12,164,505</b>	<b>64,656,064</b>

As of 31 December, 2017 and 2016, the loan portfolio shows the following structure by days of delay:

SEGMENT	EXPOSURE				
	CREDIT IN FULFILLMENT				DAYS OF DELAY BETWEEN 30 AND 90 DAYS
	DAYS OF DELAY			SUB-TOTAL	
	TOTAL EXPOSURE	WITHOUT EVIDENCE	WITH EVIDENCE		
Companies					
Guarantees Given	61,228,903	55,484,602	-	55,484,602	5,626,118
Industry	26,382,712	16,652,108	-	16,652,108	524,705
Trade and repairs	76,570,874	47,105,660	-	47,105,660	2,666,948
Construction	54,662,844	19,676,289	-	19,676,289	6,606,043
Services and Others	156,498,964	101,361,446	-	101,361,446	5,687,140
Individuals					
Housing	30,650,991	21,207,096	1,081,715	22,288,811	1,189,053
Employees	2,076,435	2,062,902	279	2,063,181	7,500
Revolving	2,351,102	931,382	347,698	1,279,080	44,308
Other Credits	24,174,031	10,687,497	327,997	11,015,494	94,186
Guarantees Given	9,036,188	9,036,188	-	9,036,188	-
	443,633,044	284,205,170	1,757,689	285,962,859	22,446,001

SEGMENT	EXPOSURE				
	CREDIT IN FULFILLMENT				DAYS OF DELAY BETWEEN 30 AND 90 DAYS
	DAYS OF DELAY			SUB-TOTAL	
	TOTAL EXPOSURE	WITHOUT EVIDENCE	WITH EVIDENCE		
Companies					
Guarantees Given	64,458,524	64,157,970	-	64,157,970	196,143
Industry	18,244,639	9,333,531	-	9,333,531	1,895,588
Trade and repairs	88,456,474	58,981,538	-	58,981,538	11,206,316
Construction	62,218,705	23,534,125	-	23,534,125	8,200,746
Services and Others	145,448,538	92,769,095	-	92,769,095	12,995,936
Individuals					
Housing	34,150,995	24,983,779	1,132,576	26,116,355	710,241
Employees	1,867,595	1,824,068	-	1,824,068	13,885
Revolving	1,973,728	942,526	42,735	985,261	20,335
Other Credits	27,730,842	13,509,627	5,432,681	18,942,308	173,822
Guarantees Given	14,507,575	14,501,457	-	14,501,457	6,118
	459,057,615	304,537,716	6,607,992	311,145,708	35,419,130

'17

DEFAULT CREDIT			IMPAIRMENT		DEFAULT CREDIT	
			CREDIT IN FULFILLMENT			
DAYS OF DELAY ≤ 90 DAYS	DAYS OF DELAY > 90 DAYS	TOTAL IMPAIRMENT	DAYS OF DELAY < 30 DAYS	DAYS OF DELAY BETWEEN 30 AND 90 DAYS	DAYS OF DELAY ≤ 90 DAYS	DAYS OF DELAY > 90 DAYS
118,183	-	1,304,325	620,466	634,142	49,717	-
4,456,335	4,749,564	5,431,910	381,266	343,706	1,749,005	2,957,933
9,022,824	17,775,442	20,835,852	929,795	327,402	3,444,460	16,134,195
18,225,261	10,155,251	16,137,905	737,174	196,576	11,152,229	4,051,926
23,512,661	25,937,717	28,689,669	2,172,126	759,671	12,198,426	13,559,446
1,162,445	6,010,682	6,752,694	872,107	132,744	884,660	4,863,183
731	5,023	13,016	4,707	3,680	730	3,899
55,470	972,244	981,000	45,297	3,654	44,171	887,878
1,420,324	11,644,027	9,114,781	990,603	32,530	1,278,034	6,813,614
-	-	833,107	833,107	-	-	-
<b>57,974,234</b>	<b>77,249,950</b>	<b>90,094,259</b>	<b>7,586,648</b>	<b>2,434,105</b>	<b>30,801,432</b>	<b>49,272,074</b>

'16

DEFAULT CREDIT			IMPAIRMENT		DEFAULT CREDIT	
			CREDIT IN FULFILLMENT			
DAYS OF DELAY ≤ 90 DAYS	DAYS OF DELAY > 90 DAYS	TOTAL IMPAIRMENT	DAYS OF DELAY < 30 DAYS	DAYS OF DELAY BETWEEN 30 AND 90 DAYS	DAYS OF DELAY ≤ 90 DAYS	DAYS OF DELAY > 90 DAYS
104,411	-	1,207,587	1,158,328	3,676	45,583	-
3,690,758	3,324,762	4,877,734	456,830	489,661	1,494,371	2,436,872
5,721,772	12,546,848	20,210,587	737,770	1,728,263	2,494,408	15,250,146
23,167,872	7,315,962	14,386,360	616,943	478,519	10,200,324	3,090,574
13,903,675	25,779,832	21,707,653	890,828	2,270,029	8,692,459	9,854,337
1,013,399	6,311,000	4,523,087	1,364,187	127,977	404,015	2,626,908
14,257	15,385	30,433	11,123	2,271	4,317	12,722
69,984	898,148	845,672	6,631	7,102	50,100	781,839
225,833	8,388,879	8,099,342	831,499	50,754	165,245	7,051,844
-	-	932,114	932,073	41	-	-
<b>47,911,961</b>	<b>64,580,816</b>	<b>76,820,569</b>	<b>7,006,212</b>	<b>5,158,293</b>	<b>23,550,822</b>	<b>41,105,242</b>



As of 31 December , 2017 and 2016, the detail of the loan portfolio by segment and by year of concession of operations, has the following structure:

	'17			'16			'15		
SEGMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT
<b>Companies</b>									
Guarantees Given	196	20,605,855	528,077	18	7,757,400	160,709	26	15,550,924	180,424
Industry	24	1,802,875	429,443	16	222,146	14,649	20	12,991,893	514,658
Trade and repairs	80	8,657,702	1,376,411	55	1,846,980	781,162	114	20,598,105	2,804,770
Construction	13	7,511,608	835,711	8	4,504,978	45,122	36	28,323,895	11,055,233
Services and Others	68	20,205,577	684,626	46	12,870,595	378,283	115	79,780,667	12,065,036
<b>Individuals</b>									
Housing	39	1,450,062	183,881	220	4,063,329	135,492	74	1,890,118	402,077
Employees	586	900,443	2,881	598	588,454	4,758	464	325,280	2,199
Revolving	744	41,002	939	890	56,088	1,792	974	53,662	832
Other Credits	1,435	2,084,582	287,894	1,973	1,736,470	283,952	3,776	5,285,119	440,079
Guarantees Given	1	618,233	18,547	-	-	-	-	-	-
	<b>3,186</b>	<b>63,877,939</b>	<b>4,348,410</b>	<b>3,824</b>	<b>33,646,440</b>	<b>1,805,919</b>	<b>5,599</b>	<b>164,799,663</b>	<b>27,465,308</b>

	'16			'15			'14		
SEGMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT
<b>Companies</b>									
Guarantees Given	84	13,469,431	150,604	48	21,359,245	539,287	36	13,228,371	166,229
Industry	37	442,886	34,971	29	4,492,600	781,360	39	2,865,374	985,060
Trade and repairs	88	6,969,384	1,096,274	141	31,366,678	2,244,015	160	4,068,912	629,577
Construction	12	5,753,366	94,475	43	33,561,730	9,718,665	30	7,236,628	1,563,853
Services and Others	56	11,677,203	303,834	141	70,159,033	8,780,032	129	29,630,341	846,389
<b>Individuals</b>									
Housing	231	4,486,759	173,860	86	2,367,844	311,499	107	2,509,811	318,515
Employees	679	808,897	7,147	570	523,905	7,015	384	235,417	10,687
Revolving	3,876	66,010	5,040	3,871	81,551	7,873	3,594	473,227	5,435
Other Credits	2,064	2,621,971	303,972	3,949	6,706,409	514,694	3,965	3,148,664	808,916
Guarantees Given	1	995,418	29,863	3	285,787	13,822	10	12,683,154	768,604
	<b>7,128</b>	<b>47,291,325</b>	<b>2,200,040</b>	<b>8,881</b>	<b>170,904,782</b>	<b>22,918,262</b>	<b>8,454</b>	<b>76,079,899</b>	<b>6,103,265</b>

'14			'13			'12 AND PREVIOUS			TOTAL		
NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT
21	6,695,119	122,951	15	3,334,963	122,655	31	7,284,642	189,509	307	61,228,903	1,304,325
34	2,805,062	1,081,583	24	2,490,204	270,968	71	6,070,532	3,120,609	189	26,382,712	5,431,910
131	3,439,524	783,388	84	1,480,684	642,433	325	40,547,879	14,447,688	789	76,570,874	20,835,852
25	3,395,141	1,321,942	21	5,291,300	540,914	57	5,635,922	2,338,983	160	54,662,844	16,137,905
89	9,788,113	1,918,955	75	7,632,065	1,142,622	225	26,213,947	12,500,147	618	156,490,964	28,689,669
100	2,076,945	158,322	97	3,189,751	816,857	745	17,980,786	5,056,065	1,275	30,650,991	6,752,694
304	89,474	846	169	37,491	18	272	135,293	2,314	2,393	2,076,435	13,016
1,417	516,779	12,584	1,462	116,423	23,778	5,821	1,567,148	941,075	11,308	2,351,102	981,000
2,885	1,728,824	1,057,174	918	7,694,921	2,838,220	777	5,652,115	4,207,462	11,764	24,182,031	9,114,781
5	8,417,955	814,560	-	-	-	-	-	-	6	9,036,188	833,107
<b>5,011</b>	<b>38,952,936</b>	<b>7,272,305</b>	<b>2,865</b>	<b>31,267,802</b>	<b>6,398,465</b>	<b>8,324</b>	<b>111,088,264</b>	<b>42,803,852</b>	<b>28,809</b>	<b>443,633,044</b>	<b>90,094,259</b>

'13			'12			'11 AND PREVIOUS			TOTAL		
NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT
22	4,944,645	119,663	12	1,802,062	14,953	25	9,654,770	85,616	227	64,458,524	1,076,352
33	4,932,142	131,861	37	1,554,301	1,151,620	39	3,957,336	1,792,862	214	18,244,639	4,877,734
125	2,280,233	487,544	149	31,902,203	2,771,425	210	11,869,064	12,981,752	873	88,456,474	20,210,587
24	5,070,386	431,487	26	4,207,129	1,017,742	48	6,389,466	1,560,138	183	62,218,705	14,386,360
88	9,994,463	868,665	95	5,551,985	2,374,069	168	18,435,513	8,665,899	677	145,448,538	21,838,888
104	3,482,766	326,494	133	3,460,998	259,791	767	17,842,817	3,132,928	1,428	34,150,995	4,523,087
288	113,371	645	235	105,561	86	227	80,444	4,853	2,383	1,867,595	30,433
2,812	168,622	8,228	2,612	786,129	641,460	8,282	398,189	177,636	25,047	1,973,728	845,672
3,072	8,801,004	2,332,992	494	871,841	594,593	717	5,580,953	3,645,473	14,261	27,730,842	8,200,640
2	284,186	8,383	3	259,030	10,144	-	-	-	19	14,507,575	830,816
<b>6,570</b>	<b>40,071,818</b>	<b>4,715,962</b>	<b>3,796</b>	<b>50,501,239</b>	<b>8,835,883</b>	<b>10,483</b>	<b>74,208,552</b>	<b>32,047,157</b>	<b>45,312</b>	<b>459,057,615</b>	<b>76,820,569</b>

As of 31 December 2017 and 2016, the detail of the amount of the gross credit exposure and the amount of impairment recorded for the exposures analyzed individually and collectively by segment corresponds to the following:

	INDIVIDUAL IMPAIRMENT		CORPORATE IMPAIRMENT	
	TOTAL EXPOSURE	IMPAIRMENT	TOTAL EXPOSURE	IMPAIRMENT
<b>Companies</b>				
Guarantees Given	50,885,934	1,220,522	84,715	2,666
Industry	23,747,062	5,185,306	459,268	93,345
Trade and repairs	68,054,418	19,574,759	1,972,473	867,936
Construction	52,920,523	15,876,841	452,293	222,995
Services and Others	148,689,245	28,140,446	2,318,019	345,613
<b>Individuals</b>				
Housing	7,457,581	5,258,827	1,587,532	603,206
Employees	1,243	1,236	12,302	7,098
Revolving	1,008,166	870,498	414,141	108,241
Other Credits	13,932,532	6,593,396	2,580,373	2,167,682
Guarantees Given	8,733,709	830,072	-	-
	<b>375,430,413</b>	<b>83,551,903</b>	<b>9,881,116</b>	<b>4,418,782</b>

	INDIVIDUAL IMPAIRMENT		CORPORATE IMPAIRMENT	
	TOTAL EXPOSURE	IMPAIRMENT	TOTAL EXPOSURE	IMPAIRMENT
<b>Companies</b>				
Guarantees Given	56,317,424	1,165,971	129,865	2,666
Industry	13,720,420	4,381,930	341,600	103,660
Trade and repairs	78,685,170	19,447,382	943,371	389,847
Construction	60,120,909	14,136,107	205,408	130,543
Services and Others	136,809,657	20,810,895	1,651,176	496,834
<b>Individuals</b>				
Housing	7,640,490	2,868,860	1,205,788	477,061
Employees	17,376	1,265	26,150	18,045
Revolving	954,233	764,443	101,608	76,798
Other Credits	14,861,974	5,372,552	2,802,496	2,254,781
Guarantees Given	12,674,415	862,492	6,118	41
	<b>381,802,068</b>	<b>69,811,897</b>	<b>7,413,580</b>	<b>3,950,276</b>

		'17	
IMPAIRMENT IBNR		TOTAL	
TOTAL EXPOSURE	IMPAIRMENT	TOTAL EXPOSURE	IMPAIRMENT
10,258,254	81,137	61,228,903	1,304,325
2,176,382	153,259	26,382,712	5,431,910
6,543,983	393,157	76,570,874	20,835,852
1,290,028	38,069	54,662,844	16,137,905
5,483,700	203,610	156,490,964	28,689,669
21,605,878	890,661	30,650,991	6,752,694
2,062,890	4,682	2,076,435	13,016
928,795	2,261	2,351,102	981,000
7,669,126	353,703	24,182,031	9,114,781
302,479	3,035	9,036,188	833,107
<b>58,321,515</b>	<b>2,123,574</b>	<b>443,633,044</b>	<b>90,094,259</b>

		'16	
IMPAIRMENT IBNR		TOTAL	
TOTAL EXPOSURE	IMPAIRMENT	TOTAL EXPOSURE	IMPAIRMENT
8,011,235	38,950	64,458,524	1,207,587
4,182,619	392,144	18,244,639	4,877,734
8,827,933	373,358	88,456,474	20,210,587
1,892,388	119,710	62,218,705	14,386,360
6,987,705	399,924	145,448,538	21,707,653
25,304,717	1,177,166	34,150,995	4,523,087
1,824,069	11,123	1,867,595	30,433
917,887	4,431	1,973,728	845,672
10,066,372	472,009	27,730,842	8,099,342
1,827,042	69,581	14,507,575	932,114
<b>69,841,967</b>	<b>3,058,396</b>	<b>459,057,615</b>	<b>76,820,569</b>

As of 31 December 2017 and 2016, the detail of the amount of the gross credit exposure and the amount of impairment recorded for the exposures analyzed individually and collectively by country corresponds to the following:

		'17		'16
	TOTAL EXPOSURE	IMPAIRMENT	TOTAL EXPOSURE	IMPAIRMENT
Individual impairment	375,430,413	83,551,903	381,802,068	69,811,897
Corporate impairment	9,881,116	4,418,782	7,413,580	3,950,276
Impairment IBNR	58,321,515	2,123,574	69,841,967	3,058,396
	<b>443,633,044</b>	<b>90,094,259</b>	<b>459,057,615</b>	<b>76,820,569</b>

As of 31 December 2017 and 2016, the restructured loan portfolio has the following composition:

						'17		
CREDIT IN FULFILLMENT			DEFAULT CREDIT			TOTAL		
NUMBER OF OPERATIONS	TOTAL EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	TOTAL EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	TOTAL EXPOSURE	IMPAIRMENT
126	67,535,998	2,513,216	218	88,019,049	37,524,366	344	155,555,047	40,047,582
<b>126</b>	<b>67,535,998</b>	<b>2,513,216</b>	<b>218</b>	<b>88,019,049</b>	<b>37,524,366</b>	<b>344</b>	<b>155,555,047</b>	<b>40,047,582</b>

						'16		
CREDIT IN FULFILLMENT			DEFAULT CREDIT			TOTAL		
NUMBER OF OPERATIONS	TOTAL EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	TOTAL EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	TOTAL EXPOSURE	IMPAIRMENT
184	80,658,789	5,014,238	190	62,511,807	24,140,736	374	143,170,596	29,154,974
<b>184</b>	<b>80,658,789</b>	<b>5,014,238</b>	<b>190</b>	<b>62,511,807</b>	<b>24,140,736</b>	<b>374</b>	<b>143,170,596</b>	<b>29,154,974</b>

In the years ended 31 December 2017 and 2016, the movement of entries and exits in the restructured loan portfolio is as follows:

	'17	'16
Initial balance of the restructured loan portfolio (gross and impairment)	143,170,596	114,985,563
Restructured loans in the period	24,301,895	36,396,984
Current interest on the restructured loan portfolio	3,604,691	3,515,051
Settlement of restructured credits (partial or total)	(15,522,135)	(11,727,002)
<b>OUTSTANDING BALANCE OF RESTRUCTURED CREDITS (GROSS AND IMPAIRMENT)</b>	<b>155,555,047</b>	<b>143,170,596</b>





As of 31 December 2017 and 2016, the detail of the fair value of the guarantees underlying the loan portfolio of the business, construction and real estate development and housing segments is as follows:

FAIR VALUE	COMPANIES					
	PROPERTIES		OTHER GUARANTEES		PROPERTIES	
	NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT
<50 MAOA	121	2,131,294	550	3,624,433	6	115,438
>=50 MAOA and <100 MAOA	28	2,037,987	44	3,069,298	-	-
>=100 MAOA and <500 MAOA	68	15,558,782	95	23,862,866	10	2,709,690
>=500 MAOA and <1,000 MAOA	28	19,531,101	40	29,098,717	4	2,579,979
>=1,000 MAOA and <2,000 MAOA	28	39,415,885	18	24,960,399	7	9,602,421
>=2,000 MAOA and <5,000 MAOA	10	29,028,168	6	21,383,396	5	14,514,377
>=5,000 MAOA	7	46,581,893	13	112,512,315	9	89,311,981
	<b>290</b>	<b>154,285,110</b>	<b>766</b>	<b>218,511,424</b>	<b>41</b>	<b>118,833,886</b>

FAIR VALUE	COMPANIES					
	PROPERTIES		OTHER GUARANTEES		PROPERTIES	
	NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT
<50 MAOA	153	2,349,566	598	4,737,542	6	117,428
>=50 MAOA and <100 MAOA	33	2,379,763	60	4,172,710	-	-
>=100 MAOA and <500 MAOA	87	20,174,239	119	29,748,900	11	2,815,999
>=500 MAOA and <1,000 MAOA	25	17,664,534	36	25,358,078	6	4,662,641
>=1,000 MAOA and <2,000 MAOA	31	43,795,247	18	24,631,382	5	8,047,089
>=2,000 MAOA and <5,000 MAOA	11	35,353,710	9	33,105,057	3	7,625,947
>=5,000 MAOA	7	47,391,456	13	109,868,463	11	111,563,518
	<b>347</b>	<b>169,108,515</b>	<b>853</b>	<b>231,622,132</b>	<b>42</b>	<b>134,832,622</b>

**'17**

REAL ESTATE CONSTRUCTION AND PROMOTION				HOUSING	
OTHER GUARANTEES		PROPERTIES		OTHER GUARANTEES	
NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT
37	195,375	407	8,541,966	152	2,212,923
3	243,031	78	5,025,765	15	1,086,146
17	4,273,039	28	4,993,674	6	1,026,830
5	4,511,265	-	-	-	-
2	3,299,680	-	-	-	-
5	16,463,074	-	-	-	-
1	7,679,846	-	-	-	-
<b>70</b>	<b>36,665,310</b>	<b>513</b>	<b>18,561,405</b>	<b>173</b>	<b>4,325,899</b>

**'16**

REAL ESTATE CONSTRUCTION AND PROMOTION				HOUSING	
OTHER GUARANTEES		PROPERTIES		OTHER GUARANTEES	
NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT
21	213,858	482	9,999,706	185	2,936,812
3	233,094	78	4,986,261	20	1,497,469
20	5,258,556	33	5,845,136	8	1,372,227
10	8,687,325	-	-	-	-
3	3,997,342	-	-	-	-
8	22,708,589	-	-	-	-
1	7,678,874	-	-	-	-
<b>66</b>	<b>48,777,638</b>	<b>593</b>	<b>20,831,103</b>	<b>213</b>	<b>5,806,508</b>

As of 31 December 2017 and 2016, the financing-guarantee ratio for the business, construction and real estate development and housing segments is structured as follows:

**'17**

SEGMENT/RATIO	NUMBER OF PROPERTIES	NUMBER OF OTHER GUARANTEES	CREDIT IN FULFILLMENT	CREDIT DEFAULT	IMPAIRMENT
<b>Companies</b>					
Without associated guarantee	n.a.	n.a.	91,196,738	15,329,322	10,503,984
<50%	17	253	35,982,747	1,428,847	2,094,519
≥ 50% and < 75%	9	18	4,407,291	8,235,705	6,627,407
≥ 75% and < 100%	19	19	26,550,760	15,240,826	4,684,412
≥ 100%	245	476	76,963,191	45,338,026	32,351,434
	<b>290</b>	<b>766</b>	<b>235,100,727</b>	<b>85,572,726</b>	<b>56,261,756</b>
<b>Real Estate construction and promotion</b>					
Without associated guarantee	n.a.	n.a.	7,934,899	2,202,967	1,762,006
<50%	1	18	793,229	697,361	302,741
≥ 50% and < 75%	-	-	-	-	-
≥ 75% and < 100%	2	3	2,772,230	2,225,714	537,096
≥ 100%	38	49	14,781,975	23,254,469	13,536,062
	<b>41</b>	<b>70</b>	<b>26,282,333</b>	<b>28,380,511</b>	<b>16,137,905</b>
<b>Housing</b>					
Without associated guarantee	n.a.	n.a.	11,821,541	3,564,054	3,326,137
<50%	20	12	730,555	127,811	143,666
≥ 50% and < 75%	25	4	832,401	326,023	310,011
≥ 75% and < 100%	43	2	629,271	672,632	542,647
≥ 100%	425	155	9,464,095	2,482,608	2,430,233
	<b>513</b>	<b>173</b>	<b>23,477,863</b>	<b>7,173,128</b>	<b>6,752,694</b>
	<b>844</b>	<b>1,009</b>	<b>284,860,923</b>	<b>121,126,365</b>	<b>79,152,355</b>

**'16**

SEGMENT/RATIO	NUMBER OF PROPERTIES	NUMBER OF OTHER GUARANTEES	CREDIT IN FULFILLMENT	CREDIT DEFAULT	IMPAIRMENT
<b>Companies</b>					
Without associated guarantee	n.a.	n.a.	76,376,311	14,231,161	8,607,372
<50%	15	188	43,145,505	701,575	1,090,676
≥ 50% and < 75%	7	23	4,456,805	7,008,729	5,485,027
≥ 75% and < 100%	15	14	25,646,556	10,265,198	2,937,047
≥ 100%	310	628	101,910,940	32,865,395	29,883,439
	<b>347</b>	<b>853</b>	<b>251,536,117</b>	<b>65,072,058</b>	<b>48,003,561</b>
<b>Real Estate construction and promotion</b>					
Without associated guarantee	n.a.	n.a.	8,334,291	2,479,590	2,195,596
<50%	-	1	775,043	-	38,752
≥ 50% and < 75%	1	-	596,096	-	5,961
≥ 75% and < 100%	-	3	1,803,755	-	14,555
≥ 100%	41	62	20,225,686	28,004,244	12,131,496
	<b>42</b>	<b>66</b>	<b>31,734,871</b>	<b>30,483,834</b>	<b>14,386,360</b>
<b>Housing</b>					
Without associated guarantee	n.a.	n.a.	12,736,068	3,420,355	2,224,023
<50%	22	16	1,168,503	128,814	91,252
≥ 50% and < 75%	34	6	1,158,158	9,160	179,128
≥ 75% and < 100%	50	5	825,748	859,266	342,716
≥ 100%	487	186	10,938,119	2,906,804	1,685,968
	<b>593</b>	<b>213</b>	<b>26,826,596</b>	<b>7,324,399</b>	<b>4,523,087</b>
	<b>982</b>	<b>1,132</b>	<b>310,097,584</b>	<b>102,880,291</b>	<b>66,913,008</b>

As of 31 December 2017 and 2016, the distribution of the credit portfolio measured by internal risk grades has the following structure:

								'17
			LOW RISK DEGREE	MEDIUM RISK DEGREE			HIGH RISK DEGREE	
SEGMENT	A	B	C	D	E	F	G	TOTAL
<b>Companies</b>								
Guarantees Given	2,298,294	41,570,798	17,165,521	13,759	180,531	-	-	61,228,903
Industry	-	14,797,711	3,166,691	5,549,308	158,624	3,710	2,706,668	26,382,712
Trade and repairs	23,735,338	18,969,313	16,089,502	3,801,115	6,874,259	986,820	6,114,527	76,570,874
Construction	-	14,288,035	20,929,939	697,366	5,214,872	11,990,444	1,542,188	54,662,844
Services and Others	17,986,892	71,000,958	28,628,233	13,855,572	6,527,343	9,939,324	8,552,642	156,490,964
<b>Individuals</b>								
Housing	-	18,225,967	4,920,818	1,608,035	863,021	255,522	4,777,628	30,650,991
Employees	-	1,976,483	3,554	1,205	90,761	10	4,422	2,076,435
Revolving	-	977,454	446,950	7,737	2,531	465	915,965	2,351,102
Other Credits	-	13,427,967	2,295,021	523,791	72,423	59,425	7,803,404	24,182,031
Guarantees Given	-	2,926,098	6,110,090	-	-	-	-	9,036,188
	<b>44,020,524</b>	<b>198,160,784</b>	<b>99,756,319</b>	<b>26,057,888</b>	<b>19,984,365</b>	<b>23,235,720</b>	<b>32,417,444</b>	<b>443,633,044</b>

'16								
	LOW RISK DEGREE		MEDIUM RISK DEGREE		HIGH RISK DEGREE			
SEGMENT	A	B	C	D	E	F	G	TOTAL
<b>Companies</b>								
Guarantees Given	3,618,830	50,282,885	10,468,988	-	87,821	-	-	64,458,524
Industry	-	7,010,197	4,730,661	3,802,561	263,735	117,617	2,319,868	18,244,639
Trade and repairs	24,369,755	32,784,316	18,478,937	1,340,670	4,841,376	784,731	5,856,689	88,456,474
Construction	-	28,465,418	15,592,368	537,474	15,851,482	3,719	1,768,244	62,218,705
Services and Others	23,902,249	69,972,461	28,376,782	1,500,479	5,728,441	7,244,978	8,723,148	145,448,538
<b>Individuals</b>								
Housing	229,506	12,717,339	17,279,721	885,758	410,319	267,384	2,360,968	34,150,995
Employees	93,757	1,529,903	169,327	41,151	4,721	5,971	22,765	1,867,595
Revolving	4,199	869,445	279,121	30,656	4,660	739	784,908	1,973,728
Other Credits	27,362	16,060,216	4,139,520	540,720	216,306	69,986	6,676,732	27,730,842
Guarantees Given	-	7,194,318	7,313,257	-	-	-	-	14,507,575
	<b>52,245,658</b>	<b>226,886,498</b>	<b>106,828,682</b>	<b>8,679,469</b>	<b>27,408,861</b>	<b>8,495,125</b>	<b>28,513,322</b>	<b>459,057,615</b>

As of 31 December 2017 and 2016, the risk factors associated with the impairment model by segment are as follows:

	'17				'16			
SEGMENT	PROBABILITY OF DEFAULT (%)				PROBABILITY OF DEFAULT (%)			
	<30 DAYS WITHOUT EVIDENCE	<30 DAYS WITH EVIDENCE	BETWEEN 30 AND 90 DAYS	LOSS FOR DEFAULT (%)	<30 DAYS WITHOUT EVIDENCE	<30 DAYS WITH EVIDENCE	BETWEEN 30 AND 90 DAYS	LOSS FOR DEFAULT (%)
<b>Companies</b>								
Guarantees Given	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry	1.93%	1.93%	28.33%	91.41%	1.99%	1.99%	27.78%	90.97%
Trade and repairs	2.65%	2.65%	40.06%	100.00%	2.72%	2.72%	40.44%	100.00%
Construction	2.48%	2.48%	34.48%	100.00%	2.48%	2.48%	34.91%	88.37%
Services and Others	2.29%	2.29%	35.92%	100.00%	2.29%	2.29%	37.18%	100.00%
<b>Individuals</b>								
Housing	0.35%	16.17%	18.96%	83.40%	0.39%	17.70%	19.16%	95.79%
Employees	0.06%	5.60%	30.77%	81.53%	0.09%	7.01%	32.20%	78.94%
Revolving	0.26%	5.52%	39.05%	100.00%	0.25%	5.35%	39.49%	71.31%
Other Credits	0.49%	11.55%	17.49%	90.91%	0.52%	12.73%	18.28%	75.63%
Guarantees Given	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

In the year ended 31 December 2017, the Bank did not carry out write-offs. In the year ended 31 December 2016, the Bank carried out the write-off of asset credits amounting to mAKZ 2,078.

The remaining disclosures related to "Loans and advances to customers" are presented in Note 31.

## 10. Non-current assets held for sale

This heading may be broken down as follows:

	'17	'16
<b>Real Estate:</b>		
Properties received as settlement of debts	16,845,874	10,327,353
Real estate projects - Employees	4,254,356	3,733,831
	<b>21,100,230</b>	<b>14,061,184</b>
Impairment - Assets not intended for own use (Note 16)	(1,834,253)	(446,251)
	<b>19,265,977</b>	<b>13,614,933</b>

On 31 December 2017 and 2016, the balance of "Properties received as settlement of debts" corresponds to real property received as payment of debts related to loans granted. As of 31 December 2017 and 2016, the impairment amount includes estimated losses on the realization of these assets.

As of 31 December 2017 and 2016, the balance of "Real Estate Projects - Employees" refers to real estate projects that are under construction and are intended to be sold to Bank employees.

For the years 2017 and 2016, the movement in the items "Properties received as settlement of debts" and "Real Estate Projects - Employees" was as follows:

	GROSS ASSETS			
	BALANCES ON 31/12/2016	INCREASES	SALES	BALANCES ON 31/12/2017
Properties received as settlement of debts	10,327,353	8,729,175	(2,210,654)	16,845,874
Real Estate Projects - Employees	3,733,831	522,499	(1,974)	4,254,356
	<b>14,061,184</b>	<b>9,251,674</b>	<b>(2,212,628)</b>	<b>21,100,230</b>

	GROSS ASSETS				
	BALANCES ON 31/12/2015	INCREASES	SALES	SETTLEMENTS	BALANCES ON 31/12/2016
Properties received as settlement of debts	5,411,457	5,298,821	(366,647)	(16,278)	10,327,353
Real Estate Projects - Employees	4,375,987	90,705	(379,266)	(353,595)	3,733,831
	<b>9,787,444</b>	<b>5,389,526</b>	<b>(745,913)</b>	<b>(369,873)</b>	<b>14,061,184</b>

As of 31 December 2017 and 2016, the detail of the fair value and net book value of the properties received by assignment or execution, by type of property, has the following structure:

	'17				'16	
TYPE OF PROPERTY	NUMBER OF PROPERTIES	FAIR VALUE OF THE ASSET	FAIR VALUE OF THE ASSET	NUMBER OF PROPERTIES	FAIR VALUE OF THE ASSET	NET ASSET VALUE
<b>Land</b>						
Urban	5	3,003,224	2,221,956	4	2,671,038	1,987,695
Rural	2	1,699,062	1,467,903	-	-	-
<b>Buildings under construction</b>						
Housing	1	n.d.	1,454,847	-	-	-
<b>Built buildings</b>						
Business	6	6,653,805	5,102,222	5	10,175,826	7,301,898
Housing	6	8,055,444	4,764,693	3	1,285,582	591,509
	<b>20</b>	<b>19,411,535</b>	<b>15,011,621</b>	<b>12</b>	<b>14,132,446</b>	<b>9,881,102</b>



At 31 December 2017 and 2016, the detail of the fair value and the net book value of the real estate received as a result of seniority is as follows:

				'17
TIME FROM SETTLEMENT/EXECUTION	< 1 YEAR	≥ 1 YEAR AND < 2,5 YEARS	≥ 2,5 YEARS AND < 5 YEARS	TOTAL
<b>Land</b>				
Urban	316,804	110,002	1,795,150	2,221,956
Rural	1,467,903	-	-	1,467,903
<b>Buildings under construction</b>				
Housing	1,454,847	-	-	1,454,847
<b>Built buildings</b>				
Business	10,978	4,966,572	124,672	5,102,222
Housing	4,173,184	-	591,509	4,764,693
	<b>7,423,716</b>	<b>5,076,574</b>	<b>2,511,331</b>	<b>15,011,621</b>

				'16
TIME FROM SETTLEMENT/EXECUTION	< 1 YEAR	≥ 1 YEAR AND < 2,5 YEARS	≥ 2,5 YEARS AND < 5 YEARS	TOTAL
<b>Land</b>				
Urban	110,001	1,795,150	82,544	1,987,695
<b>Built buildings</b>				
Business	4,952,402	2,349,496	-	7,301,898
Housing	-	548,448	43,061	591,509
	<b>5,062,403</b>	<b>4,693,094</b>	<b>125,605</b>	<b>9,881,102</b>

## 11. Other tangible and intangible assets

The operation in these assets during 2017 and 2016 was as follows:

						GROSS ASSETS
	BALANCES ON 31/12/2016	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	SETTLEMENTS	BALANCES ON 31/12/2017
<b>Other tangible assets</b>						
Properties for own use	9,301,332	612,546	(353,595)	156,502	-	9,716,785
Improvements to leased buildings	1,776,703	9,598	-	-	-	1,786,301
Equipment	7,804,751	451,840	(23,406)	30,505	-	8,263,690
Artistic assets	4,217	-	-	-	-	4,217
	<b>18,887,003</b>	<b>1,073,984</b>	<b>(377,001)</b>	<b>187,007</b>	<b>-</b>	<b>19,770,993</b>
<b>Intangible assets</b>						
Sale of business	149,815	-	-	-	-	149,815
Incorporation expenses	4,383	-	-	-	-	4,383
Pluri-annual expenses	35,289	-	-	-	-	35,289
Data-processing system software	366,353	106,126	-	-	-	472,479
Other intangible assets	679	232,501	-	-	-	233,180
	<b>556,519</b>	<b>338,627</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>895,146</b>
<b>Ongoing fixed assets</b>	1,050,526	794,333	-	(187,007)	(60,478)	1,597,374
	<b>20,494,048</b>	<b>2,206,944</b>	<b>(377,001)</b>	<b>-</b>	<b>(60,478)</b>	<b>22,263,513</b>

# ACCUMULATED DEPRECIATION

	BALANCES ON 31/12/2016	DEPRECIATION	SALES AND WRITE-OFFS	SETTLEMENTS	BALANCES ON 31/12/2017
<b>Other tangible assets</b>					
Properties for own use	1,133,203	191,406	(12,965)	-	1,311,644
Improvements to leased buildings	1,598,192	26,349	-	48	1,624,589
Equipment	5,001,140	738,466	(11,492)	-	5,728,114
	<b>7,732,535</b>	<b>956,221</b>	<b>(24,457)</b>	<b>48</b>	<b>8,664,347</b>
<b>Intangible assets</b>					
Sale of business	149,815	-	-	-	149,815
Incorporation expenses	4,383	-	-	-	4,383
Pluri-annual expenses	35,289	-	-	-	35,289
Data-processing system software	340,384	18,312	-	-	358,696
Other intangible assets	679	38,749	-	-	39,428
	<b>530,550</b>	<b>57,061</b>	<b>-</b>	<b>-</b>	<b>587,611</b>
	<b>8,263,085</b>	<b>1,013,282</b>	<b>(24,457)</b>	<b>48</b>	<b>9,251,958</b>

The write-offs recorded in gross assets and accumulated depreciation under "Properties for own use" in 2017 relate essentially to the sale of an apartment to the related entity BIC Seguros, which had as gross value and accumulated amortization the amounts of mAKZ 353,595 AKZ and mAKZ 12,965, respectively.

# GROSS ASSETS

	BALANCES ON 31/12/2015	INCREASES	SALES AND WRITE-OFFS	TRANSFERS	SETTLEMENTS	BALANCES ON 31/12/2016
<b>Other tangible assets</b>						
Properties for own use	8,556,833	596,302	(2,031)	150,228	-	9,301,332
Improvements to leased buildings	1,711,269	28,050	-	37,384	-	1,776,703
Equipment	7,024,100	301,516	(21,501)	500,636	-	7,804,751
Artistic assets	4,217	-	-	-	-	4,217
	<b>17,296,419</b>	<b>925,868</b>	<b>(23,532)</b>	<b>688,248</b>	<b>-</b>	<b>18,887,003</b>
<b>Intangible assets</b>						
Sale of business	149,815	-	-	-	-	149,815
Incorporation expenses	4,383	-	-	-	-	4,383
Pluri-annual expenses	35,289	-	-	-	-	35,289
Data-processing system software	344,624	21,729	-	-	-	366,353
Other intangible assets	679	-	-	-	-	679
	<b>534,790</b>	<b>21,729</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>556,519</b>
<b>Ongoing fixed assets</b>	<b>1,211,555</b>	<b>527,234</b>	<b>-</b>	<b>(688,248)</b>	<b>(15)</b>	<b>1,050,526</b>
	<b>19,042,764</b>	<b>1,474,831</b>	<b>(23,532)</b>	<b>-</b>	<b>(15)</b>	<b>20,494,048</b>

# ACCUMULATED DEPRECIATION

	BALANCES ON 31/12/2015	DEPRECIATION	SALES AND WRITE-OFFS	SETTLEMENTS	BALANCES ON 31/12/2016
<b>Other tangible assets</b>					
Properties for own use	951,217	182,002	(16)	-	1,133,203
Improvements to leased buildings	1,557,519	40,673	-	-	1,598,192
Equipment	4,399,599	611,474	(9,933)	-	5,001,140
	<b>6,908,335</b>	<b>834,149</b>	<b>(9,949)</b>	<b>-</b>	<b>7,732,535</b>
<b>Intangible assets</b>					
Sale of business	149,814	-	-	1	149,815
Incorporation expenses	4,383	-	-	-	4,383
Pluri-annual expenses	35,289	-	-	-	35,289
Data-processing system software	332,622	7,762	-	-	340,384
Other intangible assets	678	-	-	1	679
	<b>522,786</b>	<b>7,762</b>	<b>-</b>	<b>2</b>	<b>530,550</b>
	<b>7,431,121</b>	<b>841,911</b>	<b>(9,949)</b>	<b>2</b>	<b>8,263,085</b>

As of 31 December 2017 and 2016, the item "Equipment" can be detailed as follows:

	'17			'16		
	VALUE GROSS	DEPRECIATION ACCUMULATED	VALUE NET	VALUE GROSS	DEPRECIATION ACCUMULATED	VALUE NET
Indoor facilities	2,145,781	(1,327,156)	818,625	2,018,278	(1,154,065)	864,213
Furniture and fixtures	1,519,740	(1,024,225)	495,515	1,462,191	(905,388)	556,803
Machinery and tools	1,546,573	(970,749)	575,824	1,483,440	(834,476)	648,964
Computer equipment	1,995,356	(1,567,192)	428,164	1,846,711	(1,332,288)	514,423
Vehicles	674,247	(632,523)	41,724	631,345	(603,924)	27,421
Other equipment	381,993	(206,269)	175,724	362,786	(170,999)	191,787
	<b>8,263,690</b>	<b>(5,728,114)</b>	<b>2,535,576</b>	<b>7,804,751</b>	<b>(5,001,140)</b>	<b>2,803,611</b>

As of 31 December 2017 and 2016, property, plant and equipment in progress corresponds essentially to the costs incurred in acquiring the space and paying to suppliers for works that are being carried out on premises owned or leased by the Bank, namely for the future installation of administrative services, new branches and other facilities, which are expected to be inaugurated in the years following the balance sheet date.

## 12. Investments in subsidiaries, associates and joint ventures

This heading may be broken down as follows:

	'17		'16	
	SHARE HOLDING %	DOMESTIC CURRENCY	SHARE HOLDING %	DOMESTIC CURRENCY
<b>GI10:</b>	30.00	150,286	30.00	145,931
Financial holding				
<b>EMIS:</b>				
Equity stake	4.63	47,706	4.63	47,706
Supplies		122,921		122,921
		<b>170,627</b>		<b>170,627</b>
<b>ABANC</b>				
Supplies		24,224		24,224
		<b>345,137</b>		<b>340,782</b>

On 31 December 2017 and 2016, the Bank holds an equity stake of 30% in GI10 - Investimentos e Gestão, SGPS, SA, a company headquartered in Portugal, whose main activity is the management of shareholdings in other companies essentially linked to insurance brokerage. In the years 2017 and 2016, as a result of the evaluation of this holding, the Bank recognized a valuation in the amount of EUR 23,401 (mAKZ 4,339) and a loss in the amount of EUR 177,957 (mAKZ 32,988) under "Results of subsidiaries and ventures", respectively. As of 31 December 2017 and 2016 the value of the participation in foreign currency is EUR 810,600 and EUR 787,199, respectively.

On 31 December 2017 and 2016, the Bank holds a 4.63% interest in the capital of EMIS - Empresa Interbancária de Serviços, S.A.R.L. (EMIS). EMIS was constituted in Angola with the function of managing electronic means of payments and complementary services.

Following the EMIS General Meeting held in December 2011, a capital increase of USD 4,800,000 was approved, with Banco BIC being USD 338,291, which was settled in January 2012. Additionally, of ancillary services by Banco BIC the amount of USD 1,182,480, settled in two equal tranches of USD 591,240 in August and September 2012.

In the Extraordinary General Meeting of the Angolan Banks Association (ABANC), to which the Bank is associated, held on July 28, 2009, an investment plan for fixed assets was approved.

## 13. Other assets

This heading may be broken down as follows:

	'17	'16
<b>Foreign exchange transactions</b>	77,150	360,682
<b>Other assets:</b>		
VISA Collateral	3,158,813	3,158,413
Angola Investe Bonuses	1,370,135	596,368
Collection fee receivable	938,960	518,817
Recoverable tax	319,148	286,097
Prepaid VISA	277,799	101,130
Cash shortages	178,143	40,255
Clinical services	158,671	130,688
Rentals and leases	113,852	118,381
Advance - cheques	62,863	62,855
Economat	48,314	39,919
Advance EDEL	11,558	11,556
Advance - Angolan Kwanzas	1,740	1,858
Others	3,615,345	300,237
	<b>10,255,341</b>	<b>5,366,574</b>
	<b>10,332,491</b>	<b>5,727,256</b>

On 31 December 2017 and 2016, the “Foreign exchange transactions” caption includes the Profits Receivable from the Purchase and Sale of Foreign Currencies, in the amounts of mAKZ 77,150 and mAKZ 360,682, respectively.

As of 31 December 2017 and 2016, the net value between the currencies sold and the currencies acquired, translated at the exchange rate compared to the Kwanza at the balance sheet date, can be broken down as follows:

						<b>'17</b>
CURRENCY PURCHASED			CURRENCY SOLD			
CURRENCY	BOOK VALUE		CURRENCY	BOOK VALUE		VALUE NET
	AMOUNT	mAKZ		AMOUNT	mAKZ (NOTE 18)	
ZAR	500,000	6,699	USD	(40,698)	(6,753)	(54)
EUR	380,000	70,451	USD	(455,696)	(75,611)	(5,160)
		<b>77,150</b>			<b>(82,364)</b>	<b>(5,214)</b>

						<b>'16</b>
CURRENCY PURCHASED			CURRENCY SOLD			
CURRENCY	BOOK VALUE		CURRENCY	BOOK VALUE		VALUE NET
	AMOUNT	mAKZ		AMOUNT	mAKZ (NOTE 18)	
CHF	2,212,000	360,682	USD	(2,168,415)	(359,747)	935
		<b>360,682</b>			<b>(359,747)</b>	<b>935</b>

Under the terms of the agreement between Banco BIC and Visa International, the Bank undertakes to maintain a collateral deposit with VISA's custodian bank (Barclays Bank London until September 2017 and subsequently United Overseas Banking Limited), that their amount is determined based on the volume of transactions effected. As of 31 December 2017 and 2016, this collateral deposit amounted to approximately USD 19,037,710 (mAKZ 3,158,813 and mAKZ 3,158,413, respectively) and was remunerated at the annual interest rate of 0.15 %. Additionally, on 31 December 2017 and 2016, the balance of the collateral deposit includes amounts from Banco Sol, S.A., arising from the acquiring service, in the amount of USD 16,923,013 (mAKZ 2,807,934 and mAKZ 2,807,579 as of 31 December 2017 and 2016, respectively) (Note 14).

The balance of the caption “Angola Investe Bonus” refers to the amount receivable from the State (Ministry of Economy), regarding the interest subsidy of credits granted under the Angola Investe program. As of 31 December 2017, interest subsidies due since May 2017 have been collected.

The “Collection fee receivable” item refers to the amount receivable from the Ministry of Finance for the tax collection service provided in some of the Bank's branches. As of 31 December 2017, collection fees due from July 2015 were still pending.

On 31 December 2017 and 2016, the balance of “Recoverable taxes” corresponds to the provisional settlement of industrial tax carried out in 2017 and 2016, respectively.

The cash deficits are provisioned under the caption “Other provisions” (Note 16).

On 31 December 2017 and 2016, the balance of “Advance - Cheques” corresponds to advances made by the Bank to customers related to the purchase of checks on foreign banks not yet collected on that date. These accounts receivable are collected from the corresponding bank at the beginning of the following financial year.

On 31 December 2017 and 2016, the item “Advance - Angolan Kwanzas” refers to notes in AKZ that were at the disposal of Banco BIC Português, resulting from the process of marketing Kwanzas in the agencies of this financial institution.

As of 31 December 2017 and 2016, the balance of “Other” caption includes mAKZ 68,404 and mAKZ 80,050, respectively, of doubtful assets, which are fully provisioned under “Other provisions” (Note 16). At 31 December 2017, the “Other” caption also includes mAKZ 2,950,000 referring to amounts in currencies pending liquidation.

## 14. Funds from central banks and other credit institutions

These headings are broken down as follows:

	'17	'16
<b>Demand deposits from credit institutions</b>		
<b>Funds from domestic credit institutions</b>		
From other institutions	4,000,000	-
Interest payable	7,233	-
	<b>4,007,233</b>	<b>-</b>
<b>Demand deposits</b>		
Banco de Desenvolvimento de Angola	-	829,515
Interest payable	-	433,817
	<b>-</b>	<b>1,263,332</b>
	<b>4,007,233</b>	<b>1,263,332</b>
<b>Funds from foreign credit institutions</b>		
<b>Interbank money market operations</b>		
Banco BIC Cabo Verde, S.A. - USD	19,910,880	14,599,464
Banco BIC Cabo Verde, S.A. - EUR	15,295,500	3,707,580
Interest payable	18,120	17,278
	<b>35,224,500</b>	<b>18,324,322</b>
<b>Overdrafts in demand deposits</b>		
Banco BIC Português, S.A.	712,512	295,629
Commerzbank	1,556	-
Firststrand Bank LTD	-	2,478
Montepio Geral	-	948
	<b>714,068</b>	<b>299,055</b>
	<b>35,938,568</b>	<b>18,623,377</b>
<b>Funds linked</b>		
To imports - foreign currencies	10,126,432	4,916,725
Other cash funds	7,646,483	3,632,502
	<b>17,772,915</b>	<b>8,549,227</b>
Banco Sol - VISA Collateral (NOTE 13)	2,807,934	2,807,579
Certified cheques - Domestic currency	1,210,144	1,159,722
	<b>4,018,078</b>	<b>3,967,301</b>
	<b>21,790,993</b>	<b>12,516,528</b>
<b>Operations of sale of own securities with repurchase agreement</b>		
Operations of sale with repurchase agreement (Note 8)	11,396,036	-
Interest payable	95,817	-
	<b>11,491,853</b>	<b>-</b>
	<b>73,228,647</b>	<b>32,403,237</b>

On 31 December, 2016, the item "Demand Deposits - Angola Development Bank" related to the financing obtained from the Banco de Desenvolvimento de Angola (BDA), under a financial agreement signed in 2007, to enable the Bank to grant credit for projects related to the promotion of private economic activity in the production of goods and services. This funding was regularized during the 2017 financial year.



On 31 December 2017 and 2016, funds from foreign credit institutions - Interbank money market operations earn interest at the following annual average rates, weighted by the respective nominal value of the investments:

	'17	'16
In American dollars	4.25%	3.50%
In Euros	3.00%	3.00%

As of 31 December 2017 and 2016, funds from foreign credit institutions - Interbank money market operations, matured in the following month.

The item "Funds linked - to imports - foreign currency" refers to the amounts deposited by customers that are captive for the settlement of documentary import credits with other credit institutions.

## 15. Customer funds and other loans

These headings are broken down as follows:

	'17	'16
<b>Demand deposits from residents:</b>		
<b>In domestic currency</b>		
General government sector	4,976,412	9,990,392
Public corporate sector	1,559,120	1,644,515
Companies	230,449,009	216,358,725
Individuals	110,579,685	113,685,883
	<b>347,564,226</b>	<b>341,679,515</b>
<b>Funds linked</b>		
To foreign exchange transactions	-	35,368,008
	<b>347,564,226</b>	<b>377,047,523</b>
<b>In foreign currency</b>		
In foreign currency	351,947	1,346,330
Public corporate sector	225,825	351,933
Companies	48,140,897	51,383,864
Individuals	22,176,965	26,591,592
	<b>70,895,634</b>	<b>79,673,719</b>
<b>Demand deposits from non-residents:</b>		
In domestic currency	5,408,346	7,233,595
In foreign currency	347,071	377,384
	<b>5,755,417</b>	<b>7,610,979</b>
<b>TOTAL TERM DEPOSITS</b>	<b>424,215,277</b>	<b>464,332,221</b>
<b>Term deposits from residents:</b>		
<b>In domestic currency</b>		
General government sector	7,035,357	6,843,839
Public corporate sector	891,500	1,435,605
Companies	185,932,489	213,795,894
Individuals	29,959,462	27,754,742
Interest payable	3,355,430	4,389,166
	<b>227,174,238</b>	<b>254,219,246</b>

Continues →

	'17	'16
<b>In foreign currency</b>		
General government sector	5,787,277	5,716,907
Companies	43,523,979	38,778,051
Individuals	80,329,299	80,762,456
Interest payable	1,437,554	1,333,003
	<b>131,078,109</b>	<b>126,590,417</b>
<b>Term deposits from non-residents:</b>		
<b>In domestic currency</b>		
Interest payable	35,720	566,664
	1,616	7,955
	<b>37,336</b>	<b>574,619</b>
<b>In foreign currency</b>		
Interest payable	357,367	344,220
	2,353	2,202
	<b>359,720</b>	<b>346,422</b>
<b>TOTAL OF TERM DEPOSITS</b>	<b>358,649,403</b>	<b>381,730,704</b>
Other deposits	4,369,851	4,369,854
	<b>787,234,531</b>	<b>850,432,779</b>

On 31 December 2017 and 2016, customer demand deposits are not remunerated, except for specific situations, defined in accordance with the guidelines of the Bank's Board of Directors.

As of 31 December 2016, the caption "Funds linked to foreign exchange transactions" corresponds to the captive amounts of customers for Foreign Payment Transactions, as defined in Instruction no. 12/2015 of June 24, issued by the BNA, which was revoked by Instruction no. 05/2017, which is why this balance shows a zero balance on 31 December 2017.

As of 31 December 2017 and 2016, the customer deposits, excluding interest payable, have the following structure by currency and average interest rate:

	'17			'16		
	INTEREST RATE	AMOUNT IN FOREIGN CURRENCY	AMOUNT IN MAKZ	INTEREST RATE	AMOUNT IN FOREIGN CURRENCY	AMOUNT IN MAKZ
In millions of Angolan Kwanzas	9.25%		223,854,528	7.84%		250,396,744
In millions of American dollars	4.88%	741,933,502	123,104,575	4.89%	726,216,275	120,481,459
In Euros	2.92%	37,180,944	6,893,347	2.83%	27,620,041	5,120,175
			<b>353,852,450</b>			<b>375,998,378</b>

As of 31 December 2017 and 2016, customer deposits, excluding interest payable, had the following structure, in accordance with the residual maturity dates:

	'17	'16
Up to three months	175,934,544	217,892,549
From three to six months	131,458,617	108,312,599
From six months to a year	46,418,786	49,775,817
From one to three years	40,142	17,169
More than three years	361	244
	<b>353,852,450</b>	<b>375,998,378</b>

As of 31 December 2017 and 2016, the caption "Other deposits" refers to the operations of drawdown orders that were outstanding in the accounts of Banco BIC clients.

## 16. Provisions and impairment

The operation which occurred in the Bank's provisions and impairment during 2017 and 2016 was as follows:

	BALANCES IN 31/12/2016	INCREASES	DIFFERENCE EXCHANGE	USES	TRANSFERS	SETTLEMENTS	BALANCES IN 31/12/2017
<b>'17</b>							
<b>Impairment</b>							
Customer loans	74,680,868	14,027,637	4,846	-	(1,385,509)	628,985	87,956,827
Non-current assets held for sale	446,251	-	-	-	1,388,002	-	1,834,253
	<b>75,127,119</b>	<b>14,027,637</b>	<b>4,846</b>	<b>-</b>	<b>2,493</b>	<b>628,985</b>	<b>89,791,080</b>
<b>Provisions</b>							
Provision of guarantees	2,139,701	-	224	-	(2,493)	-	2,137,432
Retirement pensions	3,036,026	398,200	401	-	-	-	3,434,627
Other provisions	361,780	174,905	52	(82,961)	-	13,772	467,548
	<b>5,537,507</b>	<b>573,105</b>	<b>677</b>	<b>(82,961)</b>	<b>(2,493)</b>	<b>13,772</b>	<b>6,039,607</b>
	<b>80,664,626</b>	<b>14,600,742</b>	<b>5,523</b>	<b>(82,961)</b>	<b>-</b>	<b>642,757</b>	<b>95,830,687</b>

	BALANCES IN 31/12/2015	INCREASES	WRITE-BACKS AND CANCELLATION	DIFFERENCE EXCHANGE	USES	TRANSFERS	SETTLEMENTS	BALANCES IN 31/12/2016
<b>'16</b>								
<b>Impairment</b>								
Customer loans	50,557,686	65,984,799	(43,670,793)	2,144,168	(2,078)	(679,527)	346,613	74,680,868
Non-current assets held for sale	90,822	-	-	-	(2,774)	181,757	176,446	446,251
	<b>50,648,508</b>	<b>65,984,799</b>	<b>(43,670,793)</b>	<b>2,144,168</b>	<b>(4,852)</b>	<b>(497,770)</b>	<b>523,059</b>	<b>75,127,119</b>
<b>Provisions</b>								
Provision of guarantees	1,302,823	900,694	(771,414)	209,828	-	497,770	-	2,139,701
Retirement pensions	2,151,509	393,651	-	490,866	-	-	-	3,036,026
Other provisions	302,959	163,365	-	70,351	(174,895)	-	-	361,780
	<b>3,757,291</b>	<b>1,457,710</b>	<b>(771,414)</b>	<b>771,045</b>	<b>(174,895)</b>	<b>497,770</b>	<b>-</b>	<b>5,537,507</b>
	<b>54,405,799</b>	<b>67,442,509</b>	<b>(44,442,207)</b>	<b>2,915,213</b>	<b>(179,747)</b>	<b>-</b>	<b>523,059</b>	<b>80,664,626</b>

The Bank has a provision for retirement pensions, the balance of which at 31 December 2017 and 2016 amounts to mAKZ 3,434,627 and mAKZ 3,036,026, equivalent to approximately USD 20,700,000 and USD 18,300,000, respectively.

As mentioned in note 2.3 (k), the liabilities that the Bank may incur with the supplementary retirement and survivors' pension program were calculated through an actuarial valuation carried out by an independent expert.

As of 31 December 2017 and 2016, the number of employees considered for the actuarial study amounted to 2,067 and 2,069, respectively. At that time there are no pensioners for retirement or survival to consider in the plan.

The movements occurred at the demographic level for the financial years ended 31 December 2017 and 2016, can be detailed as follows:

	<b>ASSET</b>
<b>TOTAL NUMBER ON 31 DECEMBER 2015</b>	<b>2,081</b>
Output:	
Of assets	(59)
By mortality	-
Transfers	-
Entries	47
<b>TOTAL NUMBER ON 31 DECEMBER 2016</b>	<b>2,069</b>
Output:	
Of assets	(63)
By mortality	-
Transfers	-
Entries	61
<b>TOTAL NUMBER ON 31 DECEMBER 2015</b>	<b>2,067</b>

As of 31 December 2017 and 2016, past service liabilities, provisions for retirement pensions and respective degree of liability coverage are detailed as follows:

	<b>'17</b>	<b>'16</b>
<b>Total liabilities for previous services</b>		
Liabilities for previous services of active employees	2,647,465	2,362,830
<b>TOTAL LIABILITIES FOR PREVIOUS SERVICES</b>	<b>2,647,465</b>	<b>2,362,830</b>
Provision for retirement pensions	3,434,627	3,036,026
Excess/(Insufficiency) coverage	787,162	673,196
Degree of coverage of liabilities	130%	128%

The evolution of the degree of coverage of liabilities for the years 2017, 2016, 2015 and 2014 is presented as follows:

	<b>'17</b>	<b>'16</b>	<b>'15</b>	<b>'14</b>
Total liabilities for previous services	2,647,465	2,362,830	1,776,881	1,205,609
Provision for retirement pensions	3,434,627	3,036,026	2,151,509	1,388,651
Excess/(Insufficiency) coverage	787,162	673,196	374,628	183,042
Degree of coverage of liabilities	130%	128%	121%	115%

In 2017 and 2016, the balance of the caption "Other provisions" is intended to cover possible contingencies arising from the Bank's activity, as well as to reflect potential losses on the realization of accounts receivable and other assets (Note 13).

The effect of exchange rate variation on the movement of provisions is reflected in the caption "Foreign exchange gains and losses" (Note 25).

## 17. Income taxes

As of 31 December 2016, the caption "Deferred tax liabilities" refers to the deferred tax liability calculated on the potential capital gains of the securities recorded in the "Available for Sale" portfolio, which were disposed of during the 2017 financial year. the balance at 31 December 2017 is nil (Note 7).

As of 31 December 2017 and 2016, income tax expense recorded in profit or loss, as well as the tax burden, measured by the ratio between the charge for income tax and profit for the year before tax, can be presented as follows:

	'17	'16
Total industry tax recognized in the income statement	1,802,805	1,737,102
Pre-tax profit	36,056,109	35,399,852
Effective industrial tax rate	5.00%	4.91%

As of 31 December 2017 and 2016, the reconciliation between the nominal rate and the effective tax rate can be shown as follows:

	'17		'16	
	RATE	TAX	RATE	TAX
<b>Pre-tax income</b>		36,056,109		35,399,852
Income tax calculated based on nominal tax rate	30.00%	10,816,833	30.00%	10,619,956
<b>Tax benefits on earnings from public debt or equivalent:</b>				
Interest and similar income (Note 21)	-40.94%	(14,761,661)	-35.58%	(12,596,337)
Net profit from financial transactions:				
Net income on debt securities (Note 21)	-0.05%	(17,919)	-12.06%	(4,270,616)
Tax benefits on real estate earnings	0.00%	-	-1.79%	(632,659)
<b>Costs not accepted for tax purposes:</b>				
Positive asset changes	0.00%	-	0.58%	204,646
Taxes	1.95%	702,163	1.85%	656,454
Provisions	1.64%	592,599	0.95%	335,470
Others	0.39%	142,343	1.54%	543,980
	<b>-7.00%</b>	<b>(2,525,642)</b>	<b>-14.52%</b>	<b>(5,139,106)</b>
Estimated industrial tax	<b>5.00%</b>	<b>1,802,805</b>	<b>4.91%</b>	<b>1,737,102</b>

In 2017 and 2016, the Bank assessed tax losses, but did not recognize the respective deferred tax assets. In addition, the Bank recognized a tax estimate of approximately 5% of the pre-tax income (historical average effective tax rate) recorded under "Other liabilities" (Note 18).

In the years 2017 and 2016, costs with the CGT are recorded in the income statement, under "Other operating income - Taxes and non-tax on profit or loss", amounting to mAKZ 2,293,791 and mAKZ 2,172,246, respectively (Note 27).

As of 31 December 2017 and 2016, according to the amounts established for the two taxes, Industrial and CGT, the joint effective rate is equivalent to 11.36% and 11.04%, respectively.

## 18. Other liabilities

This heading can be broken down as follows:

	'17	'16
<b>Foreign exchange transactions</b>		
Costs payable for buying and selling foreign currencies (Note 13)	82,364	359,747
<b>Tax duties</b>		
Industrial tax - Article	1,257,284	1,262,852
Capital gains tax	699,672	87,860
Special levy on bank transactions	545,384	821,983
Stamp duty	50,121	56,355
Taxation on remunerations	(10,541)	288,404
Other taxes	2,912	2,564
	<b>2,544,832</b>	<b>2,520,018</b>
<b>Civil duties</b>		
Deferred revenue - Guarantees	91,736	114,488
<b>Administrative/business duties:</b>		
Restructured loan interest	4,176,392	4,306,927
Deferred fees	480,433	665,943
Credit for acquisition of goods and rights	57,223	-
Other miscellaneous creditors	29	-
Amounts pending settlement - Properties received as settlement of debts	-	241,619
<b>Staff - Wages and other remunerations</b>		
Holidays and holiday bonuses	1,219,592	1,140,179
Staff costs (Note 28)	989,957	309,090
Healthcare services	64,878	226,711
Others	103	-
Compensation on ATMs	1,486,142	843,699
VISA Cards	1,269,156	574,346
Specialised services	296,279	235,080
Commercial and industrial suppliers	126,981	213,132
Security and surveillance	107,273	3,215
<b>Communications and forwarding costs</b>		
Data circuit	120,175	177,892
Communications	40,105	40,355
Others	6,366	6,069
Maintenance and repair	40,602	29,019
Other administrative expenses	13,846,094	12,884,662
	<b>24,327,780</b>	<b>21,897,938</b>
	<b>27,046,712</b>	<b>24,892,191</b>

On 31 December 2017 and 2016, the balance of "Taxation on Remuneration" refers to the Income Tax (IRT) to be paid to the Tax Administration in the month following the month in which it is recorded. The increase recorded on 31 December 2017 is explained by the increase in the variable remuneration of performance over the previous year (Note 28).

As of 31 December 2017 and 2016, the balance of "Restructured loan interest" refers to interest on loans that have been the subject of restructuring operations, which will only be recognized in the income statement when they are received.



As of 31 December 2016, the caption "Amounts pending settlement - Properties received as settlement of debts" refers to advances received on account of the sale of properties received as payment in instalments.

The balance of "Staff costs" refers to the Bank's estimate of the performance bonuses of its employees for 2017 and 2016, to be settled in 2018 and 2017, respectively.

As of 31 December 2017 and 2016, the balance of "Compensation on ATM's" refers to the movements made in ATM's / POS and TICs of Banco BIC in the last days of the period and awaiting compensation by EMIS in the first days of the following year.

The balance of "VISA Cards" corresponds to amounts to be settled relating to VISA cards.

On 31 December 2017 and 2016, the item "Other administrative costs" includes the reinforcement of the tax estimate in the amounts of mAKZ 5,335,470 and mAKZ 3,532,665, respectively (Note 17).

In addition, on that date, the balance of "Other administrative expenses" includes approximately mAKZ 4,906,427 related to the amount payable related to a set of commercial, organizational and other services provided by related entities of the Bank during the years year ended 31 December 2017 and 2016, respectively.

In addition, on the same dates, this item includes approximately mAKZ 3,187,316 and mAKZ 4,016,936 related to the amount to be recognized for a financing denominated in Kwanzas, whose contract provides for the updating of the amount of credit granted due to the exchange devaluation of the currency against the US Dollar, pending its formalization.

## 19. Own funds operations

The changes in equity in the financial years ended 31 December 2017 and 2016 were as follows:

	<b>'17</b>							
	PRINCIPAL	UPDATE OWN FUNDS	LEGAL RESERVE	OTHER RESERVES	RESERVES FAIR VALUE	RETAINED EARNINGS	INCOME FOR THE YEAR	TOTAL NET
<b>Balance on 31 December 2015</b>	3,000,000	5,797,507	23,452,466	40,788,045	1,371,686	-	26,516,915	100,926,619
<b>Appropriation of 2015 net income:</b>								
Distribution of dividends	-	-	-	-	-	-	(22,124,903)	(22,124,903)
Transfer to legal reserve	-	-	5,531,226	(1,139,214)	-	-	(4,392,012)	-
Update to own funds	-	12,570	-	-	-	-	-	12,570
Comprehensive income for the year	-	-	-	-	491,891	-	33,662,750	34,154,641
<b>BALANCE ON 31 DECEMBER 2016</b>	<b>3,000,000</b>	<b>5,810,077</b>	<b>28,983,692</b>	<b>39,648,831</b>	<b>1,863,577</b>	<b>-</b>	<b>33,662,750</b>	<b>112,968,927</b>
<b>Appropriation of 2016 net income:</b>								
Distribution of dividends	-	-	-	-	-	-	(26,930,200)	(26,930,200)
Transfer to legal reserve	-	-	6,732,550	-	-	-	(6,732,550)	-
Update to own funds	-	13,461	-	-	-	-	-	13,461
Comprehensive income for the year	-	-	-	-	(1,863,577)	-	34,253,304	32,389,727
<b>BALANCE ON 31 DECEMBER 2017</b>	<b>3,000,000</b>	<b>5,823,538</b>	<b>35,716,242</b>	<b>39,648,831</b>	<b>-</b>	<b>-</b>	<b>34,253,304</b>	<b>118,441,915</b>

## Capital

The Bank was incorporated with a share capital of mAKZ 522,926 (corresponding to the exchange value of 6,000,000 USD on the date of incorporation), represented by 522,926 nominal shares at the individual price of a thousand Angolan Kwanzas each and which has been subscribed and fully paid in cash.

During the financial year of 2016, the Bank increased its share capital by mAKZ 1,088,751 (corresponding to 14,000,000 USD) and, later, the General Meeting, held on 1 December 2016, approved a new increase of the share capital from 20,000,000 to 30,000,000 USD, fully paid in cash and represented by 2,414,511 nominal shares at the price of a thousand Angolan Kwanzas each.

During the first semester of 2014, the Bank increased its share capital through the incorporation of free reserves in the amount of mAKZ 585,498, being represented by 3,000,000 shares with a nominal value of a thousand Angolan Kwanzas each.

The share capital increase aimed at complying with the provisions of Notice no. 14/2013, of 15 November, from the National Bank of Angola, which sets the minimum amount of share capital from financial institutions at mAKZ 2,500,000:

SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE
Sociedade de Participações Financeiras, Lda.	750,000	25.00%
Fernando Leonídio Mendes Teles	600,000	20.00%
Finisantoro Holding Limited	525,000	17.50%
Telesgest B.V.	525,000	17.50%
Luís Manuel Cortez dos Santos	150,000	5.00%
Manuel Pinheiro Fernandes	150,000	5.00%
Sebastião Lavrador	150,000	5.00%
Other shareholders	150,000	5.00%
	<b>3,000,000</b>	<b>100.00%</b>
<b>Nominal Value</b>		

In compliance with the provisions of article 446 (3) of Law no. 1/2004 of 13 February, which falls under the Commercial Companies Law, the number of shares held by members of the Bank's administrative and supervisory bodies, as well as the participation percentages are as follows:

SHAREHOLDERS	POSITION	ACQUISITION	NUMBER OF SHARES	% PARTICIPATION
Isabel José dos Santos	Non-Executive Director	Nominal Value	1,275,000	42.50%
Fernando Leonídio Mendes Teles	Chairman of the Board	Nominal Value	1,125,000	37.50%
Fernando José Aleixo Duarte	Director	Nominal Value	30,000	1.00%
Graziela do Céu Rodrigues Esteves	Director	Nominal Value	30,000	1.00%
Graça Maria dos Santos Pereira	Director	Nominal Value	30,000	1.00%

## Appropriation of net profit

On April 27, 2017, at a General Shareholders' Meeting, the proposal for the appropriation of net profit presented by the Board of Directors and contained in the Management Report was approved, with the result of the positive net result at the end of the year. 2016 in the amount of mAKZ 33,662,750 (equivalent to approximately USD 203 million), 20% was transferred to legal reserve in the amount of mAKZ 6,732,550 (approximately USD 41 million) and 80% for distribution of dividends to the shareholders, in the amount of mAKZ 26,930,200 (equivalent to approximately USD 162 million).

The General Meeting held on 21 April 2016 approved the proposal for the appropriation of net profit submitted by the Board of Directors and that is part of the Management Report. Therefore, from the positive net profit calculated at the end of the financial year of 2015, in the amount of mAKZ 27,656,129 (approximately 204 million USD), 20%, which corresponds to the amount of mAKZ 5,531,226 (approximately 41 million USD) was transferred to the legal reserve heading and 80%, which corresponds to the amount of mAKZ 22,124,903 (corresponding to nearly 164 million USD) was distributed to the shareholders.

## Legal reserve

According to the provisions of the current legislation, the Bank shall establish a legal reserve fund that is equal to its share capital. To that end, every year a minimum of 10% of the net profits from the previous year are transferred to this reserve (20% until Law no. 12/2015 - Basic Law on Financial Institutions was published on 17 June 2015). This reserve can only be used to cover accumulated capital losses, when all other established reserves are exhausted.

## Reassessment Reserves

The reassessment reserves represent the potential capital gains and losses, net of deferred taxes, relating to the portfolio of securities classified as "Financial assets available for sale", including also the own funds update reserves.

## 20. Off balance sheet items

These headings are broken down as follows:

	'17	'16
<b>GUARANTEES PROVIDED AND OTHER CONTINGENT LIABILITIES</b>		
Guarantees and sureties	61.866.055	75.191.329
Irrevocable commitments	9.089.319	9.088.290
Open documentary credits	8.399.036	3.774.770
	<b>79.354.410</b>	<b>88.054.389</b>
<b>LIABILITIES BY PROVISION OF SERVICES</b>		
<b>Services rendered by third parties</b>		
Collection of values	(16.128)	(16.126)
<b>Services rendered by the Institution</b>		
Securities custody	138.417.501	94.483.985
Collection of amounts - on the Country	7.380.663	10.265.002
Collection of amounts - abroad	138.980	284.954
	<b>145.921.016</b>	<b>105.017.815</b>



## 21. Net interest income

These headings are broken down as follows:

	'17	'16
<b>INTEREST AND SIMILAR INCOME:</b>		
<b>From loans:</b>		
Interests	43,797,188	37,656,364
Fees	735,559	657,810
	<b>44,532,747</b>	<b>38,314,174</b>
<b>From bonds and securities:</b>		
<b>Treasury Bonds</b>		
Indexed to USD	20,841,746	20,433,688
Non-resetable	9,875,380	12,328,690
Foreign currency	1,984,221	1,939,045
	<b>32,701,347</b>	<b>34,701,423</b>
Treasury Bills	15,939,926	7,271,047
Others	-	140,005
	<b>15,939,926</b>	<b>7,411,052</b>
<b>From liquidity investments:</b>		
Foreign	210,099	1,154,498
Domestic	47,590	165,898
Securities from Third-Parties with Resale Agreement	653,539	896,695
	<b>911,228</b>	<b>2,217,091</b>
<b>TOTAL INTEREST AND SIMILAR INCOME</b>	<b>94,085,248</b>	<b>82,643,740</b>
<b>INTEREST AND SIMILAR COSTS:</b>		
<b>From deposits:</b>		
Current	54,039	57,638
Term	26,503,684	22,580,759
	<b>26,557,723</b>	<b>22,638,397</b>
<b>From liquidity intake:</b>		
Securities sold with resale agreement	<b>1,346,782</b>	<b>2,138,326</b>
Funds from other credit institutions	167,278	-
	<b>1,514,060</b>	<b>2,138,326</b>
<b>TOTAL INTEREST AND SIMILAR COSTS</b>	<b>28,071,783</b>	<b>24,776,723</b>
<b>Net interest income</b>	<b>66,013,465</b>	<b>57,867,017</b>

## 22. Income and costs related to services and fees

These headings are broken down as follows:

	'17	'16
<b>REVENUES</b>		
Fees on guarantees and sureties	2,166,869	1,837,625
Fees on EMIS transactions	2,075,387	2,297,296
Visa Fees	686,274	740,851
Fees for payment orders issued	633,328	630,562
Fees - Ministry of Finance	535,194	237,743
Fees for loans and documentary remittances	418,174	333,111
Fees on automatic payment terminals	119,704	137,740
Fees for opening, management and renewal of pledge current account	87,705	99,080
Other fees	227,389	237,834
	<b>6,950,024</b>	<b>6,551,842</b>
<b>COSTS</b>		
Fees on EMIS transactions	(1,103,936)	(989,414)
VISA Fees	(54,452)	(81,560)
Other Fees	(132,278)	(45,124)
	<b>(1,290,666)</b>	<b>(1,116,098)</b>
	<b>5,659,358</b>	<b>5,435,744</b>

The item "Fees on EMIS transactions - Revenue" corresponds to the fees charged by the Bank to customers for operations processed by EMIS. The item "Fees on EMIS transactions - Costs" refers to the Fees paid by the Bank on transactions processed by EMIS.

The "Fees on guarantees and sureties" item corresponds to the linear distribution of Fees charged on the issuance of guarantees.

## 23. Income from available-for-sale financial assets

As of 31 December 2017, the caption "Available-for-sale financial assets" refers to the gain on the sale of the total shares of Banco BPI, S.A. in the portfolio (Note 7).

## 24. Results of held-to-maturity investments

As of 31 December 2017, the caption "Held-to-maturity investments" corresponds to the gains on the sale of Treasury Bonds.

## 25. Income from foreign exchange transactions

In the financial years ended 31 December 2017 and 2016, this caption relates mainly to exchange gains and losses on the portfolio of securities issued or indexed to foreign currency and deposits in local currency indexed to foreign currency in purchase and sale transactions, sale of foreign currency by the Bank, as well as in the revaluation of the exchange position as described in Note 2.3. b), and has the following decomposition:

	'17			'16		
	PROFITS	LOSSES	NET	PROFITS	LOSSES	NET
Income on exchanges	21,421,778	(19,000,381)	2,421,397	43,892,958	(45,547,347)	(1,654,389)
Net income on Treasury Bonds USD Index	653,047	-	653,047	43,264,472	-	43,264,472
Net income on notes and coins	43,079	(1,094)	41,985	3,257,412	(12,635)	3,244,777
Net income on indexed deposits	-	(252,806)	(252,806)	-	(18,001,857)	(18,001,857)
	<b>22,117,904</b>	<b>(19,254,281)</b>	<b>2,863,623</b>	<b>90,414,842</b>	<b>(63,561,839)</b>	<b>26,853,003</b>

## 26. Income from disposal of other assets

As of 31 December 2017 and 2016, the caption "Gains or losses on disposal of other assets" corresponds to the gains recorded in the sale of tangible fixed assets and rented leased properties.

## 27. Other operating incomes

These headings may be broken down as follows:

	'17	'16
<b>REVENUE FROM A VARIETY OF SERVICES RENDERED:</b>		
Currency sale/withdrawals	268,932	310,505
Cheque issuance	53,794	65,898
Others	176,114	98,882
<b>OFFICE ALLOWANCE</b>	397,491	328,373
<b>Reimbursement of expenses</b>		
On payment orders	300,451	280,761
Others	44,516	31,939
<b>Others</b>	1,067,798	55,095
	<b>2,309,096</b>	<b>1,171,453</b>
<b>TAX AND RATES NOT IMPOSED ON INCOME:</b>		
Capital gains tax (Note 17)	(2,293,791)	(2,172,246)
Other taxes and fees	(230,797)	(263,421)
	<b>(2,524,588)</b>	<b>(2,435,667)</b>
<b>Settlement of debtor balances</b>	(89,618)	(46,483)
<b>Others costs and miscellaneous losses</b>	(916,557)	(221,024)
	<b>(1,006,175)</b>	<b>(267,507)</b>
	<b>(1,221,667)</b>	<b>(1,531,721)</b>

The item "Other" corresponds to revenues from ATMs, cash and treasury, income from closing accounts, as well as various adjustments.

The item "Other costs and miscellaneous losses" refers to litigation and notary services, judicial services, housing allowances and various settlements.



## 28. Staff costs

These headings are broken down as follows:

	'17	'16
<b>REMUNERATIONS</b>		
<b>Monthly remuneration</b>		
Base remuneration	4,689,474	4,693,500
Exemption schedule	1,289,730	1,237,392
Complementary transport costs	483,011	467,419
Complement salary	430,868	426,034
Subsidy for failures	224,768	223,028
Diuturnity	91,886	68,384
Complement of retribution	-	6,586
	<b>7,209,737</b>	<b>7,122,343</b>
<b>Additional remunerations</b>		
Food allowance	1,248,274	1,240,313
Christmas allowance	643,180	571,377
Vacation allowance	585,734	643,875
Rent subsidy	-	29,750
	<b>2,477,188</b>	<b>2,485,315</b>
<b>Other remunerations</b>	317,847	305,160
<b>VARIABLE COMPENSATION - PERFORMANCE BONUS</b>		
Settled in the financial year	7,026,418	4,863,023
To be settled (Note 18)	989,957	309,090
	<b>8,016,375</b>	<b>5,172,113</b>
Mandatory social contributions	822,645	993,522
Optional social contributions	433,692	415,770
Others	-	150,272
	<b>19,277,484</b>	<b>16,644,495</b>





## 29. Third-party supplies and services

These headings are broken down as follows:

	'17	'16
Security and surveillance	1.950.963	1.725.290
Communication and forwarding costs	1.560.584	1.394.897
Forms and office consumables	841.727	773.099
Rentals and leases	757.011	511.699
Maintenance and repair	648.499	597.776
Water, energy and fuels	508.082	509.642
<b>Specialised services</b>		
Consulting	186.270	155.929
IT	137.756	349.783
Others	111.631	154.983
	<b>435.657</b>	<b>660.695</b>
Advertising	246.796	211.319
Cleaning services	230.398	195.171
Travel and accommodation	217.835	174.610
Levies and donations	148.046	101.286
Insurance	67.894	58.771
Staff training	18.428	18.811
Others	577.611	5.884.265
	<b>8.209.531</b>	<b>12.817.331</b>

In the year ended 31 December 2016, the balance of "Others" includes approximately mAKZ 5,311,985 related to the cost of a set of commercial, organizational and other services provided by related entities of the Bank during this exercise.



## 30. Related entities

As at 31 December 2017 and 2016, the main balances kept by the Bank with related entities are as follows:

						'17
	BANCO BIC PORTUGUÊS S.A.	BANCO BIC CABO VERDE S.A.	BANK BIC NAMIBIA, LIMITED	SHAREHOLDERS AND SHAREHOLDER HELD ENTITIES	MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD	TOTAL
<b>ASSETS</b>						
Deposits at other credit institutions (Note 4)	1,593,888	5,408,747	108,778	-	-	7,111,413
Loans and advances at other credit institutions (Note 5)	13,692,563	3,856,488	-	-	-	17,549,051
Financial assets at fair value through profit and loss (Note 6)	-	-	-	3,716,652	-	3,716,652
Customer loans (Note 9)	-	-	-	112,598,165	111,570	112,709,735
Others assets (Note 13)	1,740	-	-	3,376	-	5,116
	<b>15,288,191</b>	<b>9,265,235</b>	<b>108,778</b>	<b>116,318,193</b>	<b>111,570</b>	<b>141,091,967</b>
<b>LIABILITIES</b>						
Resources of other credit institutions (Note 14)	712,512	35,224,500	-	-	-	35,937,012
Customer resources (Note 15)	-	-	-	31,877,336	364,434	32,241,770
Other liabilities (Note 18)	-	-	-	4,989,873	-	4,989,873
	<b>712,512</b>	<b>35,224,500</b>	<b>-</b>	<b>36,867,209</b>	<b>364,434</b>	<b>73,168,655</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Guarantees and sureties (Note 20)	-	-	-	9,156,579	-	9,156,579
Open documentary credits (Note 20)	-	-	-	2,434,772	-	2,434,772
	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,591,351</b>	<b>-</b>	<b>11,591,351</b>
<b>INCOME STATEMENT</b>						
Interest from Liquidity and Credit Investments	2,709	110,541	-	12,119,286	7,202	12,239,738
Interest on Liquidity and Deposit Resources	40	1,317,851	-	778,067	10,757	2,106,715
Fees for guarantees and sureties	-	-	-	280,850	-	280,850
	<b>2,749</b>	<b>1,428,392</b>	<b>-</b>	<b>13,178,203</b>	<b>17,959</b>	<b>14,627,303</b>



'16

	BANCO BIC PORTUGUÊS S.A.	BANCO BIC CABO VERDE S.A.	SHAREHOLDERS AND SHAREHOLDER HELD ENTITIES	MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD	TOTAL
<b>ASSETS</b>					
Deposits at other credit institutions (Note 4)	7,226,823	9,269	-	-	7,236,092
Loans and advances at other credit institutions (Note 5)	3,335,006	5,707,582	-	-	9,042,588
Financial assets at fair value through profit and loss (Note 6)	-	-	3,707,580	-	3,707,580
Customer loans (Note 9)	-	-	92,797,612	151,211	92,948,823
Others assets (Note 13)	4,459	-	27,728	-	32,187
	<b>10,566,288</b>	<b>5,716,851</b>	<b>96,532,920</b>	<b>151,211</b>	<b>112,967,270</b>
<b>LIABILITIES</b>					
Resources of other credit institutions (Note 14)	295,629	18,324,321	-	-	18,619,950
Customer resources (Note 15)	-	-	24,278,352	317,692	24,596,044
Other liabilities (Note 18)	-	-	3,944,312	-	3,944,312
	<b>295,629</b>	<b>18,324,321</b>	<b>28,222,664</b>	<b>317,692</b>	<b>47,160,306</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Guarantees and sureties (Note 20)	-	-	12,696,454	-	12,696,454
Open documentary credits (Note 20)	-	-	441,292	-	441,292
	<b>-</b>	<b>-</b>	<b>13,137,746</b>	<b>-</b>	<b>13,137,746</b>
<b>INCOME STATEMENT</b>					
Interest from Liquidity and Credit Investments	92,833	1,054,033	6,368,804	9,311	7,524,981
Interest on Liquidity and Deposit Resources	638,934	1,445,789	641,522	9,404	2,735,649
Fees for guarantees and sureties	-	-	248,602	-	248,602
Third-party supplies and services (Note 26)	-	-	5,311,985	-	5,311,985
	<b>731,767</b>	<b>2,499,822</b>	<b>12,570,913</b>	<b>18,715</b>	<b>15,821,217</b>



## 31. Disclosures relative to financial instruments

### Risk management policies

The Bank has defined a set of principles, strategies, policies, systems, processes, rules and procedures, with a view to ensuring an efficient and profitable performance of the activity in the medium and long term, ensuring efficient use of assets and resources, as well as such as business continuity, through proper management and control of business risks, prudent and correct evaluation of assets and liabilities, as well as the implementation of mechanisms to prevent and protect against errors and fraud.

#### Interest Rate Risk

Within the scope of interest rate risk, the International and Financial Division and the Risk Department regularly monitor structural interest rate risk, based on sensitivity analyses of net interest income and economic value in the face of fluctuations in interest rate curve.

With the introduction of the monitoring of Interest Rate Risk in the Banking Portfolio, under the terms of Notice No. 08/2016 of the National Bank of Angola, internal measures are being taken to identify the exposure to interest rate risk in economic value of the cash flows associated with the banking portfolio, on an ongoing basis, and the impact may not be equal to or greater than 20% of the Bank's own regulatory capital, which is decisive for the adoption of corrective measures by the National Bank of Angola.

#### Liquidity Risk

Liquidity risk consists of the Bank's potential inability to meet its debt repayment obligations without incurring significant losses, either through the risky financing conditions (financing risk) or through the sale of assets at below market value (risk market liquidity).

Short-term investments in the Bank's own portfolio, with a maturity of up to 12 months, are intended to maximize liquidity surpluses in addition to the Interbank Money Market applications, contributing positively to the Bank's net interest income. This includes Treasury Bills and the acquisition of Repurchase Agreements (Repos).

The control and reporting of liquidity risk to the National Bank of Angola is carried out in accordance with Instruction no. 19/2016 - Liquidity Risk and No. 26/2016 - Liquidity Risk Governance, reporting the observation Ratio and the Liquidity Ratio.

#### Market Risk

Market risks consist of potential losses that may be recorded by a particular portfolio, as a result of changes in rates (interest or exchange rate) and/or prices of the different financial instruments that comprise it, not only considering the existing correlations among them, but also the respective volatilities.

Market risk is continuously managed by the Bank, with daily information on the valuation of the financial instruments in the portfolio.

#### Exchange Rate Risk

To control exchange rate risk, the Bank pursues a prudent foreign currency asset and liability management policy that strongly reduces the associated exchange rate risk. The objective is the permanent hedging of exchange positions to the exposure to exchange rate risk, and procedures for daily reconciliation of the exchange position between the Market Room and Accounting should also be established.

#### Counterparty Credit Risk

In the risk of credit concentration, Banco BIC adopts a policy aimed at reducing the sectoral and individual concentration indices by increasing and diversifying the portfolio of clients and counterparties.



## Balance sheet

### Categories of financial instruments

As of 31 December 2017 and 2016, the different categories of financial instruments are as follows:

					'17
	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	VALUE NET
<b>ASSETS</b>					
Cash and deposits with central banks	-	130,411,935	-	-	130,411,935
Deposits at other credit institutions	-	8,735,172	-	-	8,735,172
Loans and advances with central banks and other credit institutions	-	19,208,389	-	-	19,208,389
Financial assets at fair value through profit and loss	134,184,233	-	-	-	134,184,233
Held-to-maturity investments	-	392,058,425	-	-	392,058,425
Customer loans	-	372,394,925	-	(87,956,827)	284,438,098
Other assets	-	10,332,491	-	-	10,332,491
	<b>134,184,233</b>	<b>933,141,337</b>	-	<b>(87,956,827)</b>	<b>979,368,743</b>
<b>LIABILITIES</b>					
Funds from central banks and other credit institutions	-	(73,228,647)	-	-	(73,228,647)
Customer funds and other loans	-	(787,234,531)	-	-	(787,234,531)
Other liabilities	-	(27,046,712)	-	-	(27,046,712)
	-	<b>(887,509,890)</b>	-	-	<b>(887,509,890)</b>
	<b>134,184,233</b>	<b>45,631,447</b>	-	<b>(87,956,827)</b>	<b>91,858,853</b>

					'16
	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	VALUE NET
<b>ASSETS</b>					
Cash and deposits with central banks	-	104,492,564	-	-	104,492,564
Deposits at other credit institutions	-	8,671,075	-	-	8,671,075
Loans and advances with central banks and other credit institutions	-	21,575,883	-	-	21,575,883
Financial assets at fair value through profit and loss	77,710,095	-	-	-	77,710,095
Financial assets available for sale	5,796,606	-	-	-	5,796,606
Held-to-maturity investments	-	472,553,566	-	-	472,553,566
Customer loans	-	379,000,438	-	(74,680,868)	304,319,570
Other assets	-	5,727,256	-	-	5,727,256
	<b>83,506,701</b>	<b>992,020,782</b>	-	<b>(74,680,868)</b>	<b>1,000,846,615</b>
<b>LIABILITIES</b>					
Funds from central banks and other credit institutions	-	(32,403,237)	-	-	(32,403,237)
Customer funds and other loans	-	(850,432,779)	-	-	(850,432,779)
Other liabilities	-	(24,892,191)	-	-	(24,892,191)
	-	<b>(907,728,207)</b>	-	-	<b>(907,728,207)</b>
	<b>83,506,701</b>	<b>84,292,575</b>	-	<b>(74,680,868)</b>	<b>93,118,408</b>

**Earnings, expense, gain or loss headings**

'17

**'16**

	BOOKED AGAINST INCOME			BOOKED AGAINST SHAREHOLDERS' EQUITY		
	GAINS	LOSSES	NET	GAINS	LOSSES	NET
<b>ASSETS</b>						
Loans and advances with central banks and other credit institutions	2,217,091	-	2,217,091	-	-	-
Financial assets at fair value through profit and loss	7,411,052	-	7,411,052	-	-	-
Financial assets available for sale	-	-	-	702,697	-	702,697
Held-to-maturity investments	34,701,423	-	34,701,423	-	-	-
Customer loans	38,413,254	(22,314,006)	16,099,248	-	-	-
	<b>82,742,820</b>	<b>(22,314,006)</b>	<b>60,428,814</b>	<b>702,697</b>	<b>-</b>	<b>702,697</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	-	(2,138,326)	(2,138,326)	-	-	-
Customer funds and other loans	-	(22,638,397)	(22,638,397)	-	-	-
	<b>-</b>	<b>(24,776,723)</b>	<b>(24,776,723)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>82,742,820</b>	<b>(47,090,729)</b>	<b>35,652,091</b>	<b>702,697</b>	<b>-</b>	<b>702,697</b>
<b>OFF BALANCE SHEET ITEMS</b>						
Guarantees provided	2,297,296	-	2,297,296	-	-	-
Documentary credit	237,743	-	237,743	-	-	-
	<b>2,535,039</b>	<b>-</b>	<b>2,535,039</b>	<b>-</b>	<b>-</b>	<b>-</b>

In 2017 and 2016, interest income and expense on financial instruments not measured at fair value through profit or loss are as follows:

	'17			'16		
	EARNINGS	EXPENSES	NET	EARNINGS	EXPENSES	NET
<b>ASSETS</b>						
Loans and advances with central banks and other credit institutions	911,228	-	911,228	2,217,091	-	2,217,091
Held-to-maturity investments	32,701,347	-	32,701,347	34,701,423	-	34,701,423
Customer loans	43,797,188	-	43,797,188	37,656,364	-	37,656,364
	<b>77,409,763</b>	<b>-</b>	<b>77,409,763</b>	<b>74,574,878</b>	<b>-</b>	<b>74,574,878</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	-	(1,514,060)	(1,514,060)	-	(2,138,326)	(2,138,326)
Customer funds and other loans	-	(26,557,723)	(26,557,723)	-	(22,638,397)	(22,638,397)
	<b>-</b>	<b>(28,071,783)</b>	<b>(28,071,783)</b>	<b>-</b>	<b>(24,776,723)</b>	<b>(24,776,723)</b>
	<b>77,409,763</b>	<b>(28,071,783)</b>	<b>49,337,980</b>	<b>74,574,878</b>	<b>(24,776,723)</b>	<b>49,798,155</b>

In the financial years ended on 31 December 2017 and 2016, the amounts related to profit and loss and expenses with fees not included in the calculation of the effective rate of instruments not measured at fair value through profit and loss are immaterial.

## Other disclosures

### Fair Value

The comparison between the fair value and the balance sheet value of the main assets and liabilities at 31 December 2017 and 2016 is as follows:

	'17					
	FAIR VALUE OF FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE					
	BOOK VALUE (NET)	AT FAIR VALUE	AT AMORTISED COST	TOTAL	DIFFERENCE	BOOK VALUE TOTAL
<b>ASSETS</b>						
Cash and deposits with central banks	130,411,935	-	130,411,935	130,411,935	-	130,411,935
Deposits at other credit institutions	8,735,172	-	8,735,172	8,735,172	-	8,735,172
Loans and advances with central banks and other credit institutions	19,208,389	-	19,208,389	19,208,389	-	19,208,389
Financial assets at fair value through profit and loss	134,184,233	134,184,233	-	134,184,233	-	134,184,233
Held-to-maturity investments	392,058,425	-	392,058,425	392,058,425	-	392,058,425
Customer loans	284,438,098	-	284,438,098	284,438,098	-	284,438,098
	<b>969,036,252</b>	<b>134,184,233</b>	<b>834,852,019</b>	<b>969,036,252</b>	<b>-</b>	<b>969,036,252</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	(73,228,647)	-	(73,228,647)	(73,228,647)	-	(73,228,647)
Customer funds and other loans	(787,234,531)	-	(787,234,531)	(787,234,531)	-	(787,234,531)
	<b>(860,463,178)</b>	<b>-</b>	<b>(860,463,178)</b>	<b>(860,463,178)</b>	<b>-</b>	<b>(860,463,178)</b>
	<b>108,573,074</b>	<b>134,184,233</b>	<b>(25,611,159)</b>	<b>108,573,074</b>	<b>-</b>	<b>108,573,074</b>



	FAIR VALUE OF FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET					
	BOOK VALUE (NET)	AT FAIR VALUE	AT AMORTISED COST	TOTAL	DIFFERENCE	BOOK VALUE TOTAL
<b>ASSETS</b>						
Cash and deposits with central banks	104,492,564	-	104,492,564	104,492,564	-	104,492,564
Deposits at other credit institutions	8,671,075	-	8,671,075	8,671,075	-	8,671,075
Loans and advances with central banks and other credit institutions	21,575,883	-	21,575,883	21,575,883	-	21,575,883
Financial assets at fair value through profit and loss	77,710,095	77,710,095	-	77,710,095	-	77,710,095
Financial assets available for sale	5,796,606	5,796,606	-	5,796,606	-	5,796,606
Held-to-maturity investments	472,553,566	-	472,553,566	472,553,566	-	472,553,566
Customer loans	304,319,570	-	304,319,570	304,319,570	-	304,319,570
	<b>995,119,359</b>	<b>83,506,701</b>	<b>911,612,658</b>	<b>995,119,359</b>	<b>-</b>	<b>995,119,359</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	(32,403,237)	-	(32,403,237)	(32,403,237)	-	(32,403,237)
Customer funds and other loans	(850,432,779)	-	(850,432,779)	(850,432,779)	-	(850,432,779)
	<b>(882,836,016)</b>	<b>-</b>	<b>(882,836,016)</b>	<b>(882,836,016)</b>	<b>-</b>	<b>(882,836,016)</b>
	<b>112,283,343</b>	<b>83,506,701</b>	<b>28,776,642</b>	<b>112,283,343</b>	<b>-</b>	<b>112,283,343</b>

The assumptions used in the preparation of this map were the following:

- The items "Cash and deposits with central banks" and "Deposits with other credit institutions", since these are cash or short-term investments, the Bank considers that the book value is a reasonable approximation of their fair value. The same rationale was applied to "Loans and advances with central banks and other credit institutions".
- For "Investments held to maturity" and given that (i) there is no active transactional market that supports the fair value of the financial asset; ii) there are no transactions representing the fair value of the assets; and (iii) the assumption that Treasury Bond rates correspond to market rates; we consider that the fair value corresponds to the recovery value of the asset, that is, the respective balance sheet value;
- Regarding "Loans to customers", the fair value was considered as the balance sheet value;
- For "Funds from central banks and other credit institutions", since these are cash or very short-term resources, the Bank considers that the book value is a reasonable approximation of its fair value;
- The fair value of "Customer funds and other loans" was considered equal to the balance sheet value.

As of 31 December 2017 and 2016, the method of calculating the fair value of the financial instruments reflected in the financial statements can be summarized as follows:

				'17
	LEVEL 1 PRICE IN ACTIVE MARKET	LEVEL 2 OBSERVABLE DATA MARKET	LEVEL 3 OTHER TECHNIQUES VALUATION	TOTAL
ASSETS				
Financial assets at fair value through profit and loss	-	-	134,184,233	134,184,233
	-	-	134,184,233	134,184,233

'16

	LEVEL 1 PRICE IN ACTIVE MARKET	LEVEL 2 OBSERVABLE DATA MARKET	LEVEL 3 OTHER TECHNIQUES VALUATION	TOTAL
<b>ASSETS</b>				
Financial assets at fair value through profit and loss	-	-	77,710,095	77,710,095
Financial assets available for sale	5,796,606	-	-	5,796,606
	<b>5,796,606</b>	<b>-</b>	<b>77,710,095</b>	<b>83,506,701</b>

The "Financial assets at fair value through profit and loss", which correspond essentially to treasury bills issued by the Angolan State, for terms of less than one year, were valued at acquisition cost, plus accrued interest.

The operation carried out for the financial instruments measured at fair value classified in level 3 - Other valuation techniques in 2016 and 2017 were as follows:

	HELD FOR TRADE AND AT FAIR VALUE THROUGH PROFIT AND LOSS
Book value on 31 December 2015	22,998,659
Net purchases/sales	52,910,325
Accrued interest	1,801,111
Book value on 31 December 2016	77,710,095
Net purchases/sales	50,880,296
Accrued interest	5,593,842
<b>BOOK VALUE ON 31 DECEMBER 2017</b>	<b>134,184,233</b>

## Nature and extent of the risks arising from financial instruments

### Credit risk

As of 31 December 2017 and 2016, the maximum exposure to credit risk by type of financial instrument can be summarized as follows:

	'17			'16		
	BOOK VALUE GROSS	IMPAIRMENT	BOOK VALUE NET	BOOK VALUE GROSS	IMPAIRMENT	BOOK VALUE NET
<b>BALANCE SHEET ITEMS</b>						
Cash and deposits with central banks	130,411,935	-	130,411,935	104,492,564	-	104,492,564
Deposits at other credit institutions	8,735,172	-	8,735,172	8,671,075	-	8,671,075
Loans and advances with central banks and other credit institutions	19,208,389	-	19,208,389	21,575,883	-	21,575,883
Financial assets at fair value through profit and loss	134,184,233	-	134,184,233	77,710,095	-	77,710,095
Financial assets available for sale	-	-	-	5,796,606	-	5,796,606
Held-to-maturity investments	392,058,425	-	392,058,425	472,553,566	-	472,553,566
Customer loans	372,394,925	(87,956,827)	284,438,098	379,000,438	(74,680,868)	304,319,570
	<b>1,056,993,079</b>	<b>(87,956,827)</b>	<b>969,036,252</b>	<b>1,069,800,227</b>	<b>(74,680,868)</b>	<b>995,119,359</b>
<b>OFF BALANCE SHEET ITEMS</b>						
Guarantees provided and documentary credit	70,265,091	(2,137,432)	68,127,659	78,966,099	(2,139,701)	76,826,398
	<b>1,127,258,170</b>	<b>(90,094,259)</b>	<b>1,037,163,911</b>	<b>1,148,766,326</b>	<b>(76,820,569)</b>	<b>1,071,945,757</b>

As of 31 December 2017 and 2016, financial assets have the following composition in accordance with the benchmark used by the Bank:

**'17**

	ORIGIN OF RATING	RATING LEVEL	EXPOSURE GROSS	IMPAIRMENT	EXPOSURE NET
Cash and deposits with central banks	Internal rating	Minimum	130,411,935	-	130,411,935
Deposits at other credit institutions	Internal rating	Very low	8,735,172	-	8,735,172
Loans and advances with central banks and other credit institutions	Internal rating	Minimum	-	-	-
		Very low	19,208,389	-	19,208,389
			<b>19,208,389</b>	<b>-</b>	<b>19,208,389</b>
Financial assets at fair value through profit and loss	Internal rating	Minimum	130,467,581	-	130,467,581
		Very low	3,716,652	-	3,716,652
			<b>134,184,233</b>	<b>-</b>	<b>134,184,233</b>
Held-to-maturity investments	Internal rating	Minimum	392,058,425	-	392,058,425
Customer loans	Internal rating	Minimum	40,749,202	-	40,749,202
		Very low	153,663,888	(9,442,320)	144,221,568
		Low	76,480,708	(8,961,515)	67,519,193
		Moderate	26,044,129	(8,810,625)	17,233,504
		High	19,803,834	(11,243,862)	8,559,972
		Very high	23,235,720	(17,081,061)	6,154,659
		Maximum	32,417,444	(32,417,444)	-
			<b>372,394,925</b>	<b>(87,956,827)</b>	<b>284,438,098</b>
			<b>1,056,993,079</b>	<b>(87,956,827)</b>	<b>969,036,252</b>

**'16**

	ORIGIN OF RATING	RATING LEVEL	EXPOSURE GROSS	IMPAIRMENT	EXPOSURE NET
Cash and deposits with central banks	Internal rating	Minimum	104,492,564	-	104,492,564
Deposits at other credit institutions	Internal rating	Very low	8,671,075	-	8,671,075
Loans and advances with central banks and other credit institutions	Internal rating	Minimum	12,526,579	-	12,526,579
		Very low	9,049,304	-	9,049,304
			<b>21,575,883</b>	<b>-</b>	<b>21,575,883</b>
Financial assets at fair value through profit and loss	Internal rating	Minimum	74,002,515	-	74,002,515
		Very low	3,707,580	-	3,707,580
			<b>77,710,095</b>	<b>-</b>	<b>77,710,095</b>
Financial assets available for sale	Internal rating	Very low	5,796,606	-	5,796,606
Held-to-maturity investments	Internal rating	Minimum	472,553,566	-	472,553,566
Customer loans	Internal rating	Minimum	47,535,750	(22,235)	47,513,515
		Very low	169,409,295	(3,441,604)	165,967,691
		Low	89,046,437	(11,255,805)	77,790,632
		Moderate	8,679,469	(2,721,216)	5,958,253
		High	27,321,040	(20,231,561)	7,089,479
		Very high	8,495,125	(8,495,125)	-
		Maximum	28,513,322	(28,513,322)	-
			<b>379,000,438</b>	<b>(74,680,868)</b>	<b>304,319,570</b>
			<b>1,069,800,227</b>	<b>(74,680,868)</b>	<b>995,119,359</b>

The Bank uses internal ratings, in accordance with the levels of risk recommended by Notice No. 11/2014 of 17 December issued by BNA, and the main assumptions for allocating them were:

- The exposures recorded under "Cash and deposits with central banks", "Financial assets at fair value through profit and loss" and "Held-to-maturity investments" are mainly assumed by the National Bank of Angola and the Angolan State and, classified as having a minimum risk level;
- "Deposits with other credit institutions" and "Available-for-sale financial assets" are related parties and do not show signs of impairment;
- "Customer loans" were classified according to the characteristics and risks of the operation and the borrower.

As of 31 December 2017 and 2016, the geographical concentration of credit risk can be presented as follows:

	<b>'17</b>				
	ANGOLA	OTHER COUNTRIES IN AFRICA	EUROPE	OTHER	TOTAL
Cash and deposits with central banks	130,411,935	-	-	-	130,411,935
Deposits at other credit institutions	189,827	5,629,410	2,915,935	-	8,735,172
Loans and advances with central banks and other credit institutions	-	3,856,204	15,352,185	-	19,208,389
Financial assets at fair value through profit and loss	130,467,581	-	3,716,652	-	134,184,233
Held-to-maturity investments	392,058,425	-	-	-	392,058,425
Customer loans	372,394,925	-	-	-	372,394,925
	<b>1,025,522,693</b>	<b>9,485,614</b>	<b>21,984,772</b>	<b>-</b>	<b>1,056,993,079</b>

	<b>'16</b>				
	ANGOLA	OTHER COUNTRIES IN AFRICA	EUROPE	OTHER	TOTAL
Cash and deposits with central banks	104,492,564	-	-	-	104,492,564
Deposits at other credit institutions	427,011	56,661	8,142,974	44,429	8,671,075
Loans and advances with central banks and other credit institutions	12,533,217	5,707,582	3,335,084	-	21,575,883
Financial assets at fair value through profit and loss	74,002,515	-	3,707,580	-	77,710,095
Financial assets available for sale	-	-	5,796,606	-	5,796,606
Held-to-maturity investments	472,553,566	-	-	-	472,553,566
Customer loans	379,000,438	-	-	-	379,000,438
	<b>1,043,009,311</b>	<b>5,764,243</b>	<b>20,982,244</b>	<b>44,429</b>	<b>1,069,800,227</b>

As of 31 December 2017 and 2016, the sectoral concentration of customer credit can be presented as follows:

							'17	
	CUSTOMER LOANS				TOTAL EXPOSURE	WEIGHT RELATIVE	IMPAIRMENT	
	OVERDUE	INTERESTS RECEIVABLE	OVERDUE	GUARANTEES PROVIDED AND DOCUMENTARY CREDIT			VALUE	IMPAIRMENT /TOTAL EXPOSURE
COMPANIES								
Trade	63,620,906	1,839,361	11,110,607	17,643,141	94,214,015	21%	21,313,109	23%
Construction	42,425,679	5,033,431	7,203,734	25,626,044	80,288,888	18%	17,259,283	21%
Agriculture, Animal Production, Hunting and Forestry	42,216,012	2,398,368	3,067,739	2,292,966	49,975,085	11%	3,056,703	6%
Other leisure, association and service activities	28,085,788	730,121	2,256,279	4,034,558	35,106,746	8%	2,540,647	7%
Real Estate, Leasing and Services provided to Companies	25,717,057	1,738,990	2,742,155	7,317,253	37,515,455	8%	5,031,354	13%
Financial and Insurance Activities	18,876,850	1,506,586	1,873,936	1,032,054	23,289,426	5%	4,586,060	20%
Accommodation and Restaurants (restaurants and similar)	15,980,215	2,057,714	1,541,287	-	19,579,216	4%	9,300,385	48%
Transport, Storage and Communications	3,142,554	27,869	4,940,781	1,524,438	9,635,642	2%	4,546,302	47%
Education, Healthcare and Welfare	11,149,334	87,798	417,236	999,829	12,654,197	3%	2,598,113	21%
Public Administration and Mandatory Social Security	5,662,953	35,654	6	-	5,698,613	1%	1,166,070	20%
Mining (Crude Oil and Natural Gas, Other)	3,682,375	13,449	429,516	703,000	4,828,340	1%	866,988	18%
Fisheries	2,338,363	14,285	86	55,620	2,408,354	1%	105,831	4%
Production and Distribution of Electricity, Gas and Water	727	-	25,191	-	25,918	0%	25,206	97%
Financial and Insurance Activities	103,002	13,357	43	-	116,402	0%	3,610	3%
	263,001,815	15,496,983	35,608,596	61,228,903	375,336,297	85%	72,399,661	19%
INDIVIDUALS								
Consumption	8,942,219	24,445	1,197,147	-	10,163,811	2%	2,986,075	29%
Housing	29,867,237	146,600	637,154	-	30,650,991	7%	6,752,694	22%
Other purposes	10,795,902	155,565	7,494,290	9,036,188	27,481,945	6%	7,955,829	29%
	49,605,358	326,610	9,328,591	9,036,188	68,296,747	15%	17,694,598	26%
	312,607,173	15,823,593	44,937,187	70,265,091	443,633,044	100%	90,094,259	20%

	CUSTOMER LOANS					IMPAIRMENT		
	OVERDUE	INTERESTS RECEIVABLE	OVERDUE	GUARANTEES PROVIDED AND DOCUMENTARY CREDIT	TOTAL EXPOSURE	WEIGHT RELATIVE	VALUE	IMPAIRMENT /TOTAL EXPOSURE
<b>COMPANIES</b>								
Trade	75,873,168	2,802,301	9,781,005	20,082,856	108,539,330	24%	20,518,820	19%
Construction	52,601,149	3,331,259	6,286,297	25,565,108	87,783,813	19%	14,914,958	17%
Agriculture, Animal Production, Hunting and Forestry	36,219,027	2,429,383	2,342,317	41,885	41,032,612	9%	2,875,936	7%
Real Estate, Leasing and Services provided to Companies	20,373,487	609,906	3,081,613	5,981,402	30,046,408	7%	3,729,944	12%
Other leisure, association and service activities	23,112,491	484,431	533,230	3,624,453	27,754,605	6%	1,204,251	4%
Accommodation and Restaurants (restaurants and similar)	16,547,463	1,158,844	886,381	-	18,592,688	4%	7,285,406	39%
Financial and Insurance Activities	13,141,011	74,013	43	-	13,215,067	3%	26,932	0%
Education, Healthcare and Welfare	12,070,288	147,926	137,954	1,502,059	13,858,227	3%	1,873,803	14%
Processing Industries	9,992,571	226,260	1,872,487	1,817,662	13,908,980	3%	4,100,190	29%
Transport, Storage and Communications	2,972,910	21,653	3,625,145	4,320,886	10,940,594	2%	3,682,111	34%
Mining (Crude Oil and Natural Gas, Other)	5,847,720	24,034	281,567	1,515,941	7,669,262	2%	845,761	11%
Public Administration and Mandatory Social Security	5,260,364	4,855	-	6,272	5,271,491	1%	1,304,809	25%
Fisheries	179,319	1,068	67	-	180,454	0%	1,790	1%
Production and Distribution of Electricity, Gas and Water	8,161	-	25,188	-	33,349	0%	25,210	76%
	<b>274,199,129</b>	<b>11,315,933</b>	<b>28,853,294</b>	<b>64,458,524</b>	<b>378,826,880</b>	<b>83%</b>	<b>62,389,921</b>	<b>16%</b>
<b>INDIVIDUALS</b>								
Consumption	11,459,294	26,393	1,266,338	-	12,752,025	3%	3,205,273	25%
Housing	33,515,199	106,760	529,036	-	34,150,995	7%	4,523,087	13%
Other purposes	12,652,301	244,866	5,922,973	14,507,575	33,327,715	7%	6,702,288	20%
	<b>57,626,794</b>	<b>378,019</b>	<b>7,718,347</b>	<b>14,507,575</b>	<b>80,230,735</b>	<b>17%</b>	<b>14,430,648</b>	<b>18%</b>
	<b>331,825,923</b>	<b>11,693,952</b>	<b>36,571,641</b>	<b>78,966,099</b>	<b>459,057,615</b>	<b>100%</b>	<b>76,820,569</b>	<b>17%</b>

As at 31 December 2016 and 2015, the credit is broken down as follows:

							'17
	PERFORMING LOANS AND INTEREST RECEIVABLE	DEFAULT CLASS					TOTAL
		UP TO 1 MONTH	1 MONTH UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	
CUSTOMER LOANS							
Loans without impairment	49,628,943	-	2,261	4,684	60,954	-	49,696,842
With impairment determined based on individual analysis							
Loans and interest	229,641,908	4,756,861	916,240	2,422,473	34,893,245	151,408	272,782,135
Impairment	(52,151,284)	(1,094,678)	(120,103)	(487,147)	(27,496,692)	(151,408)	(81,501,312)
	177,490,624	3,662,183	796,137	1,935,326	7,396,553	-	191,280,823
With impairment determined based on collective analysis							
Overdue loans and interest	49,159,915	4,738	50,719	96,581	1,547,805	29,218	50,888,976
Impairment	(4,849,648)	(1,458)	(15,342)	(79,701)	(1,480,148)	(29,218)	(6,455,515)
	44,310,267	3,280	35,377	16,880	67,657	-	44,433,461
Fees associated with amortised cost	(973,028)	-	-	-	-	-	(973,028)
	270,456,806	3,665,463	833,775	1,956,890	7,525,164	-	284,438,098

							'16
	PERFORMING LOANS AND INTEREST RECEIVABLE	DEFAULT CLASS					TOTAL
		UP TO 1 MONTH	1 MONTH UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	
CUSTOMER LOANS							
Loans without impairment	57,789,905	1,350,644	470	3,547	27,284	33,458	59,205,308
With impairment determined based on individual analysis							
Loans and interest	226,665,713	173,461	317,581	8,647,381	23,219,415	960,105	259,983,656
Impairment	(44,662,635)	(6,520)	(42,246)	(2,171,973)	(19,939,954)	(960,105)	(67,783,433)
	182,003,078	166,941	275,335	6,475,408	3,279,461	-	192,200,223
With impairment determined based on collective analysis							
Overdue loans and interest	59,064,257	12,382	78,067	150,722	1,085,239	511,885	60,902,552
Impairment	(5,217,517)	(1,533)	(25,865)	(123,460)	(1,044,806)	(484,254)	(6,897,435)
	53,846,740	10,849	52,202	27,262	40,433	27,631	54,005,117
Fees associated with amortised cost	(1,091,078)	-	-	-	-	-	(1,091,078)
	292,548,645	1,528,434	328,007	6,506,217	3,347,178	61,089	304,319,570



As of 31 December 2017 and 2016, the breakdown of unhedged loan is as follows:

						'17
						DEFAULT CLASS
	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	TOTAL
<b>CUSTOMER LOANS</b>						
Overdue loans and interest						
Without impairment determined based on collective analysis	17,739	-	2,261	297	65,341	85,638
	<b>17,739</b>	<b>-</b>	<b>2,261</b>	<b>297</b>	<b>65,341</b>	<b>85,638</b>
						'16
						DEFAULT CLASS
	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	TOTAL
<b>CUSTOMER LOANS</b>						
Overdue loans and interest						
Without impairment determined based on collective analysis	39,644	1,350,644	470	3,209	61,080	1,455,047
	<b>39,644</b>	<b>1,350,644</b>	<b>470</b>	<b>3,209</b>	<b>61,080</b>	<b>1,455,047</b>

As of 31 December 2017 and 2016, the composition of overdue credit with impairment is as follows:

						'17
						DEFAULT CLASS
	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	TOTAL
<b>CUSTOMER LOANS</b>						
Overdue loans and interest						
With impairment determined based on individual analysis	34,492,054	4,756,861	916,240	318,252	37,148,874	77,632,281
Without impairment determined based on collective analysis	874,795	4,738	50,719	34,053	1,639,551	2,603,856
	<b>35,366,849</b>	<b>4,761,599</b>	<b>966,959</b>	<b>352,305</b>	<b>38,788,425</b>	<b>80,236,137</b>
						'16
						CLASSE DE INCUMPRIMENTO
	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	TOTAL
<b>CUSTOMER LOANS</b>						
Overdue loans and interest						
With impairment determined based on individual analysis	37,336,810	173,461	317,581	1,160,247	31,666,654	70,654,753
Without impairment determined based on collective analysis	1,293,702	12,382	78,067	55,643	1,692,203	3,131,997
	<b>38,630,512</b>	<b>185,843</b>	<b>395,648</b>	<b>1,215,890</b>	<b>33,358,857</b>	<b>73,786,750</b>

Currently, the Bank does not have automatic means of capturing the restructured credit operations, in particular operations whose conditions and guarantees have been renegotiated due to the deterioration of credit or default risk. Nonetheless, in the continuous development of information systems and credit risk analysis, renegotiated credit operations have been identified.

In the financial years ended 31 December 2017 and 2016, the Bank renegotiated operations due to the deterioration of credit risk or default. As of 31 December 2017 and 2016, the renegotiated loan amount amounts to:

<b>'17</b>					
	<b>LOANS</b>				
	<b>OVERDUE</b>	<b>INTEREST RECEIVABLE</b>	<b>OVERDUE</b>	<b>TOTAL</b>	<b>IMPAIRMENT</b>
<b>COMPANIES</b>	127,345,529	9,755,278	10,898,012	147,998,819	37,706,638
<b>INDIVIDUALS</b>					
Consumption	137,541	271	81,694	219,506	160,930
Housing	1,467,836	64,826	19,928	1,552,590	969,708
Other purposes	3,853,408	-	1,930,724	5,784,132	1,200,306
	<b>5,458,785</b>	<b>65,097</b>	<b>2,032,346</b>	<b>7,556,228</b>	<b>2,330,944</b>
	<b>132,804,314</b>	<b>9,820,375</b>	<b>12,930,358</b>	<b>155,555,047</b>	<b>40,037,582</b>

<b>'16</b>					
	<b>LOANS</b>				
	<b>OVERDUE</b>	<b>INTEREST RECEIVABLE</b>	<b>OVERDUE</b>	<b>TOTAL</b>	<b>IMPAIRMENT</b>
<b>COMPANIES</b>	120,925,973	6,073,459	8,258,363	135,257,795	27,183,344
<b>INDIVIDUALS</b>					
Consumption	331,153	1,055	36,952	369,160	188,799
Housing	1,523,415	43,473	80,216	1,647,104	625,738
Other purposes	4,987,236	97,697	811,604	5,896,537	1,157,093
	<b>6,841,804</b>	<b>142,225</b>	<b>928,772</b>	<b>7,912,801</b>	<b>1,971,630</b>
	<b>127,767,777</b>	<b>6,215,684</b>	<b>9,187,135</b>	<b>143,170,596</b>	<b>29,154,974</b>

As of 31 December 2017 and 2016, the guarantees or other collateral executed as part of loans granted are detailed as follows:

	'17			'16		
	GROSS ASSETS	IMPAIRMENT	NET ASSETS	GROSS ASSETS	IMPAIRMENT	NET ASSETS
NON-CURRENT ASSETS HELD FOR SALE						
Properties received as settlement of debts	16,845,874	(1,834,253)	15,011,621	10,327,353	(446,251)	9,881,102
	16,845,874	(1,834,253)	15,011,621	10,327,353	(446,251)	9,881,102



## Liquidity risk

As of 31 December 2017 and 2016, the share capital associated with the financial instruments, according to the respective loan maturity, was detailed as follows:

	SPOT	UP TO 1 MONTH	BETWEEN 1 TO 3 MONTHS	BETWEEN 3 TO 6 MONTHS
<b>ASSETS</b>				
Cash and deposits with central banks	130,411,935	-	-	-
Deposits with other credit institutions	8,735,172	-	-	-
Loans and advances with central banks and other credit institutions	-	4,977,720	7,802,352	3,986,100
Financial assets at fair value through profit and loss	-	17,267,306	40,518,090	30,064,515
Held-to-maturity investments	-	7,585,394	22,234,978	24,613,719
Customer loans	-	36,183,196	11,937,848	28,645,294
Other assets	10,332,491	-	-	-
	<b>149,479,598</b>	<b>66,013,616</b>	<b>82,493,268</b>	<b>87,309,628</b>
<b>LIABILITIES</b>				
Funds from central banks and other credit institutions	22,505,061	50,602,416	-	-
Customer funds and other loans	428,585,128	67,677,976	108,256,568	131,458,617
Other liabilities	27,046,712	-	-	-
	<b>478,136,901</b>	<b>118,280,392</b>	<b>108,256,568</b>	<b>131,458,617</b>
	<b>(328,657,303)</b>	<b>(52,266,776)</b>	<b>(25,763,300)</b>	<b>(44,148,989)</b>

	SPOT	UP TO 1 MONTH	BETWEEN 1 TO 3 MONTHS	BETWEEN 3 TO 6 MONTHS
<b>ASSETS</b>				
Cash and deposits with central banks	104,492,564	-	-	-
Deposits with other credit institutions	8,671,075	-	-	-
Loans and advances with central banks and other credit institutions	-	11,537,421	6,815,769	370,758
Financial assets at fair value through profit and loss	-	16,844,274	32,568,488	18,664,241
Financial assets available for sale	-	-	-	-
Held-to-maturity investments	-	5,846,034	14,061,939	32,612,680
Customer loans	-	24,122,247	9,787,223	44,561,742
Other assets	5,727,256	-	-	-
	<b>118,890,895</b>	<b>58,349,976</b>	<b>63,233,419</b>	<b>96,209,421</b>
<b>LIABILITIES</b>				
Funds from central banks and other credit institutions	13,645,098	18,307,044	-	-
Customer funds and other loans	468,702,075	72,725,550	145,166,999	108,312,599
Other liabilities	24,892,191	-	-	-
	<b>507,239,364</b>	<b>91,032,594</b>	<b>145,166,999</b>	<b>108,312,599</b>
	<b>(388,348,469)</b>	<b>(32,682,618)</b>	<b>(81,933,580)</b>	<b>(12,103,178)</b>

**'17****CONTRACTUAL RESIDUAL PERIODS TO MATURITY**

BETWEEN 6 MONTHS TO 1 YEAR	BETWEEN 1 TO 3 YEARS	BETWEEN 3 TO 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
-	-	-	-	-	130,411,935
-	-	-	-	-	8,735,172
2,400,930	-	-	-	-	19,167,102
37,986,233	-	-	-	-	125,836,144
67,927,038	120,137,035	116,657,329	25,758,903	-	384,914,396
37,201,367	27,566,989	44,390,971	126,681,508	44,937,187	357,544,360
-	-	-	-	-	10,332,491
<b>145,515,568</b>	<b>147,704,024</b>	<b>161,048,300</b>	<b>152,440,411</b>	<b>44,937,187</b>	<b>1,036,941,600</b>
-	-	-	-	-	73,107,477
46,418,786	40,142	96	265	-	782,437,578
-	-	-	-	-	27,046,712
<b>46,418,786</b>	<b>40,142</b>	<b>96</b>	<b>265</b>	<b>-</b>	<b>882,591,767</b>
<b>99,096,782</b>	<b>147,663,882</b>	<b>161,048,204</b>	<b>152,440,146</b>	<b>44,937,187</b>	<b>154,349,833</b>

**'16****CONTRACTUAL RESIDUAL PERIODS TO MATURITY**

BETWEEN 6 MONTHS TO 1 YEAR	BETWEEN 1 TO 3 YEARS	BETWEEN 3 TO 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
-	-	-	-	-	104,492,564
-	-	-	-	-	8,671,075
1,853,790	926,895	-	-	-	21,504,633
6,878,845	-	-	-	-	74,955,848
-	-	-	-	5,796,606	5,796,606
103,422,471	188,314,231	84,229,909	34,039,352	-	462,526,616
23,255,099	45,190,800	39,149,353	145,759,459	36,571,641	368,397,564
-	-	-	-	-	5,727,256
<b>135,410,205</b>	<b>234,431,926</b>	<b>123,379,262</b>	<b>179,798,811</b>	<b>42,368,247</b>	<b>1,052,072,162</b>
-	-	-	-	-	31,952,142
49,775,817	17,169	-	244	-	844,700,453
-	-	-	-	-	24,892,191
<b>49,775,817</b>	<b>17,169</b>	<b>-</b>	<b>244</b>	<b>-</b>	<b>901,544,786</b>
<b>85,634,388</b>	<b>234,414,757</b>	<b>123,379,262</b>	<b>179,798,567</b>	<b>42,368,247</b>	<b>150,527,376</b>

## Interest rate risk

At 31 December 2017 and 2016, the details of the financial instruments exposed to interest rate risk are as follows:

'17

	EXPOSURE TO			
	FIXED RATE	VARIABLE RATE	NOT SUBJECT TO INTEREST RATE RISK	TOTAL
ASSETS				
Cash and deposits with central banks	-	-	130,411,935	130,411,935
Deposits with other credit institutions	-	-	8,735,172	8,735,172
Loans and advances with central banks and other credit institutions	19,167,102	-	-	19,167,102
Financial assets at fair value through profit and loss	125,836,144	-	-	125,836,144
Held-to-maturity investments	345,006,936	39,907,460	-	384,914,396
Customer loans	214,302,094	98,305,079	-	312,607,173
Other assets	-	-	10,332,491	10,332,491
	704,312,276	138,212,539	149,479,598	992,004,413
LIABILITIES				
Funds from central banks and other credit institutions	51,316,483	-	21,790,994	73,107,477
Customer funds and other loans	782,437,578	-	-	782,437,578
Other liabilities	-	-	27,046,712	27,046,712
	833,754,061	-	48,837,706	882,591,767
	(129,441,785)	138,212,539	100,641,892	109,412,646

'16

	EXPOSURE TO			
	FIXED RATE	VARIABLE RATE	NOT SUBJECT TO INTEREST RATE RISK	TOTAL
ASSETS				
Cash and deposits with central banks	-	-	104,492,564	104,492,564
Deposits with other credit institutions	-	-	8,671,075	8,671,075
Loans and advances with central banks and other credit institutions	21,504,633	-	-	21,504,633
Financial assets at fair value through profit and loss	74,955,848	-	-	74,955,848
Financial assets available for sale	-	-	5,796,606	5,796,606
Held-to-maturity investments	422,034,729	40,491,887	-	462,526,616
Customer loans	228,260,157	103,565,766	-	331,825,923
Other assets	-	-	5,727,256	5,727,256
	746,755,367	144,057,653	124,687,501	1,015,500,521
LIABILITIES				
Funds from central banks and other credit institutions	19,136,559	-	12,815,583	31,952,142
Customer funds and other loans	844,700,453	-	-	844,700,453
Other liabilities	-	-	24,892,191	24,892,191
	863,837,012	-	37,707,774	901,544,786
	(117,081,645)	144,057,653	86,979,727	113,955,735

'17

'16FINANCIAL STATEMENTS AND NOTES • 181



## Market risk

Market risk corresponds to the risk of variance of the fair value or cash flows of the financial instruments due to changes in market prices, including the following risks: interest, exchange and price rate.

### Exchange rate risk

As at 31 December 2017 and 2016, the financial instruments were detailed as follows per currency:

						'17
	KWAZAS	INDEXED TO US DOLLARS	US DOLLARS	EUROS	OTHER CURRENCY	TOTAL
<b>ASSETS</b>						
Cash and deposits with central banks	127,363,022	-	2,739,691	305,498	3,724	130,411,935
Deposits with other credit institutions	189,827	-	2,750,598	5,725,108	69,639	8,735,172
Loans and advances with central banks and other credit institutions	-	-	8,834,917	10,373,472	-	19,208,389
Financial assets at fair value through profit and loss	130,467,581	-	-	3,716,652	-	134,184,233
Held-to-maturity investments	89,361,962	262,528,730	40,167,733	-	-	392,058,425
Customer loans	151,853,753	-	125,835,355	6,748,990	-	284,438,098
Non-current assets held for sale	19,265,977	-	-	-	-	19,265,977
Other tangible assets	12,704,020	-	-	-	-	12,704,020
Intangible assets	307,535	-	-	-	-	307,535
Investments in subsidiaries, associated companies and joint ventures	194,852	-	-	150,285	-	345,137
Other assets	14,858,413	-	3,269,613	(7,805,497)	9,962	10,332,491
	<b>546,566,942</b>	<b>262,528,730</b>	<b>183,597,907</b>	<b>19,214,508</b>	<b>83,325</b>	<b>1,011,991,412</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	17,425,636	-	33,918,384	21,855,298	29,329	73,228,647
Customer funds and other loans	503,353,450	81,200,549	190,298,023	12,243,867	138,642	787,234,531
Provisions	267,108	-	4,582,729	1,189,752	18	6,039,607
Other liabilities	21,780,629	-	5,248,737	17,346	-	27,046,712
	<b>542,826,823</b>	<b>81,200,549</b>	<b>234,047,873</b>	<b>35,306,263</b>	<b>167,989</b>	<b>893,549,497</b>
	<b>3,740,119</b>	<b>181,328,181</b>	<b>(50,449,966)</b>	<b>(16,091,755)</b>	<b>(84,664)</b>	<b>118,441,915</b>

**'16**

	KWANZAS	INDEXED TO US DOLLARS	US DOLLARS	EUROS	OTHER CURRENCY	TOTAL
<b>ASSETS</b>						
Cash and deposits with central banks	102,393,424	-	1,877,500	215,732	5,908	104,492,564
Deposits with other credit institutions	427,011	-	1,419,094	6,790,179	34,791	8,671,075
Loans and advances with central banks and other credit institutions	12,533,296	-	3,853,787	5,188,800	-	21,575,883
Financial assets at fair value through profit and loss	74,002,515	-	-	3,707,580	-	77,710,095
Financial assets available for sale	-	-	-	5,796,606	-	5,796,606
Held-to-maturity investments	153,877,080	277,919,088	40,757,398	-	-	472,553,566
Customer loans	153,409,637	-	144,138,060	6,771,859	14	304,319,570
Non-current assets held for sale	13,614,933	-	-	-	-	13,614,933
Other tangible assets	12,204,994	-	-	-	-	12,204,994
Intangible assets	25,969	-	-	-	-	25,969
Investments in subsidiaries, associated companies and joint ventures	194,851	-	-	145,931	-	340,782
Other assets	2,016,493	-	3,340,097	4,898	365,768	5,727,256
	<b>524,700,203</b>	<b>277,919,088</b>	<b>195,385,936</b>	<b>28,621,585</b>	<b>406,481</b>	<b>1,027,033,293</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	1,759,972	-	24,737,282	5,582,477	323,506	32,403,237
Customer funds and other loans	533,194,845	110,249,992	196,939,549	9,991,413	56,980	850,432,779
Provisions	267,108	-	4,078,273	1,192,109	17	5,537,507
Deferred tax liabilities	-	-	-	798,652	-	798,652
Other liabilities	19,905,859	-	4,980,536	-	5,796	24,892,191
	<b>555,127,784</b>	<b>110,249,992</b>	<b>230,735,640</b>	<b>17,564,651</b>	<b>386,299</b>	<b>914,064,366</b>
	<b>(30,427,581)</b>	<b>167,669,096</b>	<b>(35,349,704)</b>	<b>11,056,934</b>	<b>20,182</b>	<b>112,968,927</b>

On 31 December 2017 and 2016, the balance of "Bonds and securities - Held to Maturity" includes the amounts of mAKZ 262,528,730 and of mAKZ 277,919,088, respectively, relating to Treasury Bonds in indexed national currency to the US Dollar.

As at 31 December 2017 and 2016, the balance of the caption "Deposits - Term Deposits" includes the amounts of mAKZ 81,200,549 and of mAKZ 110,249,992, respectively, relating to Time Deposits, of customers, in national currency indexed to the US Dollar.

Both transactions are indexed to the AKZ / USD exchange rate of purchase of BNA and, therefore, subject to exchange rate adjustment.

At 31 December 2017 and 2016, the impact on the fair value of financial instruments sensitive to exchange rate risk of parallel movements in the reference exchange rate curve of 5%, 10% and 20%, respectively, can be demonstrated following tables:

	<b>'17</b>					
	-20%	-10%	-5%	+5%	+10%	+20%
<b>CURRENCY</b>						
US Dollars	26.175.643	13.087.822	6.543.911	(6.543.911)	(13.087.822)	(26.175.643)
Euros	(3.218.351)	(1.609.175)	(804.588)	804.588	1.609.175	3.218.351
Other currency	(16.933)	(8.466)	(4.233)	4.233	8.466	16.933
	<b>22.940.359</b>	<b>11.470.181</b>	<b>5.735.090</b>	<b>(5.735.090)</b>	<b>(11.470.181)</b>	<b>(22.940.359)</b>

	<b>'16</b>					
	-20%	-10%	-5%	+5%	+10%	+20%
<b>CURRENCY</b>						
US Dollars	26.463.878	13.231.939	6.615.970	(6.615.970)	(13.231.939)	(26.463.878)
Euros	2.210.228	1.105.114	552.557	(552.557)	(1.105.114)	(2.210.228)
Other currency	5.196	2.598	1.299	(1.299)	(2.598)	(5.196)
	<b>28.679.302</b>	<b>14.339.651</b>	<b>7.169.826</b>	<b>(7.169.826)</b>	<b>(14.339.651)</b>	<b>(28.679.302)</b>

The impact of the exchange rate changes on Treasury Bonds and Term Deposits indexed to the U.S. Dollar is reflected on the line corresponding to "U.S. Dollars".

#### Interest rate risk

At 31 December 2017 and 2016, the impact on the fair value of interest-rate sensitive financial instruments of parallel movements in the benchmark interest rate curve of 50, 100 and 200 basis points (bp), respectively, may be demonstrated by the following tables:

	<b>'17</b>					
	<b>INTEREST RATE DIFFERENCES</b>					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
<b>ASSETS</b>						
Loans and advances with central banks and other credit institutions	91,983	45,991	22,996	(22,996)	(45,991)	(91,983)
Financial assets at fair value through profit and loss	903,139	451,570	225,785	(225,785)	(451,570)	(903,139)
Held-to-maturity investments	13,999,325	6,999,663	3,499,831	(3,499,831)	(6,999,663)	(13,999,325)
Customer loans	1,514,400	757,200	378,600	(378,600)	(757,200)	(1,514,400)
	<b>16,508,847</b>	<b>8,254,424</b>	<b>4,127,212</b>	<b>(4,127,212)</b>	<b>(8,254,424)</b>	<b>(16,508,847)</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	(40,482)	(20,241)	(10,120)	10,120	20,241	40,482
Customer funds and other loans	(2,354,836)	(1,177,418)	(588,709)	588,709	1,177,418	2,354,836
	<b>(2,395,318)</b>	<b>(1,197,659)</b>	<b>(598,829)</b>	<b>598,829</b>	<b>1,197,659</b>	<b>2,395,318</b>
	<b>14,113,529</b>	<b>7,056,765</b>	<b>3,528,383</b>	<b>(3,528,383)</b>	<b>(7,056,765)</b>	<b>(14,113,529)</b>

## INTEREST RATE DIFFERENCES

	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
<b>ASSETS</b>						
Loans and advances with central banks and other credit institutions	85.894	42.947	21.474	(21.474)	(42.947)	(85.894)
Financial assets at fair value through profit and loss	350.445	175.222	87.611	(87.611)	(175.222)	(350.445)
Financial assets available for sale	4.637	2.319	1.159	(1.159)	(2.319)	(4.637)
Held-to-maturity investments	14.495.578	7.247.789	3.623.894	(3.623.894)	(7.247.789)	(14.495.578)
Customer loans	1.616.605	808.303	404.151	(404.151)	(808.303)	(1.616.605)
	<b>16.553.159</b>	<b>8.276.580</b>	<b>4.138.289</b>	<b>(4.138.289)</b>	<b>(8.276.580)</b>	<b>(16.553.159)</b>
<b>LIABILITIES</b>						
Funds from central banks and other credit institutions	(15.309)	(7.655)	(3.827)	3.827	7.655	15.309
Customer funds and other loans	(2.391.115)	(1.195.557)	(597.779)	597.779	1.195.557	2.391.115
	<b>(2.406.424)</b>	<b>(1.203.212)</b>	<b>(601.606)</b>	<b>601.606</b>	<b>1.203.212</b>	<b>2.406.424</b>
	<b>14.146.735</b>	<b>7.073.368</b>	<b>3.536.683</b>	<b>(3.536.683)</b>	<b>(7.073.368)</b>	<b>(14.146.735)</b>

To prepare these charts, the Bank used the methodology and the assumptions described in Notice no. 08/2016, of 22 may, on the interest rate risk in the banking portfolio.

## 32. Segment Reporting

To comply with the requirements of IFRS 8, the Bank adopted the following business segments:

- Negotiation and sales: this include banking activities related to the management of the securities portfolio, money market and foreign exchange transactions, reception and transmission of orders in relation to one or more financial instruments and execution of orders on behalf of clients;
- Retail banking: this includes banking activities for individuals and individual entrepreneurs, such as the receipt of deposits and other repayable funds, loans, the granting of guarantees and the assumption of other commitments. It also includes the total amount due to the Bank by customers or group of connected customers;
- Commercial banking: credit and fundraising activities with companies, as well as the taking of funds to meet the commitments with the granting of credit;
- Others: credit and fundraising activities with companies, as well as the taking of funds to meet the commitments with the granting of credit.

The breakdown of the main assets, liabilities and income items by business lines and geographic markets in 2017 and 2016 is as follows:

## Business Segments

					'17
	NEGOTIATION AND SALES	RETAIL BANKING	COMMERCIAL BANKING	OTHERS	TOTAL
<b>ASSETS</b>					
Cash and deposits with central banks	130,411,935	-	-	-	130,411,935
Deposits with other credit institutions	8,735,172	-	-	-	8,735,172
Loans and advances with central banks and other credit institutions	19,208,389	-	-	-	19,208,389
Financial assets at fair value through profit and loss	134,184,233	-	-	-	134,184,233
Held-to-maturity investments	392,058,425	-	-	-	392,058,425
Customer loans	-	73,616,873	210,821,225	-	284,438,098
Other assets	-	-	-	42,955,160	42,955,160
<b>TOTAL OF ASSETS NET</b>	<b>684,598,154</b>	<b>73,616,873</b>	<b>210,821,225</b>	<b>42,955,160</b>	<b>1,011,991,412</b>
<b>LIABILITIES</b>					
Funds from central banks and other credit institutions	73,228,647	-	-	-	73,228,647
Customer funds and other loans	-	455,997,107	331,237,424	-	787,234,531
Other liabilities	-	-	-	33,086,319	33,086,319
<b>TOTAL LIABILITIES</b>	<b>73,228,647</b>	<b>455,997,107</b>	<b>331,237,424</b>	<b>33,086,319</b>	<b>893,549,497</b>

					'16
	NEGOTIATION AND SALES	RETAIL BANKING	COMMERCIAL BANKING	OTHERS	TOTAL
<b>ASSETS</b>					
Cash and deposits with central banks	104,492,564	-	-	-	104,492,564
Deposits with other credit institutions	8,671,075	-	-	-	8,671,075
Loans and advances with central banks and other credit institutions	21,575,883	-	-	-	21,575,883
Financial assets at fair value through profit and loss	77,710,095	-	-	-	77,710,095
Financial assets available for sale	5,796,606	-	-	-	5,796,606
Held-to-maturity investments	472,553,566	-	-	-	472,553,566
Customer loans	-	85,988,398	218,331,172	-	304,319,570
Other assets	-	-	-	31,913,934	31,913,934
<b>TOTAL OF ASSETS NET</b>	<b>690,799,789</b>	<b>85,988,398</b>	<b>218,331,172</b>	<b>31,913,934</b>	<b>1,027,033,293</b>
<b>LIABILITIES</b>					
Funds from central banks and other credit institutions	32,403,237	-	-	-	32,403,237
Customer funds and other loans	-	468,168,024	382,264,755	-	850,432,779
Other liabilities	-	-	-	31,228,350	31,228,350
<b>TOTAL LIABILITIES</b>	<b>32,403,237</b>	<b>468,168,024</b>	<b>382,264,755</b>	<b>31,228,350</b>	<b>914,064,366</b>

The main allocation criteria used by the Bank in the construction of these maps were as follows:

- The “Customer Loans” and “Customer Funds and Other Loans” items were segregated based on the business area where the transaction originated, which may be Individuals and Businesses Management, Business Centres, Investment Centres or Private Banking.
- “Assets of other credit institutions” and “Funds from central banks” have been allocated to “Trading and Sales” since the purpose is to be used in the Bank’s normal business.
- Other assets and liabilities were considered in “Others”, due to the impossibility of segmental allocation.

## Geographical markets

					'17
	ANGOLA	OTHER COUNTRIES IN AFRICA	EUROPE	OTHERS	TOTAL
<b>ASSETS</b>					
Cash and deposits with central banks	130,411,935	-	-	-	130,411,935
Deposits with other credit institutions	189,826	220,663	8,324,683	-	8,735,172
Loans and advances with central banks and other credit institutions	-	3,856,204	15,352,185	-	19,208,389
Financial assets at fair value through profit and loss	130,467,581	-	3,716,652	-	134,184,233
Held-to-maturity investments	392,058,425	-	-	-	392,058,425
Customer loans	284,438,098	-	-	-	284,438,098
Non-current assets held for sale	19,265,977	-	-	-	19,265,977
Other tangible assets	12,704,020	-	-	-	12,704,020
Intangible assets	307,535	-	-	-	307,535
Investments in subsidiaries, associated companies and joint ventures	345,137	-	-	-	345,137
Other assets	7,171,938	-	1,740	3,158,813	10,332,491
<b>TOTAL OF ASSETS NET</b>	<b>977,360,472</b>	<b>4,076,867</b>	<b>27,395,260</b>	<b>3,158,813</b>	<b>1,011,991,412</b>
<b>LIABILITIES</b>					
Funds from central banks and other credit institutions	37,290,079	35,224,500	714,068	-	73,228,647
Customer funds and other loans	784,307,977	430,913	321,105	2,174,536	787,234,531
Other liabilities	33,086,319	-	-	-	33,086,319
<b>TOTAL LIABILITIES</b>	<b>854,684,375</b>	<b>35,655,413</b>	<b>1,035,173</b>	<b>2,174,536</b>	<b>893,549,497</b>

	ANGOLA	OTHER COUNTRIES IN AFRICA	EUROPE	OTHERS	TOTAL
<b>ASSETS</b>					
Cash and deposits with central banks	104,492,564	-	-	-	104,492,564
Deposits with other credit institutions	427,011	56,661	8,142,974	44,429	8,671,075
Loans and advances with central banks and other credit institutions	12,533,217	5,707,582	3,335,084	-	21,575,883
Financial assets at fair value through profit and loss	74,002,515	-	3,707,580	-	77,710,095
Financial assets available for sale	-	-	5,796,606	-	5,796,606
Held-to-maturity investments	472,553,566	-	-	-	472,553,566
Customer loans	304,319,570	-	-	-	304,319,570
Non-current assets held for sale	13,614,933	-	-	-	13,614,933
Other tangible assets	12,204,994	-	-	-	12,204,994
Intangible assets	25,969	-	-	-	25,969
Investments in subsidiaries, associated companies and joint ventures	194,851	-	145,931	-	340,782
Other assets	2,566,985	-	1,858	3,158,413	5,727,256
<b>TOTAL OF ASSETS NET</b>	<b>996,936,175</b>	<b>5,764,243</b>	<b>21,130,033</b>	<b>3,202,842</b>	<b>1,027,033,293</b>
<b>LIABILITIES</b>					
Funds from central banks and other credit institutions	13,779,860	18,324,322	299,055	-	32,403,237
Customer funds and other loans	847,205,668	60,127	279,903	2,887,081	850,432,779
Other liabilities	31,228,350	-	-	-	31,228,350
<b>TOTAL LIABILITIES</b>	<b>892,213,878</b>	<b>18,384,449</b>	<b>578,958</b>	<b>2,887,081</b>	<b>914,064,366</b>





## 33. Subsequent events

### a) Requirements of minimum share capital of the Financial Institutions

On 21 February 2018, Notice No. 02/2018 was published by the National Bank of Angola, which provides for the modification of the minimum capital required for Financial Institutions to operate in Angola, from mAKZ 2,500,000, applicable up to the year ended 31 December 2017, to mAKZ 7,500,000, to be met by 31 December 2018.

In addition, the Notice provides for a period of 120 days for the Financial Institutions to submit to the National Bank of Angola a detailed action plan describing the measures to be implemented that aim at compliance with the stated requirements.

To comply with the provisions of the BNA, the Board of Directors will propose to the Annual General Meeting a proposal to increase share capital through the incorporation of reserves.

### b) Exchange variation until 28 February 2018

In the period between 31 December 2017 and 28 February 2018, the average indicative exchange rate published by the National Bank of Angola changed significantly. At that time, the Kwanza (AKZ) exchange rate against the United States Dollar (USD) and the Euro (EUR) were as follows:

	31.12.2017	28.02.2018
USD	165,924	213,137
EUR	185,400	261,978

Taking into account the accounting policy described in note 2.3 i), the effect of the exchange variation between 31 December 2017 and 28 February 2018, on the Bank's balances of 31 December 2017, ceteris paribus, would be detailed as follows:

	2017	EXCHANGE VARIATION	28.02.2017
Assets	1,011,991,412	134,908,066	1,146,899,478
Liabilities	(893,549,497)	(104,344,618)	(997,894,115)
<b>Financial Statements:</b>			
Foreign exchange results	-	(30,563,448)	(30,563,448)
Result in the net monetary position	-	33,702,166	33,702,166
	-	<b>3,138,718</b>	<b>3,138,718</b>
Equity: Revaluation reserves	(118,441,915)	(33,702,166)	(152,144,081)

## **REPORT OF THE INDEPENDENT AUDITOR**

### **Introduction**

1. We examined the financial statements of Banco BIC Português, SA (Bank) attached hereto, which comprise the balance sheet as at 31 December 2017, showing a total of 1,011,991,412 thousand Angolan kwanzas and a total principal of 118,441,915 thousand Angolan kwanzas, including a net income of 34,253,304 thousand Angolan kwanzas, the statements of income, profit or loss and other comprehensive income, changes in shareholders' equity and the cash flows statement for the year ended on said date and the corresponding Notes.

### **Responsibility of the Board of Directors for the Financial Statements**

2. The Board of Directors is responsible for the suitable preparation and presentation of these financial statements, pursuant to the International Financial Reporting Standards issued by the IASB - International Accounting Standards Board, and for the internal control it deems necessary to enable the preparation of the financial statements, free from any material misstatements due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which has been conducted in accordance with auditing standards for accountants and chartered accountants in Angola [Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola]. These Standards require us to comply with ethical requirements and to plan and carry out the audit in order to obtain a reasonable assurance as to whether the Financial Statements are free from material misstatements.
4. An audit entails performing procedures to obtain audit evidence regarding the amounts and disclosures included in the financial statements. The procedures that are chosen depend on the auditor's judgement, including an assessment of the risk of material misstatements in the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the suitable preparation and presentation of the financial statements by the entity, in order to design audit procedures that are appropriate under the circumstances in question, but not with the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Furthermore, an audit includes an assessment of whether the accounting policies that were adopted are appropriate and whether the accounting estimates made by the Board of Directors are reasonable, as well as an overall assessment of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and adequate to provide a basis for our audit opinion.

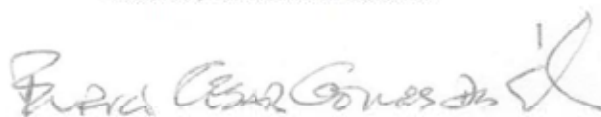
## Basis for opinion with reservations

6. As described in Note 2.3 (i), the Bank is partially applying the principles set out in 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29"), through monetary updating of its own funds, which was held in 2008 and again from May 2016. However, the Angolan Association of Banks ("ABANC") and the National Bank of Angola ("BNA") have expressed an interpretation that all the requirements in the 29th for the Angolan economy to be considered hyperinflationary in the year ended 31 December 2017. As at 31 December 2017, the inflation rate accumulated over the last three years is close to 100%, depending on the index used, with the expectation that it will continue to cumulatively exceed 100% in 2018, which is in addition to the existence of other conditions laid down in IAS 29, that the functional currency of the Bank's financial statements at 31 December 2017 corresponds to the currency of a hyperinflationary economy. In these circumstances, for presenting its financial statements on that date, the Bank should have fully adopted the provisions of that Standard, including updating its non-financial assets, essentially "Other tangible assets", revaluation of the various components of Own Funds, as well as the restatement of the financial statements for the previous year, presented for comparative purposes. However, we have not obtained enough information to enable us to accurately quantify the effects of increases in the Bank's assets and own funds at 31 December 2017, which we consider to be significant.

## Opinion

7. In our opinion, the aforementioned financial statement truthfully and adequately portray, in all materially relevant aspects, the financial position of Banco BIC, S.A. at 31 December 2016, the results and comprehensive income of its operations, the changes in shareholders' equity and its cash flows for the year ended on said date, in accordance with the International Financial Reporting Standards issued by the IASB - International Accounting Standards Board (Note 2).

Luanda, 4 April 2018



PKF Angola, S.A.  
Represented by  
Eurico César Gomes da Silva (Chartered Accountant no. 20120074)

# **Supervisory Board Report**

## **REPORT AND OPINION OF THE SUPERVISORY BOARD**

Dear Shareholders of Banco BIC, S.A.,

1. Pursuant to the Law and the Article of Association, we submit the report on the supervisory activity we carried out, as well as the opinion on the financial statements presented by Banco BIC, S.A.'s (Bank) Board of Directors for the financial years ended 31 December 2017.
2. During the financial years for which we were appointed, we monitored, with the frequency and to the extent deemed appropriate, the evolution of the Bank's activity, the regularity of book-keeping and compliance with the applicable legal and statutory rules. The Board of Directors and the Bank's various departments also provided us with the information and explanations that were requested, necessary for us to issue our opinion.
3. We have analysed and agreed with the content of the Auditors' Report, issued by PKF Angola, S.A., which we give as fully reproduced and which contains an opinion with the reservation referred to in paragraph 6.
4. It is our duty to inform the Shareholders that the non-application of the provisions of article 29 - Financial reporting in hyperinflationary economies is due to the instructions issued by the National Bank of Angola, the financial sector regulator, in its letter sent to ABANC, which presents the analysis made to the evolution of the Angolan economy, considering that it is not in hyperinflation. The instructions issued by the National Bank of Angola, as supervisor and regulator of the financial sector, are mandatory under the terms of the Law and Regulations in force in the country.
5. Within the scope of our duties, we examined the Balance Sheet as at 31 December 2017, the statements of income, profit or loss and other comprehensive income, changes in shareholders' equity and the cash flow statement for the year ended on said date and the corresponding Notes, including the accounting policies and the valuation criteria adopted.
6. Furthermore, we examined the Management Report of the 2017 financial year, drawn up by the Board of Directors and the proposed appropriation of income included therein:



7. In view of the above, and considering the work that was performed, we believe that the General Meeting should.
  - a. Approve the Management Report relative to the year ended 31 December 2017,
  - b. Approve the Accounts relative to that year, and
  - c. Approve the Proposed Appropriation of Income.
8. We would like to express our gratitude to the Board of Directors and the Bank's departments for their cooperation.

Luanda, 4 April 2018

The Supervisory Board



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Sérgio Henrique Borges Serra  
Chairman



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Maria Ivone de Freitas Pereira dos Santos  
Member



**Banco BIC, S.A.**

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**BancoBIC**  
Growing together

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