2019
Annual Report & Accounts

BancoBIC
Growing together

Annual Report & Accounts 2019

Contents

Message from the Chairman
of the Executive Committee

2019 has been a difficult and demanding year for the Angolan economy, companies and households.

The negative performance of oil contributed to the Country's several macroeconomic imbalances, which posed permanent challenges for Commercial Banking. The non-productive sector's activity kept the contraction recorded in the previous year and it should be exacerbated this year. As a whole, the economy stagnated via the oil sector, which the BNA classifies as a negative performance. In this scenario, as the driving force of private businesses and the household economies, the banking sector did not have the capacity to respond, on its own, to the Country's economic development demands, punished by bad credit which has worsened in 2019.

The IMF's Financial Support Program has also proved to be insufficient. The external alternatives did not match the expectations created, notably regarding foreign investment.

In 2019, Banco BIC positioned its business strategy in sustainable medium-term solutions, supporting small and medium enterprises (SMEs), which contribute to the reduction of imports of essential goods and on diversifying alternative projects to dependence on oil, generating wealth and creating jobs, especially in the Country's rural areas.

The CSP (*Projeto de Apoio ao Crédito* - Credit Support Project) is an example of this and a determined commitment of Banco BIC in agriculture, fisheries and livestock.

In 2019, Banco BIC joined the CSP project, in the context of the government program PRODESI, with a financing amount of AKZ 30 billion for financing the real economy. This year, we approved and financed 26 projects, duly classified, in the total amount of AKZ 33.4 billion. Banco BIC occupies one of the top positions among the eight Angolan banks which have joined the Credit Support Project, replacing the 'Angola Invests' program.

In the banking network we have directed investment towards the strengthening and renovation of infrastructures and communication technologies with a set of new services, by resorting to the Internet, facilitating access to the Bank at the most varied levels of IT. The banking core, currently supported by the Banka 3G application, which handles all BIC transactions, has made banking management more agile, executing a greater number of operations simultaneously with greater speed, efficiency and security.

> **"In 2019, Banco BIC positioned its business strategy in sustainable medium-term solutions, supporting small and medium enterprises (SMEs)"**

2020 will certainly be a difficult, even more demanding year with many challenges which we want to overcome with the commitment of all our employees and the trust of our customers.

Giving sustainability to the national economy means to maintain a solid, efficient and competitive financial system. This has been the Banco BIC's purpose, supported by its shareholders, to whom we once again acknowledge the trust placed in its managers.

Hugo da Silva Teles
Chief Executive Officer

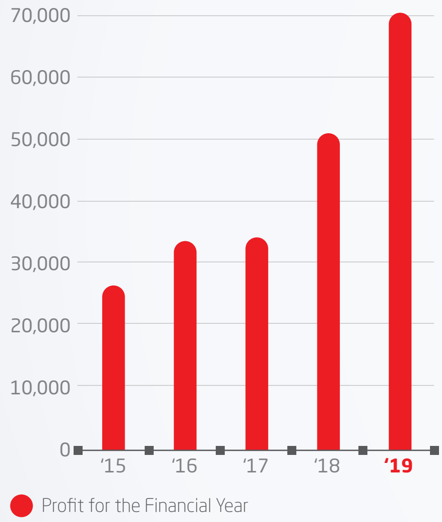
Key Activity Indicators

1,740,931AKZ
TOTAL NET ASSETS

2,879,911AKZ
TURNOVER

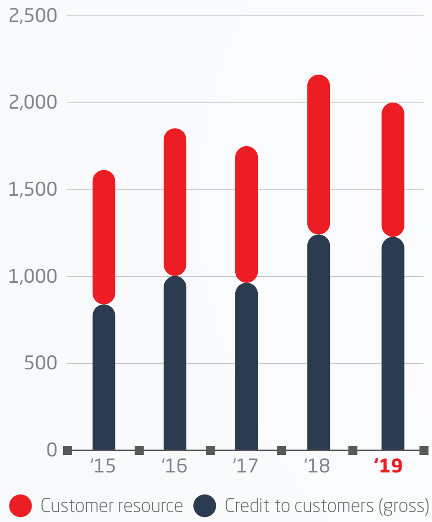
2,084
EMPLOYEES

PROFIT FOR THE FINANCIAL YEAR
(million AKZ)



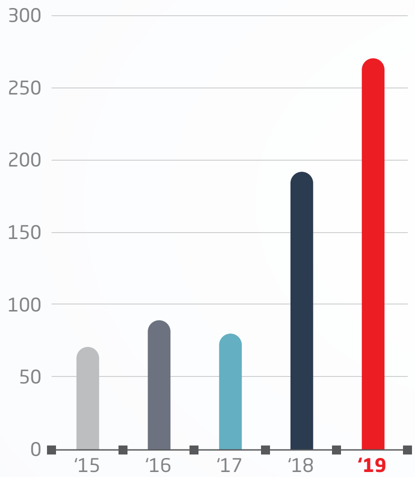
A 39% increase compared to the financial year 2018.

CREDIT AND CUSTOMER RESOURCES
(million AKZ)



A 33% increase in turnover compared to 2018.

BANKING PRODUCT
(million AKZ)



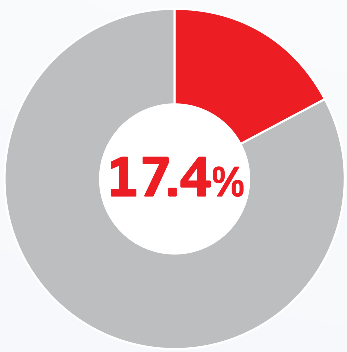
Evolution of the banking product influenced by the increase in the exchange profit in 2019 compared to the previous financial year.

STRUCTURE/ BANKING PRODUCT COSTS

Slight increase of the cost to income ratio as a result of the improvement of the banking product.

REGULATORY SOLVENCY RATIO

Ratio above the minimum 10% required by the Angolan National Bank



DEFAULTED CREDIT

The coverage degree amounted to 156%

Amounts expressed in thousands of Angolan Kwanza

	'19	'18	Δ% 2019/ 2018	Δ% 2019/ 2018
Total net assets	1,740,931	1,307,706	433,225	33%
Turnover	2,879,911	2,164,009	715,902	33%
Credit to the Economy	1,677,126	1,243,313	433,813	35%
Credit to customers	771,591	526,481	245,110	47%
Credit to the State	778,950	608,149	170,801	28%
Off-balance	126,585	108,683	17,902	16%
Customer resources	1,202,785	920,696	282,089	31%
Turnover per employee	1,382	1,046	335	32%
Profit from financial intermediation (Banking product)	272,728	191,040	81,688	43%
Profit from financial intermediation per employee	130.87	92.38	38	42%
Administrative and trading costs/ Profit from financial intermediation	19.6%	18.6%	0.01	-5%
Personnel expenses/Profit from financial intermediation	12.6%	12.6%	(0.00)	0%
Net profit for the financial year	70,657	51,004	19,653	39%
Net equity	363,719	234,000	129,719	55%
Profit before tax/average net assets	5.1%	4.1%	0.01	24%
Profit from financial intermediation/average net assets	17.9%	14.6%	0.03	23%
Profit before tax/average equity	25.9%	22.9%	0.03	13%
Regulatory solvency ratio	20.3%	23.1%	(0)	-12%
Number of Branches	231	231	1	0%
Number of employees	2,084	2,068	16	1%
Number of customers (thousands)	1,566	1,524	42	3%

Amounts expressed in millions of United States Dollar

	'19	'18	Δ% 2019/ 2018	Δ% 2019/ 2018
Total net assets	3,610	4,237	(627)	-15%
Turnover	5,970	7,012	(1,042)	-15%
Credit to the Economy	3,476	4,029	(553)	-14%
Credit to customers	1,599	1,706	(107)	-6%
Credit to the State	1,615	1,971	(356)	-18%
Off-balance	262	352	(90)	-26%
Customer resources	2,494	2,983	(489)	-16%
Turnover per employee	2.9	3.4	(1)	-16%
Profit from financial intermediation (Banking product)	566	619	(53)	-9%
Profit from financial intermediation per employee	0.27	0.30	(0)	-9%
Administrative and trading costs/ Profit from financial intermediation	19.6%	18.6%	0.01	-5%
Personnel expenses/Profit from financial intermediation	12.5%	12.6%	(0.00)	1%
Net profit for the financial year	147	166	(19)	-11%
Net equity	754	758	(4)	-1%
Profit before tax/average net assets	4.1%	3.4%	0.01	21%
Profit from financial intermediation/average net assets	14.4%	12.0%	0.02	20%
Profit before tax/average equity	21.2%	25.2%	(0.04)	-16%
Regulatory solvency ratio	20.3%	23.1%	(0.03)	-12%
Number of Branches	232	231	1	0%
Number of employees	2,084	2,068	16	1%
Number of customers (thousands)	1,566	1,524	42	3%


BancoBIC

01
Banco BIC Angola

Organizational Structure

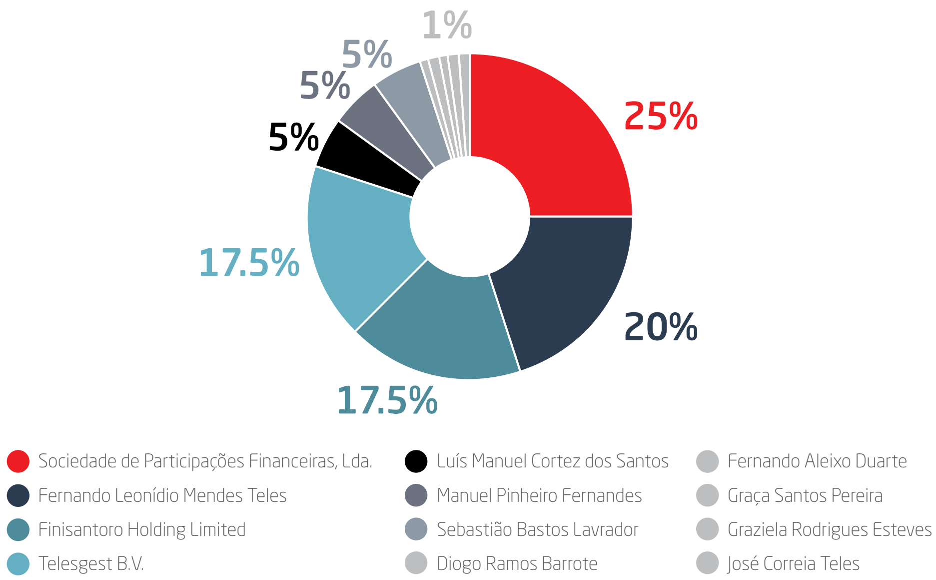
Governance Model

The Bank's governance model is established in its Statutes and complies with the requirements of the Law on Financial Institutions (Law no. 12/2015, of the 17th of June). The Statutory Bodies, also referred to as the Governing Bodies, are the General Assembly 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 Assembly and the External Auditor.

Banco BIC was incorporated by means of Public Deed of the 22nd of April 2005, following a communication from the Angolan National Bank of the 19th of April 2005 which authorized its incorporation, and its headquarters is located at the Banco BIC Building, located in Bairro de Talatona, Samba Municipality, in Luanda.

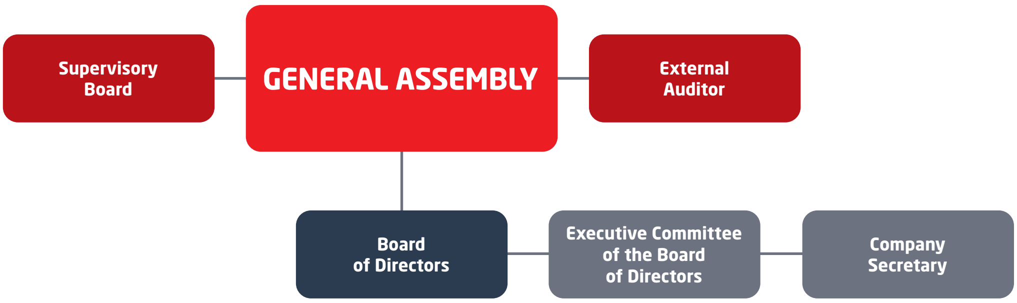
The Bank is engaged in the activity of obtaining resources from third parties in the form of deposits or others, which it applies, together with its own resources, in granting loans, deposits at the Angolan National Bank, applications with credit institutions, acquisition of securities and other assets, for which it is duly authorized. It also provides other banking services and carries out several types of foreign currency operations.

Banco BIC's share capital is partitioned as follows:



The members of the Governing Bodies have been elected for the three-year term 2017/2020 at the General Assembly of the 27th of April 2017. On the said date, the Board of Directors has appointed, pursuant to the Statutes, the composition of the Executive Committee of the Board of Directors, as well as its Chairman.

Organizational Structure



The members were elected for the three-year term 2017/2020 at the General Assembly of the 27th of April 2017

General Assembly

The General Assembly is the corporate body composed of all the Bank's Shareholders. Its operation is regulated in accordance with the Statutes. Its main powers consist of:

- Electing the members of the Board of Directors, the Supervisory Board, the Chairman, the Vice-Chairman and the Secretaries of the General Assembly, as well as appointing the External Auditor;
- Assessing the Board of Directors' annual report, discussing and voting on the Bank's the balance sheet and accounts, taking into account the Supervisory Board and External Auditor's opinions;
- Approving the members of the corporate bodies' fixed and/or variable remunerations;
- Resolving on the distribution of profits as proposed by the Board of Directors;
- Resolving on amendments to the Statutes.

Board of Directors

The current Board of Directors is composed of ten members, and the Bank's executive management is ensured by seven directors, appointed by the Board itself from among its members.

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

In order to regulate its internal functioning, the Board of Directors has delegated the Bank's day-to-day management to an Executive Committee, composed of seven members, according to the limits established in the resolution by which such delegation was made.

Executive Committee of the Board of Directors

The Executive Committee of the Board of Directors, within the scope of its powers, is subordinated to the action plans and the annual budget, as well as to other actions and guidelines approved by the Board of Directors, having broad management powers for conducting the Bank's day-to-day business, and its activity is permanently monitored by the Board of Directors, by the Supervisory Board and by the External Auditor.

All members of the Executive Committee play an active role in the day-to-day management of the Bank's business, including under their responsibility one or more specific business areas, according to the corresponding profile and individual specializations, notwithstanding the greater or lesser concentration of one or other element in a given area.

The Executive Committee of the Board of Directors is composed of 7 members and its meetings take place at least once a month, when called by its Chairman.

Company Secretary

The Company Secretary is appointed by the Board of Directors and his functions' term matched that of the office of the members of the Board of Directors who appoint him.

Supervisory Board

The composition of the Supervisory Board is governed by the provisions of the Statutes and is composed of a Chairman and one permanent member. The Audit Committee shall meet at least once every quarter.

External Auditor

The external audit has been awarded to C&S Assurance And Advisory, S.A. (Group Grant Thornton). The rules for the External Auditor's provision of services are set out in the Angolan National Bank Notice no. 04/2013, of the 22nd of April. The Bank considers that the acting External Auditors possess the requisites of availability, know-how, experience and conduct, all required for the full performance of their responsibilities.

Composition of the Corporate Bodies

From left to right:
Standing: José Manuel Cândido (Director);); Fernando Aleixo Duarte (Chairman of the Board of Directors); Fernando Mendes Teles (Director); Jaime Galhoz Pereira (Director); Pedro Nunes M'bidingani (Director); **Sentados:** Graziela Rodrigues Esteves (Director); Hugo Silva Teles (Chairman of the Executive Committee); Graça Maria Pereira (Director)

The Bank has changed the composition of its corporate bodies, notably with regard to the BNA's requirements, with regard to each body's number, as well as its composition.

General Assembly

Chairman
Manuel Pinheiro Fernandes

Secretary
Luís Manuel Cortêz dos Santos

Board of Directors

Chairman
Fernando Aleixo Duarte

Board Members
Fernando Mendes Teles
Graziela Rodrigues Esteves
Graça Maria Pereira
Hugo da 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
Hugo da Silva Teles

Board Members
Fernando Mendes Teles
Graziela Rodrigues Esteves
Graça Maria Pereira
Jaime Galhoz Pereira
José Manuel Cândido
Pedro Nunes M'Bidingani

Company Secretary

Victor Mendes

Supervisory Board

Chairman
Sérgio Henrique Serra

Board Member
Maria Ivone dos Santos

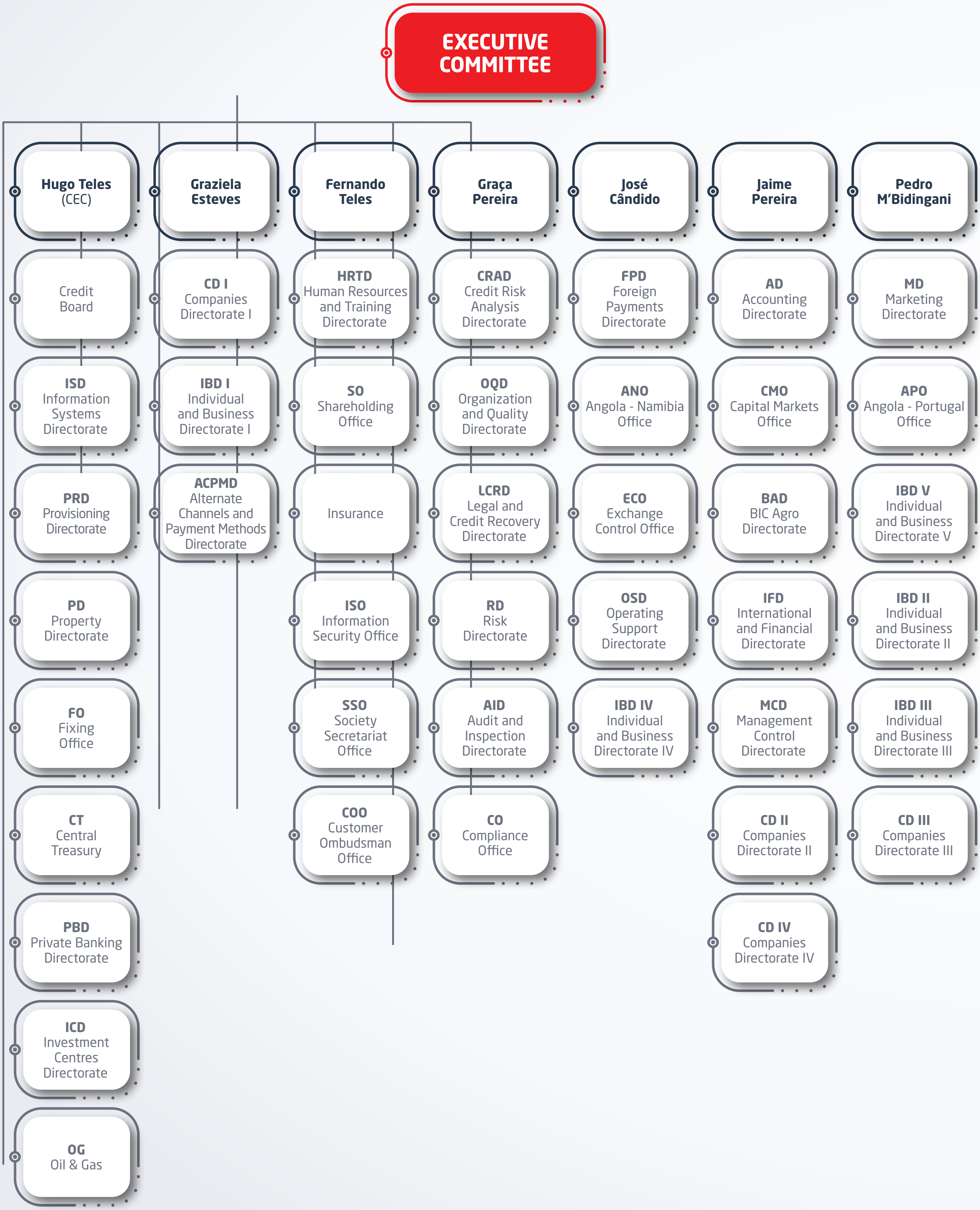
External Auditor

C&S Assurance And Advisory, S.A. (Group Grant Thornton)

(*) Non-Executive Director (**) Independent Non-Executive Director

Organization Chart

The Bank's functional structure allows for a clear division of each Directorate and/or office's areas and functions, under the responsibility of each of the executive directors. The organization chart of the Bank may be presented as follows:



BancoBIC

Composition of the structural units

Hugo Teles
Chairman

ISD
Information Systems Directorate

MAIN RESPONSIBILITIES:
- To identify and promote the definition of strategic lines of intervention with regard to Information Systems and their corresponding technological supports;
- To manage, in an integrated fashion, the components of the information systems and technological infrastructure, aiming at ensuring these are permanently aligned with the current needs and to identify the foreseeable impact arising from new requests from the various Business Units;
- To ensure the planning and development of the necessary measures to adopt means and methods based on a strict framework in terms of productivity, efficiency, quality, control, security, service levels and costs.

Support Body
Central Director: Luis Nikolai
Deputy Director: Rui Valente
Vice-Director: Gabriel Ferreira
Number of employees: 28

PRD
Provisioning Directorate

MAIN RESPONSIBILITIES:
- To launch consultations with suppliers of goods and services, provided that these should not be made by other Organic Units of the Bank due to their specific nature/technicality;
- To negotiate and draw up contracts with suppliers of goods and services, provided that these should not be made by other Organic Units of the Bank due to their specific nature/technicality;
- To Acquire, Store and Distribute goods and services;
- To ensure the compliance of the powers delegated to effect costs and investments on behalf of the Bank's various Organic Units;
- To ensure that invoices for the acquisition of goods and services are checked by the Bank and previously validated by the requesting Organic Units and to facilitate the corresponding payment with the Accounting Directorate (AD);
- To coordinate the quality control process regarding goods and services supplied which are managed by the PRD and the compliance with the established service levels;
- To ensure the management of vehicles and equipment recovered, as a consequence of automobile leasing or credit operations, in order to be able to sell them to pay off the amounts due;
- To ensure the safety conditions of people and assets within the Bank's premises.

Support Body
Central Director: Alberto Castelo Branco
Sub-Director: Álvaro Alves
Number of employees: 30

PD
Property Directorate

MAIN RESPONSIBILITIES:
- To launch consultations with suppliers of goods and services, provided that these should not be made by other Organic Units of the Bank due to their specific nature/technicality;
- To negotiate and draw up contracts with suppliers of goods and services, provided that these should not be made by other Organic Units of the Bank due to their specific nature/technicality;
- To acquire goods and services;
- To store and distribute goods and services;
- To ensure the compliance of the powers delegated to effect costs and investments on behalf of the Bank's various Organic Units;
- To ensure that invoices for the acquisition of goods and services are checked by the Bank and previously validated by the requesting Organic Units and to facilitate the corresponding payment with the Accounting Directorate (AD).

FO
Fixing Office

Support Body
Central Director: Tiago Pacheco
Number of employees: 13

MAIN RESPONSIBILITIES:
- To ensure that all legal documents included in the process associated with each operation are checked and accurate;
- To carry out a prior analysis of the operations approved in the decision circuit, validating the documentation submitted, as well as the correct and appropriate framework in compliance with the current legislation and products and services' manuals;
- To request the reassessment of the operations to the appropriate decision circuit, should there be any deficiencies in their processing, and to suggest the proper framework in order to correctly formalize operations.

CT
Central Treasury

Operating Body
Central Director: José Carlos Silva
Sub-Director: Helga Peres
Number of employees: 12

MAIN RESPONSIBILITIES:
- To ensure the collection and delivery of values, in the Branches' Vaults is carried out within the deadlines set for such purpose;
- To ensure the maximum upper limit stipulated for the values in the Branches' vault is never exceeded, thus mitigating the operational risk;
- To ensure the Bank's Treasury values are never exceeded, facilitating their deposit with the Central Bank.

PBD
Private Banking Directorate

Operating Body
Central Director: Inocêncio Almeida
Sub-Director: Afonso Nunda
Number of employees: 17

MAIN RESPONSIBILITIES:
- To collaborate with the Board of Directors and the Marketing Directorate in defining the global commercial strategy and the value proposal with regard to the Private segment, promoting its execution and implementation;
- To support Private Bankers in visiting customers of significant importance, thus attracting business, and in those actions aimed at attracting high potential customers.

ICD
Investment Centres Directorate

Commercial Body
Central Director: Stephan Silva
Area Directors: Lúcia Rodrigues
Number of employees: 6

MAIN RESPONSIBILITIES:
- To develop best practices in monitoring and prospecting, in order to materialize the commitment with investors, aiming at achieving the successful implementation of each project, setting up strategic partnerships and synergies in value;
- To monitor the entire investment project cycle with the Investors, from its conception to the moment it achieves its full activity;
- To study investment alternatives which keep up with the development of the business reality, boosting the commercial network of economic agents which maintain financial relations with the Bank.

Commercial Body
Central Director: Monalisa Dias
Area Director: Lúcia Rodrigues
Number of employees: 12

OG
Oil & Gas

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Regina Guimarães
Centre Directors: Ana Marques
Number of employees: 3

Graziela Esteves
Board Member

CD I
Companies Directorate I

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Pedro Velado
Area Directors: Dácia Nascimento/Luena Fundões/Dinamene Monteiro
Number of employees: 50

IBD I
Individual and Business Directorate I

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To establish commercial objectives, in coordination with the Board of Directors and the Branch Network's Commercial Directorates;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Henrique Oliveira
Area Directors: Edna Gaspar/Pedro Marta/Marcília Gonçalves
Number of employees: 239

ACPMD
Alternate Channels and Payment Methods Directorate

MAIN RESPONSIBILITIES:

- To ensure the implementation and efficient functioning of the operational processes concerning the products and services indicated below: Bank Cards (Debit, Credit or other); Point-of-Sale (POS) Terminals; Cash Machines (ATM); Interactive Service (Net Banking - Individuals; Net Banking - Companies); and Other Alternative Channels (Mobile Banking, Tablet Banking, SMS Banking, among others);
- To contribute, in articulation with the Bank's other Organic Units, to the definition of new products and services, campaigns and promotional actions, new functionalities or improvements in the already existing ones;
- To guarantee the correct and permanent operation of POS and ATM.

Operating Body
Central Director: N'Kiniani Rangel
Sub-Director: Márcia Lima
Number of employees: 31

Fernando Teles
Board Member

HRTD
Human Resources and Training Directorate

MAIN RESPONSIBILITIES:

- To recruit Human Resources, including human resources planning, candidate market search, recruitment, selection and integration;
- To allocate Human Resources, including role analysis and description, transfers of personnel (either horizontally, vertically or diagonally), career planning and merit or performance assessment;
- To maintain Human Resources, including remuneration (wage management), social benefit plans (health), other benefits (Credit), hygiene and safety at work, records, personnel controls and labour relations (statements, work certificates and others);
- To develop Human Resources, including training and personnel development plans;
- To control Human Resources, including management indicators, human resources information systems (search and data processing, statistics, records, reports, charts and demos).

Support Body
Central Director: Telma Pinheiro
Sub-Director: Sarah Figueiredo
Number of employees: 5

SO
Shareholding Office

MAIN RESPONSIBILITIES:

- To ensure the performance and issuing of Life Insurance and Non-Life Insurance, made subject to guarantees associated with Credits granted by the Bank; and
- To ensure the Maintenance of Policies/Amendments/Cancellations/Repositions associated with Credit products.

Support Body
Central Directors: Fátima Monteiro/Joaquim Moutinho
Number of employees: 3

Insurance

ISO
Information Security Office

SSO
Society Secretariat Office

COO
Customer Ombudsman Office

Graça Pereira
Board Member

CRAD
Credit Risk Analysis Directorate

MAIN RESPONSIBILITIES:

- To carry out the analysis of credit operations with regard to customer or Group risk, within the scope set forth in the Credit Regulations;
- To prepare Credit Risk Reports with regard to customer/ Group operations (Credit Reports), focused on assessments mostly developed for larger and new exposures, less typical and more complex credit situations, which are submitted to the Credit Council's appreciated;
- To ensure the processes of creating Balance Grids and Risk Ratings, as well as to ensure their maintenance;
- To guarantee the correct creation of Economic Groups and Circles, as well as to ensure their maintenance;
- To provide obtaining management information on matters within its competence.

Control Body
Central Director: Carla Estronca
Deputy Director: Maria Franco
Number of employees: 19

OQD
Organization and Quality Directorate

MAIN RESPONSIBILITIES:

- To ensure the Internal Regulations' preparation and maintenance, in coordination with the Bank's Organic Units, and to facilitate the respective approval by the Board of Directors, disclosure and historical archive;
- To ensure or collaborate in the setting up of the organizational structure and the powers/ responsibilities of the Bank's Organic Units, and to facilitate the respective approval by the Board of Directors, disclosure and historical archive;
- To create and ensure the maintenance of the substance of the Bank's forms and templates;
- To promote the collaboration and exchange of information and knowledge among the Bank's several Functional Structures;
- To manage complaints;
- To assist and timely resolve complaints submitted by customers;
- To ensure the record-keeping and compliance control with regard to deadlines for handling complaints, as set by the Bank and by the BNA.

Support Body
Central Director: Augusto Valente
Sub-Director: Maria Manuela Pereira
Number of employees: 4

LCRD
Legal and Credit Recovery Directorate

MAIN RESPONSIBILITIES:

- To analyse the processes sent by the Commercial Networks;
- To draft proposals for agreements for the settlement of debts;
- In the context of its activity, to support all processes assigned to external Lawyers;
- To respond to technical and legal inquiries submitted by all the Bank's Bodies;
- To prepare financial and commercial contracts.

Support Body
Central Director: Carlos Campos
Deputy Director: Victor Neves
Sub-Director: Isilda Tavares
Number of employees: 26

RD
Risk
Directorate

MAIN RESPONSIBILITIES:

- To obtain an integrated perspective of the risks to which the Bank is exposed to understand its various impacts, including the evolution of the internal capital;
- To implement risk management and risk measurement methodologies which are appropriate to the nature and features of each type of risk;
- To ensure the implementation of a solid and reliable risk management and risk measurement system which allows for the integrated and segmented processing of risks and the understanding of their corresponding impacts;
- To foster the level of internal control;
- To coordinate the preparation and maintenance of the Business Continuity Plan (BCP);
- To contribute for strengthening an internal risk culture and improving the services' quality.

Control Body
Control Body Director: Lilia Rangel
Number of employees: 4

AID
Audit and
Inspection
Directorate

MAIN RESPONSIBILITIES:

- To define and prepare the Annual Audit Plan, ensuring its execution;
- To ensure the auditing of all the Bank's Branches, Business Centres, Investment Centres and Central Services;
- To prepare audit reports, proposing therein the adoption of corrective measures regarding situations found which are deemed less regular or deficient;
- To analyse customer complaints which justify the intervention of the AID, to liaise with the Bank's Body involved and to collaborate in the preparation of the respective response, when required;
- When required, to carry out inspections (analysis and technical assessment) to Bodies or events which may suggest irregularities or aiming at potentially determining responsibilities in situations in which illegitimate, fraudulent or contravening procedures to the established rules and guidelines occur or are indicated, which may affect the Bank's or third parties' financial interests.

Control Body
Central Director: Paula Sousa
Sub-Directors: Fernanda Pinto/Adilson Joaquim
Number of employees: 19

CO
Compliance
Office

MAIN RESPONSIBILITIES:

- At least once a year, to prepare and submit a report to the Board of Directors and to the Institution's Supervisory Body, identifying the defaults verified and the measures adopted to correct any deficiencies which have been detected;
- To provide information to the Board of Directors regarding any indications of violation of legal obligations, rules of conduct and relationship with customers or other responsibilities which may cause the Institution or its employees to incur in a misdemeanour;
- To follow-up and disclose the legislation and regulations published by the different supervisory and regulatory authorities;
- In the scope of the Prevention of Money Laundering and Terrorism Financing: to ensure the updating of internal standards in the light of changes in current legislation and the reliability of IT applications for the Prevention of Money Laundering and Terrorism Financing.

Control Body
Central Director: Inês Carvalho
Sub-Director: Sónia Almeida
Number of employees: 6

José Cândido
Board Member

FPD
Foreign Payments Directorate

MAIN RESPONSIBILITIES:
- To open, maintain and settle external documentary and financing operations, PEOs and PWOs;
- To carry out the tasks inherent to the compensation received;
- To carry out the tasks inherent to the cheques over the Bank, paid or deposited within the Commercial Network.

Operating Body
Central Director: Mafalda Carvalho
Sub-Director: Paulo Brito
Number of employees: 32

ANO
Angola - Namibia Office

MAIN RESPONSIBILITIES:
- In the context of the Bank's further internationalization process, to ensure and/or expedite the commercial relationship between Banco BIC Angola, S.A. and Bank BIC Namíbia and their customers (current or potential);
- Within the scope of the business relationship referred to in the preceding paragraph, to ensure the creation and maintenance of efficient communication and procedural channels, in full compliance with the legal framework of both Countries and the Institutions' internal standards.

Support Body
Officer-in-Charge: José Carlos Silva
Number of employees: 1

ECO
Exchange Control Office

MAIN RESPONSIBILITIES:
- To monitor all regulations published by the BNA on foreign exchange operations;
- To enjoy appropriate control systems for compliance with the legislation and regulations in force, as well as their updating, when necessary;
- To certify the correct opening and movement of bank accounts held by foreign exchange non-residents, by means of collaboration of the CO;
- To comply with foreign exchange legislation and regulations with regard to operations not subject to licensing, in those cases where the Bank has delegated approval;
- To legitimate the correct creation of the procedures for applying for licensing or registration of operations and their timely submission to the BNA;
- To ensure the correct and timely execution of foreign exchange operations, as well as their accounting records and reporting systems to the BNA;
- To guarantee the timely and correct reporting of all information to be sent to the BNA;
- To represent the Bank with the BNA in all foreign exchange matters, through the person in charge with controlling foreign exchange;
- To verify the framework of the foreign exchange operations in for 'legal person' customers' businesses, taking into consideration, among other factors, their nature, dimension and financial situation and, in the case of 'individual' customers, the framework of their circumstances and financial capacity, within the scope of the transaction monitoring process established in the Law no. 34/11 on Money Laundering and Terrorism Financing.

Control Body
Officer-in-Charge: Lexter Soares
Number of employees: 4

OSD
Operating Support Directorate

MAIN RESPONSIBILITIES:
- To receive the credit proposals issued by the Commercial Networks and carry out their registration, for monitoring and control purposes;
- To provide full support to the Commercial Networks with regard to requests for information on the status of credit operations;
- To debit the customer of commissions and agreement expenses, as applicable.

Operating Body
Central Director: Jerusa Guedes
Sub-Director: Katimbala Inglês
Number of employees: 11

IBD IV
Individual and Business Directorate IV

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To establish commercial objectives, in coordination with the Board of Directors and the Branch Network's Commercial Directorates;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Horácio Almeida
Area Directors: Felícia Fortes/Paula Cajada/Nelson Guilherme
Number of employees: 268

Jaime Pereira
Board Member

AD
Accounting Directorate

MAIN RESPONSIBILITIES:

- To prepare the Bank's financial statements and all its other accountability elements;
- To produce and report accounting, prudential, statistical and tax information to the supervisory entities and the tax authorities, correspondingly, in order to ensure compliance with accounting standards and the regulatory and tax requirements;
- To manage third party invoicing and payments.

Operating Body
Central Director: Alzira Gama
Sub-Directors: Edhylaine Tavares/Soraia Ramos
Number of employees: 16

CMO
Capital Markets Office

MAIN RESPONSIBILITIES:

- To make it possible for customers to execute the key capital market financial instruments in a single point of contact, while ensuring the necessary reliability, security and transparency conditions at all times;
- To promote the offer of investment consultancy with those Bank's customers with high asset values;
- To ensure the organization and set-up of capital market and debt operations.

Support Body
Officer-in-Charge: Irene Vezo
Number of employees: 1

BAD
BIC Agro Directorate

MAIN RESPONSIBILITIES:

- To foster, provide technical support and monitor the Bank's Commercial Networks, with regard to Credit products aimed at Agriculture, Livestock and Fisheries;
- To ensure the follow-up and monitoring of the officially formed credit lines (Angola Invest).

Commercial Body
Central Director: Jorge Veiga
Number of employees: 3

IFD
International and Financial Directorate

MAIN RESPONSIBILITIES:

- To coordinate the management of the Bank's position, foreign exchange risk, liquidity and the compliance with mandatory reserves;
- To monitor the compliance with market and Counterparty risk exposure limits;
- To control and ensure the proper recording of all operations carried out by the Bank in its systems;
- To ensure the processing and recording of the operations carried out with Counterparties in the appropriate information systems, in a timely manner and in accordance with the procedures established for such purpose;
- To collaborate in the updating of the Bank's Price Table with regard to the Products and Services related with the Board of Directors' activity;
- To establish the pricing of foreign exchange products (at sight and term), of Acquisition/ Sale operations of Foreign Currency Banknotes and money market operations;
- To follow-up the markets' developments.

Operating Body
Central Directors: Irene Vezo
Number of employees: 12

MCD
Management Control Directorate

MAIN RESPONSIBILITIES:

- To ensure technical support to the Board of Directors, proposing strategic guidelines, subject to the achievement of clearly defined business goals and to ensure the coordination of the different Business Areas and Central Services activity's planning and control. To prepare the Business Plan (medium and long-terms) and the Annual Budget;
- To guarantee the Business Units' assessment and commercial activity and to control the Central Services Directorates' operating costs, while ensuring the coordination, preparation and execution control of the corresponding annual budget;
- To grant and prepare management information to support the assessment of the Bank's, of each Business Unit's and of each Central Services Directorate's monthly performances;
- In the context of the Bank's internationalization, to ensure the timely provision of financial, accounting and operational information of the Bank and the other Entities in the BIC Universe, on a consolidated basis, to the several Supervisory Entities, notably the Angolan National Bank.

Control Body
Central Director: Sara Teles
Number of employees: 5

CD II
Companies Directorate II

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Regina Guimarães
Area Directors: Ana Marques/Alfredo Castro
Number of employees: 39

CD IV
Companies Directorate IV

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Jorge Veiga Area
Directors: Telmo Bernardo
Number of employees: 13

Pedro M'Bidingani
Board Member

MD
Marketing Directorate

MAIN RESPONSIBILITIES:

- To propose the launching of commercial promotion actions in order to sustain the Bank's strategic goals, in particular those aimed at trading new products and services, while monitoring the achievement of the defined goals;
- To keep the contents available on the Intranet and the Internet updated;
- To ensure and validate the execution, by the Advertising Agencies, of all the advertising materials and pieces associated with the implementation of campaigns (TV and radio spots, press ads, outdoors, banners, brochures, etc.);
- To coordinate and monitor the organization of all events, including Manager Meetings, Conventions and Anniversaries;
- To implement the processes necessary for the publishing of Annual Reports and Accounts, guaranteeing the coordination with the Communication Agency selected for said publishing and production;
- To analyse, negotiate and implement all sponsorships, monetizing the offsets against the investment and ensuring the correct application of the brand identity in the various materials.

Support Body
Central Director: Ramiro Mendes
Sub-Director: Inês Fernandes
Number of employees: 4

APO
Angola - Portugal Office

MAIN RESPONSIBILITIES:

- In the context of the Bank's further internationalization process, to ensure and/or expedite the commercial relationship between Banco BIC Angola, S.A. and Banco BIC Português, S.A. and their customers (current or potential);
- Within the scope of the business relationship referred to in the preceding paragraph, to ensure the creation and maintenance of efficient communication and procedural channels, in full compliance with the legal framework of both Countries and the Institutions' internal standards.

Support Body
Central Director: José Carlos Silva
Number of employees: 1

IBD V
Individual and Business Directorate V

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body

Central Directors: Anabela Santinho/José Zacarias
Area Directors: Rui Caetano/Armindo Cunha/Solange Martins
Number of employees: 326

IBD II
Individual and Business Directorate II

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To establish commercial objectives, in coordination with the Board of Directors and the Branch Network's Commercial Directorates;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body

Central Directors: Amílcar Aguiar/Francisco Lourenço/António Silva/José Assis Coordinating Directors: Maria Fátima Silva/Elizabeth Pina
Area Directors: Edgar Magalhães/Fábio Leitão/Francisco Melo/João Ivungo/ Justina Praça/Patricia Faria/Simão Finde/José Antunes
Number of employees: 701

IBD III
Individual and Business Directorate III

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To establish commercial objectives, in coordination with the Board of Directors and the Branch Network's Commercial Directorates;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Susana Silva
Area Directors: Carlos Santos/Hélio Lopes
Number of employees: 123

CD III
Companies Directorate III

MAIN RESPONSIBILITIES:

- To define and implement the commercial action policies, in the context of the commercial strategy determined by the Bank's Board of Directors;
- To stimulate the attraction of customers and businesses in its target segment;
- To assess market conditions;
- To monitor and control the Board of Directors' matured credit and facilitate its recovery;
- To monitor and collaborate in measures which minimize the latent risk with regard to customers evidencing warning signs, although not exclusively the default in operations;
- To analyse reports from the Audit and Inspection Directorate (AID) on commercial and administrative activities, to control and promote the correction of deficiencies and to report in writing the measures taken to the Area's Director.

Commercial Body
Central Director: Susana Silva
Number of employees: 9


DEPARTAMENTO DE PETRÓLEO E GÁS
O seu negócio cresce com a nossa energia.
OIL & GAS DEPARTMENT
Your business grows with our energy.
Para dar resposta às exigências das empresas do sector petrolífero, o Banco BIC criou um departamento exclusivo. Aqui, as companhias encontram as melhores condições para operar em Angola e nas suas relações com o exterior. Tudo assegurado por uma equipa de gestores especializados, fluentes em línguas. Só assim, mesmo quem está no mar profundo de Angola, tem garantido o nosso elevado nível de serviço.
Banco BIC has created an exclusive department to meet the requirements of companies working in the oil industry. Here, companies find the best conditions for operating in Angola and for managing their international relations. The department is run by a multilingual team of specialist account managers. This way, even when you're out at sea in Angola, you can count on our high level of service.
oil&gas@bancobic.ao | www.bancobic.ao
BancoBIC
Crescemos Juntos

Remuneration Policy

Quantitative information disclosure

In compliance with article 22(i)(d)(3) of the Angolan National Bank Notice no. 01/2013, of the 22nd of March, we disclose that the remuneration earned in the financial year 2019 by the Board of Directors and the Supervisory Board totalled around AKZ 657 million. In the financial year 2018, this figure stood at about AKZ 440 million.

Annual statement on the remuneration policy

1. Remuneration of the Corporate Bodies

The Banco BIC, S.A.'s Governing Bodies Remuneration Policy in force in the financial year 2019 has been approved by the General Assembly on the 25th of April 2019, upon proposal of the Board of Directors.

1.1. No external consultants nor a Remuneration Committee were involved in defining the Remuneration Policy.
1.2. In 2019, the Remuneration Policy was compatible with the Bank's long-term interests and did not encourage excessive risk taking.
1.3. The non-executive directors only benefit from a remuneration approved by the General Assembly.
1.4. The members of the Supervisory Board only benefit from a fixed-amount remuneration approved by the General Assembly.
1.5. Remuneration of the members of the Executive Committee:
   a) All members of the Executive Committee receive a fixed-amount remuneration, which is paid 14 times per year;
   b) On a yearly basis, the General Assembly assesses the Board of Directors, taking into consideration the achievement of its goals, the quantitative and qualitative results obtained, as well as their origin and type, their sustainability or occasional nature, the risk associated with obtaining them, the regulatory compliance, the added value for the shareholders and the manner in which the institution has related with other Stakeholders.
1.6. Remuneration of the Members of the Board of the General Assembly:
   The members of the Board of the General Assembly earn a fixed-amount attendance ticket for each presence in the General Assembly's meetings, as defined by the Assembly.

In 2019, the Remuneration Policy was compatible with the Bank's long-term interests and did not encourage excessive risk taking.

2. Remuneration of employees

2.1 The Banco BIC, S.A.'s employee Remuneration Policy in force has been approved by the General Assembly on the 26th of April 2019, upon proposal of the Board of Directors.
2.2 The employees' performance assessment is carried out at least once a year, and is done by the corresponding hierarchical superior, and the attribution of the variable remuneration depend on the results of the former.
2.3 Employees who maintain a legal-labour relationship with the Bank by means of an employment contract do not benefit from any forms of remuneration other than those deriving from the normal application of employment law, and do not benefit from any system of annual bonuses or any other non-monetary benefits, notwithstanding the possibility of receiving a variable remuneration under the terms of the remuneration policy in force.

Mission, Vision and Values

Mission

We are a solid, profitable, socially responsible, efficient, agile and value-creating Bank, with a national and international presence, a partner of companies and households, which is characterized by the evidence of its assets' appreciation, the satisfaction of its customers and its employees' fulfilment, always accompanied by a behaviour of high ethical and social responsibility.

Vision

To be the best and the largest private Bank operating in Angola, growing in a sustained, innovative fashion and offering the best solutions to our customers, with a permanent capacity for renewing itself, actively contributing to Angola's development and economic growth.

Values

To transpire in all our behaviours, attitudes and decisions the principles which guide us in carrying out our responsibilities and in pursuing our objectives:

Customer orientation

To build lasting relationships with customers established on discipline, integrity and transparency. Our dedication and commitment to our values assure customers they can count on us to provide excellent services which help them achieve business, personal and professional objectives.

Innovation

To permanently observe and interpret the market in order for us 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 union between personal humility and professional ambition allows us to believe we can always do more and better, as this determination is one of the driving forces of each particular person's professional growth and of the team as a whole.

Acknowledgment and continuous appreciation of employees

Human Resources are one of the key driving forces behind our growth and the achievement of our strategic objectives. We strive to create working conditions and individual career plans which provide satisfaction and increase everyone's motivation, as well as to prioritize the continuous investment in the development of their technical and behavioural skills through thematic training plans.

Teamwork

The continuation of our Mission is not within reach of one person's work, but of all. The ongoing combination of talents and skills seeks to obtain effective teams with the capacity to always generate more and better and thus overcome our own ambitions.

High integrity standard

The action of all employees follows high ethical level principles and is strictly guided by the Bank's regulations and recommendations, in accordance with the standards established by the Regulatory Entities, most notably, the Angolan National Bank.

Social Responsibility

Wherever we stand, we strive to create a favourable investment and growth environment and seek to be fully integrated into the Community, both in the involvement with the population and in the services provided. Each one of our employees, as well as the team taken as a whole, contributes to our legacy of a work aimed at building a better world for the next generations.

Such values (Customer orientation, Innovation, Ambition, Acknowledgment and continuous Appreciation of employees, Teamwork, Integrity and Social Responsibility) reflect the personality and the corporate essence of Banco BIC and are an inspiration for performing more and better, every day, every year, for the benefit of all our customers.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02
Macroeconomic Framework

World Economy

In 2019, the global economy has recorded an important loss of dynamism, prolonging the slowdown observed in the second half of the preceding year. High trade and geopolitical tensions resulted in an increase in uncertainty and reduced the global economic agents' confidence and, as a consequence, there was a negative impact on investment decisions and global commercial flows. The manufacturing industry's activity was particularly affected, with emphasis on the automobile sector in a context of significant regulatory changes. Dynamism fell to levels similar to those evidenced during the 2008 global financial crisis. The monetary policy guidance, increasingly accommodative in several economic blocks, as well as the support given to employment by the services sector have been a counterpoint to the foregoing.

In 2019, the global economy has recorded an important loss of dynamism, prolonging the slowdown observed in the second half of the preceding year

Global activity

According to information available in 2019, world economic activity decelerated significantly when compared to the preceding year, accentuating the slowdown registered in 2018. The estimates of the International Monetary Fund (IMF) suggest a world GDP growth of 2.9% in actual terms, following a 3.6% expansion in 2018 and 3.8% in 2017. This has been the lowest expansion pace recorded in a decade. This occurred against a background of decelerating economic activity in most economic blocs, with the notable exception of Japan.

In the US, during the whole of 2019, there was a slowdown in the economy, which thus resumed the performance observed in the two previous years, after an expansion greater than the long-term trend in 2018. The rate of change in GDP stood at 2.4% in 2019, in comparison with 2.9% in 2018. Notwithstanding the loss of momentum, which was mainly felt in the manufacturing industry's activity, the evolution of the economy continued to be robust in the backdrop of advanced economies, supported by an expansionary fiscal and monetary policy position, as well as by the maintenance of favourable financial market conditions.

In 2019, the euro area extended the economic activity's decelerating trajectory which had been initiated in the previous year. The rate of change in GDP stood at 1.2% in the whole year, after recording 1.9% in 2018. This has been the lowest expansion rate recorded in five years. This has been the result of a combination of adverse external shocks, notably associated with Brexit and tensions in international trade, as well as the consequent increase in uncertainty and a decline in the economic agents' confidence. External demand and industrial activity have been the most affected sectors, a scenario observed in most Member States.

With regard to the largest economies of the EU Member States, GDP has slowed down in Germany by 1 percentage point (p.p.) to 0.5%, in Italy by 0.6 p.p. to 0.2%, in France by 0.4 p.p. to 1.3%, and in Spain by 0.4 p.p. to 2%. The year 2019 was also characterized by a deceleration in smaller economies, with the exception of Lithuania and Luxembourg.

The economy of the United Kingdom decelerated marginally compared to the previous year, with its GDP evidencing a change rate of 1.3% in 2019. This has been the lowest growth rate recorded in seven years, in a context notably marked by the uncertainty associated with the process of exiting from the European Union (Brexit), as well as a poor performance from domestic private consumption.

Conversely, the Japanese economic activity accelerated from a growth rate of 0.3%, in 2018, to 1%, in 2019, partially recovering from the heavy loss of dynamism evidenced between 2017 and 2018. Its GDP performance reflected the dynamism of the domestic demand, with positive contributions from investment and consumption. The recovery recorded in the private and public components, as the Government implemented expansionist actions aimed at counteracting the restrictive effects of the increase in the consumption tax.

As for the emerging and developing economies group, there has been a further deceleration of their GDP in 2019, with a growth rate notably below historical averages. Many of these economies continued to experience unfavourable financial conditions, in a context of outflows of financial capital and macroeconomic instability, although already less severe than in 2018 in several countries.

As a whole, the emerging Asian economies reduced its expansion rate from 6.4% in 2018 to 5.6% in 2019, with the deceleration in India (about 2 p.p. to 4.8% in 2019) being particularly noteworthy.

China's GDP slowed down by 0.5 p.p. in 2019 to a rate of change of 6.1%, the lowest in many decades. This occurred in a context of downward pressure from both external and domestic demand. One should highlight, from an external perspective, the effects related to the increase in tariffs imposed by the USA and, on from an internal perspective, the impact of the restrictive measures implemented by the Government in order to control the growing corporate indebtedness.

With regard to the European emerging economies as a whole, the deceleration was even more pronounced, with their GDP reducing the average expansion pace by 1.3 p.p. to 1.8% in 2019.

In Russia, the slowdown has been 1.2 p.p. to a growth rate of 1.1%. This has been the lowest expansion rate recorded since the 2015-2016 recession. This dynamic reflected, namely, the exhaustion of the momentum given by public investment in infrastructure during the previous years, the effect of the increase in consumption tax and the impact of the strong reduction in exports of given raw materials.

Likewise, the Latin American and Caribbean economies as a whole experienced a slowdown in economic activity, with the rate of change in GDP decreasing by 1 p.p. to 0.1% in the preceding year. However, the largest economies in this economic bloc had distinct deceleration intensities: Brazil experienced a marginal deceleration of GDP (by 0.1 p.p. to a rate of change of 1.2%), only mildly breaking the recovery dynamics in comparison with the 2015-2016 recession, while Mexico experienced a significant slowdown (from 2.1% in 2018 to a zero change in GDP in 2019) in a context of some political uncertainty and financial instability and a downgrade in the rating of its sovereign debt.

For 2020, the IMF forecasts suggest a slight recovery in global economic activity's dynamism, with world GDP growing by 3.3%, which could be counteracted by causes marginal to the economy. Such acceleration should result from the greater dynamism of the whole of the emerging and developing economies (growth rate of 4.4%), given that the advanced economies should evidence a slight slowdown in comparison with the growth pace of the current year (to 1.6%). From the first set of countries, one should highlight the accelerations projected for India (to a growth of 5.8%), Brazil (to 2.2%), Mexico (to 1%) and Russia (to 1.9%), while China should evidence a marginal slowdown (for 6%). As for the second set of countries, one should highlight the new deceleration projected for the USA (now to 2%) and the slowdown in Japan (to 0.7%), while slight accelerations in the euro area (to 1.3%) and in the UK (to 1.4%) should occur. In global terms, the economic activity should benefit from an accommodative monetary policy position in most economic blocs as well as from a reduction in trade tensions, with favourable impacts on the confidence of economic agents. However, the worsening of geopolitical tensions in several regions of the world and the reversal of trade negotiations, notably between the USA and China, are negative risk factors worth mentioning.

+3.3%

World GDP growth in 2019 (IMF estimate)

Labour market

In the euro area, in 2019, the labour market kept its expansion cycle which has been ongoing for several years. Nonetheless, employment somewhat recorded a slow down against the previous year (a rate of change of 1.1%, against 1.5% in 2018), although less intensely than the GDP, while the unemployment rate kept its reduced figures (to an annual average of 7.6%, that is, 0.6 p.p. less than in 2018). In December, the unemployment rate reached 7.4%, which was the lowest recorded since May 2008 and very close to the historical low reached in early 2008. The reduction of the unemployment rate was common to all Member States.

In the United Kingdom, employment continued to grow in 2019, although slightly decelerating against the previous year (1% change in comparison with 1.2% in 2018) and a little more strongly than the GDP. Against this background, there was another fall in the unemployment rate, although at a much slower rate than in previous years (the rate fell 0.2 p.p. to 3.8%, the lowest in 44 years).

There was a similar trend in the USA, with employment continuing to expand, although slightly decelerating against the previous year (1.1% change rate in comparison with 1.6% in 2018) and a marginally more strongly than the GDP. The labour market conditions remained very robust, with the unemployment rate set at a new low in several decades (a 0.2 p.p. decrease to 3.7%, a minimum figure in 50 years).

In Japan, despite the acceleration of GDP, employment reduced its growth pace in 2019, similarly to most of the advanced economies (a rate of change of 0.5%, against 1% in 2018). Such rate of employment expansion did not allow the unemployment rate to fall, which thus remained stationary at 2.7% (corresponding to a minimum figure in 27 years).

International trade

The volume of international trade of goods and services evidenced a very pronounced deceleration in 2019 at the world level, intensifying the already significant slowdown observed in the previous year. Its growth rate fell to only 1%, against 3.7% and 5.3% in 2018 and 2017, correspondingly. Such development has been a reflection of the lower dynamism from the perspective of the advanced economies, but notably in the emerging and developing economies. Given that the growth rate of international trade has been lower than that of world GDP, the year 2019 has been characterized by a significant reduction in the world trade's intensity for the first time since the international financial crisis.

1%

The volume of international trade in goods and services evidenced a sharp drop in 2019

Prices of raw materials and inflation rates

In 2019, the indexes of prices of raw materials compiled by the IMF interrupted the growth trajectory observed in recent years. There has been a significant drop in the oil component (varying by -11.3% against a 29.4% increase in 2018), while the non-energy component rose only slightly (a variation of 0.9%, after 1.6% in the previous year). With regard to oil in particular, the price of Brent in USD per barrel fell 9.9% during last year to an average price of 64 USD/ barrel (spot price), after significant increases of 30.7% and 23.5% in 2018 and 2017, correspondingly.

With regard to the advanced economies as a whole, the inflation rate, measured by the variation of the Consumer Price Index (CPI), decreased by 0.3 p.p. to 1.4% in 2019, after two years of slight acceleration. Such development was favoured by the lower dynamism of the aggregate demand in most of the economic blocs, along with the effect of the fall in the prices of energy materials.

In the euro area, the inflation rate stood at 1.2% in 2019, i.e., 0.6 p.p. below that observed in the preceding year, notwithstanding the robust wage growth in a context of downward adjustment of corporate profit margins as a consequence of the significant loss of dynamism in demand.

Similarly, in the United Kingdom, there was a slowdown in prices in 2019, accentuating the slowdown started in the previous year. Thus, the inflation rate stood at 1.8%, 0.6 p.p. less than in 2018.

In the USA, the deceleration in consumer prices in 2019 was slightly lower than that of the euro area and the United Kingdom, as the inflation rate fell 0.4 p.p. to 1.8%.

Japan also experienced a price deceleration, with the inflation rate standing at 0.5% in overall 2019, 0.5 p.p. less than in the previous year. With this evolution, this country continued to evidence much lower inflation levels than the average of advanced economies.

Conversely, in the whole of the emerging and developing economies, the inflation rate rose slightly, thus widening the differential against the average of the advanced economies. The average inflation rate in this set of countries stood at 5.1% in 2019, 0.3 p.p. above the recorded in the previous year. Such development reflected, significantly in part, the inflationary effect of the exchange rate depreciations which occurred in several countries, counteracting the downward pressure on inflation resulting from the general economic slowdown.

Monetary policy and interest rates

In response to the slowdown path in economic activity and the inflation rate's decrease (in particular when measured by the underlying indicator) throughout the year 2019 in advanced economies, the corresponding Central Banks took a more accommodative monetary policy position. Such developments extended to the Central Banks of several emerging and developing economies (notably Brazil, India, Indonesia, Mexico, Russia and Turkey).

In September 2019, the European Central Bank (ECB) reactivated the net asset purchases program in order to counter the growing weakening of the euro area economy (Germany in particular) and to achieve the medium-term objective for price stability (inflation close to, but under, 2%). The ECB announced this program, which had been discontinued by the end of 2018, will be maintained 'for as long as necessary to reinforce the accommodative impact of key interest rates'. The pace of monthly debt securities' net purchases (public and private) under the program was set at 20 billion euro. In parallel, the ECB kept its reference interest rates unchanged throughout 2019 (at 0% for the interest rate applicable for the main refinancing operations), with the exception of the deposit facility rate, which has been reduced from -0.4% to -0.5%, although free of part of the Banks' excess reserves (in order to secure their profitability). A new set of targeted longer-term refinancing operations (TLTRO) for banks was also implemented in March, with the aim of encouraging the granting of credit to companies and consumers.

In December, Christine Lagarde took office as the new President of the ECB and announced that a strategic review of the ECB's monetary policy would take place throughout 2020 (the first to be carried out since 2003).

In the USA, the Federal Reserve overturned the monetary policy normalization process conducted from 2015 to 2018 (with a total of nine 0.25 p.p. increases in its main key interest rate, the Fed Funds rate). During 2019, the Central Bank performed three 0.25 p.p. decreases in the Fed Funds rate, bringing such rate back to the range of 1.5% to 1.75%. In parallel, the Federal Reserve interrupted its balance sheet reduction process. Such measures were implemented against a background of low inflation pressures and of weakening investment and exports, although consumption and the labour market kept evidencing strong dynamism.

In the United Kingdom, the Central Bank chose to keep its official interest rate at 0.75% throughout all the year 2019 (the previous change evidenced an increase from 0.5% to 0.75% in August 2018), in a scenario where the labour market's high dynamism was maintained, but the inflation rate remained below the 2% medium-term objective. The unconventional monetary expansion action program was maintained according to the terms established in 2016 and 2017.

In Japan, the Central Bank kept its short-term key interest rate at -0.1% and the objective for 10-year Treasury Bond yields at 0%. The Bank of Japan also kept the amounts of the unconventional monetary expansion action and yield curve control program. With view of clarifying its commitment to an intense monetary easing position, the Central Bank indicated, in the context of its forward guidance strategy, that it 'intends to maintain the current extremely low level of short and long-term interest rates for an extended period of time, at least until the spring of 2020, taking into account the uncertainties regarding the economic activity and prices (...)'. In parallel, the Bank of Japan announced the broadening of the asset class eligible as collateral in its credit operations, as well as the easing of the conditions for the operationalization of several instruments of the unconventional monetary expansion action program.

In the capital market, longer-term interest rates in advanced economies showed a downward trend in the whole of 2019, although some recovery was evidenced in the last quarter of the year. In average figures for 2019, 10-year Treasury Bond yields stood at -0.22% in Germany (compared to 0.46% in the previous year), 0.59% in the euro area average (1.27% in 2018) and 2.14% in the USA (2.91% in 2018). The global downward trend reflected the deteriorating economic outlook and the more expansionary monetary policy stance in the different economic blocs throughout 2019, a dynamic which was only partially offset by the prospect of a partial trade agreement between the USA and China by the end of the year.

In the capital market, the longer-term interest rates of advanced economies evidenced a downward trend for the whole of 2019

Foreign exchange market

In 2019, there was a continuation of the appreciation trend regarding the United States dollar, which had started in the previous year, namely against the euro and several currencies of emerging and developing economies. These developments occurred in a context of widening of the economic growth differential between the USA and emerging economies (in the light of the significantly sharper deceleration in the latter in the whole year) and the maintenance of a significant interest rate differential between the USA and the euro area. One should also highlight the yen and the Swiss franc's appreciation trajectories throughout the year (benefiting from increased volatility in financial markets) and the irregular developments of the pound sterling, with an intense depreciation in the first three quarters being countered by a sharp value gain by the end of the year (reacting to developments in the Brexit process).

Comparing the average price recorded in December 2019 with the same month of the previous year, the euro depreciated against the main currencies, notably 2.4% against the dollar, 5.2% against the yen, 5.6% against the pound sterling and 0.5% against the Yuan. Bearing in mind the main 19 trading partners of the euro area and in annual average values, the euro's nominal exchange rate decreased 1.6% in 2019, in contrast to the 2.5% of the year 2018.

The emerging and developing economies' currencies recorded an unequal movement observed throughout the year and also between currencies. Most of such currencies recorded appreciations in the first half of the year, due to the indications of relaxation of the USA monetary policy position.

In the second half of 2019, the deterioration of risk perception regarding several of these economies induced movements in exchange rate depreciation. Such movements were more remarkable in South American currencies, reaching sharp figures, particularly in the case of the Argentinian peso.

2019

There was an extension in the appreciation trend of the United States dollar, which had started in the previous year, namely against the euro and several currencies of emerging and developing economies

Public accounts

The euro area evidenced a slight increase in the weight of the public deficit in GDP to 0.8% (0.3 p.p. more than in the previous year), after eight consecutive years of reduction (with a peak of 6.3% recorded in 2010). Even so, there was a further decrease in the government gross debt to GDP ratio last year, to 86.4% (1.5 p.p. less than in 2018), with this indicator benefiting from the expansion of the GDP in nominal terms. From the Member States perspective, the developments was unequal, as nine countries evidenced increases of the deficit share in GDP and the remaining ones recorded declines. The heterogeneity scenario extended to the evolution of the government debt ratio. In 2019, in the euro area, only France recorded a deficit ratio above the 3% limit set by the Maastricht Treaty, while 10 countries recorded budget surpluses.

In the United Kingdom, there was a marginal drop in the public deficit to GDP ratio in 2019 to 2.2% (0.1 p.p. less than in the previous year), which gave rise to an ease from the significant fiscal consolidation process seen in the four years prior. Nonetheless, the weight of the government debt in GDP fell slightly, from 85.9% to 85.2%.

In Japan, the gradual fiscal consolidation process of the previous three years was continued in 2019, with the weight of public deficit in GDP falling 0.1 p.p. to 2.9% (the lowest figure since 2007). In parallel, the government gross debt ratio fell 0.1 p.p. to 236.7% of GDP last year. Conversely, the USA evidenced a further deterioration in public accounts in 2019, even if at a much slower pace than in the previous year. The weight of the public deficit in GDP increased by 0.1 p.p. to 6.7% (after a 2.3 p.p. increase in 2018). Reflecting the high public deficit, and despite the significant GDP expansion in nominal terms, the gross public debt ratio rose by 2.5 p.p. to 110.8% of GDP in 2019, a new maximum in the last 40 years.

0.8%

Reduction in the **euro area** in the public deficit weight in the GDP

Angolan Economy

Gross Domestic Product

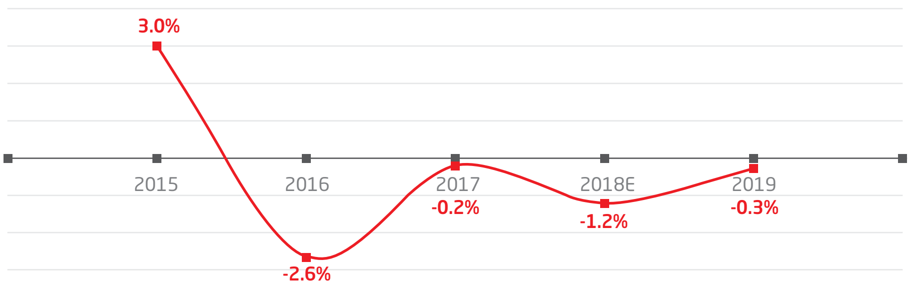
The maintenance of the international oil price at levels significantly lower than those evidenced until 2014 (despite some recovery in the following years) has induced some important macroeconomic imbalances and has conditioned the growth of the Angolan economy, which is heavily dependent on the said product. The IMF's estimates suggest a GDP contraction of about 0.3% in 2019, a situation experienced for the fourth consecutive year.

With regard to the economic policies, the 'Macroeconomic Stability Program' and the 'National Development Plan for 2018-2022' are being implemented, which began in 2018 in parallel with an adjustment program with financial support from the IMF under the so-called Extended Fund Facility, which has a duration of three years and involves a total of USD 3.8 billion.

Despite the recession observed, the structural reforms adopted by the Government at the tax level are still in progress, notably, with the implementation of the Value Added Tax (VAT), mainly aimed at broadening the tax base and reducing the dependence on oil-related revenues. On the other hand, a greater liberalization of the foreign exchange market has also been introduced, aimed at reducing imbalances in supply and demand, keeping the Net International Reserves at prudent levels and stopping the inflationary trend.

Companies' low productivity, high interest rates and a weak business environment are indicated as factors which have conditioned the creation of new jobs in the Angolan economy. According to data published by the National Statistics Institute (*Instituto Nacional de Estatística* - INE), with reference to 2019, the population's unemployment rate aged 15 and more, is estimated at about 31%.

Real GDP Growth



Source: IMF/Bloomberg

Furthermore, based on the data published by the National Institute of Statistics with regard to the National Accounts, in 2019, the GDP performance was essentially supported by the growth in the diamond mining and the metallic minerals sectors (41.4%), trade (8%), the energy and water sector (3.1%) and the construction sector (2.8%), while these four sectors combined have accounted for over 55% of the growth component in the GDP variation.

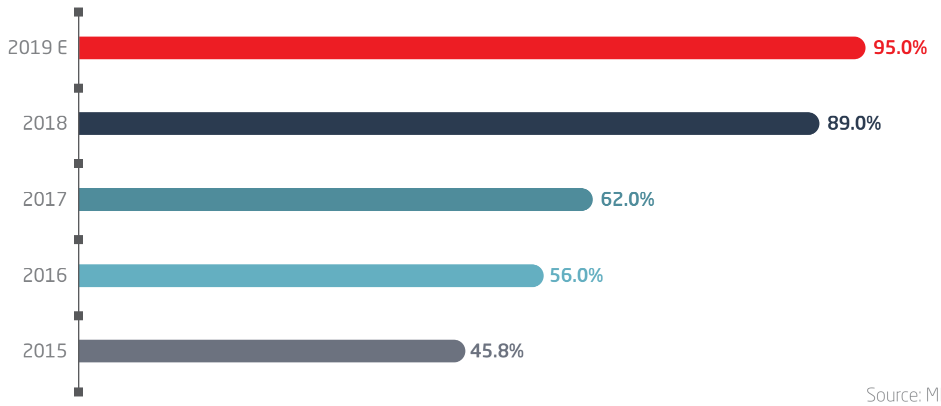
41.4%

of the **GDP** is essentially supported by the growth in the diamond mining and the metallic minerals sectors

On the other hand, a weak growth in the agriculture, fisheries and industrial sectors slowed down the pace of the path already initiated for the diversification of the national economy. To some extent, such slowdown may be attributed to the drought which has devastated the south of the Country, significantly damaging agricultural production, but also to the lack of road and logistical infrastructure which facilitate the flow of products from producer centres to consumer centres (the cities) and, in addition, the lack of supplies and equipment for the processing, storage and distribution of goods.

According to the IMF's forecasts, Angola's public debt is estimated to have exceeded 95% of its GDP in 2019, reflecting an increase of 6 pp when compared to 2018. Net International Reserves reach USD 11.84 million and the inflation rate 17.06%.

Public Debt (% of GDP)



Source: MINFIN

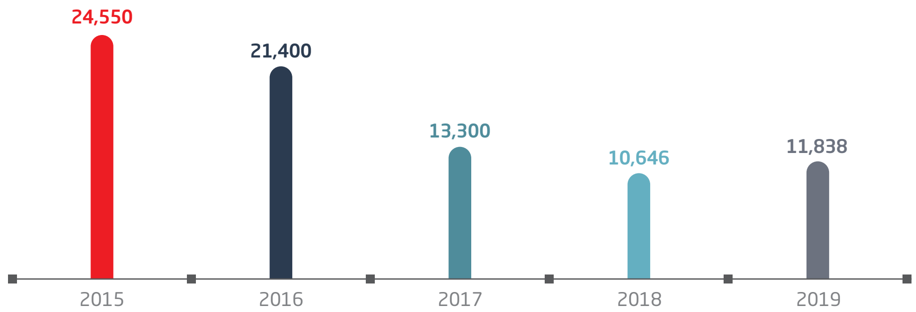
International Reserves and Petroleum Sector

The reforms which took place in the foreign exchange market have somehow made it possible to protect the Country's Net International Reserves (NIR). The latest data suggests an increase in reserves to approximately USD 11.8 billion in December 2019, representing an increase of about 11% when compared to December 2018. Nonetheless, when compared to the NIR level in December 2016, there has been a significant reduction in reserves of approximately 45% in the previous three years.

In December 2019, the volume of Net International Reserves secured about seven months of imports of goods and services, a level which is still considered relatively comfortable when compared to the six months average level of coverage recommended by the SADC.

Net International Reserves

(million USD)



Source: BNA/Bloomberg

45%

Reduction of the Net International Reserves (NIR)

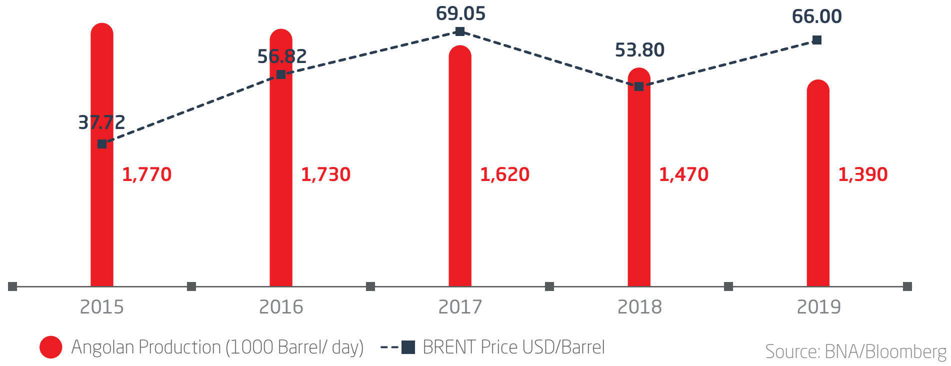
The General State Budget for 2020 projected an average oil barrel price of USD 55, which, in the context of the current uncertainties in world oil demand, will necessarily have to be reassessed.

Notwithstanding the price level of an oil barrel remained consistently above USD 60 per barrel during the year 2019, the lack of new investment in the Angolan oil sector has conditioned the increase in production, thus evidencing a downward trend (with reference to December 2019, the production volume fell by approximately 5% when compared to the same period of the previous year) for the fifth consecutive year.

The oil barrel price level has consistently remained above USD 60 per barrel during 2019

Oil - Price and Production

(million USD)

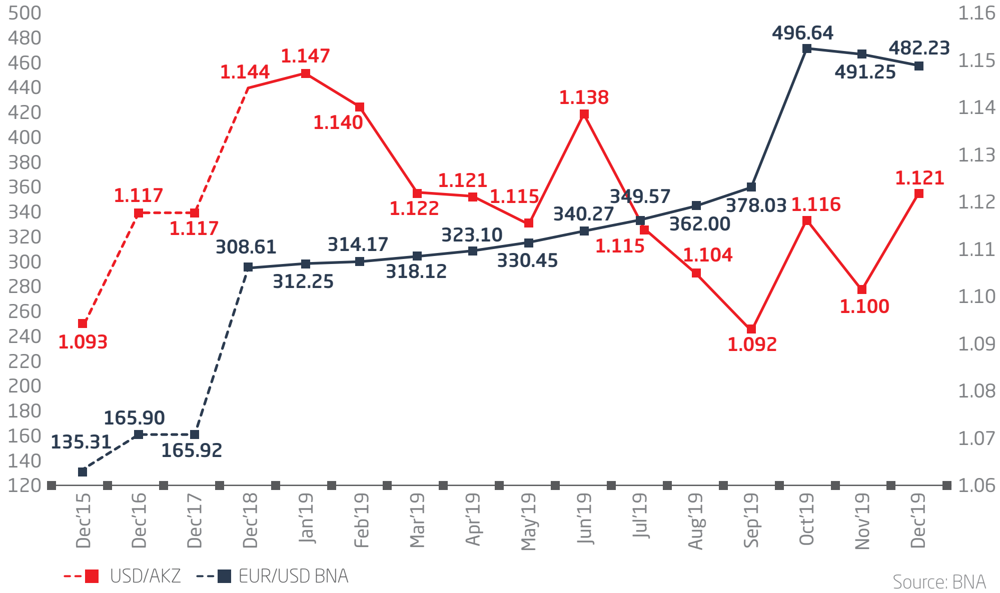


Source: BNA/Bloomberg

Foreign Exchange Market

The economic environment experienced in recent years has led the Angolan National Bank to implement far-reaching reforms in the foreign exchange market in order to uphold some balance between the demand and supply of foreign currency, as well as to control prices, given the strong dependence on imported products and services. On the other hand, it has strengthened the overall current exchange rate regulations, including the prevention of money laundering and the fight against terrorism financing, in line with best international practices.

Development of Exchange Rates



Source: BNA

The foreign exchange market has started to operate closer to foreign currency demand and supply mechanisms, allowing for the primary market's exchange rate to fluctuate until it reaches a balance point.

It is worth mentioning the entry into force of the BNA's Notice no. 12/2019, which has determined a limit of USD 120 thousand per year, for the purposes of establishing the maximum amount of foreign currency which may be purchased by individuals, revoking the need to submit supporting documentation, as long as the financial capacity of the applicant is evidenced. On the other hand, commercial Banks have been authorized to purchase foreign currency from oil companies, in a direct manner and without the intermediation of the Angolan National Bank.

As a result of the aforementioned, in 2019, the national currency depreciated approximately 56% against the United States Dollar, standing at AKZ 482.23/ USD, with reference to the 31st of December 2019 (AKZ 308.61/ USD, with reference to the 31st of December 2018).

The GAP between the formal and informal markets rose from around 150% when the exchange rate regime was implemented by bands, to close to 23% in December 2019, below the differential evidenced in 2018 (28%).

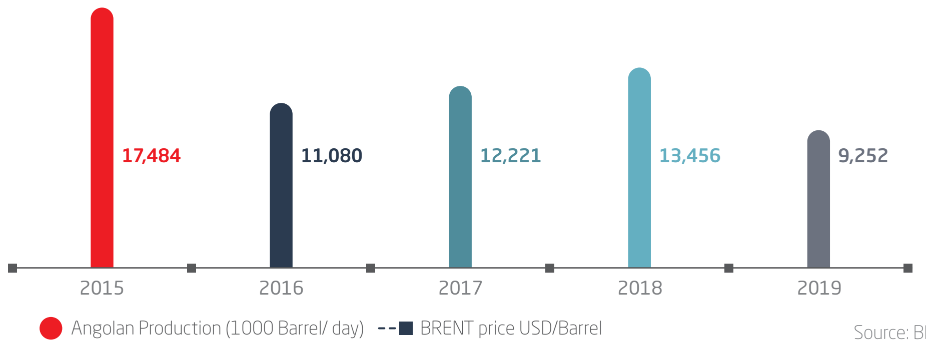
The BNA made available to the primary market, by means of commercial Banks (via auctions), approximately USD 9.25 billion during the year 2019, which is equivalent to a reduction of approximately 31% in comparison with the preceding year.

2019

The national currency depreciated approximately 31% when compared to the previous year

BNA foreign currency sales

(million USD)



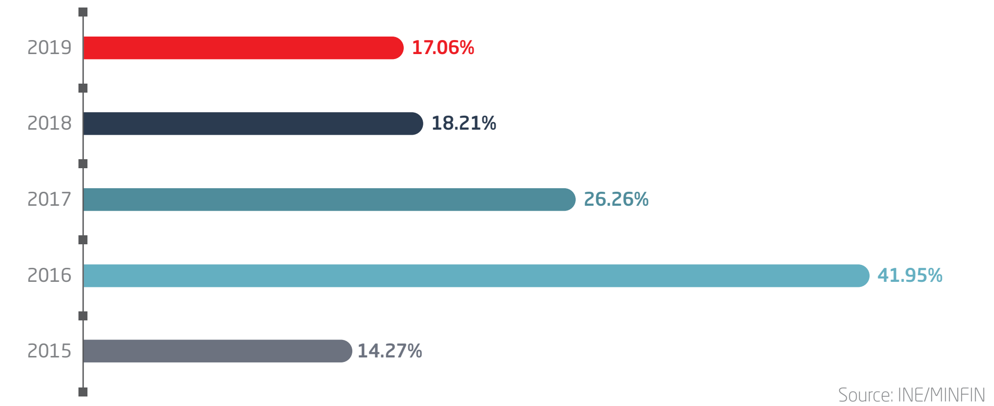
Source: BNA

Inflation and Money Market

The inflation rate, although on a downward trend in recent years, kept on evidencing high levels. Inflationary pressures reflected, among others, the effects of the elimination of water tariff grants and the introduction of the Value Added Tax (VAT), as well as the effect of the significant exchange rate depreciation observed in 2019. Contrarily, the disinflation process which has since been initiated seems to have been benefited, among other things, from the tighter monetary conditions and the reduced dynamism of the domestic demand, largely induced by fiscal consolidation measures.

Based on the data disclosed by the National Statistics Institute (Instituto Nacional de Estatística), in December 2019, the accumulated inflation rate stood at 17.06%, representing a decline of 1.15 pp in comparison with the same period of the previous year.

Accumulated Annual Inflation



Source: INE/MINFIN

Based on the monetary statistics disclosed by the Angolan National Bank, in December 2019, the Monetary Base in national currency, an operational variable of monetary policy, stood at AKZ 1.59 trillion, recording an annual variation of 22.21%.

In the last 12 months, the monetary aggregate M2 in national currency, which brings together all bank deposits in national currency and the banknotes and coins held by the public, has evidenced a variation of 14.45%, standing at AKZ 4.85 trillion.

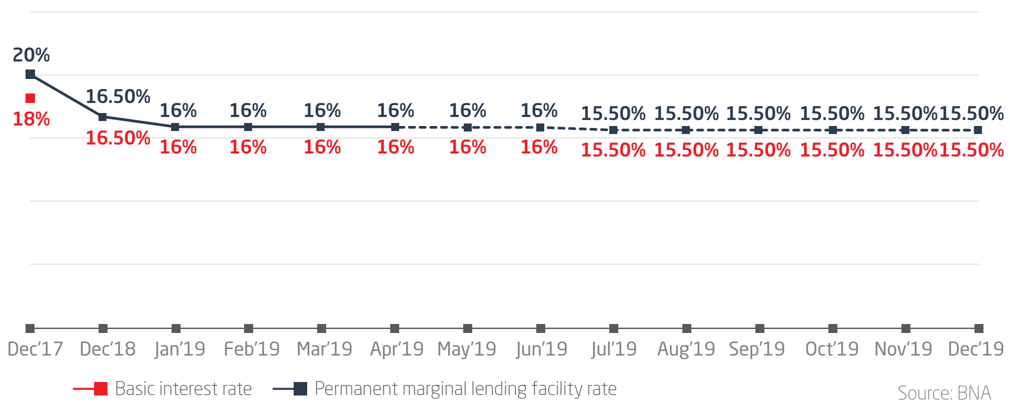
In order to maintain the course of price stability in the economy and support the exchange rate regime, the Monetary Policy Committee (MPC) maintained a restrictive monetary policy during the year 2019.

The basic Interest rate, also referred to as the BNA rate, as well as the permanent marginal lending facility rate, both stood at 15.5%, representing a decrease of 1 pp against December 2018. On the other hand, the compulsory reserve coefficients were set at 22% and 15% for national and foreign currency, correspondingly.

15.5%

Decrease of the basic interest rate

Macroeconomic Indicators



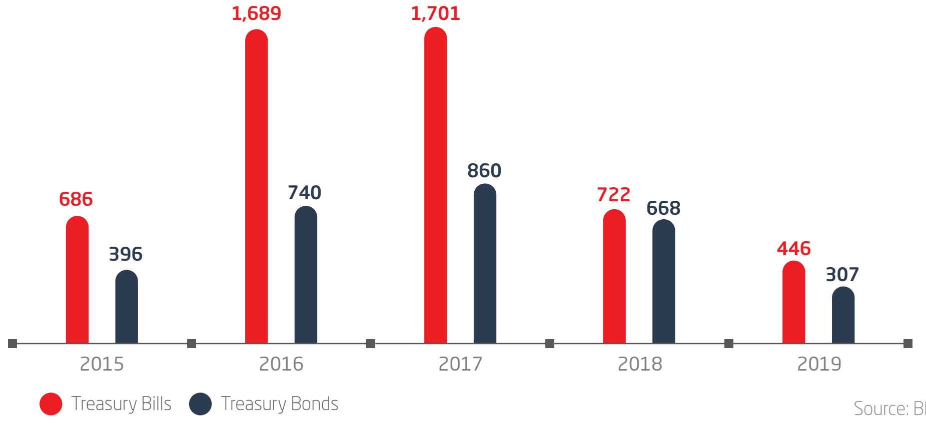
Source: BNA

As in previous years, the State resorted to the issuing of public debt to guarantee its operation and the implementation of several public projects.

Nonetheless, at the level of the primary market for public debt securities, in 2019, there was a 45.84% reduction in the issuing of Treasury Securities when compared to the same period of the previous year. In 2019, securities totalling AKZ 753.06 billion have been placed, of which AKZ 446 billion in Treasury Bills (TBI's) and AKZ 307 billion in Treasury Bonds (TBn's).

Issuing of Securities

(billion Kwanzas)

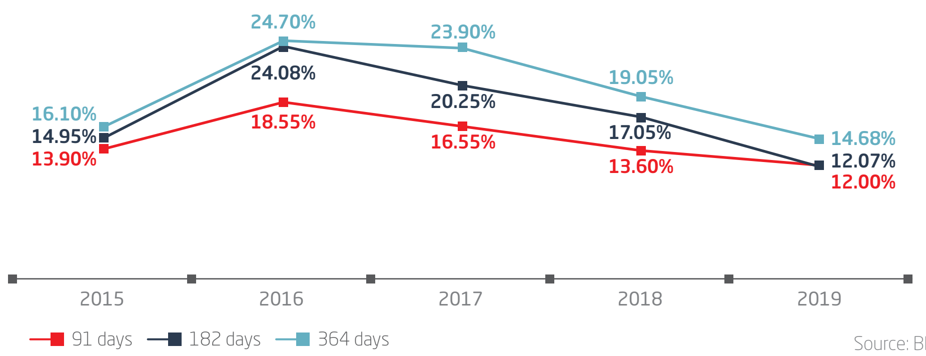


Source: BNA

Decrease in the Issuing of Treasury Bills

In December 2019, the average interest rates on Treasury Bills stood at 12.00%, 12.07% and 14.68% for maturities of 91, 182 and 364 days, correspondingly, evidencing lower values than in the same period in the previous year, in which they have stood at 13.60%, 17.05% and 19.05% for the same maturities, which reflects a decrease in the cost of debt for the fourth consecutive year.

Interest Rates - Treasury Bills



Source: BNA

LUIBOR rates at 3, 6 and 12 months swayed throughout the year, and, on the 31st of December 2019, its rates stood at 19.58%, 19.14% and 20.50% (for 3, 6 and 9 months), correspondingly, while on the 31st of December 2018 they were 17.09%, 17.35% and 17.99%, correspondingly, for the same terms. As a consequence, such increases made inter-Bank loans more expensive, as well as the granting of credit to the economy, given that the LUIBOR is increasingly becoming the reference rate for purposes of granting credit to customers.

Banco BIC's Positioning in the Banking Sector

The maintenance of the international oil price at levels significantly lower than the ones recorded until 2014 (notwithstanding there has been some recovery in the subsequent years), along with the continuous reduction in the quantity produced, has induced important macroeconomic imbalances and has severely conditioned the growth of the Angolan economy. The lower performance in the oil sector has only been partially offset by certain non-oil sectors.

The year 2019 was marked by a number of challenges, both in economic terms as a whole and more specifically in the banking sector. The 56% devaluation of the kwanza against the United States dollar, along with a still considerably high inflation rate of around 17%, in spite of evidencing a downward trend, coupled with the need to stabilize Net International Reserves, posed a number of challenges to the Angolan Government and business sector, which required significant adjustments. In the banking sector, the multiple regulatory changes aimed at modernizing and strengthening the soundness of the financial system have forced banks to constantly and swiftly adapt, in line with the determinations of the Angolan National Bank.

In this period, one should highlight the strengthening of government initiatives aimed at promoting the diversification of the real Angolan economy and, as a consequence, reducing excessive dependence on imports of goods and services and contributing to the sustainability of Angola's external accounts, and, in this context, we should note the Credit Support Program (CSP), included in the Production, Export Diversification and Import Substitution Support Program, also referred to as PRODESI *(Programa de Apoio à Produção, Diversificação das Exportações e Substituição das Importações)*.

Simultaneously, the Angolan National Bank, by means of the Notices 4/2019 and 7/2019, of the 2nd of April and the 30th of September, correspondingly, established specific rules on the banking sector for granting credit to national producers of goods deemed essential, the national production of which does not yet meet domestic demand, defining a minimum limit of 2% of total assets reflected by financial institutions with reference to the 31st of December 2018, further determining the annual interest rate and commissions shall not exceed 7.5% per year.

In another plan, and pursuant to the BNA Strategic Plan, an Asset Quality Assessment exercise was performed in order to ensure the stability and soundness of the Angolan Banking System. This cross-cutting exercise involved the 13 most significant Banks operating in the domestic market, representing about 93% of the total Assets of the Banking System on the reference date (31/12/2018).

With regard to the results obtained by Banco BIC, and although adjustments were required in some of the parameters, with the most significant quantitative impacts being assessed at the level of credit granted and securities and investments measured at their amortized cost, it should be highlighted that the Regulatory Solvency Ratio computed on the reference date of the AQA exercise stood at 15.5%, still well above the regulatory minimum set forth in Notice no. 02/2016, of the 28th of April, i.e., 10%.

15.5%

Regulatory Solvency Ratio

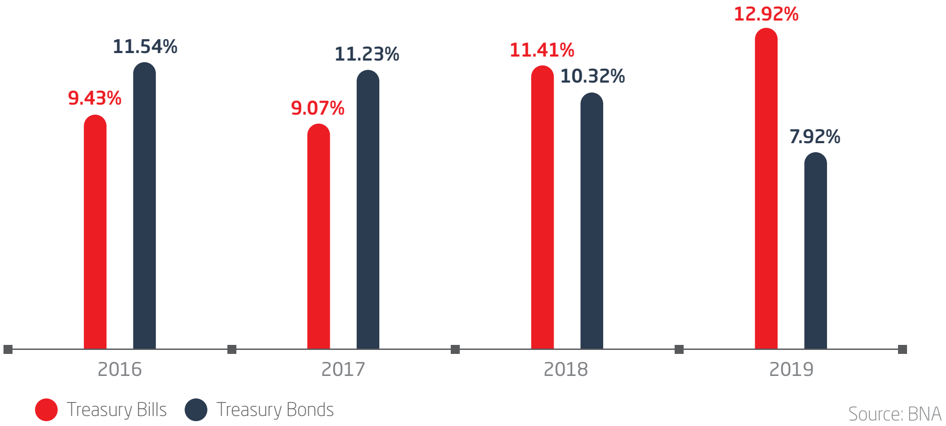
Later towards the end of the year, on the 23rd of October, the Angolan National Bank, by means of the Instruction no. 17/2019, has increased the coefficient of mandatory reserves incident on the customers' deposit balances in national currency, by 5 percentage points, increasing the latter from 17% to 22%. The entry into force of the said regulation represented a significant effort of liquidity for Banco BIC, in the approximate amount of AKZ 32 billion.

In view of the above, Banco BIC's performance in 2019 has been fully consistent with the strategy set forth and, in a challenging macroeconomic backdrop, Banco BIC continues to maintain its position as a trustworthy bank, reinforcing prudence and discipline in terms of granting and analysing new financing operations, in a liquidity management suitable to market mismatches, continuously reinforcing the remaining processes and policies of monitoring and risk control, namely operational risk and other market risks, as well as, in the light of the increasingly demanding international environment, permanently adjusting to compliance requirements and adopting accounting standards.

With regard to Banco BIC's credit to the Economy, including credit granted to the State, with reference to the 31st of December 2019, its amount stood at USD 3,230 million, which, when compared to 2018, is equivalent to a contraction of USD 385 million (11%). This decrease was particularly boosted by the USD 381 million decrease in credit granted to the State and, inherently, by the effect of the devaluation of the national currency which occurred.

With reference to the 31st of December 2019, Banco BIC's market share of Credit to the Economy stood at approximately 13%, while in Customer resources it stood at approximately 8%.

Market Shares



The credit activity also has a key role in supporting the efforts in progress to diversify the Angolan economy, acting as a driving force for the different economic sectors. In order to boost the Angolan economy's growth, Banco BIC was present once again for this new challenge and, in this context, in 2019, has been one of the 8 Banks which have joined the CSP – Credit Support Project.

Therefore, in June 2019, Banco BIC signed the Memorandum of Understanding with the Ministry of Economy, the *Fundo de Garantia de Crédito* (Credit Guarantee Fund) and the BDA - *Banco de Desenvolvimento de Angola* (Angolan Development Bank), making a credit line totalling AKZ 30.0 trillion available for 2019.

Further regarding compliance with the provisions of the Angolan National Bank's Notice no. 4/2019, it should be noted that a total of 26 projects have been approved for financing, for a total amount of AKZ 33.4 trillion, thus exceeding the minimum limit imposed by the BNA.

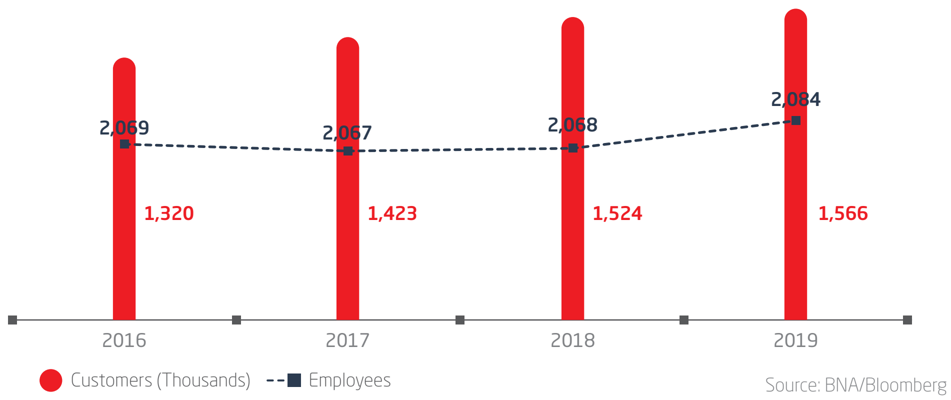
The sectors evidencing the highest predominance were Livestock (bovine and pig) with 13 projects, representing 41% of the total credit, followed by Agriculture with 9 projects, representing 38% of the total credit, then Manufacturing Industry with 3 projects, representing 17% of the total, and finally Fisheries with 1 project, representing 4% of the total credit approved.

From all 26 projects indicated above, the FGC – *Fundo de Garantia de Crédito* (Credit Guarantee Fund) was asked to issue public guarantees for 14 projects, while the *BDA – Banco de Desenvolvimento de Angola* (Angolan Development Bank) was asked to participate in interest financing under the CSP regarding 3 of the said projects.

Regarding its commercial network, Banco BIC opened a 1 more business unit, thus totalling 231 units in all the national territory, serving a diversified customer base. The number of employees saw a slight increase, now totalling 2,084.

Banco BIC opened a 1 more business unit, thus totalling 231 units in all the national territory

Market Indicators



In a context of strong competition, Banco BIC has maintained its identity as a reference Bank in the Angolan market, not only due to its management model but mainly due to its primary focus on customers, reaffirming a determined commitment to trust and service quality. The customer base recorded a 3% increase, totalling approximately 1.6 million customers, including nearly 50 thousand companies.

Banco BIC continues to ensure the products and services included in its value proposal are made available to its customers, not only through the digital channels, but also through the branch network spread throughout the national territory.

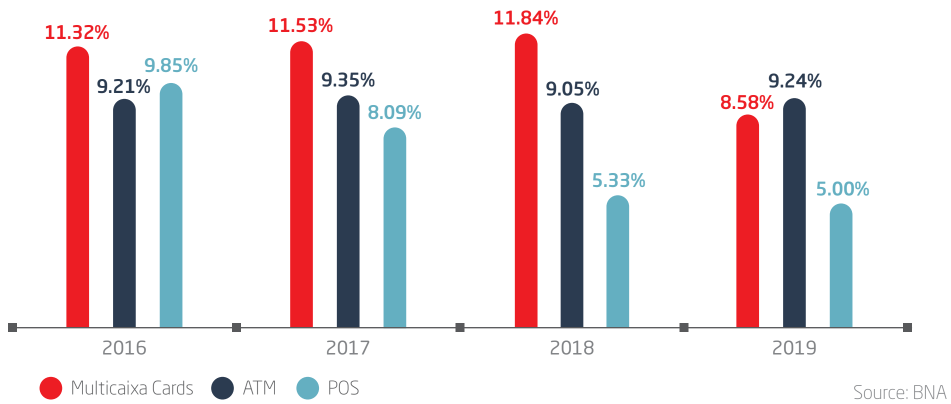
Angola's ATM's and POS's grid continued to present a growth trend, both in terms of number of assets and registries. ATM's saw an increase of 2% and 1% and POS's saw an increase of 20% and 17%. Therefore, EMIS finished 2019 with a grid of 75,702 POS's and 3,064 ATM's in operation.

The permanent commitment on diversification, in the quality of the offer and the provision of banking services by Banco BIC are visible with the availability to the network of a total of 283 ATM's in 2019, with ATM's being distributed throughout the national territory (78 municipalities), enabling the population to enjoy greater possibility of performing their transactions at any time of the day, avoiding the need to resort to bank branches' desks.

With regard to POS's, a total of 3,787 assets have been accounted for by Banco BIC in 2019, with our customers, which represent around 5% of the total available in the market. The number of BIC registered POS's increased by 13.4%, totalling 6,840.

In terms of debit cards, one of the products and services offer segments, a total of 390,574 cards were issued as of 2019, reflecting a market share of 9%.

Market Shares



3%

The increase in the customer base amounted to approximately 1.6 thousand companies

390,574

Cards issued in 2019


BancoBIC

03

Activity Framework

Key Business Lines

Since the incorporation of Banco BIC, the provision of services marked by excellence and a permanent orientation to the needs of each customer has been one of Banco BIC's strategic and differentiating pillars.

The Bank's commercial structure has been established taking into account a better focus on the customer's needs and is thus divided into four key segments, i.e., Individuals and Business, Private Banking, Investment and Companies.

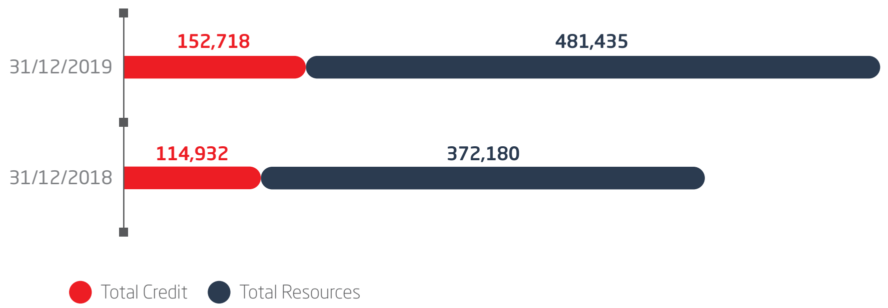
The reinforcement of the international activity, notably with Banco BIC Português, Banco BIC Cabo Verde, the Representative Office in South Africa and Bank BIC Namíbia has allowed the Bank to focus on levels of efficiency and synergies between institutions, which represent a source of growth and an increase in fundamental value for our customers.

The Bank's commercial structure is divided into four key i.e., Individuals and Business, Private Banking, Investment and Companies

Individuals and Business Directorate

With reference to the 31st of December 2019, the Individuals and Business Directorate (hereinafter IBD) had a total of 204 branches and 6 service desks spread across all Angolan provinces, representing 91% of Banco BIC's total commercial network.

Such Directorate, which supports the Banco BIC's Branch Network, had a credit portfolio of AKZ 152,718 million with reference to the 31st of December 2019 (a 33% increase in comparison with the 31st of December 2018). Customer resources amounted to AKZ 481,435 million with reference to the 31st of December 2019 (a 29% increase in comparison with the 31st of December 2018).



Companies Directorate

In 2019, the Companies Directorate (hereinafter referred to as CD) kept on building customer loyalty by means of the provision of qualified services. By the end of 2019, Banco BIC had 17 business centres.

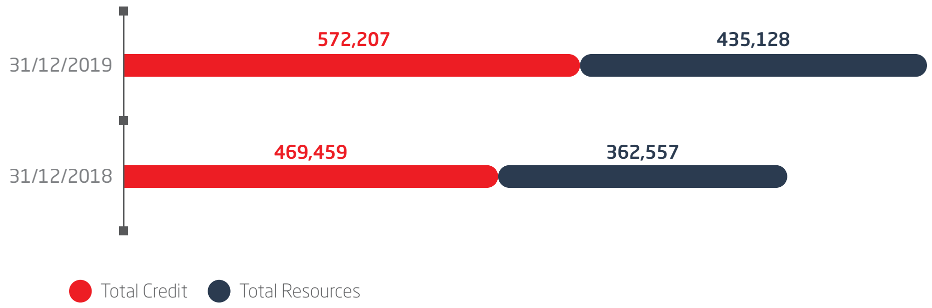
With reference to the 31st of December 2019, the total resources raised by the CD totalled AKZ 435,128 million (an increase of 20% when compared to the 31st of December 2018). In terms of credit granted to customers, with reference to the 31st of December 2019, the total managed by the CD reached AKZ 572,207 million, an increase of 22% when compared to the 31st of December 2018.

Permanently taking into consideration the Bank's solvency ratios, the soundness of its business and the quality of its credit portfolio, the CD kept a close monitoring of its customer portfolio and, for those who evidenced signs of greater difficulties, it has established a thorough policy of operations' renewal, as the strengthening of guarantees associated with credit operations is one of the decisive management tools.

With reference to the 31st of December 2019, the Companies Directorate contributed with around 74% to the credit portfolio and 36% to the Bank's total resources portfolio.

74%

Contribution of the Companies Directorate for the credit portfolio

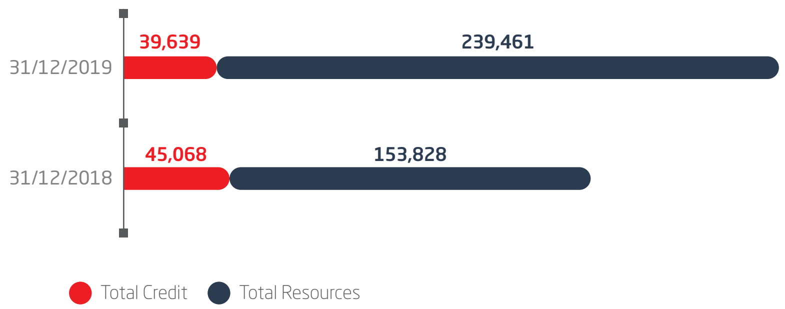


Private Banking

This Directorate's activity is secured by Private managers, with great technical and relational skills, based on a real-time trust relationship. With reference to the 31st of December 2019, resources stood at AKZ 239,461 million, which reflected an increase of 56% relatively to the 31st of December 2018, when the portfolio totalled AKZ 153,828 million. As for credit, the portfolio totalled AKZ 39,639 million with reference to the 31st of December 2019.

Our commitment consists in permanently improving the service provided to our customers, as this is the highest and most differentiated level of banking service, providing a more customized structure with a basis on the sale of financial consulting products, in line with the risk profile identified for each customer, holding the sustained preservation of the customer's property rather than performance as the key goal, for purposes of maintaining growth and the activity's consolidation.

Our commitment consists in permanently improving the service provided to our customers



Investment Directorate

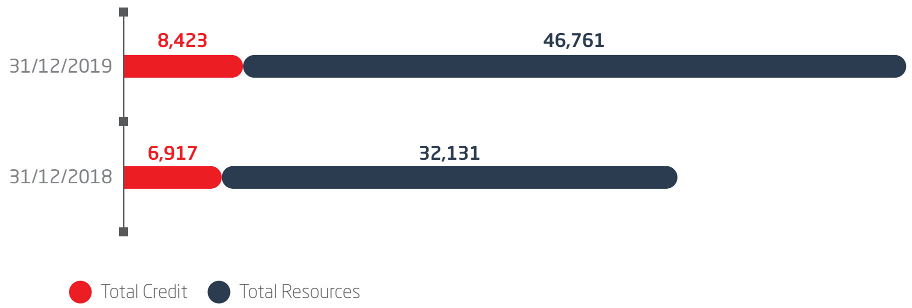
The Investment Directorate is governed by the banking segmentation traditional model for its customers, depending on the level of investment/ income they present. Better knowing the customer and developing the best practices in monitoring and prospecting, in order to materialize the commitment with investors, aiming at achieving the successful implementation of each project, setting up strategic partnerships and synergies in value.

For those investors who are willing to diversify their investment and invest in this segment, Banco BIC has several investment alternatives which follow the development of the business environment, boosting the commercial network of economic agents who hold financial relations with the Bank.

With reference to the 31st of December 2019, this Directorate enjoys 3 Investment Centres, which provide permanent and specialized support in both the everyday management of the customer portfolio and investment decision making. With reference to the 31st of December 2019, the balance of total resources in the portfolio totalled AKZ 46,761 million, a 46% increase when compared to the 31st of December 2018. The portfolio of credit granted totalled AKZ 8,423 million, an increase of 22% in relation to that of the 31st of December 2018.

46%

Increase in the total resources portfolio



Angola Portugal Office and Angola Namibia Office

In May 2012, the Angola Portugal Office (hereinafter APO) was set up, aimed at boosting bilateral business between Angola and Portugal, ensuring the management of financial flows between the two countries and supporting Angolan and Portuguese entrepreneurs in their internationalization activities. Likewise, in 2016, the Angola Namíbia Office ('ANO') has been set up.

In line with the Bank's commercial strategy, these Offices' goal consists in increasingly strengthening commercial relations between the said countries, while ensuring the required excellence and professionalism levels.

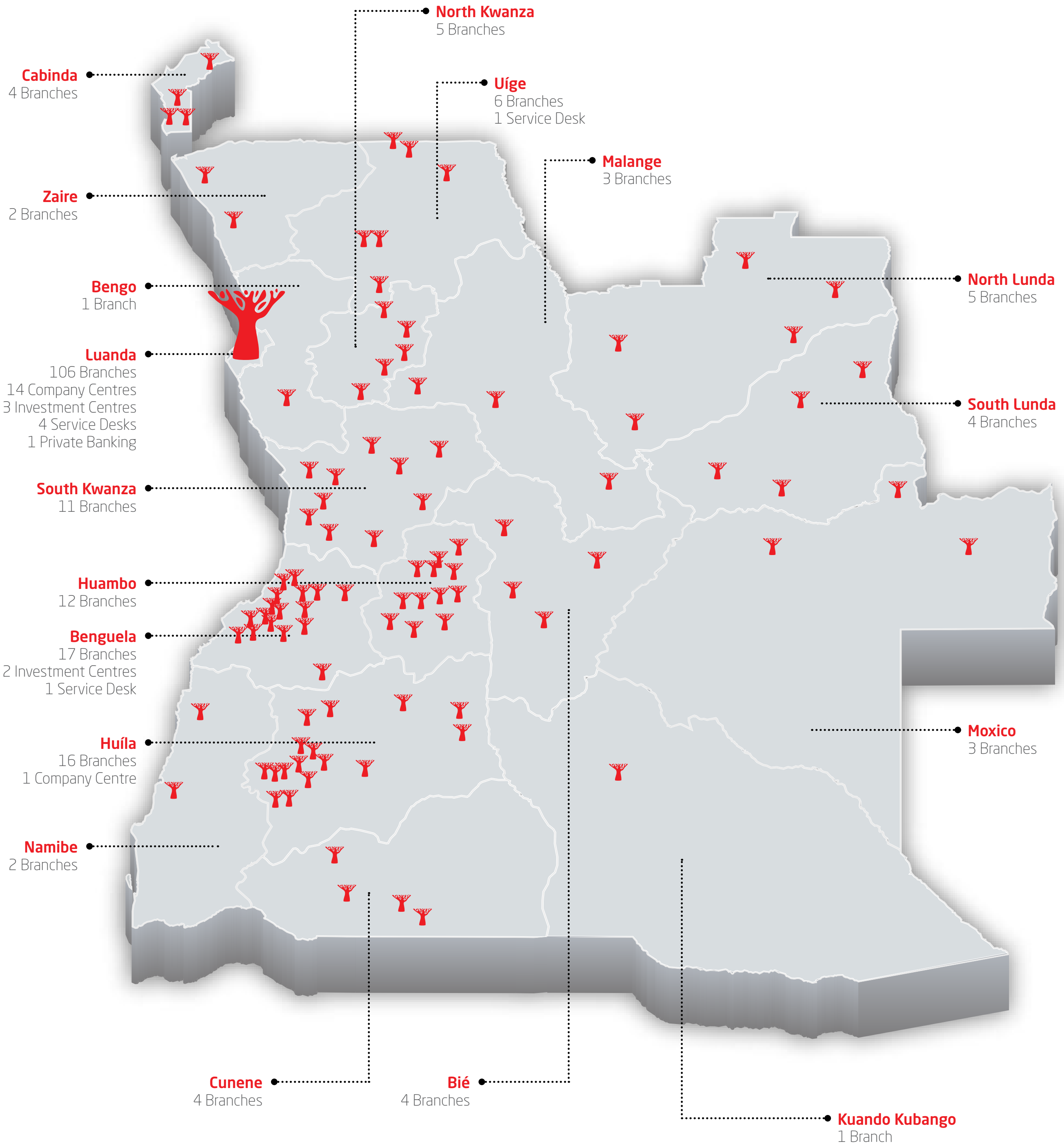
Among the main activities of APO and ANO are the financial support to companies' daily activity with some degree of presence or business relationship in the said countries, notably with export financing services, the provision of information on the specificities of each market and monitoring the flows generated between different countries with particular attention to processes' speed and the competitiveness of pricings put in place.

BIC Agro Directorate

In 2017, the Bank created the BIC Agro Directorate, aware of the importance of the Agriculture, Livestock and Fisheries sectors in the Angolan economy. The key activities of this Directorate include the promotion, the technical support and monitoring of the Bank's Commercial Networks with regard to Credit products aimed at the primary sector, as well as to secure the follow-up and monitoring of officially formed credit lines (Angola Invest and Credit Support Project).

In 2017, the Bank, being aware of the importance of the Agriculture, Livestock and Fisheries sectors in the Angolan economy, has created the BIC Agro Directorate

Distribution Network and Geographic Presence



Network updated with reference to the 31st of December 2019

Historical Milestones

We are a financial institution of reference in the Angolan banking market, enjoying the largest private network of commercial desks in the national territory, the young dynamism of 2084 employees, symbolized in the resilience of the Baobab tree, the root of our growth.

This is how Banco BIC was born and grew up.

2005

Incorporation, by public deed, of Banco BIC S.A. with a share capital of USD 6 million;

Opening of the 1st BIC branch in Luanda;

We believed we had an important role to play in the development of Angola, in supporting the development of Companies and Households.

2006

It expands to 15 provinces the commercial network of BIC branches;

Launching of financial credit products - BIC Habitação, BIC Automobile and BIC Wages;

Increase of share capital to USD 30 million;

Admission to the POS VISA Network.

2007

Authorization from the Bank of Portugal to open the Portuguese BIC;

Launching of VISA Premium and Gold credit cards;

Easy Credit for household consumption goods;

Financing of USD 150 million for reconstruction projects in the UIGE Province.

2008

Inauguration of the Portuguese BIC, a gateway to the bilateral business between Angola/Portugal;

The internationalization of the BIC brand starts here;

BIC employs more than of 1,000 employees, an essential pillar for the Bank's development;

Awarded with the Prize The Best Bank In Angola by EuroMoney, in recognition of the quality of the services provided and results achieved

2009

Strengthening of the 'We Invest Together' campaign, associated with the leitmotif 'Growing Together' as a bridge to the Portuguese BIC, the driving force of the investment from Portugal to Angola;

Strengthening of the BIC VISA, GOLD and PLATINUM campaigns, connected to the VISA network.

2010

Banco BIC supports the Angolan national football team in the AFCON by awarding performance monetary prizes to the Palancas Negras team;

The Bank reaches 500 thousand customers and is chosen as the 42nd largest Bank of Africa by Africa Business magazine;

Launching of the BIC Wages product for Public Administration employees;

Supports the investment of 2 Coca-Cola fund projects in Angola;

Increases the number of branches and becomes the largest private Angolan Bank in terms of geographical coverage.

2011

BIC inaugurates its central headquarters in Talatona, a 10-story building, where it has installed its main services;

In 6 years of activity and with an initial capital of USD 6 million, Banco BIC has surpassed, with reference to the 31st of December 2011, the amount of USD 650 million in equity;

Launches the internal magazine BIC MAIS, a vehicle for information and promotion of the Bank's activities and services, as well as its commercial products.

Finishes the year as the largest private commercial Bank with territorial coverage in Angola and keeps a privileged position in the African ranking (32nd position), according to the African Business magazine.

2012

BIC formalizes the acquisition of the Portuguese Bank BPN, expands its desk network in Portugal and secures the maintenance of over one thousand job places in the Portuguese market;

Increases its customer number to 800,000;

Consolidates the 32nd position in the ranking of Largest African Bank awarded by the African Business magazine;

Sets up the Oil & Gas Department in order to enjoy a greater connection with oil companies.

2013

Expands the internationalization of the BIC brand in Portugal, which had started in 2008, em with its entry into the Cape Verde's financial system;

It is distinguished as the Best Company of the Year in the Angolan financial sector, awarded by the Sirius Awards;

The Banker magazine, from the Financial Times group, awards it the Best Bank in Angola Award.

2014

It launches its insurance business and creates its own insurance company, BIC Seguros, awarding its customers a customized and direct insurance;

Reaches one million customers, continues its internationalization, with the opening of a representative office in South Africa and, for the 3rd time, is awarded the 32nd position in the ranking of the 100 largest African Banks, selected by The Banker magazine.

2015

Ten years of activity marked by growth and contribution dedicated to investment in Angola;

Strong commitment with Credit for the development of the Angolan economy;

The number of network desks in the commercial network throughout the Country increases to 220;

BIC ranks in 4th in ranking of Banks installed in Angola and the 1st with the largest private national commercial network.

2016

Continues to Grow - reaches 1 million and 300 thousand customers;

Strengthens its international activity, settles in Namibia, and deepens commercial relations with southern Africa;

Launches its commercial activities in Namibia incorporating Bank BIC Namíbia.

2017

In the context of the ups and downs of the Angolan economy's adverse effects in the preceding 3 years, Banco BIC commits to the diversification of production in the Country;

Launches the new agribusiness credit aimed at supporting agricultural and livestock projects – BIC AGRO, associated with the Angola Invest program;

Promotes two bilateral conferences, one in Angola and another in Portugal, bringing together agricultural entrepreneurs and government entities from both countries, with the aim of enhancing Angola's natural resources;

Banco BIC Portugal changes the name of its brand to EUROBIC and presents its new commercial strategy.

2018

The Bank increases its share capital by 6 times, from AKZ 3.3 billion to AKZ 20 billion;

Initiates a technological modernization process by installing FOREX, a new digital management tool for payment operations and activation of its customers' accounts;

Strengthens the areas of Risk and Compliance management and control, and installs the Risk Management Application (RMAS), a digital data processing tool with automatic reporting to the BNA.

2019

The Bank invests in new information technologies, strengthens investment in the agribusiness and fisheries sectors by granting more credit to projects which leverage the national economy;

Becomes a reference partner of the CSP, Credit Support Project, making available a credit line of AKZ 30 billion, aimed at financing national production;

Approved and financed 26 projects valued at AKZ 33.4 billion under the CSP;

Joins 3G, a digital processing platform, fast and secure in the context of managing services;

Launches the MULTICAIXA EMV debit card with a customized chip with advanced technology, more secure against fraud and cloning.

Marketing and Communication

The Marketing Directorate, hereinafter referred to as MD, is responsible for the Banco BIC and BIC Seguros' activities, by means of a synergy strategy integrated into common means and tools.

The MD's main mission consists in coordinating and planning marketing and communication strategies for the Bank's several business segments, as set out by the Board of Directors.

The Marketing Directorate's main mission consists in coordinating and planning marketing and communication strategies for the Bank's several business segments

BIC is a Bank operating under Angolan law. The brand's root is Angolan, created in 2005, symbolized by the Baobab tree in all the markets in which it operates, both domestic and abroad.

The MD promotes BIC's image as a factor which enhances and affirms the brand, the launch of new products, by means of advertising campaigns on radio, television, press or outdoors and supporting events of cultural, social and sporting impact.

The MD is responsible for defining the marketing and communication strategy, which promotes the brand's positioning through the offer of products and services. It ensures the management of products and its price table, proposes the launching of other products and their renewal.

The MD is also responsible for ensuring internal and external communication, notably, by means of advertising, relational, online and point of sale communication.

The BIC brand's means of action when taking part in the main public events is the promotion in stands shared with BIC Seguros, offering similar services to those offered to customers at any bank branch, with the exception of cash withdrawals and deposits.

FILDA in Luanda is the most outstanding event for exhibitors and is the largest business exchange for Angolan entrepreneurs and foreign companies developing their businesses in Angola. It is also an open window for exports of national products and raw materials. The presence of Banco BIC and BIC Seguros is ensured by a modular and interactive stand. A new concept, created in 2019 with greater use of space, more rational and functional to serve, simultaneously, the banking and insurance customers.

BIC's 14th anniversary, celebrated on the 24th of May 2019, required particular care in the space's decoration, welcoming one thousand employees for some bonding time.

The MD develops internal communication among all its employees. To publicize the activities in which it takes part, the Bank created a magazine with a quarterly publication entitled BIC Mais, which already published its 22nd edition.

In 2019 we have developed the layout of the new MULTICAIXA debit card with chip, a safer option with appropriate technology against fraud and cloning. The layout was designed according to a concept of image of Angolan root, adopted since the Bank's origin, the Baobab tree. We have associated the samakakas design, in order to strengthen the Bank's Angolan identity.

In Luanda's Quatro de Fevereiro International Airport, we have installed a 52-square meter outdoor in the passenger arrivals area with a 'Welcome' message to all passengers landing in Luanda, illustrated with Angola's map and marked with the distribution of BIC's commercial networks installed in all provinces.

We have renewed the image of the Credit products for press announcements, posters and banners.

With regard to Sports, BIC is a partner of the professional Football championship Girabola, in 3 clubs (Inter Clube, 11 Bravos do Maqui and Santa Rita). The BIC brand is present in the Coqueiros stadium, in the Alvalade sports swimming pools and in the 1.º de Agosto's basketball pavilion.

Banco BIC also supports amateur sports activities, such as Swimming and Athletics in the Junior classes, and it is one of the main partners of the Swimming Federation.

With regard to Culture, Banco BIC has supported significant events, such as the Luanda Carnival, which brings together thousands of revellers on an annual basis. Banco BIC was the official sponsor of Grupo Recreativo do Kilamba, which was the undisputed winner of the 2018 and 2019 editions.

Significant importance was given to social actions aimed at protecting the most disadvantaged children, The Bank was an active partner in ZAP's Christmas Solidarity Campaign with a donation of 1 million kwanza, taking the joy of Christmas to the Santíssimo Salvador Shelter in Benguela, providing a lively party for two hundred children.

In the Angolan National Police Road Accident campaign, which has BIC Seguros' partnership, we have developed outdoors, set at several road traffic points in Luanda to raise pedestrians and drivers' awareness to comply with traffic rules.

For FILDA 2019 we have developed a unique stand shared with BIC Seguros. For the 1st time, we have provided account opening services, online payments and various consultations to the trade fair visitors.

By the end of the year, a dissemination campaign of Holiday Greetings, broadcasted on national television stations (TPA, ZIMBO and ZAP), abroad on GLOBO, RTP AFRICA and RTP Internacional, on national radios and press with the slogan WE SHINE MORE WITH YOU, associated with Holiday Greetings.

The outside of the BIC headquarters building in Talatona was decorated with Christmas sparkling lights. In Luanda's Quatro de Fevereiro Airport, the entire length of the area reserved for check-in was decorated with a BIC banner (Bank and Insurance Company). The message was cross-sectional to all airport areas, from the check-in area to the departure lounge with permanent projections of a Holiday Greetings spot on the airport's electronic monitors.

Significant importance was given to social actions aimed at protecting the most disadvantaged children, o the Bank was an active partner in ZAP's Christmas Solidarity Campaign with a donation of 1 million kwanza

Information Technology

Systems Modernization

The year 2019 was characterized by the improvement and consolidation of the services provided by the Information Systems Directorate, as a cornerstone of the Bank's Innovation, Modernization and Risk Control, where it kept its investment, as well as the preparation of the Bank's infrastructure for the new challenges in the digital age, promoting its sustainable growth. Different initiatives were materialized to strengthen the maintenance of the industry excellence standards, optimizing its Risk Control, its operational performance and the reliability and availability of its technological supports, thus boosting the efficiency of its business processes. The Information Systems Directorate, as the body in charge for planning, managing and supporting the Technological Infrastructure, against the needs evidenced and manifested by the different Bank bodies, started to implement its key projects.

2019

Was characterized by the improvement and consolidation of the services provided by the Information Systems Directorate

New projects completed

Migration of the Core Promosoft Financial Suite (PFS) System, 3G release. The Core PFS System Banka 3G adds a set of features which reflect a significant technical and functional development in the various PFS modules. New modules and several solutions sharing common components and concepts are available in Banka 3G, with all the advantages of a fully integrated system.

Implementation of the VAT

The current VAT Regulation have clarified the concept of the taxable subject, the assessment and payment obligations, as well as identified the entity responsible for bearing the tax charge by means of the passing-on mechanism. Banco BIC has developed an internal project to adapt the VAT, established on the Commission Collection - Maintenance DD and Issuing of Statement with custom processing to support the automatic collection of the commissions below, with application of the rules defined by the Bank and based on the exemption of collections for private customers or companies, with specific frequencies and preparation of a chart or File with Charges Completed and Not Completed. Price table: Extracts DD Account (Amount: AKZ 1,000.00 (or equivalent in FC)); Commission Maintenance DD Accounts Price Table (Amount: USD 5.00 (or equivalent in AKZ or other FC)).

Evolution of the SMS Notifications Service

The SMS Notifications Service has been designed with the objective of allowing customers holding domestic cards issued by the Network and associated with a cell phone to receive SMS notifications of operations processed by EPMS. The Service can be adjusted at the BIN level, allowing notifications to be sent for approved and/or refused operations, regardless of the amount involved.

Direct Debit System

Direct debits are a payment service which enables companies to charge their customers in a more efficient and comfortable manner. Through an standing order mandate (SOM) and a direct debit order (DDO), this service enables all kinds of payments resulting from periodic or occasional agreements, pursuant to the Compensation Subsystem regulation.

The clearing process is based on the file exchange between the entities taking part in the system and EMIS, as an intermediary, which for such purpose exchange the information relative to the direct debit records.

RUPE Payments

The implementation of the Project of Tax Payments through RUPE, Single Reference for State Payments *(Referência Única de Pagamento ao Estado)*, led the Bank to develop an internal project to implement this service for its customers.

Implementation of EXIPRO Invoicing Solution

Under the VAT general regime, the Bank shall issue invoices from suppliers, as well as on all customer transactions where it charges any amounts for its services. To meet this requirement, the Bank has implemented the EXIPRO solution.

Implementation/Certification of the EMV Multicaixa Card technology

EMV is a specifications standard for smart card payments and in acceptance devices. The EMV specifications have been designed to establish a set of requirements which ensure interoperability between payment cards and chip-based terminals. During the year 2019, the Bank completed the certification of the Multicaixa card with chip.

Issuing of Historical Extracts

The Bank retains in its systems, in an immediately accessible online manner, its customers information with regard to the previous five years. The frequent customers search and request for information prior to the said period led ISD to develop a database of the Bank's customer history, stored in a parallel system, allowing for an immediate availability upon the customer's request.

Projects started in 2019

The Banka HA - High Availability - module provides a set of features in the Banka 3G release allowing users to work on the Banka application, while the daily Batch process takes place. Due to banking market needs, Banco BIC provides its service through any channel (Internet banking and real-time channels with EMIS or other).

In the Banka application, it was necessary to implement new concepts and to introduce a complete engineering structure in the processes associated with the previous session closing, thus allowing for full availability of the application, 24 hours a day.

Development of Electronic Channels and Institutional Website

The Bank follows the development of banking services and is starting to renovate its institutional and Internet banking websites. The mobile and tablet application, available at Google and Apple stores, accompany such renovation, offering greater interactivity with customers:

- Individuals - Provides customers in this segment a design with a more appealing configuration, more secure access to consultations and financial transactions at any time of day. It is accessible to the Bank's customers by means of a simple agreement subscribing the service.
- Companies - with the same functionalities as those for Individuals, specific transactions and services are made available for this segment.

The development of the electronic channels and institutional website allow for a greater interactivity with customers

Implementation of the Guarantee Fund Report

Reacting to the Notice no. 2/19, of the 11th of January, on the complementary rules to the operation of the Deposit Guarantee Fund, as well as to the need to secure the creation of conditions and resources which will allow the rapid and timely compliance with the obligations of the participating Institutions in case of unavailability of the deposits made therein, the Bank is required to report to the BNA.

Therefore and in order to meet such requirement, the Bank has implemented a custom solution which allowed to generate the XML report in July and secure the production of the excel file and its sending by the 15th of February.

MasterCard Cards acceptance

The Mastercard Cards Acceptance project has been implemented and successfully completed.

Implementation of the VBV Security System

Visa has developed a program which helps ensuring payments are made by the legitimate Visa card owner to make online purchases safer by protecting against unauthorized use of the Visa card. The Bank has moved forward with the Visa certification of the VbV.

Implementation of the SIRESS on the Swift platform

Implementation of the SWIFT SIRESS message processing functionality, allowing for:

- Implementing block 3 of information in sent and received MT103;
- Processing reconciliation messages: MT012 and MT019;
- Implementing MT202 message processing.

Implementation of new features in FOREX

- In 2019, the ISD has continued the development of the FOREX system, which was started in 2018;
- Card charging flow, increase of ceilings and withdrawal of banknotes at the desk, as well as the Uploading of operations in the SINOC by means of the Submissions chart;
- Substitute module in FOREX, Notification of the Central Responsible Officer whenever an operation is to be approved by the Director and the creation of a daily process which allows to obtain the Banka final reference, replacing the ARGUS/Banka provisional reference, thus adding to the FOREX's SWIFT information;
- FOREX Module of CDI's, both the creation of CDI agreements and the incorporation of the register of CDI's settlements in FOREX; Module of Batch Payment of Wages and Suppliers;
- Change of the internal communications and security infrastructure to accommodate the new structure necessary for the FOREX Credit Workflow. Migration and adaptation of the FOREX product for Banka 3G;
- Corrections made to legislative changes launched by the BNA or minor changes requested by the Bank's business areas (ECO, Fixing, Compliance, FPD).

With regard to Communications and Security, Control and Operational Risk Mitigation, we highlight the implementing of the projects below, with hierarchical improvements and changes made to increase security and the flow of internal and external traffic to users' access security.

Expansion of the security infrastructure with new technologies

- Expansion of internal and external perimeter security technologies to increase the Bank and the Insurance Company's security. The Bank implemented security firewalls for the Checkpoint Next Generation Threat Prevention Appliance external perimeter, with constant monitoring and protection of Access Points and Data (Internet security Events);
- Data Loss Events, Thread Prevention (Bot Events, Virus Events, Attack and Intrusion Events), Endpoint Security and Bandwidth analysis;
- Implementation and updating of Extranet connections;
- Creation of new connection circuits for external entities, made to existing circuits and updates in security processes.

Updating of the Internet connection infrastructure

Updating of the Internet interconnection telecommunications equipment and technologies with various service providers.

Implementation of new features for the services Internet Banking

Changes made at the level of infrastructure to enable the functionality of new Internet Banking services with particular focus on performance and security.

Infrastructure update

Implementation of new telecommunications equipment in the Head Office and in the Branch network to strengthen security.

Technological Infrastructure Renovation Project

In 2019 the Bank made a major investment in Renovating the Technological Infrastructure and Data Processing Centres. The key objective of this initiative has been the restructuring and modernization plan of the Bank's technology, reaching the end of its Operating Life Cycle on the last day of 2018. The Renovation project underwent different phases of needs assessment, analysis and final design of the described architecture, culminating in the acquisition of the new infrastructure, the planning for the Datacentres' expansion, the integral replacement of the current Business Server infrastructure and its support implemented in the Data Centres in operation, ensuring the direct Operational and Management gains indicated below, with significant indirect positive impact on Business and Regulatory processes:

- Reduction of TCO (Total Cost of Ownership);
- Increase in computing and storage capacity;
- Reduction in daily and session closing operational process execution time;
- Reduction in the financial sector;
- Integration and simplification of the management model and system administration;
- Ensures scalability in a context of expected business growth;
- Ensures the conditions of segregated environments of the Bank's Production, Quality and Development;
- Decrease in the physical space required for equipment hosting;
- Decrease in electrical energy consumed and in Data Centres' cooling systems;
- System downtime related to maintenance;
- Consolidation and optimization of the Business Continuity and Recovery strategy;
- Implementation of security control modules and in compliance with business standards.

Human Resources

During the 14 years of activity of Banco BIC, S.A., its employees remain as one of the fundamental pillars of its activity. The implemented Human Resources policies have always been established on the active management of talent as a differentiating factor. To attract, retain, generate and develop professional talent, under working conditions which allow a true sense of pride and belonging from the employees, continues to be Banco BIC's main goal. In order to get to where we are today, the development of our employees in favour of permanent improvement has been a constant which is reflected in everything we do.

Objective-orientation and the merit-based culture are thus concepts and practices present in the management of the Bank's Human Capital. Therefore, such guidelines necessarily remain the reference for the Human Resources policies and practices which Banco BIC implemented during 2019.

The Human Resources and Training Directorate is responsible for establishing policies and practices aimed at the human capital, thus promoting a healthy, balanced, competitive and results-oriented working environment.

The activity plan for 2019 kept the consolidation of the Human Resources strategy as its main objective, with the promotion of structural programs for the development of Banco BIC in a sustained logic:

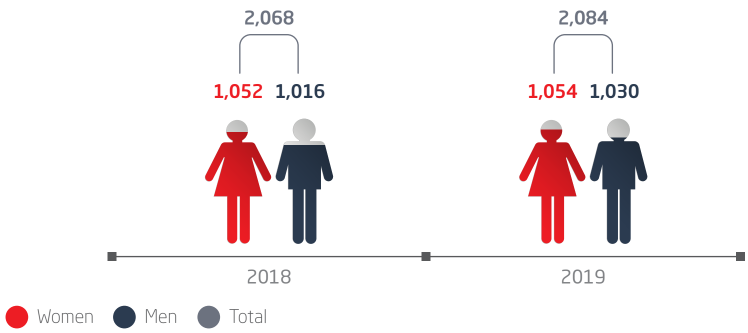
To continue the organizational alignment and clarification, aimed at adjusting its Human Resources to the business demands and creating new opportunities, enhancing internal mobility:

- To strengthen the development programs of Banco BIC's employees, taking into account the new challenges and knowledge dissemination;
- To continue to recognize organizational and individual merit in a sustained manner;
- To improve practices for the recognition of talent and performance.

Characterization of the Human Capital

To carry out its activity during 2019, Banco BIC had a total of 2,084 employees (16 more than in the previous year), keeping a gender balance, as women represent 51% and men 49%.

Number of employees	'19	'18
Men	1,030	1,016
Women	1,054	1,052
TOTAL	**2,084**	**2,068**



1,054

Female employees

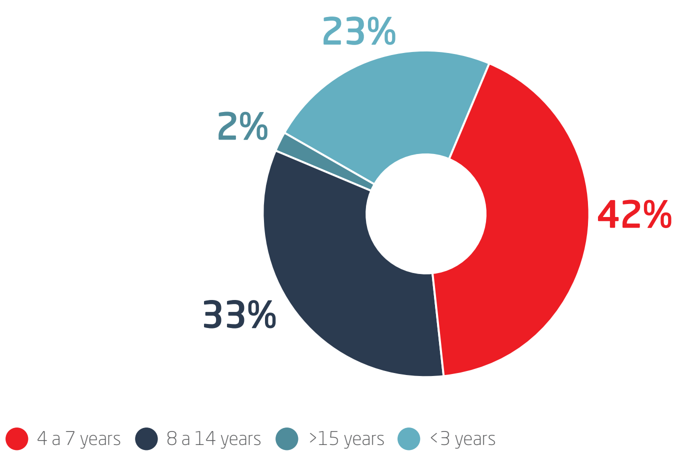
A total of 2,084 employees is distributed throughout the Bank's various areas, being that 1,400 are based in Luanda, 683 are based in the other Provinces of the Country and 1 in the representative office in South Africa.

The number of employees allocated to the commercial area corresponds to 84% of the Bank's total employee number, keeping the trend seen in previous years.

Functional area	'19	'18
Central Services	334	328
Commercial network	1,750	1,740
AVERAGE NO. OF EMPLOYEES PER BRANCH	**8**	**8**

After 14 years of activity, the ratios of experience in banking, age and higher education indicate that 41% of the Bank's employees have over 10 years of banking experience, the average age stands at 33 years and 31% are between 18 and 30 years of age. The percentage of employees with university education remained at the ratio of 78%.

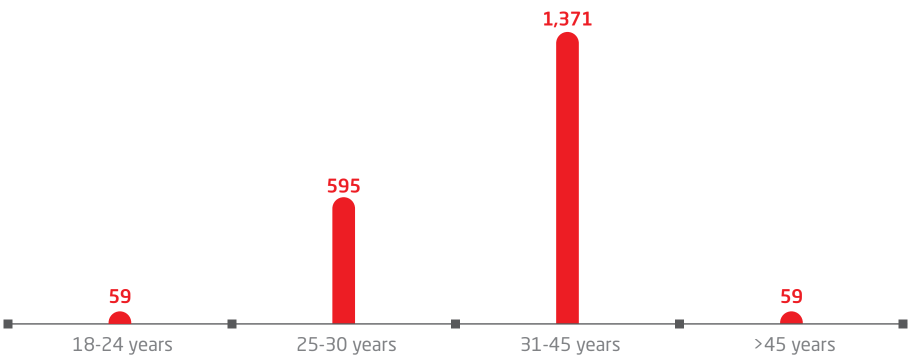
Experience in Banking



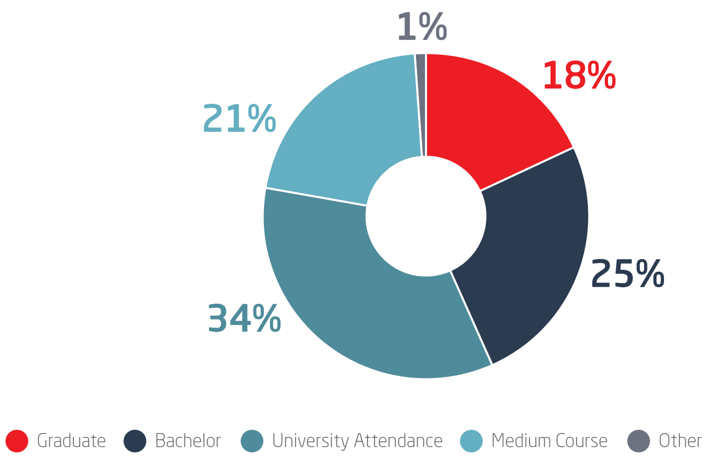
42%

Employees have over 4 years of experience in Banking

Age Group



Education Level



18%

Employees with higher university education

Talent Training and Retention

Since the beginning that training has been a priority for the development of our employees professional and personal skills. Therefore, and within the scope of knowledge management, professional training gave rise to more than 42,000 hours of training, 20 hours per employee, thus maintaining, once again, its commitment on the development of talent.

Training Activity	'19	'18
Average training hours per	42,179	46,533
Worker	20h	23h

42,179

Training hours

The appreciation of each employee's potential was always underlying all training sessions carried out, allowing the alignment of Human Resources policies with the expectations of employees and the Institution's strategic objectives.

The Annual development/improvement Training Program included sessions aimed at commercial development as well as at operational efficiency and digital modernization. With regard to commercial development, the training sessions focused on customer service quality and the introduction of new working methods and habits appropriate for increasing productivity.

From the perspective of the more technical and operative side, we have again committed to a training focused on specific technical subjects related to the banking activity. We should highlight the training in Banking Products and Means of Payment. The increase in literacy regarding Money Laundering and the Fight against Terrorism Financing continued to be one of the major training concerns during the year 2019.

Medical Assistance Benefits

Banco BIC's benefits policy, focused on supporting its employees in important areas of their personal and family life, includes a set of additional support mechanisms and benefits in the health domain.

In 2019, all workers and their respective households enjoyed the benefit of medical assistance, through a Group Health Insurance, which includes a wide range of coverage, Hospitalization, Consultations and Examinations, Dental Care, Prostheses and Orthoses, as well as the Evacuation service when clinically justifiable.

2019

All employees and their households had the benefit of medical assistance, by means of a Health Insurance which includes an extended set of covers

Performance Assessment

The Performance Assessment System, an essential tool for the active management of talent and career management, kept its central focus in the promotion of the development of critical skills and a merit-based culture.

Combining an ethical conduct and professional rigor with enthusiasm and initiative, appreciating the teamwork of all its employees, supports an objective management focused on the importance of Human Capital for the success in business.

To attract, retain, generate and develop professional talent, under working conditions which allow a true sense of pride and belonging from the Employees, continues to be Banco BIC's main goal with regard to Human Resources.


BancoBIC

04

Risk Management System

Risk Management

Risk management is of essence for the Bank's sustainability, playing a crucial role in balancing profitability and risk. Prudence in risk management, combined with the construction of solutions tailored to the Bank's needs, made it possible to strengthen, throughout the year 2019, the control, monitoring and assessment mechanisms regarding those risks on the business activities developed.

The risk management function is distributed among various organic structures, according to the type of risk, notably:

- Credit risk is ensured by the Credit Risk Analysis Directorate (CRAD);
- Operational risk is ensured by all organic structures, although the definition of the model and its supervision are entrusted to the Risk Directorate (RD);
- Information systems risk is ensured by the Information Systems Directorate (ISD);
- Market risks are managed by the International and Financial Directorate (IFD), alongside with the Risk Directorate, and discussed at the level of the Board of Directors and Senior Management at the ALCO Committee.

The Risk Directorate kept on strengthening the creation and implementation of risk control methodologies and tools while, at the same time, seeking to ensure compliance with a set of prudential reporting to the supervisory authority.

The Risk Directorate kept on strengthening the creation and implementation of risk control methodologies and tools

In the context of the risk management function, one should highlight the following developments occurred throughout 2019:

- Reinforcing the governance framework of the risk management function, following the approval of a set of corporate standards which make up the practical performance guidelines for the risk management function;
- Carrying out the Bank's first stress test, which was established on an infrastructure appropriate for exercises of such nature, complying with the required regulatory requirements;
- Preparing and approving the annual Liquidity Contingency Plan;
- Permanently improving the RMAS (Risk Management Application System) management tool in response to the new regulatory package, allowing automatic extraction of regulatory reports;
- Implementing improvements on the Regulatory Own Funds computing process, ensured and monitored by the supervisory authority;
- Concluding the assessment of the impairment model for financial assets and introduction of improvements in the corresponding analysis and computing process;
- Improving the reliability and control of internal and regulatory reporting systems.

Risk Management Governance

The Bank's risk management function is based on a governance model aiming, simultaneously, at complying with best practices, as explicitly set forth in regulatory standards, guaranteeing the soundness and effectiveness of the system for the identification, measurement, monitoring, reporting and control of credit, market, liquidity and operational risks. The powers and responsibilities of the bodies involved in the Bank's governance of risk management and internal supervision, in addition to the Board of Directors (BD) and the Executive Committee (EC), are the following.

Risk Committee

At executive level, the Risk Committee is responsible for monitoring the overall levels of credit, market, liquidity and operational risks, as well as all other risks deemed materially significant for the Institution, ensuring risk levels are compatible with the objectives, the available financial resources and the strategies approved for the development of the Bank's business activity.

This committee includes the Executive Committee, the heads of the Risk Directorate (RD), the International and Financial Directorate (IFD), the Internal Audit Directorate (IAD) and others who are called depending on the topics to be addressed.

Credit Risk Committee

This committee is responsible for monitoring the credit risk cycle in its different phases and guaranteeing the monitoring of the credit portfolio. Such process is developed in accordance with the powers attributed by the internal standards. This committee is participated by all members of the Executive Committee, one CRAD officer, whose function consists in ensuring the compliance and monitoring of the credit risk management policy, the RD, Management Control Directorate (MCD) and the other officers responsible for the Bank's commercial areas.

ALCO Committee

Referred to as the 'Asset and Liability Management Committee', it is responsible for following-up macroeconomic conditions and Central Banks' policies and measures, including, but not limited to:

- Planning and proposing capital allocations;
- Monitoring and managing the interest rate risk associated with assets and liabilities' structure;
- Analysing and monitoring the development of liquidity risk and foreign exchange rate risk;
- Preparing proposals for the setting out of appropriate policies for managing liquidity and interest rate risks, at the level of the Bank's balance sheet;
- Developing capital management strategies and policies, from both a regulatory and an economic perspective, aiming at identifying opportunities to optimize the balance sheet structure and the risk/return relation.
- The Assets and Liabilities Management Committee meets on a regular basis and is composed of all members of the Executive Committee, by the heads of IFD, RD, CRAD, Management Control Directorate (MCD), Planning and Accounting Directorate (PAD), and others which may be called depending on the topics to be addressed.

ALCO is responsible for following-up macroeconomic conditions and Central Banks' policies and measures

Systems Committee

This committee is responsible for monitoring the Bank's systems risk and monitors the Demand Management process of the Information Systems Directorate (ISD).

Compliance

The Compliance function is established at the Bank, as the 1st line body to report directly to the Board of Directors in an independent, permanent and effective manner.

In the light of the new national paradigms, the key objectives of this function consist in complying with all applicable legal and regulatory provisions, including those related to the prevention of money laundering, terrorism financing and the proliferation of weapons of mass destruction. Likewise, we aim at materializing the application of the code of conduct approved by the Board of Directors, in order to provide a healthy environment and based on the highest ethical standards with regard to employees, customers and other stakeholders, thus safeguarding the Bank's reputation and integrity and avoiding sanctions.

The recruitment of the best national personnel, as well as the regular training of the personnel already integrated in the Office, continue to be part of the Board of Directors and the head of the Compliance Office' key objectives, in the light of the new challenges in the prevention of money laundering, terrorism financing and the proliferation of weapons of mass destruction.

In addition, the reporting of suspicious situations to the Financial Intelligence Unit (FIU) is one of the main responsibilities and priorities in this context of national changes.

During the year 2019, and continuing the changes previously initiated, the Compliance Office promoted measures at multiple levels, of which we highlight the following:

- Preparing the manual to prevent money laundering, terrorism financing and proliferation of weapons of mass destruction, anticipating the entry into force of the new Law no. 05/20 ML/TF or PAM;
- Stabilizing IT tools to support the Anti-Money Laundering (hereinafter referred to as AML) function, continuously monitoring the rules of Know Your Transaction (KYT), association of KYT rules to the classification of customers risk level;
- Refreshing those matters related to the prevention of money laundering and terrorism financing to the commercial area and 1st line functions of Banco BIC and the Board of Directors;
- Preparing FATCA reporting information to the competent authorities;
- Incorporating all the Compliance rules in the new operations validation system, i.e., FOREX, in order to broaden the Office's updating spectrum;
- Strengthening the Office's human capital level;
- Taking part in international meetings with banking, regulatory and Compliance-driving entities, aiming at permanently learning and adopting the best international practices;
- Strengthening KYC and KYT's efforts in Trade Finance operations;
- Cooperating with the Angolan regulatory and supervisory bodies (BNA/ FIU/ PGR);
- Specific training for the Compliance Office and e-learning courses for the Bank as a whole.

In terms of adopting new technologies, FOREX appears as a new application for better control with regard to BC/FT, thus improving the quality of performance of the Compliance Office.

Therefore, FOREX is a solution implemented in 2019 which aims at facilitating the Bank's flow of operations, from the date of its inclusion into the commercial network until the monitoring of other areas assigned in order to ensure better monitoring of operations' functionality status. Aims at ensuring the operations inserted in the pipeline meet the Compliance assumptions.

It is crucial to emphasize that the Board of Directors' unlimited support for the Compliance function continues to be the vital force to ensure the implementation and the enforcement of all applicable legal and regulatory provisions, including those related to the prevention of money laundering, terrorism financing and proliferation of weapons of mass destruction, as well as adopting the best international practices.

FOREX aims at facilitating the flow of circulation of operations in the Bank and ensuring the operations inserted in the pipeline meet the Compliance assumptions

Risk Management Policies and Processes

The Angolan National Bank, in the scope of fulfilling its mission as the System's regulator and supervisor, establishes prudential and conduct standards for the financial institutions' activity. The National Bank establishes a robust framework which takes into account risk management functions, policies and processes, aimed at identifying, assessing, monitoring, controlling and reporting on credit, market, liquidity and operational risks, as well as their concentration, making sure that financial institutions consider internationally credible corporate values.

In this context, and considering its framework in the Angolan Financial System, Banco BIC has developed projects pursuant to the various Notices, Directives and Instructions issued by the regulatory entity, in order to guarantee the appropriate identification, assessment and reporting of all material risks, aiming at ensuring strict compliance with all legal and regulatory provisions in force.

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The Bank's risk management policy intends to contribute to the development of the corresponding strategic goals, seeking to ensure balanced and sustained development, maintaining an appropriate relationship between the levels of own funds and the risks incurred in the context of the activity carried out. For such purpose, it is considered crucial to ensure the segregation of functions between those areas which originate the risk and those areas which monitor it, enabling the latter to carry out their powers in an objective and independent manner.

The risk management function is carried out by the Risk Directorate, with an autonomous nature, which must be independent from the risk taking areas, enjoy sufficient resources to pursue its goals and have broad access to all activities and information relevant to the performance of its functions, as set out in the Angolan National Bank's Notice no. 02/2013, of the 19th of April.

Credit Risk

Risk is deemed one of the most relevant aspects of the Financial Institutions' activity. It is materialized in losses and uncertainty as to future returns generated by the credit portfolio, the likelihood of default by borrowers (and their guarantors, if any) or an issuer of a security or the counterparty of an agreement.

We have a General Credit Regulation, in which the limits and procedures for granting and managing credit operations are set or established.

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

The Credit Risk Analysis Directorate (CRAD) is responsible for defining and monitoring the credit risk management policy. Currently there is a set of manuals and standards which ensure the above by means of establishing levels of competence in granting credit, the limits by type of operation, the assessment of the customer's capacity, the monitoring of compliance with the financial plans and the analysis of the risk of bad debts and the need for renegade operations.

The Bank has been adopting and developing risk management methodologies, notably, with regard to credit granting, monitoring and collection.

We should highlight that the Credit Risk Information Central, an information platform on individual customers and companies' credit exposure in the banking sector, has been an increasingly used tool in the more appropriate management of credit risk.

Decision

The Bank's Credit Risk Analysis Directorate (CRAD) is subdivided into:

- Major Risks – area responsible for analysing all credit operations or customers with a general indebtedness equal to or over AKZ 25.6 million equivalent to USD 50 thousand;
- Retail - area responsible for analysing all credit operations or customers with a general indebtedness under AKZ 25.6 million equivalent to USD 50 thousand.

Assessment

The assessment of credit risk is based on the following weighing criteria:

- Internal Ratings of non-financial entities:
- Customer Financial Elements, assigning a Rating Grade in Quantitative terms;
- Completion of a survey by the commercial area (which may be reviewed at any time by CRAD) including qualitative information which will define the Risk Grade. This should reflect the company's true value in qualitative terms.
- The Type of Credit, Purpose and Amount Proposed;
- The Credit Risk of the Economic Group, taken as a whole;
- The global indebtedness reflected in the Credit Risk Information Central (CRIC) of the Angolan National Bank;
- Existence of debts to the State or to Social Security;
- The concentration of exposure;
- The existing commercial and credit relation/ experience;
- The Economic Group's Equity Value.

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

- Financing to Construction which, in addition to the aforementioned weighs, is also complemented with an analysis relating to:
  - Completed projects (Historical);
  - Works in Progress;
  - Project to be financed (Operating chart, Financial Plan, Description of the project, including its persuasive aspects, Permits required for its completion;
- Financing to the Industrial sector which, in addition to the aforementioned aspects, is also complemented with an analysis as follows:
  - Economic and financial feasibility study;
  - Know How of the project promoters;
  - Environmental impact study;
  - Permits required for the project's implementation;
  - The project's socio-economic impact.
- Home Credit, in addition to the aforementioned weighs, is also complemented with an analysis relating to:
  - Assessment of the property to be acquired;
  - Indebtedness capacity.

The whole assessment process includes the evaluation of collaterals. The CRIC has proved to be an essential tool for the assessment of customers' general indebtedness in national Banking, thus enabling a greater analysis of credit operations' risk grade.

Monitoring

The monitoring of the customer is associated with a permanent observation work, which allows to know at all times the confidence degree on the possibility of repaying the credit then granted on a timely manner and/or alert, in due time, of any circumstances which may affect the proper realization of operations.

The process of monitoring the credit granted starts at the moment after the agreement and extends to its full repayment, thus ensuring its execution. The Bank carries out a characterization which involves the classification in different grades of Special Surveillance, in accordance with the level of concern regarding the likelihood of default (VE4 - monitoring, VE3 - strengthening of guarantees, VE2 - reduction and VE1 - extinction).

Customers who are already in default and who are deemed to have exhausted all possibilities of negotiation by the commercial structure in PL (Pre-Litigation) and L (Litigation) are also classified.

As part of the monitoring of the matured credit portfolio, CRAD maintains a permanent control of all matured credit above the amount of USD 5 thousand. Such control is carried out by means of reports and monthly meetings with the corresponding commercial areas.

Central Archive

An area of archive management of credit processes above AKZ 18.6 million equivalent to USD 50 thousand is centralized in the Risk and Credit Monitoring Directorate. Due to the existence of the WFC tool, such archive is being replaced by the underlying application, as it allows the digitalization of the documentation of all approved credit proposals.

Balance Sheet Central – Rating Grading

Since the year 2014, the Bank has implemented the Balance Sheet Central to obtain a database of economic and financial information on its company customers. The information is based on companies' annual financial statements as well as qualitative data obtained through the Bank's Commercial Network, highlighting the progressive process developed in recent years, with a greater number of customers submitting Annual Reports and Accounts and management reports in greater number and better quality.

The Balance Sheet Central's main goal consists in contributing to a better knowledge/ following-up of companies' (customers) economic and financial situations with requests and/or credits in progress.

Work-Flow of Credit

The Work-Flow of Credit (WFC) application continues to be an essential Tool, allowing the Bank to keep speed gains in terms of the duration of the credit granting process (Drafting of proposals - decision).

During the year 2019, 11,268 operations were recorded, divided monthly and by situation, as evidenced in the chart below:

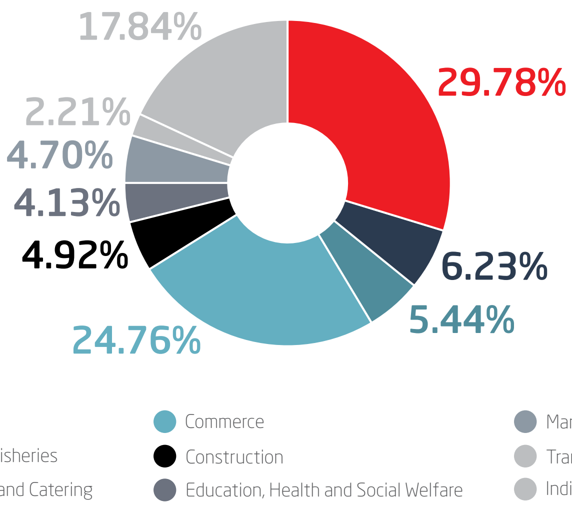
	Approved		Refused		Removed		Under Approval		Under Removal		TOTAL	
January	570	94.1%	33	5.4%	1	0.2%	2	0.3%	0	0.0%	606	100%
February	689	93.2%	41	5.5%	2	0.3%	7	0.9%	0	0.0%	739	100%
March	675	92.7%	39	5.4%	0	0.0%	14	1.9%	0	0.0%	728	100%
April	898	95.0%	30	3.2%	13	1.4%	4	0.4%	0	0.0%	945	100%
May	1,055	96.1%	30	2.7%	5	0.5%	8	0.7%	0	0.0%	1,098	100%
June	1,101	96.8%	29	2.6%	1	0.1%	5	0.4%	1	0.1%	1,137	100%
July	1,332	97.4%	23	1.7%	6	0.4%	7	0.5%	0	0.0%	1,368	100%
August	1,306	93.7%	73	5.2%	6	0.4%	9	0.6%	0	0.0%	1,394	100%
September	1,241	96.4%	29	2.3%	12	0.9%	6	0.5%	0	0.0%	1,288	100%
October	1,257	96.6%	30	2.3%	4	0.3%	10	0.8%	0	0.0%	1,301	100%
November	575	96.3%	17	2.8%	2	0.3%	3	0.5%	0	0.0%	597	100%
December	569	93.4%	17	2.8%	6	1.0%	17	2.8%	0	0.0%	609	100%
TOTAL	**11,268**	**95.4%**	**391**	**3.3%**	**58**	**0.5%**	**92**	**0.8%**	**1**	**0.0%**	**1**	**0.0%**

The WFC has proven to be an effective and efficient tool for the processing of all the Bank's credit, due to the following aspects:

SPEED	The time of analysis of credit operations has been reduced considerably.
DOCUMENT MANAGEMENT	Document support of credit operations automatically circulates on the platform.
STANDARDISATION	Credit operations are executed in a standardized manner throughout the Bank's structure.
AUTOMATIZATION	Gathers pre-existing data in the Bank's central application in relation to the customer.
PROCESS CONTROL	The WFC enables to provide all parties involved in each phase of the circuit the exact status of the credit operation.

Control of Restructured Operations

In the financial year 2019, the Bank had no automatic means of gathering those credit operations under restructuring, namely those operations the conditions and guarantees of which were renegotiated due to the deterioration in credit risk or default. Nonetheless, in the context of the permanent development of information systems and risk analysis, renegotiated credit operations have been identified. The Bank's credit portfolio evidences a balanced sector diversity.



Evidencing a prudent risk management policy, the total credit coverage ratio (excluding the credit for signature) per impairment, with reference to the 31st of December 2019, has stood at 27%, a slight increase against the same period of the previous year.

Million Kwanza	'19	'18	'17	'16
Impairment for credit	133,866	123,592	87,957	74,681
Collections of matured credit	157%	137%	196%	204%
Total credit coverage	27%	25%	25%	20%

27%

Total credit coverage ratio

BancoBIC

Market Risk

Market risks consist in losses which may occur as a result of changes in interest or exchange rates and/or prices different from financial instruments, taking into account not only the correlations between them, but also their corresponding volatilities.

In terms of market risks, the Bank has a policy of not leveraging its activity, by means of trading financial instruments, recognizing the activity shall be essentially based on the commercial and retail segments. The Market Room's business activity must focus on prudent cash management, by means of the application and profitability of liquidity surpluses. For this purpose, the Bank has implemented mechanisms which allow for controlling the risks regarding the Assets and Liabilities Management Committee (ALCO).

The portfolio acquisitions with longer maturities reflect financial investments subject to a combined credit risk, market risk and optimization of risk-weighted assets assessment, in order to maximize the balance between profitability and risk.

Portfolio investments favour assets with appropriate levels of profitability and liquidity, and the portfolio, in its majority, is applied in public debt securities eligible for the Angolan National Bank's monetary policy operations and for liquidity coverage ratio purposes. The acquisition of public debt securities for the Bank's own portfolio is performed as set out by the Board of Directors. In this context, mechanisms are in place to control the approved limits and methodologies for measuring portfolio risk.

The Risk Directorate is charged with monitoring the established limits, reporting on any defaults, as well as periodically producing a specific report regarding market risks.

The Risk Directorate is charged with periodically producing a specific report regarding market risks

Since the end of 2016, market risk has been included in the Financial Institutions' regulatory requirements, bing noteworthy the Notice no. 04/2016 - Regulatory Own Funds Requirements for market risk and counterparty credit risk in the trading portfolio; Instructions no. 14/2016 - Computing and requirement of regulatory Own Funds for market risk and counterparty credit risk in the trading portfolio; and no. 15/2016 - Provision of information 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 profits and equity arising from an adverse change in market interest rates. The Bank assumes an interest rate risk when, in the development of its business activity, it enters into operations with financial flows which are sensitive to possible interest rate variations.

The assessment of the interest rate risk originated by operations in the bank portfolio is made by means of a process of risk sensitivity analysis, for certain items included in the Bank's balance sheet, pursuant to the Notice no. 08/2016 Interest rate risk in the bank portfolio.

Pursuant to the Notice no. 08/2016, the Bank reports to the BNA, on a half-year basis since the 31st of December 2016, its exposure level to the interest rate risk in the bank portfolio, in accordance with the Regulatory Own Funds.

Liquidity Risk

Liquidity risk consists in the risk of not meeting payment obligations in due time or meeting them at an excessive cost, either due to more severe financing conditions (financing risk) or due to forced asset sales below market value (market liquidity risk).

The IFD evidences an appropriate structure for monitoring liquidity, market and exchange rate risks, as prudential limits for exposure to these risks have been established for the Bank's operations in the interbank money and exchange markets.

For short-term investments in its own portfolio (own portfolio market risk), the goal consists in profiting on liquidity surpluses in addition to applications in the Interbank Money Market, making a positive contribution to the Bank's financial margin. This aspect includes the applications in Treasury Bills, the acquisition of Repurchase Agreements (Repos) and the Permanent Liquidity Facility to the Central Bank.

On a month basis, the IFD prepares reporting information for the Executive Committee of the Board of Directors on the development of the Bank's investments and its exposure to the level of such risks.

Liquidity Control Risk

On a daily basis, the IFD controls liquidity based on internally defined metrics, which measure the maximum needs for concessions and borrowings of funds which may occur, further assessing the development of the Bank's liquidity position.

According to the Instruction no. 19/2016, of the 30th of August - Liquidity Risk - on a monthly basis, the Risk Directorate reports the economic value of future cash flows in domestic and foreign currency to the Angolan National Bank, in order to assess and monitor the liquidity level. The methodology for computing such reporting, as well as submitting it to the Angolan National Bank, has been implemented since the first semester of 2017.

Foreign Exchange Rate Risk

The exchange rate risk arises from exchange rate variations which affect structural balance sheet positions in foreign currency. Its management aims at minimizing the impact of this structural risk on the Bank's profits and equity position.

The exchange rate risk aims at minimizing the impact of the structural risk on the Bank's profits and equity position

The Bank's portfolio exchange rate risk keeps a set of small-sized positions and portfolio reduced risk, which is managed specifically by IFD, with the corresponding risk being controlled on a daily basis by means of the metrics and limits set forth for risk control.

Operational Risk

The operational risk is materialized in the occurrence of losses arising from failures or deficiencies of processes, systems or people, or even from external events. Operational risk management is based on a decentralized model, and its coverage and dissemination is verified at all levels of the hierarchical structure. The methodology establishes processes for charting activities and risks which 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 aforementioned control activities, the control functions frequently perform audits and inspections which enable for identifying situations which still require improvements and the definition and monitoring of action plans to address them.

With reference to the operational risk, in the short-term, it is intended to implement a comprehensive system of risk measurement and management, which allows for the identification and adoption of mitigating measures.

For the computing of own funds requirements to cover operational risk, the Bank initially opted for the basic indicator method established in the Notice no. 05/2016 and the Instruction no. 16/2016, of the 8th of August.

Periodically, reports are made to the Executive Committee on the audits and inspections made, indicating the situations identified and the action plans to be implemented.

The Risk Directorate is currently completing a methodology for managing and monitoring Operational Risk, which will be implemented throughout the year 2019.

Concentration Risk

With regard to counterparty credit risk, the Bank's goal consists in diversifying counterparties, based on methodologies for the assessment, monitoring and control of credit limits for institutions, as well as on compliance with the prudential limits for significant risks, as per the Angolan National Bank's Notice no. 09/2016.

The Bank should adequately bear in mind risk concentration in its risk management strategies, policies and processes, defining the responsibilities of relevant employees and developing processes to identify, assess, monitor, control and disclose information regarding risk concentration.

The Risk Directorate analyses credit concentration risk on a half-yearly basis, based on internal criteria, determining the Individual Concentration Index (ICI) and the Sector Concentration Index (SCI) for such purpose.

Reputation Risk

The Bank's image is followed-up by the Marketing Directorate, which develops advertising campaigns and actions with its customers throughout the year in order to broadcast the principles and values associated with Banco BIC.

In addition, with regard to management of reputation risk, the Compliance Office is responsible for co-ordinating and safeguarding the proper execution of procedures aimed at preventing money laundering and terrorism financing.

Such areas are responsible, along with the Executive Committee, for regularly monitoring and assessing situations which may jeopardize the Bank's reputation, as well as to take the necessary steps to resolve them.

The Bank's reputation policy consists in constantly broadcasting the vision, mission and values which guide its business activity and its relationship with customers, counterparties, shareholders, investors and the Supervisory Authority.

The Bank's reputation policy consists in constantly broadcasting its vision, mission and values to the public

Compliance Risk

Compliance risk consists in the occurrence of negative impacts on profits or equity, due to violations or non-compliance with laws, regulations, specific determinations, agreements, codes of conduct and relationship with customers, established practices or ethical principles which materialize in sanctions of a legal nature, limitations regarding business opportunities, the reduction of expansion potential or the impossibility of demanding compliance with contractual obligations.

Therefore, with regard to Compliance risk, the Bank's goal consists in respecting the applicable legal and regulatory provisions, including those relating to the prevention of money laundering and combating terrorism financing, as well as professional and ethical rules and practices, internal and statutory rules, codes of conduct and relationship with customers and guidelines from the Corporate Bodies, thus protecting the institution's reputation and preventing it from being the target of sanctions.

Banco BIC has implemented methodologies and tools which enable it to take preventive actions in the event of compliance and reputation risk events, as indicated in chapters 6.2 Compliance and 7 Money laundering and terrorism financing. The said methodologies secure a regular monitoring and assessment of the adequacy and effectiveness of the measures and procedures adopted to detect any risk of non-compliance with legal obligations and duties to which the institution is bound. Likewise, the Bank also has procedures and tools which allow for the permanent monitoring and assessment of risks regarding the prevention of money laundering and the fight against terrorism financing, adopting standards in accordance not only with the legal provisions in force, but also with the best international practices.

Internal Control

In compliance with the BNA's Notice no. 02/2013, of the 22nd of March, and in the light of the development of the Angolan financial system, notably the increase in the complexity of operations, products and financial services offered, taking into consideration, at the same time, the most recent guidelines issued by international bodies of reference, reflecting generally accepted international supervisory practices, the existence of an effective internal control system is a of essence in the banking management and the support which guarantees the credit institutions' appropriate administrative organization and control of the operational, reputation and financial risks.

Internal control is aimed at ensuring Banco BIC achieves its targets in a manner suitable to its size and to the complexity of the activity in a safe, prudent and controllable fashion.

Internal Control is aimed at ensuring Banco BIC achieves its targets in a secure, prudent and controllable manner

Internal Control System

An integrated set of policies and processes, permanent and cross-sectional to the institution as a whole, performed by the Board of Directors and other employees in order to make it possible to achieve the goals of efficiency in the execution of operations, risk control, reliability of accounting information and support to management and compliance with legal regulations and internal guidelines.

Objectives

1. The internal control system shall develop the following objectives:

a. The assurance of existence and security of assets;
b. Control of the risks of the institution's business activity, referred to in the present annual report;
c. The compliance with the prudential rules in force;
d. The existence of complete, reliable and timely accounting and financial information, notably with regard to its recording, conservation and availability;
e. The disclosure of reliable, complete and timely financial information to the supervisory authorities;
f. The prudent and appropriate valuation of assets and liabilities;
g. The adequacy of the operations performed by the institution in the light of other legal, regulatory and statutory provisions applicable to its internal rules, corporate bodies' guidelines, professional standards and practices and other rules relevant to the institution;
h. The prevention of the institution's involvement in operations associated with money laundering and terrorism financing.

2. In order to achieve the aforementioned objectives, it is not only necessary that the internal control system implemented is comprehensive in a consistent manner to the establishment of the organizational structure, methods and procedures for such purpose, but also that it is regularly monitored regarding its operation and effectiveness.

3. The Angolan National Bank, through its Notice no. 02/2013, has established that 'the institutions of the national financial system shall have an internal control system compliant with the minimum requirements' set forth in the said Instruction. Furthermore, it determines that 'the fundamental rules of the internal control system shall establish, inter alia, its objectives, procedures and means aimed at ensuring its execution, which shall be made in writing and made available to its users'.

The said Notice also foresees the preparation of an annual report on the internal control system and that it shall be submitted to the Angolan National Bank, as per established in the Instruction no. 01/2013 – Internal Control.

4. Banco BIC sets out the objectives, rules and powers necessary for designing, implementing and verifying the internal control system and for complying with the guidelines of the Angolan National Bank on this subject. Internal control is aimed at ensuring its targets are achieved in a secure, prudent and controllable manner.

General principles

1. The Executive Committee or an equivalent Directing body is responsible for the design, periodic assessment and revision of the Bank's internal control system.

2. The internal control system is formalized in specific, sufficiently detailed documents and includes five integrated components, inter alia: the control environment, risk management systems, control activities, information, communication and monitoring process.

3. Banco BIC will maintain and update an Internal Control System which covers the organizational structure, methods and procedures appropriate to the pursuit of the strategic guidelines set out by the Executive Committee, in compliance with the provisions set out in Art. 4 of the Angolan National Bank's Notice no. 2/2013, of the 19th of April.

4. The internal control system implemented will seek to ensure that the following principles are complies with at all times:

a. Appropriate segregation of functions between authorization, execution, registration, value custody and control;
b. Chronological reconstruction of the operations carried out;
c. Justification of all accounting information by means of valid supporting documents;
d. Verification of the achievement of the established objectives and guidelines, by each body in-charge, by means of reliable and timely information;
e. Particularly with regard to computer systems, the following principles, among others, shall be complied with:
    i. The systems shall be described in detail and all changes made must be contained in an appropriate document;
    ii. Data should be subject to regular checks;
    iii. The equipment, applications and data must be provided with appropriate protection, thus preventing damage, fraud and unauthorized access to the system and confidential information.

5. The maintenance and updating of the internal control system requires the collaboration and control of all Banco BIC's organic units and their corresponding areas of activity.

The maintenance and updating of the internal control system requires the collaboration and control of all Banco BIC's organic units

6. The Organizational Structure shall ensure a permanent concern in the several Internal Control aspects, guided by ethical and integrity principles, the respect for the Code of Conduct and Policies which identify and mitigate conflicts of interest, the definition and implementation of Internal Control processes and practices, the requirement for knowledge on how to manage relevant risks, the appropriate segregation of functions of authorization, execution, registration, accounting and control; at the same time, this should also take into consideration that the organic and functional aspects are compatible with the strategy defined previously, providing the resources and means in number, knowledge and experience enabling the structure units to act with transparency with regard to the reporting of information and control, with their proprietary responsibility and authority, respecting the segregation of functions in the tasks assigned to them.

7. In the context of the Bank's Corporate Governance system, the key functions of its Internal Control System are internal audit, Compliance and risk management.

8. The Bank's Board of Directors shall guarantee the independence, the status and effectiveness of the key functions of the risk management, Compliance and auditing internal control systems, which must be provided with sufficient human and material resources to perform their duties.

9. Notwithstanding the above, the Organization and Quality Directorate (OQD), the Compliance Office (CO) and the Risk Directorate (RD), as well as the Internal Audit Directorate (IAD), the Information Systems Directorate (ISD), the Material Resources Directorate (MRD), the Accounting Directorate (AD), the Credit Risk Analysis Directorate (CRAD) are entrusted with specific powers with regard to the design, coordination and verification of the internal control system, as described below and pursuant to the provisions of Art. 16 of the Notice no. 02/2013.


BancoBIC

05 Money Laundering and Terrorism Financing

Money Laundering and Terrorism Financing

Credit Institutions are vulnerable to be used in concealing, converting, transferring, or investing funds of illegal origin, deriving from activities legally provided as criminal.

The Republic of Angola approved Resolutions no. 19/99, of the 30th of July, 21/10, of the 22nd of June and 38/10, of the 17th of December, published in the State Gazette, Series I, no. 31, 115 and 239, which ratify, correspondingly, the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Transnational Crime and the Suppression of Terrorism Financing, aiming at ensuring the security of the Angolan financial system.

The Law no. 34/11, of the 12th of December establishes preventive and repressive action to fight money laundering and terrorism financing.

The Notice no. 22/2012 of the Angolan National Bank, issued pursuant to the provisions of article 36 of the Law no. 34/11, governs the conditions for the exercise of the obligations set out in said Law.

This set of legal provisions is not aimed exclusively to criminalize certain behaviours, notably those resulting in 'laundering money arising from illicit activities', but also to establish a set of measures with a preventive nature, especially aimed at the financial system.

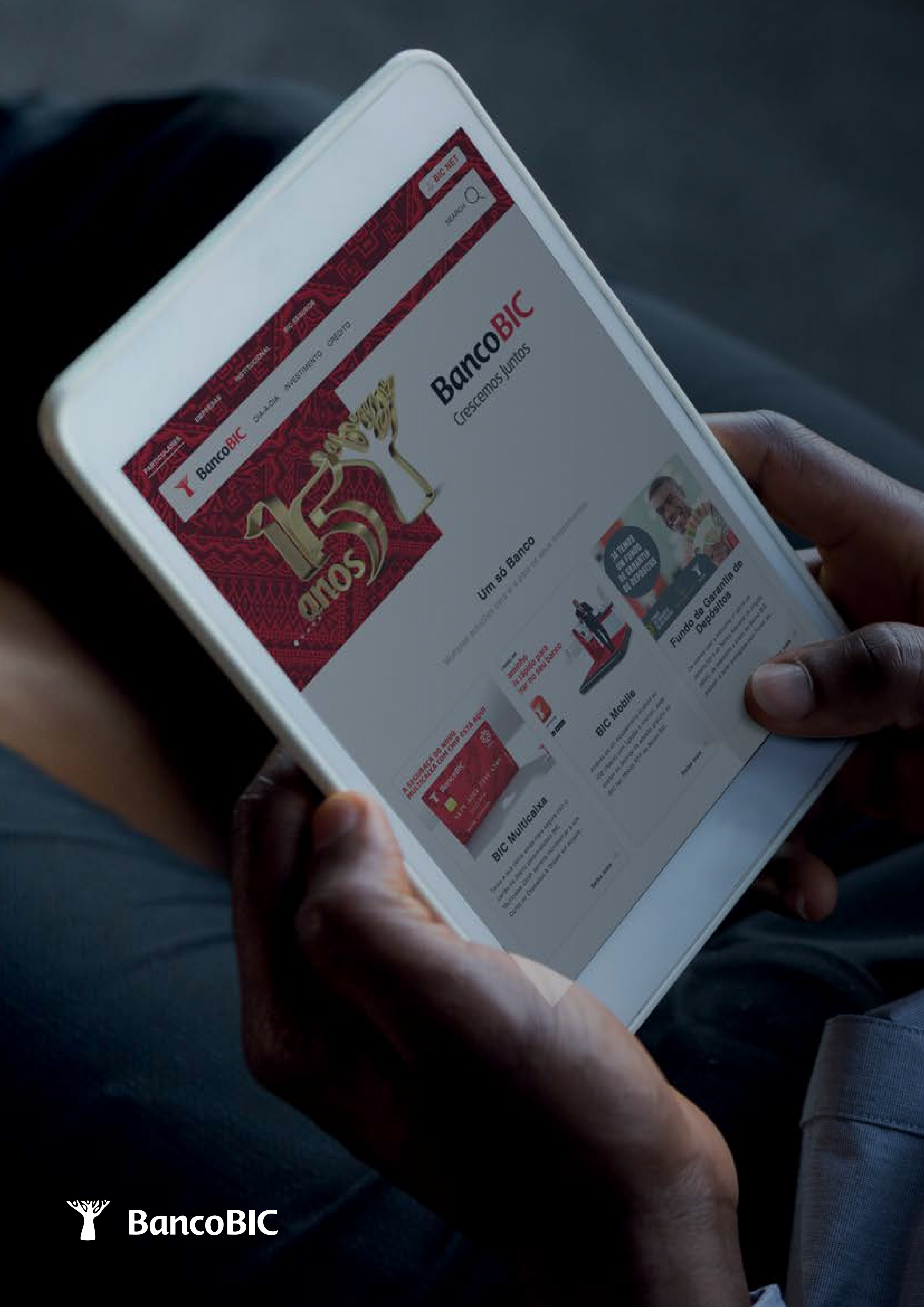
In this sense, Banco BIC has continuously adopted and updated strategies, policies and processes which allow for preventing the use of Credit Institutions in Money Laundering and Terrorism Financing (ML/TF). The main aspects to be highlighted are the following:

- Implementation and disclosure of the Manual on Prevention of Money Laundering and Terrorism Financing;
- Preparation and disclosure of Compliance standards and policies across the organization;
- Implementation and development of software intended for the Prevention of Money Laundering and Terrorism Financing, both at the Know Your Customer (KYC) and Know Your Transaction (KYT) levels;
- Development, together with internationally recognized partners, of training sessions aimed at the entire universe of Banco BIC employees.

The Compliance Office is responsible for ensuring compliance with the procedures adopted in order to comply with the aforementioned aspects. In addition, the articulation with the Angolan National Bank and the Financial Intelligence Unit is developed through the Compliance Office, with regard to matters concerning ML/TF, by means of a close collaboration with these bodies and by taking part in seminars promoted for such purpose, including in the meeting with observers from the Financial Action Task Force (FATF), resulting in Angola's departure from the jurisdictions under monitoring.

In addition, Banco BIC has acted proactively with international partners, notably the Correspondent Banking, in order to continuously adapt to the best international practices in this area.

Banco BIC has been adopting and updating strategies, policies and processes, which allow for preventing against the use of Credit Institutions in Money Laundering and in Terrorism Financing


BancoBIC
Crescemos Juntos
Um só Banco
BIC Multicaixa
BIC Mobile
Fundo da Garantia de Depósitos
anos
BancoBIC

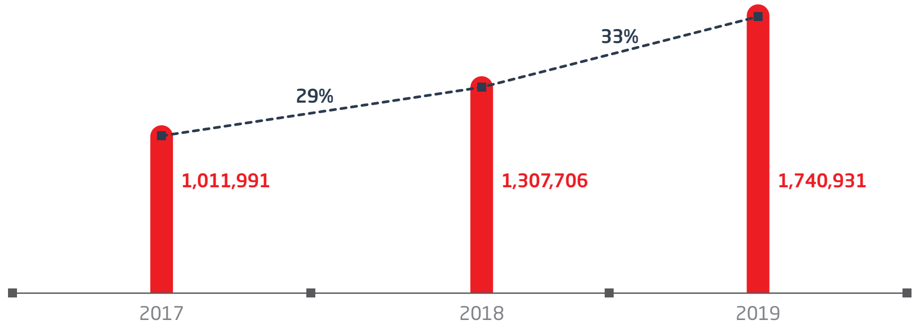
06 Financial Analysis

Financial Analysis

The Bank's Net Assets amounted to AKZ 1,740,931 million with reference to the 31st of December 2019, an increase of AKZ 433,225 million when compared to December 2018, corresponding to a variation of about 33%. Such an increase was boosted by the Credit Granted to customers, which grew from AKZ 396,255 million, with reference to the 31st of December 2018, to AKZ 563,100 million, by means of Investments at their Amortized Cost (Securities Portfolio), which saw an increase of AKZ 165,275 million, as well as Applications with Central Bank and Other Credit Institutions, which saw an increase of AKZ 54,536 million.

Net Assets

(million AKZ)



33%

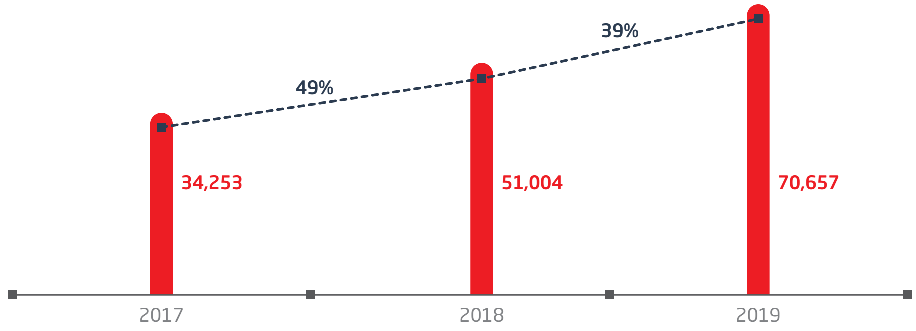
Increase in net assets against 2018

Assets are mostly financed by customer resources and other loans, which recorded an increase of AKZ 282,089 million in comparison with that of the 31st of December 2018, a growth of 31%. With reference to the 31st of December 2019, customer resources amounted to AKZ 1,202,785 million.

In the financial year 2019, Banco BIC's net profit totalled AKZ 70,657 million which, when compared to AKZ 51,004 million assessed on the 31st of December 2018, corresponds to an increase of 39% over the same period of the previous year.

Net Profit

(million AKZ)



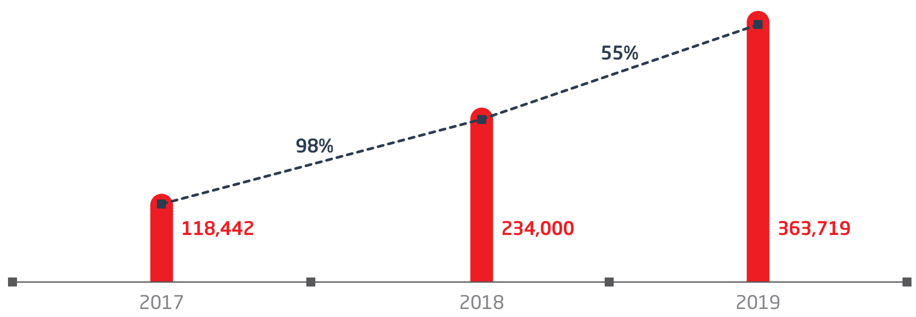
39%

Increase in the net profit against 2018

With reference to the 31st of December 2019, the Bank's equity totalled AKZ 363,719 million, an increase of AKZ 129,719 million, against the AKZ 234,000 million recorded on the 31st of December 2018. Such variation is essentially explained by the Increase in Re-evaluation Reserves, in the amount of AKZ 108,691 million, by the distribution of dividends for the financial year 2018 and by the net profit for the financial year 2019.

Equity

(million AKZ)



55%

Increase of the Bank's Equity

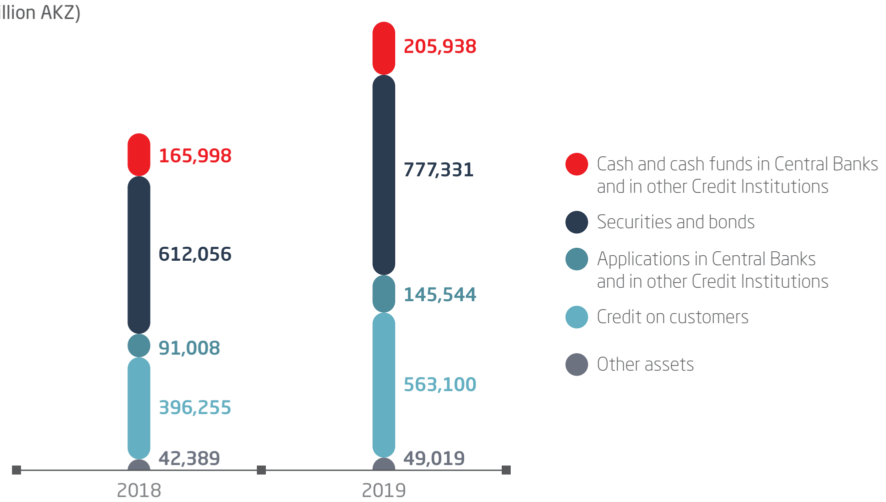
Balance Sheet

Assets

With reference to the 31st of December 2019, the Bank's net assets amounted to AKZ 1,740,931 million, thus recording a 33% growth in relation to the year 2018. One should highlight the growth in Credit to customers, Investments at their amortized cost and Applications in Central Banks and in other credit institutions, which evidenced increases of AKZ 166,845, 165,275 and 54,536 million, correspondingly, with reference to the 31st of December 2018. Such increases are essentially due to the devaluation of the kwanza against the US dollar during the financial year 2019.

Net Assets

(million AKZ)



(million)	'19 AKZ	'19 USD	'18 AKZ	'18 USD	Δ %
ASSETS					
Cash and cash funds with Central Banks	170,150	353	135,930	440	25%
Cash funds with other credit institutions	35,788	74	30,068	97	19%
Applications in Central Banks and in other credit institutions	145,544	302	91,008	295	60%
Investment at its amortized cost	777,331	1,612	612,056	1,983	27%
Credit to customers	563,100	1,168	396,255	1,284	42%
Non-current assets held for sale	20,671	43	19,395	63	7%
Other property, plant and equipment	15,160	31	13,556	44	12%
Intangible assets	247	1	293	1	-16%
Investments in subsidiaries, associate companies and joint ventures	749	2	411	1	82%
Other assets	12,192	24	8,734	29	40%
TOTAL	**1,740,931**	**3,610**	**1,307,706**	**4,237**	**33%**

Credit granted to customers

The portfolio of credit granted to customers (including subscription credit) evidenced a balance of AKZ 898,176 million with reference to the 31st of December 2019, reflecting an increase of 41% when compared to the amount of AKZ 635,164 million with reference to the 31st of December 2018. This increase is explained, on the one hand, by the effect of the exchange rate variation on credit granted in foreign currency and, on the other hand, by the increase in credit granted to customers in national currency.

(million)	'19 AKZ	'19 USD	'18 AKZ	'18 USD	Δ %
CREDIT GRANTED TO CUSTOMERS					
1. Total Credit	898,176	1,861	635,164	2,058	41%
1.1 Credit on customers	620,712	1,287	419,494	1,360	48%
Credit in National Currency	232,674	482	152,670	495	52%
Credit in Foreign Currency	388,038	805	266,824	865	45%
1.2 Matured Credit and Interest	133,866	277	95,120	308	41%
Matured credit and interest National Currency	26,242	54	23,534	76	12%
Matured Credit and Interest Foreign Currency	107,624	223	71,586	232	50%
1.3 Interest Receivable	18,408	38	13,078	42	41%
Interest Receivable National Currency	6,154	13	7,372	24	-17%
Interest Receivable Foreign Currency	12,254	25	5,706	18	115%
1.4 Subscription Credit	126,585	262	108,683	352	16%
Guarantees and Sureties Granted	95,662	198	78,935	256	21%
Open Documentary Credits	30,923	64	29,748	96	4%
1.5 Commissions associated at their amortized cost	(1,395)	(3)	(1,211)	(4)	15%
2. Impairment and provisions created for credit risks	212,712	441	134,833	437	58%
Credit granted	208,491	432	130,226	422	60%
Provision of guarantees	4,221	9	4,607	15	-8%
3. Credit Granted, Net of Impairment and Provisions	685,464	1,420	500,331	1,621	37%
MATURED CREDIT/ CREDIT GRANTED	**17.35%**	**17.35%**	**18.48%**	**18.48%**	

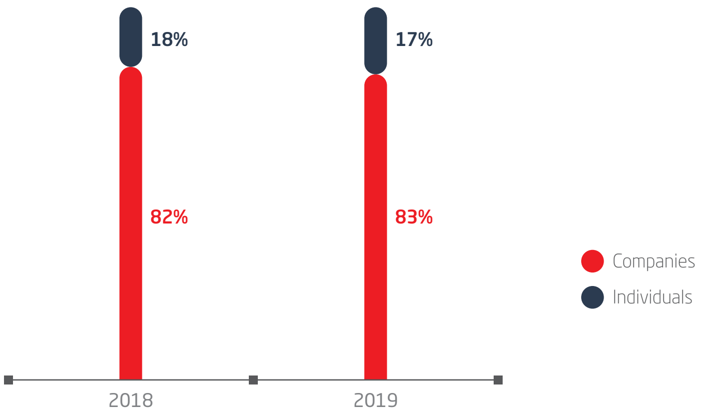
The credit granted to customers with reference to the 31st of December 2019 represent approximately 39% of the total assets (38% with reference to the 31st of December 2018).

In the course of the period in analysis, subscription credit increased by AKZ 17,902 million, the equivalent to 16%, to the amount AKZ 126,585 million with reference to the 31st of December 2019. Guarantees and Sureties Granted increased from AKZ 78,935 million to AKZ 95,662 million with reference to the 31st of December 2019, while Open Documentary Credits increased by AKZ 1,175 million.

In 2019, the Bank kept its conservative policy in classifying the risk of operations of credit granted, strengthening the impairment created for credit risks. With reference to the 31st of December 2019, Banco BIC has total impairment and provisions of approximately AKZ 212,712 million, an increase against the 31st of December 2018, by approximately AKZ 77,879 million (58%).

With reference to the 31st of December 2019, the coverage of credits granted by impairment at 27.02%, when compared to 24.74% observed on the 31st of December 2018. On the other hand, the coverage of matured credit with impairment stood at about 156% in December 2019.

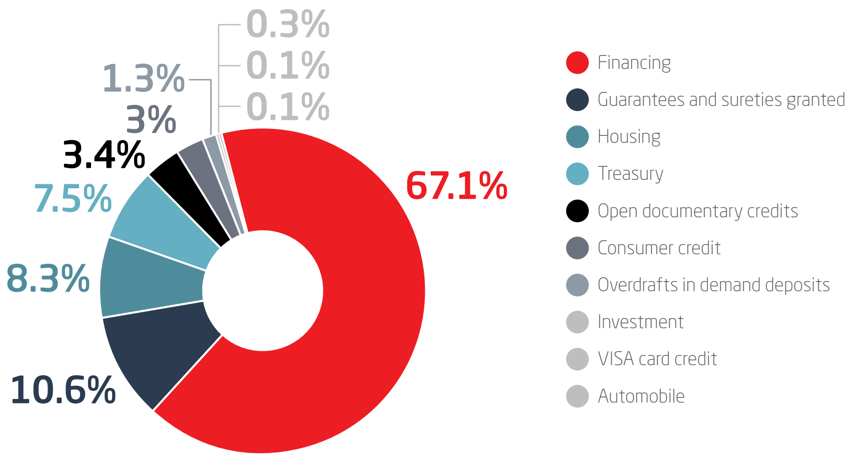
Breakdown of Credit by Beneficiary



With reference to the 31st of December 2019, approximately 83% of the credit portfolio consisted of credit granted to Companies, while the remaining 17% referred to Individuals.

With reference to the 31st of December 2019 and 2018, the credit portfolio can be broken down by type of product as follows:

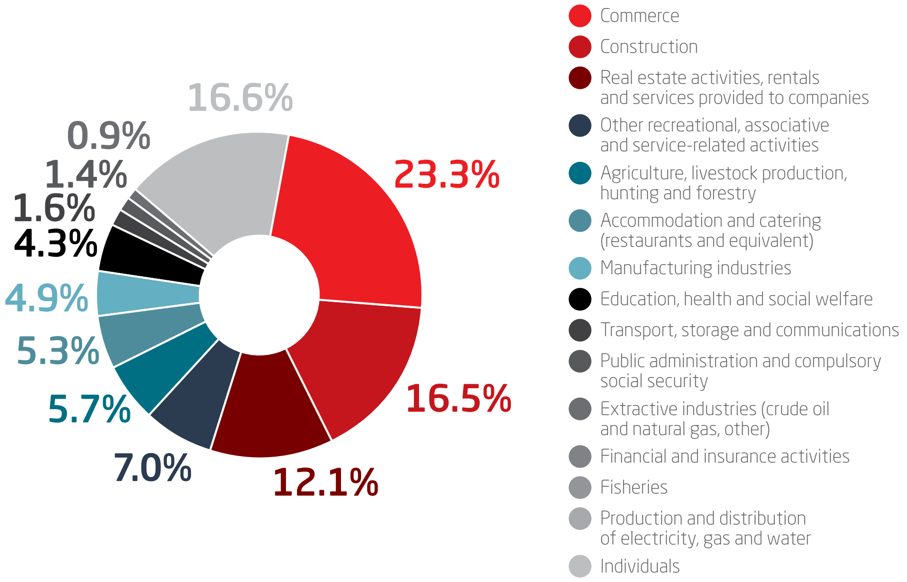
	'19		'18		Δ
	AKZ	USD	AKZ	USD	%
CREDIT BY TYPE OF PRODUCT					
Financing	603,307	1,251	396,114	1,284	33%
Guarantees and sureties granted	95,662	198	78,935	256	31%
Housing	74,338	154	53,122	172	31%
Treasury	67,376	140	50,046	162	34%
Open documentary credits	30,923	64	29,748	96	-10%
Consumer credit	14,759	31	19,315	63	-31%
Overdrafts in demand deposits	9,846	20	6,527	21	11%
Investment	2,251	5	1,592	5	31%
VISA card credit	582	1	588	2	13%
Automobile	528	1	388	1	50%
TOTAL	**899,572**	**1,865**	**636,375**	**2,062**	**29%**



67.1%

Correspond to financing (the most wanted product by customers)

The distribution of the credit portfolio by type of product evidences a great diversity of activities supported by Banco BIC. The most sought products by the Bank's customers correspond to Financing, with a weigh of 67.1%, Guarantees and sureties granted, standing at 10.6%, Home Credit, standing at 8.3%, Treasury support Credit, standing at 7.5%, and also Open documentary credits, with a weigh of 3.4%.



23.3%

Correspond to credit granted to commerce

In the financial year 2019, the Commerce and Construction sectors, with 23.3% and 16.5%, correspondingly, have been those which, in terms of credit granted, had the greatest support from Banco BIC. We should also highlight the credits granted to Private customers which absorbed 16.6% of the Total Credit granted.

In the financial year 2019, although there has been an increase of AKZ 38,746 million in matured credit, when compared to the figures observed by the end of 2018, the Bank maintains an adequate coverage of credit risk through impairment and provisions.

The strengthening evidenced at the level of provisions for credits allowed the ratio of impairment and provisions for credits on credits granted to increase from 24.74% to 27.02% by the end of 2019 and, on the same date, the coverage of matured credit by impairment stood at 156%, an increase of 19 percentage points against the 31st of December 2018.

(million)	'19 AKZ	'18 AKZ	Δ %
MATURED CREDIT			
Credit to customers	771,591	526,481	47%
Matured Credit	133,866	95,120	41%
Matured Credit/ Credit to customers	17.35%	18.48%	-6%
Matured Credit Coverage due to Impairment	156%	137%	14%
Impairment for Credit/ Credit to customers	27.02%	24.74%	9%

Securities Portfolio

The Bank's securities portfolio is classified pursuant to the substance implicit with the acquisition purpose, taking into account the features of the cash flows agreed upon for such assets and the business model adopted for their management.

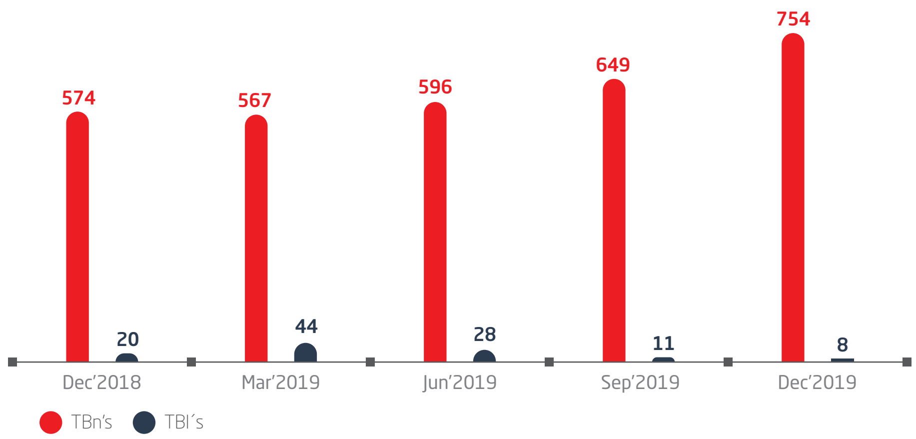
The portfolio is fully classified as 'Investments at their Amortized Cost', given that the securities in the portfolio comply with the SPPI (Solely Payment of Principal and Interest) tests, as well as the business model associated with holding the said securities.

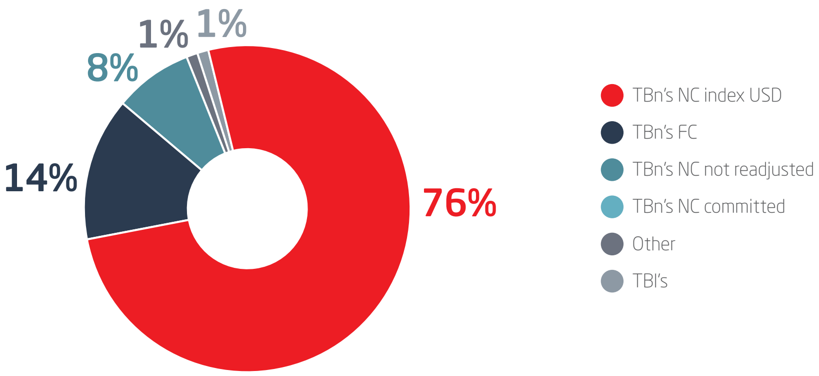
	'19		'18		Δ
	AKZ	USD	AKZ	USD	%
SECURITIES PORTFOLIO					
Investments at their amortized cost	789,378	1,637	613,270	1,987	29%
Treasury Bonds	753,856	1,601	573,739	1,942	31%
In National Currency (Index USD)	583,576	1,210	432,767	1,402	35%
In Foreign Currency (USD)	111,293	231	72,724	236	53%
In National Currency (not readjustable)	58,987	122	68,248	221	-14%
Treasury Bills	7,731	16	20,426	66	-62%
Other securities (Commercial Paper)	10,411	22	5,119	17	103%
Interest receivable	17,380	36	13,986	45	24%
Impairment	12,047	25	1,214	4	892%
TOTAL	**777,331**	**1,612**	**612,056**	**1,983**	**27%**

In 2019, the Bank's securities portfolio recorded a growth of approximately AKZ 165,275 million (27%) compared to the position evidenced with reference to the 31st of December 2018. The United States dollar-indexed Treasury Bonds, the Treasury Bonds denominated in United States dollar, which have increased by AKZ 150,809 million and AKZ 38,569 million, correspondingly, have contributed to this variation, resulting from the devaluation of the kwanza against the United States dollar. On the other hand, Treasury Bills have decreased by AKZ 12,695 million.

27%

The securities portfolio saw an increase of about AKZ 165,275





Liabilities and Net Equity

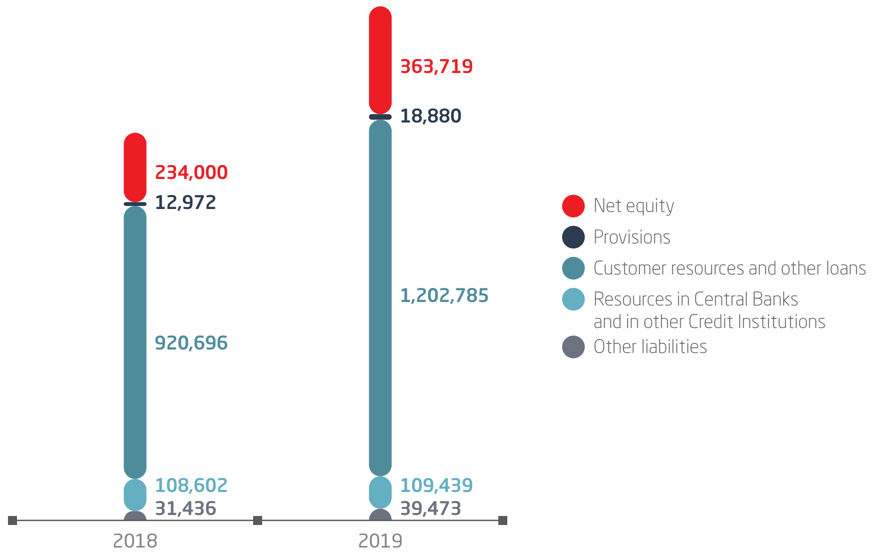
In the financial year 2019, the Bank's liabilities have recorded an increase of about AKZ 303,508 million when compared to the financial year 2018, corresponding to a variation of 28%. This variation was mainly due to the variation in the item Customer resources and other loans, at approximately AKZ 282,089 million (31%) against the previous year.

In the financial year 2019, the Bank's equity increased by AKZ 129,719 million, which was due, on the one hand, to the strengthening of the reserve for the monetary revaluation of own funds, totalling AKZ 108,691 million, as a result of the exchange rate variation occurred in 2019, to the net profit for the financial year, totalling AKZ 70,657 million, and the distribution of dividends, totalling AKZ 40,803 million. In addition, the Bank recognized an amount of AKZ 8,826 million in profits carried over, due to the application of the assumptions adopted by the BNA within the scope of the Asset Quality Assessment (AQA) exercise, for the purposes of valuing the securities portfolio with reference to the 31st of December 2018 (the previous financial year).

2019

Increase of the Bank's equity

Liabilities and Net Equity



(million)	'19 AKZ	'19 USD	'18 AKZ	'18 USD	Δ %
LIABILITIES AND NET EQUITY					
Resources in Central Banks and in other credit institutions	109,439	227	108,602	352	1%
Customer resources and other loans	1,202,785	2,494	920,696	2,983	31%
Provisions	18,880	39	12,972	42	46%
Current tax liabilities	6,635	14	-	-	0%
Other liabilities	39,473	82	31,436	102	26%
Net equity	363,719	754	234,000	758	55%
TOTAL	**1,740,931**	**3,610**	**1,307,706**	**4,237**	**33%**

Customer resources and other loans

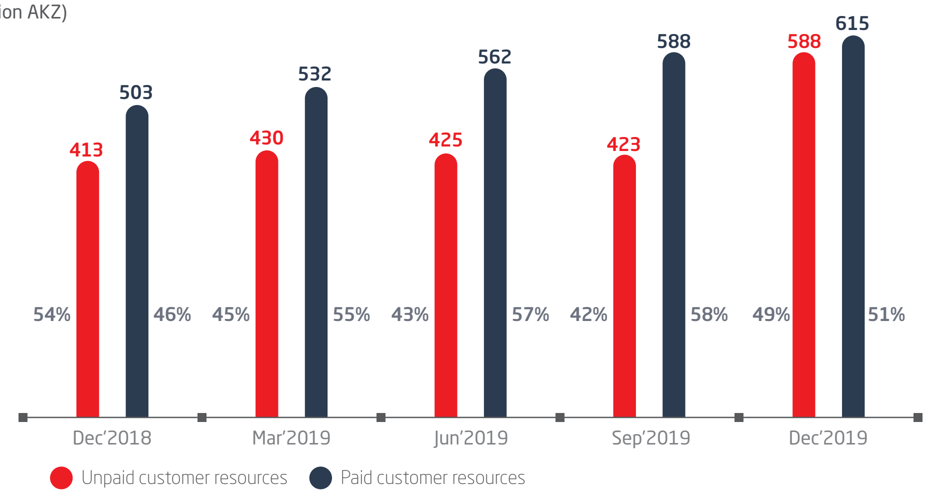
The total customer resource portfolio and other loans in the financial year 2019 totalled AKZ 1,202,875 million, reflecting an increase of AKZ 282,089 million and a variation of 31% in comparison with the 31st of December 2018. Such an increase was due, on the one hand, to the increase in the item Demand Deposits in national currency and, on the other hand, to the increase in the item Savings Deposits in foreign currency.

In the financial year 2019, total customer resources and other loans included demand deposits totalling AKZ 588,266 million and savings deposits totalling AKZ 614,519 million.

(million)	'19 AKZ	'19 USD	'18 AKZ	'18 USD	Δ %
TOTAL CUSTOMER RESOURCES AND OTHER LOANS					
Customer deposits	1,202,785	2,494	916,326	2,970	31%
Demand Deposits	588,266	1,220	412,837	1,338	42%
National Currency	437,863	908	306,948	995	43%
Foreign Currency	150,403	312	105,889	343	42%
Savings Deposits	614,519	1,274	503,489	1,632	22%
National Currency	245,980	510	257,647	835	-5%
Foreign Currency	368,539	764	245,842	797	50%
Other Deposits	-	-	4,370	13	-100%
National Currency	-	-	4,370	13	-100%
TOTAL	**1,202,785**	**2,494**	**920,696**	**2,983**	**31%**

In the financial year 2019, around 51% of the deposits corresponded to remunerated resources equivalent to AKZ 614,519 million (AKZ 503,489 million with reference to the 31st of December 2018), and the remaining AKZ 588,266 million (AKZ 412,837 million with reference to the 31st of December 2018) were related to unpaid resources.

(billion AKZ)



The Credit/Resources transformation ratio increased from 123% with reference to the 31st of December 2018 to 129% with reference to the 31st of December 2019.

(million)	'19		'18	
	AKZ	USD	AKZ	USD
TRANSFORMATION RATIO				
Customer resources	1,202,785	2,494	920,696	2,983
Total Credit (including Credit to the State)	1,550,541	3,215	1,134,630	3,677
TOTAL	**129%**		**123%**	

Provisions

In the financial year 2019, the balance of the item provisions for likely liabilities totalled approximately AKZ 18,880 million (AKZ 12,972 million with reference to the 31st of December 2018). From this total amount, AKZ 4,221 million refers to provisions for guarantees granted, AKZ 12,297 million refers to provisions for retirement pensions and the remaining amount of AKZ 2,362 million refers to provisions for potential contingencies arising from the Bank's business activity, as well as to reflect potential losses on the realization value of other assets.

Equity

In the financial year 2019, the Bank's equity totalled AKZ 363,719 million, reflecting an increase of AKZ 129,719 million, equivalent to about 55% when compared to the 31st of December 2018.

(million)	'19		'18	
	AKZ	USD	AKZ	USD
EQUITY				
Capital	20,000	41	20,000	65
Reserves and Profits Carried Over Net	273,062	566	162,996	528
Profit for the Financial Year	70,657	147	51,004	165
TOTAL	**363,719**	**754**	**234,000**	**758**

In the financial year 2019, the item reserves increased by AKZ 110,066 million, of which AKZ 10,201 million correspond to the appropriation of 20% of the net profit for the financial year 2018 in reserves, as approved by the General Assembly. With reference to the 31st of December 2019, total reserves, amounting to AKZ 273,062 million, were made up of currency translation reserves totalling AKZ 206,471 million, the legal reserve totalling AKZ 52,768 million and other reserves totalling AKZ 13,823 million.

In the financial year 2019, the Bank's Regulatory Own Funds calculated as per the Angolan National Bank's Instruction no. 18/2016, of the 8th of August, stood at around AKZ 332,694 million, which is equivalent to a Regulatory Solvency Ratio of about 20.31% comparable to the 23.11% observed on the 31st of December 2018.

Statement of Profits and Losses

Banco BIC ended the financial year 2019 with a net profit of AKZ 70,657 million, reflecting an increase of 39% when compared to the same period of the previous year.

(million)	'19		'18	
	AKZ	USD	AKZ	USD
OPERATING ACCOUNT				
1. Financial margin (FM)	91,264	189	66,351	215
2. Complementary margin (CM)	181,464	376	124,689	404
3. Income from banking activity (IBA) = (FM)+(CM)	272,728	566	191,040	619
5. Administrative and trading costs (ATC)	53,418	111	35,466	115
6. Impairment and provisions (IP)	33,429	69	9,957	32
7. Profits on net monetary position and Other (PO)	(108,589)	(225)	(91,929)	(298)
8. Profit before taxes (PBT) = (BBP)-(ATC)-(IP)+(PO)	77,292	160	53,688	174
9. Taxes on profits (TP)	6,635	14	2,684	9
10. NET PROFIT FOR THE YEAR (NPY) = (PBT)-(TP)	**70,657**	**146**	**51,004**	**165**
11. CASH FLOW AFTER TAX (CF)	**105,327**	**218**	**62,113**	**201**

In the financial year 2019, the financial margin evidenced an increase of AKZ 24,913 million when compared to the financial year 2018. This variation of the financial margin is explained, on the one hand, by the proceeds from Interest from Credit and Interest from Applications of Liquidity, which have increased by AKZ 20,049 and AKZ 2,498 million, correspondingly.

(million)	'19		'18	
	AKZ	USD	AKZ	USD
FINANCIAL MARGIN				
Interest from Credit	62,874	130	42,825	140
Interest on Securities and Bonds	60,472	125	60,205	195
Interest from Applications of Liquidity	3,446	7	948	3
Commissions received associated at their amortized cost	973	2	684	2
Interest from Financial Liability Instruments	(36,501)	(76)	(38,311)	(125)
TOTAL	**91,264**	**188**	**66,351**	**215**

In the financial year 2019, the Complementary Margin evidenced an increase of about AKZ 56,775 million when compared to the financial year 2018.

(million)	'19		'18	
	AKZ	USD	AKZ	USD
COMPLEMENTARY MARGIN				
Income and charges from services and commissions	8,253	17	8,322	27
Profits from investments at their amortized cost	14	-	n.a.	n.a.
Profits from foreign exchange operations	175,218	363	117,117	380
Profits from the disposal of other assets	123	-	152	-
Other operating profits	(2,144)	(4)	(1,912)	(6)
TOTAL	**181,464**	**376**	**123,679**	**401**

The profits from foreign exchange operations, which essentially correspond to gains on the transactions of purchase and sale of foreign currency by the Bank, as well as the re-evaluation of the foreign exchange position in Foreign Currency, stood at AKZ 175,218 million in the financial year 2019, an increase of approximately AKZ 58,101 million when compared to the same period of the previous year, essentially due to the devaluation of the Angolan kwanza against the United States dollar during the financial year.

In addition, in the financial year 2019, the Bank strengthened the reserve for revising shareholders' equity, by AKZ 108,691 million.

(million)	'19		'18	
	AKZ	USD	AKZ	USD
PROFITS IN FINANCIAL OPERATIONS				
Exchange profits	175,218	363	117,117	380
Profits on net monetary position	(108,691)	(225)	(91,957)	(298)
TOTAL	**66,527**	**138**	**25,160**	**82**

As a result, the Profits in financial operations evidenced an increase of AKZ 41,367 million when compared to the financial year 2018. Such variation is due to the impact of the devaluation of the Angolan kwanza (AKZ) against the United States dollar (USD).

The Bank's administrative charges, which include personnel expenses totalling AKZ 34,234 million, third party supplies and services, totalling AKZ 17,841 million, and depreciation and amortization, totalling AKZ 1,343 million, evidenced an increase of about AKZ 17,952 million (51%) when compared to the financial year 2018.

(million)	'19		'18	
	AKZ	USD	AKZ	USD
ADMINISTRATIVE AND TRADING COSTS				
Personnel	34,234	71	24,114	78
Third party supplies and services	17,841	37	10,201	33
Depreciation and amortization	1,343	3	1,151	4
TOTAL	**53,418**	**111**	**35,466**	**115**

Personnel costs totalled AKZ 34,234 million, with an increase against the financial year 2018 of AKZ 10,120 million, while third party supplies and services increased to AKZ 17,841 million, with a variation of approximately 75% when compared to the same period of the previous year, and this variation is mainly due to the increase in costs with administrative, security and surveillance expenses.

Depreciation and amortization for the financial year stood at AKZ 1,343 million, reflecting an increase of AKZ 192 million when compared to the financial year 2018.

Nonetheless, the increase observed in the number of employees, from 2,068 to 2,084 with reference to the 31st of December 2019, the increase in personnel costs was essentially a consequence of the updating of wages due to the exchange rate devaluation.

(million)	'19	'18
COST-TO-INCOME		
Administrative and Trading Costs	53,418	35,466
Income from banking activity (deducted of the net monetary position)	164,037	99,083
COST-TO-INCOME	**33%**	**36%**

In the financial year 2019 the cost-to-income ratio fell from 36% to 33% when compared with the same period of the previous year, and this change is essentially explained by the more expressive increase in the banking product against the growth in general administrative expenditure in the period under analysis.

In the financial year 2019, taxes on profits recorded stood at AKZ 6,635 million (AKZ 2,684 million in the financial year 2018), corresponding to an effective Industrial Tax rate of about 9%.

The proceeds arising from public debt securities obtained from Treasury Bonds and Treasury Bills issued by the Angolan State are excluded from taxation of Industrial Tax, in the light of the provisions of article 23(1)(c) of the respective tax code. Such a tax framework is decisive for the difference between the effective rate computed and the nominal rate in force (30%).

The Presidential Legislative Decree no. 5/11, of the 30th of December, introduced a standard under which interest on Treasury Bills, Treasury Bonds and other financial applications became subject to CGT. Nonetheless, as mentioned above, this is only applicable to securities issued after the 1st of January 2013.

The CGT rate varies between 5% (in the case of income from debt securities admitted to trading on a regulated market and with a maturity equal to or over three years) and 15%. In the financial years 2019 and 2018, the costs incurred with this tax recorded in the statement of profits and losses under the item Other operating profits totalled AKZ 3,576 million and AKZ 4,351 million, correspondingly.

With reference to the 31st of December 2019 and 2018, depending on the amounts determined for both taxes, i.e., the Industrial Tax and CGT, the effective combined tax rate was, correspondingly, 13.21% and 13.10%.

Proposal for the Appropriation of Profits

Bearing in mind that:

1. In the first quarter of 2020, there was a worldwide spread of the disease caused by the new coronavirus ('Covid-19'), which has been characterized as a pandemic by the World Health Organization in March 2020. As described in greater detail in the notes to the financial statements for the financial year 2019, the Board of Directors of Banco BIC anticipates that this situation will have a negative effect on the world and on the Angolan economy, with the consequent impact on the Bank's business activity, including the valuation of its assets, and the extent of such negative impact is currently uncertain.

2. The legal provisions on the creation of reserves.

The Board of Directors has proposed that the positive net profit for the financial year ended on the 31st of December 2019, totalling 70,657 million Angolan kwanza, should be appropriated as follows:

Legal Reserve 20%	14,131 million kwanza
Other reserves and profits carried over 80%	56,526 million kwanza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07

Financial Statements and Notes

Financial Statements

Balance sheets on the 31st of December 2019 and 2018

(Amounts expressed in thousands of Angolan Kwanza)

	Notes	Gross assets	Impairment and amortization	'19 Net assets	'18 Net assets
ASSETS					
Cash and cash funds with Central Banks	3	170,149,668	-	170,149,668	135,930,360
Cash funds with other credit institutions	4	35,837,966	(50,076)	35,787,890	30,067,763
Applications in Central Banks and in other credit institutions	5	145,624,758	(80,690)	145,544,068	91,008,182
Investments at their amortized cost	6	789,377,246	(12,046,521)	777,330,725	612,056,115
Credit to customers	7	771,591,634	(208,491,297)	563,100,337	396,255,189
Non-current assets held for sale	8	22,803,914	(2,132,622)	20,671,292	19,394,898
Other property, plant and equipment	9	26,128,393	(10,968,706)	15,159,687	13,556,305
Intangible assets	9	1,009,033	(762,185)	246,848	292,808
Investments in subsidiaries, associate companies and joint ventures	10	748,831	-	748,831	411,209
Other assets	11	12,191,992	-	12,191,992	8,732,672
TOTAL ASSETS		**1,975,463,435**	**(234,532,097)**	**1,740,931,338**	**1,307,705,501**
LIABILITIES AND EQUITY					
Liabilities					
Resources in Central Banks and in other credit institutions	12			109,439,319	108,602,112
Customer resources and other loans	13			1,202,785,346	920,696,233
Provisions	14			18,880,233	12,972,247
Current tax liabilities	26			6,635,175	0
Other liabilities	15			39,472,481	31,434,865
TOTAL LIABILITIES				**1,377,212,554**	**1,073,705,457**
Equity					
Share Capital	16			20,000,000	20,000,000
Re-evaluation reserves	16			206,471,028	97,780,043
Other reserves and profits carried over	16			66,590,535	65,215,733
Net profit for the financial year	16			70,657,221	51,004,268
TOTAL EQUITY				**363,718,784**	**234,000,044**
TOTAL LIABILITIES AND EQUITY				**1,740,931,338**	**1,307,705,501**

The Annex is an integral part of the present statements.

Statements of profits and losses for the financial years ended on the 31st of December 2019 and 2018

(Amounts expressed in thousands of Angolan Kwanza)

	Notes	'19	'18
Interest and similar income	18	127,765,048	104,662,191
Interest and similar charges	18	(36,501,274)	(38,311,187)
FINANCIAL MARGIN		**91,263,774**	**66,351,004**
Income from services and commissions	19	10,439,226	9,983,187
Charges with services and commissions	19	(2,186,436)	(1,661,605)
Profits from investments at their amortized cost	20	14,249	1,010,246
Exchange profits	21	175,218,017	117,117,183
Profits from the disposal of other assets	22	123,633	152,141
Other operating profits	23	(2,144,155)	(1,912,176)
INCOME FROM BANKING ACTIVITY		**272,728,308**	**191,039,980**
Personnel expenses	24	(34,233,638)	(24,114,193)
Third party supplies and services	25	(17,840,953)	(10,200,529)
Depreciation and amortization for the financial year	9	(1,343,143)	(1,151,300)
Provisions net of cancellations	14	3,252,332	(274,929)
Impairment for customer credit net of reversals and recoveries	14	(34,626,830)	(9,071,239)
Impairment for other financial assets net of reversals and recoveries	14	(2,054,250)	(610,996)
Profits from subsidiaries, associate companies and joint ventures (equity method)	10	101,555	28,414
Profits on net monetary position	16	(108,690,985)	(91,956,505)
PROFITS BEFORE TAX		**77,292,396**	**53,688,703**
Tax on profits			
Current	26	(6,635,175)	(2,684,435)
PROFIT AFTER TAX		**70,657,221**	**51,004,268**
NET PROFIT FOR THE FINANCIAL YEAR		**70,657,221**	**51,004,268**
Average number of ordinary shares issued		20,000,000	20,000,000
Basic earnings per share (in kwanza)		3.53	2.55

The Annex is an integral part of the present statements.

Statements of changes in equity for the financial years ended on the 31st of December 2019 and 2018

(Amounts expressed in thousands of Angolan Kwanza)

	Share capital	OTHER RESERVES AND PROFITS CARRIED OVER				Net profit for the financial year	Total equity
		Re-evaluation reserve	Legal reserve	Other reserves	Total		
BALANCES ON THE 31ST OF DECEMBER 2017	**3,000,000**	**5,823,538**	**35,716,242**	**39,648,831**	**75,365,073**	**34,253,304**	**118,441,915**
Appropriation of the net profit for the financial year 2017:							
Share capital increase (Note 16)	17,000,000	-	-	(17,000,000)	(17,000,000)	-	-
Dividend distribution	-	-	-	-	-	(27,402,644)	(27,402,644)
Transfer to legal reserve	-	-	6,850,660	-	6,850,660	(6,850,660)	-
Revising of own funds (Note 16)	-	91,956,505	-	-	-	-	91,956,505
Net profit for the financial year 2018	-	-	-	-	-	51,004,268	51,004,268
BALANCES ON THE 31ST OF DECEMBER 2018	**20,000,000**	**97,780,043**	**42,566,902**	**22,648,831**	**65,215,733**	**51,004,268**	**234,000,044**
Appropriation of the net profit for the financial year 2018:							
Dividend distribution	-	-	-	-	-	(40,803,414)	(40,803,414)
Transfer to legal reserve	-	-	10,200,854	-	**10,200,854**	(10,200,854)	-
Revising of own funds (Note 16)	-	108,690,985	-	-	-	-	108,690,985
Other	-	-	-	(8,826,052)	**(8,826,052)**	-	(8,826,052)
Net profit for the financial year	-	-	-	-	-	70,657,221	70,657,221
BALANCES ON THE 31ST OF DECEMBER 2019	**20,000,000**	**206,471,028**	**52,767,756**	**13,822,779**	**66,590,535**	**70,657,221**	**363,718,784**

The Annex is an integral part of the present statements.

Statements of profits and losses and other comprehensive income for the years ended with reference to the 31st of December 2019 and 2018

(Amounts expressed in thousands of Angolan Kwanza)

	'19	'18
NET PROFIT FOR THE FINANCIAL YEAR	**70,657,221**	**51,004,268**
Other comprehensive income		
Profit not included in the income of profits and losses	-	-
	-	-
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**70,657,221**	**51,004,268**

The Annex is an integral part of the present statements.

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Statements of cash flows for the financial years ended on the 31st of December 2019 and 2018

(Amounts expressed in thousands of Angolan Kwanza)

	'19	'18
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest, commissions and other similar proceeds received	122,576,436	115,625,968
Interest, commissions and other similar costs paid	(38,109,742)	(36,790,523)
Payments to employees and suppliers	(49,009,648)	(35,517,362)
Other profits	12,375,866	32,421,763
CASH FLOWS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	**47,832,912**	**75,739,846**
(Increases)/decreases in operating assets:		
Applications in Central Banks and in other credit institutions	(9,429,851)	(54,791,354)
Investments at their amortized cost	94,751,210	56,940,459
Credit to customers	(51,286,889)	(12,915,261)
Other assets	(3,239,398)	(2,064,885)
NET FLOW ARISING FROM OPERATING ASSETS	**28,319,857**	**90,824,803**
Increases/(decreases) in operating liabilities:		
Resources in Central Banks and in other credit institutions	(41,036,876)	(13,655,721)
Customer resources and other loans	27,617,952	(103,750,234)
Other liabilities	(5,481,578)	(1,691,759)
NET FLOW ARISING FROM OPERATING LIABILITIES	**(18,900,502)**	**(119,097,714)**
Net cash from operating activities before income tax	57,252,267	47,466,935
Income tax paid	(189,780)	(238,989)
NET CASH FROM OPERATING ACTIVITIES	**57,062,487**	**47,227,946**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Acquisitions of other property, plant and equipment, net of disposals	(641,139)	(1,578,537)
Acquisitions of intangible assets, net of disposals	(85,345)	(261,043)
Acquisitions of interests in subsidiaries, associate companies and joint ventures, net of disposals	(74,083)	-
NET CASH FROM INVESTMENT ACTIVITIES	**(800,567)**	**(1,839,580)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend distribution	(40,803,414)	(27,402,643)
NET CASH FROM FINANCING ACTIVITIES	**(40,803,414)**	**(27,402,643)**
Variation of cash and its equivalents	15,458,506	17,985,723
Cash and its equivalents at the beginning of the financial year	166,026,148	138,433,039
Effects of foreign exchange rate variation on cash and its equivalents	24,357,738	9,607,386
CASH AND ITS EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**205,842,392**	**166,026,148**

The Annex is an integral part of the present statements.

Notes to the Financial Statements
on the 31st of December 2019 and 2018

(Amounts expressed in thousand Angolan kwanza – tAKZ, except when expressly indicated otherwise)

1. INTRODUCTORY NOTE

Banco BIC, S.A. (hereinafter referred to as 'Banco BIC' or 'Bank') was incorporated by means of Public Deed of the 22nd of April 2005, following a communication from the Angolan National Bank (*Banco Nacional de Angola* - BNA) of the 19th of April 2005 which authorized its incorporation, and it is based at the Banco BIC Building, located in Bairro (BNA) de Talatona, Samba Municipality, in Luanda.

The Bank is engaged in the activity of obtaining resources from third parties in the form of deposits or others, which it applies, together with its own resources, in granting loans, deposits at the Angolan National Bank, applications with credit institutions, acquisition of securities and other assets, for which it is duly authorized. It also provides other banking services and carries out several types of foreign currency operations.

In order to carry out its operations, the Bank currently has a national network of 211 branches and service desks, 17 company centres, 3 investment centres and one Private Banking unit in Angola (210 branches and service desks, 17 company centres, 3 investment centres and one Private Banking unit with reference to the 31st of December 2018), as well as a representative office in Johannesburg (South Africa).

2. BASES FOR THE DISCLOSURE, COMPARABILITY OF INFORMATION AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

2.1. Bases of preparation

Banco BIC's financial statements were prepared on a going concern basis, based on the accounting books and records kept according to the principles set out in the International Financial Reporting Standards (IAS/IFRS), notably those set out in IAS 1 - Presentation of financial statements, under the terms of the Angolan National Bank Notice no. 5/2019, of the 23rd of August.

The IAS/IFRS comprise the accounting standards issued by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and its corresponding predecessor entities.

The Bank's financial statements with reference to the 31st of December 2019 and 2018 are expressed in thousands of Angolan kwanza (the Bank's functional currency), and assets and liabilities expressed in other currencies have been translated into national currency, based on the average indicative exchange rate published by the Angolan National Bank on such dates.

With reference to the 31st of December 2019 and 2018, the Angolan kwanza (AKZ) exchange rates used against the United States dollar (USD) and the euro (EUR) were as follows:

	'19	'18
1 USD	482.227	308.607
1 EUR	540.817	353.015

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2.2. Adoption of (new or revised) standards 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 first became mandatory during the financial year commencing on the 1st of January 2019:

- IFRS 16 – 'Leases': this standard introduces the principles of recognition and measurement of leases, replacing IAS 17 – Leases. This standard sets out a single accounting model for lease agreements which results in the recognition, by the lessee, of assets and liabilities for all lease contracts, except for leases with terms under 12 months or for leases involving low value assets. Lessors will continue to classify leases as operating or financial leases, and IFRS 16 will not entail substantial changes for such entities as set out in IAS 17.

- Amendment to IFRS 9 – 'Characteristics of advance payments with negative compensation': this amendment enables financial assets with agreed conditions which foresee, in their early amortization, the payment of a considerable amount by the creditor to be measured at their amortized cost or at their fair value by reserves (depending on the business model), as long as: (i) on the date of the asset's first recognition, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative compensation on early amortization is the only reason for the asset in question not to be deemed an instrument which contemplates principal and interest payments only.

- IFRIC 23 – 'Uncertainty in the treatment of income tax': this interpretation provides guidance on determining taxable profits, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty with regard to the treatment of income tax.

- Amendment to IAS 19 – 'Change, Restriction or Liquidation of the Plan': If an amendment, cut-off or liquidation of the plan occurs, the cost of the current service and net interest for the period after the re-measurement should be determined using the assumptions used for the re-measurement. In addition, changes have been included to clarify the effect of a change, reduction or liquidation of the plan on the requirements of the asset's maximum limit.

- Amendment to IAS 28 – 'Long-term investments in associate companies and joint ventures': this amendment clarifies IFRS 9 should be applied (including the corresponding impairment-related requirements) to investments in associate companies and joint ventures when the equity method is not applied in their measurement.

Improvements to the international financial reporting standards (2015-2017 cycle): these improvements involve clarification of some aspects related to:

- IFRS 3 – Business combination: it requires the re-measurement of previously held interests when an entity acquires control over an associate company over which it previously had joint control;

- IFRS 11 – Joint ventures: it clarifies there should be no measurement of previously held interests when an entity acquires joint control over a joint operation;

- IAS 12 – Income Taxes: it clarifies that all tax consequences of dividends should be recorded in profits and losses, regardless of how the tax arises;

- IAS 23 – Borrowing costs: it clarifies that the portion of the loan directly related to the acquisition/construction of an asset, payable after the corresponding asset is ready for the intended use, shall be, for purposes of determining the capitalization rate, considered part of the entity's generic financing.

  There were no significant effects on the Bank's financial statements for the financial year ended on the 31st of December 2019, resulting from the adoption of the aforementioned new standards, interpretations, amendments and revisions.

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

- Amendments to references of the Conceptual Framework in the IFRS Standards; Corresponds to amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) regarding references to the Conceptual Framework revised in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, de-recognition, presentation and disclosure. It is applicable to financial years commencing on or after the 1st of January 2020.

- Amendment to IFRS 3 – 'Definition of business': Corresponds to amendments to the definition of business, aimed at clarifying the identification of an acquisition of a business or an acquisition of a group of assets. The revised definition further clarifies the definition of a business' output as the supply of goods or services to customers. The changes include examples for identifying the acquisition of a business. It is applicable to financial years commencing on or after the 1st of January 2020.

- Amendment to IAS and IAS 8 – 'Definition of material': Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards in order to ensure consistency. Information is material if, by means of its omission, distortion or concealment, it is reasonably expected to influence the decisions of primary users of financial statements based on them. It is applicable to financial years commencing on or after the 1st of January 2020.

- Amendment to IFRS 9, IAS 39 and IFRS 7 – 'Reform of the benchmark interest rate (IBOR Reform)': corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 with regard to the benchmark interest rate reform project (known as 'IBOR reform'), aimed at reducing the potential impact of the change in benchmark interest rates on financial reporting, notably hedge accounting. It is applicable to financial years commencing on or after the 1st of January 2020.

- IFRS 17 – 'Insurance agreements': this standard establishes, for insurance agreements falling within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 – Insurance Agreements. It is applicable to financial years commencing on or after the 1st of January 2021.

The Bank does not anticipate any significant effects on its financial statements from the adoption of the aforementioned new standards, interpretations, amendments and revisions.

2.3. Accounting policies

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

a) Accrual principle

The proceeds and costs are recognized based on the period of the validity of operations, based on the accrual accounting principle and these components are recorded as they are generated, irrespective of the moment of their receipt or payment.

b) Foreign currency transactions

Operations in foreign currency are recorded pursuant to the principles of the 'multi-currency' system, each operation being recorded according to the corresponding currencies of denomination. Assets and liabilities denominated in foreign currency are converted into Angolan kwanza, the Bank's functional currency, at the average exchange rate published by the Angolan National Bank on the balance sheet date.

On the date of their agreements, purchases and sales of foreign currency at sight and term are recorded in the exchange position.

Costs and proceeds associated with exchange rate differences, realized or potential, are recorded in the statement of profits and losses for financial the year in which they occur, under 'Exchange profits' (Note 21).

c) Financial instruments

Financial assets and liabilities are recognized in the Bank's statement of financial position when, and only when, it becomes a party to the instrument's agreed provisions.

The financial assets and financial liabilities recognized are measured at their fair value. Transaction costs which are directly allocatable to the acquisition or issuing of financial assets or liabilities (other than financial assets and liabilities measured at their fair value through profits and losses - FVTPL) are added to or deducted from the financial assets or liabilities' fair value, as appropriate, when they are first recognized. Transaction costs directly attributable to the acquisition of financial assets or liabilities at their FVTPL are immediately recognized in the statement of profits and losses.

I) Financial Assets

Classification, initial recognition and subsequent measurement

At the time its financial assets are first recognized, the Bank classifies such instruments according to these assets' agreed cash flow characteristics, as well as the business model used for their management. The classification of financial assets determines how the assets will be measured in the future.

In the light of the provisions of IFRS 9 – Financial Instruments, financial assets are, upon their initial recognition, classified in one of the following categories:

a) Investments at their amortized cost;
b) Financial assets at their fair value through other comprehensive income; or
c) Financial assets at their fair value by means of profits or losses.

The classification is made taking into consideration the following aspects:

- The Bank's business model for the management of the financial asset; and
- The financial asset's agreed cash flow characteristics.

Assessment of the business model

The Bank defines its business models, based on the management strategy of the several groups of financial assets held in its portfolio, thus achieving a specific business objective. The Bank's business models depend on the management's intention with regard to a specific financial instrument, in case of a portfolio approach, based on a higher aggregation level.

On an annual basis, the Bank performs and assessment of the business model in which financial instruments are held, at the portfolio level, as this approach best reflects the manner through which assets are managed and how information is made available to the managerial bodies. The information taken into consideration in such assessment included:

- The manner through which the performance of the portfolio is assessed and reported to the Bank's managerial bodies;
- The assessment of the risks affecting the performance of the business model (and the financial assets held within such business model) and the manner through which such risks are managed;
- How business managers are paid – for instance, how business managers' compensation is dependent on the fair value of assets under management or on the agreed cash flows received;
- The frequency, volume and timeliness of sales of financial assets in previous periods and the corresponding forecast of future sales. Nonetheless, information on sales should not be taken into account in isolation, but as part of an overall assessment of how the Bank establishes financial asset management objectives and the manner through which cash flows are obtained.

Assessment of whether the agreed cash flows correspond only to the repayment of principal and interest (SPPI - Solely Payments of Principal and Interest)

The assessment of whether the agreed cash flows correspond only to the repayment of principal and interest is made whenever the financial assets are originated (and meet the criteria for recognition), based on their original agreement terms.

For the purposes of this assessment, principal is deemed the fair value of the financial asset at the time it is first recognized. Changes may occur to the amount of principal over the financial asset's operating life (e.g., if there are repayments of principal). Interest corresponds to the remuneration paid for the effect of the time value of money, the credit risk associated with the amount due over a given period, other risks and costs related to loan agreements, as well as may include a margin of profit. The SPPI analysis is carried out in the currency in which the financial asset is denominated.

The agreed cash flows which correspond only to the repayment of principal and interest are consistent with a basic loan agreement. Agreement terms which introduce exposure to risk or volatility into the agreed cash flows which are not related to a basic loan agreement do not give rise to agreed cash flows which are only payments related to principal and interest computed over the principal amount due.

In the scope of its assessment of the agreed cash flow characteristics, and notwithstanding the aforementioned considerations, the Bank takes particular note on:

- Whether the most significant elements of the interest component correspond to the consideration for the time value of money and credit risk;
- Contingent events which may alter cash flows' timeliness and amount;

- Characteristics which result in leverage;
- Advance payment and maturity extension clauses;
- Clauses which may limit the Bank's right to claim cash flows regarding specific assets (e.g., agreements with clauses preventing access to assets in the event of default – 'non-recourse asset');
- Characteristics which may alter the compensation for the time value of money.

In addition, an advance payment is consistent with the SPPI criterion, if:

- The financial asset is acquired or originated with a premium or discount with respect to the agreed nominal value;
- The advance payment substantially represents the nominal amount of the agreement plus periodical agreed interest, although not paid (may include reasonable compensation for the advance payment);
- The fair value of the advance payment is insignificant upon initial recognition.

a) Financial assets at their amortized cost

Classification

A financial asset is classified under the category 'Investments at their amortized cost' when both of the following conditions are cumulatively met:

- The financial asset is included in a business model the objective of which consists in maintaining the financial assets in order to obtain the associated agreed cash-flows;
- The agreement terms of the financial asset give rise, on specific dates, to agreed cash flows which relate only to principal and interest, regarding the amount of principal due (SPPI).

This category includes applications in credit institutions, credit to customers and debt securities managed based on a business model the purpose of which is to receive their agreed cash flows (public debt bonds, bonds issued by companies and commercial paper).

Initial recognition and subsequent measurement

Applications in credit institutions and credit to customers are recognized on the date on which the funds are made available to the counterparty (settlement date). Debt securities are recognized on the trade date, i.e., the date on which the Bank commits to acquire them.

Financial assets at their amortized cost are first recognized at their fair value, added of the transaction costs incurred, and subsequently measured at their amortized cost. In addition, they are subject, from the moment of their initial recognition, to the assessment of impairment losses for expected credit losses.

Interest on financial assets at their amortized cost is recognized in the financial margin under the item 'Interest and similar income' (Note 18), based on the effective interest rate method and pursuant to the principles detailed in Note 2.3(c)(VIII).

Expected credit losses are estimated from the initial recognition of these financial assets and according to the principles described in Note 2.3(c)(VI), and are recognized in the statement of profits and losses against the item 'Impairment for customer credit net of reversals and recoveries' (Note 14).

i. Credit to customers
Credit and receivables include credit granted by the Bank to customers and credit institutions.

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

Whenever applicable, interest, commissions and other costs and proceeds associated with credit operations are accrued over the operations' operating life, when they are operations which give rise to revenue flows over a period exceeding one month, regardless on the time they are collected or paid. Commissions received in consideration of credit commitments are recognized on a deferred and straight-line basis during the commitment's operating life.

ii. Debt securities
Treasury Bonds issued in national currency indexed to the United States dollar's exchange rate, as well as Treasury Bonds denominated in foreign currency, are subject to exchange rate re-evaluations. Thus, the profit from the exchange rate re-evaluations with regard to the nominal value of securities is reflected in the statement of profits and losses for the financial year when it is generated, under the item 'Exchange profits' (Note 21), and the accrued discount and interest are reflected under the item 'Interest and similar income from securities and bonds' (Note 18).

In 2012, the Order no. 159/12, of the 20th of February was published, which authorizes the regular issuing of non-adjustable Treasury Bonds in national currency, with pre-established coupon interest rates by maturity.

The accrued interest on such securities is reflected in the statement of profits and losses for the financial year in which they occur, under the item 'Interest and similar income from securities and bonds' (Note 18).

Treasury Bills are issued at discounted value and recorded at their acquisition cost. The difference between the latter and the nominal value is recognized in the statement of profits and losses as a proceed over the period between the date of acquisition and the date of maturity of such securities under the item 'Interest and similar income on securities and bonds' (Note 18).

Commercial paper is a short-term debt security issued by commercial companies aimed at financing short term treasury needs. The interest accrued on these securities is reflected under the item 'Interest and similar income on securities and bonds' (Note 18).

Operations of purchase of securities from third parties with resale agreements

In the course of 2019, the Bank carried out temporary liquidity purchase operations on the interbank market with the Angolan National Bank, applying funds in consideration of receiving Treasury Bonds as collateral. Such operations are based on an agreement to resell the securities at a future date, for a price pre-established between the parties.

The securities purchased with a resale agreement are not recorded in the securities portfolio. The funds delivered are recorded on the date of acquisition as assets under the item 'Operations of purchase of securities from third parties with resale agreements' (Note 5), and the amount of interest is accrued over under the same item.

Proceeds from operations of purchase of securities from third parties with resale agreements correspond to the difference between the resale amount and the securities' purchase amount. Proceeds are recognized based on the accruals principle, depending on the operations' term flow, under the item 'Interest and similar income from applications of liquidity – Securities from third parties with resale agreements' (Note 18).

Operations of sale of own securities with repurchase agreements

Securities transferred to the Angolan National Bank with repurchase agreement are maintained recorded in the Bank's securities portfolio, and the sale amount is recorded under the item 'Resources in Central Banks and in other credit institutions – Operations of sale of own securities with repurchase agreements' (Note 12). The difference between the agreed repurchase amount and the corresponding initial sale amount is recognized on a straight-line basis in profits and losses, over the operation's operating life, under the item 'Interest and similar charges of fundraising for liquidity – Sale of securities with repurchase agreements' (Note 18) against the liability item 'Resources in Central Banks and in other credit institutions – Interest payable' (Note 12).

b) Financial assets at their fair value through other comprehensive income

Classification

A financial asset is classified under the category 'Financial assets at their fair value through other comprehensive income' when both of the following conditions are cumulatively met:

- The financial asset is included in a business model the objective of which is achieved not only by obtaining the associated agreed cash flows, but also by the sale of the corresponding assets;
- The agreement terms of the financial asset give rise, on specific dates, to agreed cash flows which relate only to principal and interest, regarding the amount of principal due.

In addition, the Bank may choose, in an irrevocable manner at the time of the initial recognition, to classify an equity instrument under the category 'Financial assets at their fair value through other comprehensive income', as long as it is not held for trading, nor it evidences a contingent consideration recognized by an acquiring entity in a business concentration, to which IFRS 3 applies. This alternative is exercised on an investment-by-investment basis, and only financial instruments which fall within the scope of the definition of equity instruments set forth in IFRS 9 and IAS 32 are eligible.

With reference to the 31st of December 2019 and 2018, the Bank did not classify any of its financial assets under this category.

c) Financial assets at their fair value by means of profits or losses

Classification

A financial asset is classified as 'Financial assets at their fair value by means of profits or losses' in case the business model defined by the Bank with regard to its management or the characteristics of its agreed cash flows do not meet the aforementioned conditions to be measured at its amortized cost or at its fair value through other comprehensive income.

In addition, and even if the financial asset complies with the criteria for measurement at its amortized cost or at its fair value through other comprehensive income, the Bank may irrevocably choose, upon its initial recognition, to express the financial asset at its fair value through profits and losses, as long as this eliminates or significantly reduces an accounting mismatch, which would otherwise be originated by the measurement of assets or liabilities or recognition of gains and losses over them on different bases.

With reference to the 31st of December 2019 and 2018, the Bank did not classify any of its financial assets under this category.

II) De-recognition of financial assets and financial liabilities

Financial assets shall be re-classified whenever there is a change in the business model of the corresponding portfolio. In such a case, all the financial assets included in the portfolio whose business model has been changed must be re-classified, and the classification and measurement requirements associated with the new category are prospectively applied from the date of re-classification, and no gains, losses or interest previously recognized shall be restated. On the date of their re-classification, financial assets are measured at their fair value.

Investments in equity instruments measured at their fair value through other comprehensive income or financial instruments designated at their fair value through profits and losses cannot be re-classified.

Financial liabilities cannot be re-classified.

III) De-recognition and change of financial assets

Financial assets are de-recognized when (i) the Bank's agreement rights to the respective financial asset's corresponding cash flows have expired, or (ii) the Bank has substantially transferred all ownership risks and benefits.

A renegotiation or modification of the agreed cash flows of a financial asset may lead to its de-recognition and to the subsequent recognition of a new financial asset. In such circumstances, the de-recognition implies (i) the recognition of the loss or gain deriving from the difference between the amortized cost of the original asset and the new financial asset's net present value (NPV) in profits and losses, (ii) the assessment of whether the agreed cash flows' new characteristics correspond only to principal and interest over the principal amount due, which may imply the asset's re-classification into a different measurement category and (iii) the assessment of the existence of impairment in the originated asset, at initial recognition, and as long as it is not classified under the 'Financial assets at their fair value by means of profits or losses'. In case the new financial asset is a purchased or originated credit impaired (POCI), a default lifetime probability is applied until the agreement's maturity for the corresponding computing of expected credit losses, and the effective interest rate adjusted for the credit is determined.

The Bank considers that a change in the financial asset's agreement terms results in its de-recognition and subsequent recognition of a new financial asset when such change reflects at least one of the following conditions:

- Transfer of the instrument's credit risk to another borrower accompanied by a very significant reduction in the spread; or
- Change in qualitative characteristics, notably, the agreed cash flows ceasing to only correspond to the repayment of principal and interest.

In case a renegotiation or change in a financial asset's agreed cash flows does not result in any of the aforementioned conditions, the financial asset is deemed a modified financial asset, i.e., the financial asset is not de-recognized, which entails (i) the recognition of the loss or gain arising from the difference between the gross carrying value of the original operation and the NPV of the new operation in profits and losses and (ii) the application of the criteria described in Note 2.3(c)(VI) for assessing the significant increase in credit risk.

IV) Policy on the credit write-offs in assets

The Bank recognizes a credit write-off when it has no reasonable expectations of recovering the asset. Such registration occurs after all the measures taken by the Bank have proved unsuccessful and all the conditions for its tax deductibility have been met. Written-off credits are recorded in off-balance accounts.

V) Financial assets purchased and/or originated in credit impairment

Financial assets purchased or originated in credit impairment (POCI) are assets which present objective evidence of credit impairment at the time of their initial recognition. An asset is impaired if one or more events have occurred with a negative impact on the asset's estimated future cash flows.

VI) Impairment

a) Credit to customers

The methodology for computing credit impairment losses to customers currently in force at the Bank is based on an expected credit loss ('ECL') model, pursuant to IFRS 9 – Financial Instruments ('IFRS 9'), and a specific statistical application is adopted for such purpose.

Impairment losses are recorded/recognized against profits and losses and are subsequently reversed through profits and losses should there be a reduction in the amount of the expected loss in a subsequent financial year.

Credit exposures should be classified at different stages, depending on the evolution of their credit risk subsequently to their initial recognition date, and not according to the credit risk on the reporting date, pursuant to the following guidelines:

- Stage 1: a credit exposure should be classified in this stage of impairment whenever there is no significant increase in credit risk since the date it was first recognized. For the latter, the expected credit loss shall be recognized within 12 months from the reporting date in the statement of profits and losses.

- Stage 2: a credit exposure in which a significant increase in credit risk has been observed since the date of its initial recognition should be classified in this stage of impairment. For the latter, the expected credit loss shall be recognized in the statement of profits and losses throughout the credit's duration.

- Stage 3: a credit exposure which is in default as of the reporting date, as a result of one or more events which have already occurred with a negative impact on the estimated future cash flows of the corresponding exposure, should be classified at this stage of impairment. For the latter, the expected credit loss shall be recognized in the statement of profits and losses throughout the credit's duration.

Therefore, at each reporting date, the Bank assesses whether the credit risk associated with a credit exposure has increased significantly since its initial recognition, provided reasonable and sustainable prospective information which does not involve undue cost or effort is available, and it should not rely exclusively on information regarding matured payments to determine whether credit risk has significantly increased since it was first recognized.

Credit risk assessment is carried out on an separate basis (separate analysis) or a collective basis (collective analysis), taking into account all reasonable and sustainable information, including prospective approaches, including future macroeconomic trends and scenarios. Therefore, estimates of expected credit losses include multiple macroeconomic scenarios, and the likelihood of their occurrence is assessed taking into account the current macroeconomic environment, as well as future macroeconomic trends.

i. Separate analysis

The goal of the separate analysis consists in ensuring a more thorough analysis of the situation of customers with exposures deemed separately significant by the Bank. The significance of exposures is determined by reference to qualitative and quantitative criteria which reflect the size, complexity and risk associated with the portfolio.

According to the Instruction no. 08/2019, of the 27th of August, on impairment losses for the credit portfolio ('Instruction no. 08/2019'), customers/economic groups whose exposure is equal to or over 0.5% of the Bank's own funds shall be separately analysed. In addition, customers/economic groups whose credit exposures are not separately significant, but for which objective evidence of impairment is observed, should also be separately analysed, whenever such exposures are equal to or over 0.1% of the Bank's own funds.

The analysis of each customer/economic group, as well as the existence of impairment losses, should take into account, among others, the following factors:

- Agreement-related aspects, assessing the potential default with agreed conditions, or the existence of restructured loans due to customers' financial difficulties;
- Financial aspects, assessing the potential reduction in gross revenues or in net profit;
- The assessment of guarantees received, including their nature, actual formalization, assessment and coverage degree;
- Other aspects, assessing the potential instability in management/shareholder structure, or the existence of insolvency proceedings.

Notwithstanding the requirements established in IFRS 9 with regard to the weighing to be attributed to each of the financial projection scenarios, the Bank uses the following weighings associated with the scenarios:

- Base scenario: 70%;
- Favourable scenario: 10%; and
- Adverse scenario: 20%.

For purposes of valuing real estate collateral, so that irrevocable powers-of-attorney for the setting up of mortgages are deemed as minimizing credit risk, the Bank observes the following criteria:

- 100% discount: When the Bank only has a promise of a mortgage without any irrevocable powers-of-attorney (Public Notary's document, duly certified).
- 70% discount: When the Bank only has a promise of a mortgage with irrevocable powers-of-attorney (Public Notary's document, duly certified).

- Discount between 40% and 70%: When the Bank has additional documents concerning the guarantee which reinforce its robustness as it minimizes credit risk. The following documents are deemed relevant information:

  - The Estate's Matrix Registry Certificate;
  - The Urban Land Matrix Certificate;
  - The Public Deed of purchase and sale;
  - The Public Deed of Setting-up a Surface Right;
  - The registry of the immovable property as built on State land.

For the purposes of assessing the real estate guarantees received, the Bank considers the assessments of experts duly certified by the Capital Market Commission (CMC).

In addition, the assessment's value should be adjusted with the specific discount rates as per the time of the assessment. Therefore, the following discount rates shall be used depending on the immovable property assessment's time:

	BASE SCENARIO		FAVOURABLE SCENARIO		ADVERSE SCENARIO	
Time of the Assessment	**Equal to or over 50% completed work**	**Less than 50% completed work**	**Equal to or over 50% completed work**	**Less than 50% completed work**	**Equal to or over 50% completed work**	**Less than 50% completed work**
Less than 1 year	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Between 1 and 2 years	20%	25%	15%	20%	25%	30%
Between 2 and 3 years	30%	40%	25%	35%	35%	45%
Over 3 years	55%	65%	50%	60%	60%	70%

In situations in which the project assessment is based on the yield method or the residual method and the assumptions adopted are deemed acceptable, the Bank shall not apply any time discount factor.

For purposes of measuring impairment losses related to credit exposures considered as 'State-Risk', the Bank considers the criteria applied in the assessment of the national public debt, adopting the same rationale for guarantees granted by the Angolan State.

ii. Collective analysis
In the case of customers whose exposures are not deemed separately significant according to the aforementioned selection criteria, or for which no objective evidence of impairment has been identified on a separate basis, they should be analysed on a collective basis. Thus, these customers are grouped into homogeneous risk groups aiming at determining the expected impairment losses.

b) Cash and cash funds with Central Banks, Cash funds with other credit institutions, Applications in Central Banks and in other credit institutions and Investments at their amortized cost

With regard to the balances recorded under 'Cash and cash funds with Central Banks' (Note 3), 'Cash funds with other credit institutions' (Note 4), 'Applications in Central Banks and in other credit institutions' (Note 5) and 'Investments at their amortized cost' (Note 6), the analysis of expected losses is made pursuant to the following assumptions:

- With regard to the balances recorded under 'Cash and cash funds with Central Banks' (Note 3) and 'Operations of purchase of securities from third parties with resale agreements' (Note 5), the Loss Given Default ('LGD') is deemed nil as there are no recovery risks, and no impairment is estimated, according to the Directive no. 13/DSB/DRO/2019, of the 27th of December 2019, of the BNA – Guide on Recommendations for the Implementation of AQA Methodologies for the Financial Year 2019 ('Directive no. 13/DSB/DRO/2019');

- With regard to the balances of the items 'Cash funds with other credit institutions' (Note 4), the entity's rating or, if not available, that of the country in which its head office is located is verified. Pursuant to the Directive no. 13/DSB/DRO/2019, a Default Probability ('DP') equivalent to 1/12 (one twelfth) of a twelve-month DP is considered, bearing in mind the counterparty's rating (or that of the country in which the counterparty's headquarters is located, if it has no rating) and an LGD of 60% is considered for all counterparties which have not recorded a significant increase in credit risk;

- With regard to the balances of the items 'Applications in Central Banks and in other credit institutions - Operations in the interbank money market' (Note 5), the entity's rating or, if not available, that of the country in which its head office is located is verified. Pursuant to the Directive no. 13/DSB/DRO/2019, a twelve-month DP is considered, bearing in mind the counterparty's rating (or that of the country in which the counterparty's headquarters is located, if it has no rating) and an LGD of 60% is considered for all counterparties which have not recorded a significant increase in credit risk;

- With respect to the balances of the item 'Investments at their amortized cost' (Note 6) related to Angolan public debt securities in national and foreign currencies, the DP for sovereign debt of the rating associated with the Angolan State obtained by means of the Moody's study 'Sovereign default and recovery rates, 1983-2018' and the LGD associated with verified sovereign default events, indicated in the same study (59%), are considered, pursuant to the Directive no. 13/DSB/DRO/2019.

The analysis is updated on a half-year basis. Impairment losses identified are recorded against the item 'Impairment for other financial assets net of reversals and recoveries' (Note 14). In case that, in future periods, a reduction in the estimated loss is observed, the impairment first recorded is also reversed against profits and losses.

VII) Financial Liabilities

Classification

Financial liabilities are classified in the category of financial liabilities at their amortized cost and reflect resources from other credit institutions and customer resources.

Initial recognition and subsequent measurement

When they are first recognized, financial liabilities are recorded on the agreement date at their fair value, deducted of costs directly allocated to the transaction.

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

VIII) Interest recognition

Profits generated by the asset and liability financial instruments measured at their amortized cost under the item interest are recognized in the financial margin, more specifically, under the items 'Interest and similar income' (Note 18) or 'Interest and similar charges' (Note 18). Interest is recognized pursuant to the effective interest rate method.

The effective interest rate consists in the rate which discounts future estimated payments or receipts during the financial instrument's operating life (or, when appropriate, for a shorter period) to the financial asset or financial liability's current net carrying amount.

When determining the effective interest rate, the Bank estimates future cash flows bearing in mind all the financial instrument's agreed terms and does not consider potential impairment losses. Such computing includes commissions paid or received, considered as part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction.

Interest proceeds recognized in the statement of profits and losses related to agreements classified as stage 1 or 2 is computed by applying the effective interest rate of each agreement over its gross balance sheet amount. An agreement's gross balance sheet amount consists in its amortized cost, before deduction of the corresponding impairment. With regard to financial assets included in stage 3, interest is recognized in the statement of profits and losses based on their net book amount (less impairment). Interest is always recognized in a retrospective manner, i.e., for financial assets developing to stage 3, interest is recognized on the amortized cost (net of impairment) in subsequent periods.

For financial assets purchased or originated in credit impairment (POCI), the effective interest rate reflects the expected credit losses in determining the expected future cash flows to be received from the financial asset.

In addition, in the light of the terms established by the BNA, the Bank cancels matured interest in excess of 90 days and does not recognize interest from the said date until the customer normalizes the situation.

IX) Guarantees granted and documentary credits

Liabilities for guarantees granted and documentary credits are recorded in off-balance items according to their value at risk, and the flows of interest, commissions or other proceeds are recorded in profits and losses over the operations' operating lives.

d) Non-current assets held for sale

The Bank records under the item 'Non-current assets held for sale – Immovable property received in transfer in lieu of payment' those assets received in transfer in lieu of payment or auction for payment of matured credit operations, when these are available for immediate sale in their present condition and there is a likelihood of sale within one year (Note 8).

These assets are recorded at the amount computed in their assessment, i.e., the Probable Immediate Transaction Value (PITV) is used against the value of the credit recovered and the corresponding specific provisions created.

In addition, this item includes real estate projects which are at the construction stage and are intended to be sold to the Bank's employees, and is also subject to periodic assessments in order to determine potential impairment losses.

The assets recorded under this item are not amortized, being valued at the lower between their carrying amount and their fair value, deducted of costs to be incurred on sale (at least 5% on the PITV). These assets' fair value is determined based on periodic assessments performed by external valuers. Additionally, and pursuant to the Directive no. 13/DSB/DRO/2019, such an assessment is adjusted based on the specific discount rates according to the time of the assessment. Whenever the value deriving from these assessments (net of selling costs) is lower than the value for which they are accounted for, impairment losses are recorded under the item 'Impairment of other assets net of reversals and recoveries'.

When the 2-year legal period has elapsed without the assets being sold (possibly extended subject to the BNA's authorization), a new assessment is carried out in order to determine the current market value, with a view to the potentially setting up the corresponding impairment.

e) Other property, plant and equipment

Property, plant and equipment are registered at their cost of acquisition, deducted from the accumulated amortization and impairment losses.

Amortization is computed on a systematic basis over the asset's estimated operating life, which corresponds to the period during which the asset is expected to be available for use, which is:

	Years of operating life
Immovable property for own use	50
Works in leased buildings	3
Equipment:	
Interior facilities	10
Furniture and materials	10
Machinery and tools	3 a 10
IT equipment	3
Transport materials	3
Other equipment	10

f) Intangible assets

Intangible assets correspond essentially to software and business transferring. These expenses are recorded at their acquisition cost and amortized on a straight-line basis over a three-year period.

Software maintenance expenses are recorded as costs in the financial year in which they are incurred.

g) Investments in subsidiaries, associate companies and joint ventures

Financial interests in which the Bank holds, directly or indirectly, a percentage equal to or over 10% of the respective capital are recorded as per the equity method. Under such method, interests are initially assessed at their acquisition cost, which is later adjusted on the basis of the Bank's actual percentage in the subsidiaries' changes in equity (including profits). Such changes are reflected in the statement of profits and losses under the item 'Profits from subsidiaries, associate companies and joint ventures' (Note 10).

Financial interests in which the Bank holds, directly or indirectly, a percentage under 10% of the respective capital are recorded at their cost of acquisition. When they are denominated in foreign currency, it is reflected in the accounting at the exchange rate verified on the date of the operation. Whenever permanent losses are estimated in its realization value, the corresponding impairment is set up.

h) Income tax

Industrial Tax

Banco BIC is subject to taxation of Industrial Tax and is deemed a Group A taxpayer, subject to a 30% tax rate.

Industrial Tax is computed on the basis of the taxable profit for the financial year, which may be different from the accounting profit due to adjustments made under the Industrial Tax Code.

On the 1st of January 2015, the new Industrial Tax Code came into force, as approved by the Law no. 19/14, of the 22nd of October, which started to determine proceeds subject to Capital Gains Tax (CGT) are deductible for the purposes of assessing the taxable profit, as the CGT is not considered a cost deductible for tax purposes (Note 26).

On the other hand, in various contacts with the ABANC (the Angolan Banking Association, *Associação Angolana de Bancos*), the General Tax Authority has corroborated that income from public debt securities (including any exchange rate re-evaluations) issued until the 31st of December 2012 are exempt from all taxes under the terms of the instruments governing the issuing of such securities, and that exchange rate re-evaluations of public debt securities issued after the said date, in national currency but indexed to foreign currency, should be included for purposes of assessing the taxable profit for Industrial Tax.

Pursuant to the Industrial Tax Code, taxpayers the business activity of which falls within the scope of the supervision powers of the Angolan National Bank, which is the case of Banco BIC, shall make, by the end of August each year, the provisional assessment of the Industrial Tax for such financial year, and the tax payable is computed as 2% of the profit deriving from financial intermediation operations, computed in the first six months of the previous tax year, excluding the income subject to CGT.

Tax losses determined at a given financial year, as provided for in article 48 of the Industrial Tax Code, may be deducted from the taxable profit of the three subsequent years.

In the light of the legislation in force, Industrial Tax returns and other tax returns may be subject to review and correction by the tax authorities through the five years following the financial year to which they refer. The Board of Directors believes any corrections which may result from such reviews will not be significant to the financial statements attached hereto.

Note 26 evidences the reconciliation between the taxable profit and the accounting profit.

Capital Gains Tax (CGT)

In broad terms, the CGT is levied on income deriving from the Bank's financial applications, notably income deriving from applications and income from securities. The rate varies between 5% (e.g., in the case of income from debt securities admitted to trading on a regulated market and with a maturity equal to or over three years) and 15%.

Urban Property Tax (UPT)

UPT is levied at a rate of 0.5% on the equity value of the Bank's own immovable property intended for the development of the Bank's normal business activity, if their asset value exceeds tAKZ 5,000.

In addition, with regard to the immovable property leased by the Bank as a lessee, the Law no. 18/11, of the 21st of April provides that the Bank shall withhold the UPT due, at a rate of 15%, over the payment or delivery of rents associated with such property, and the amount withheld shall be delivered to the State treasury within 30 days after that on which the amount was withheld.

In the case of own immovable property under lease, the tenant of which is not a person with organized accounting, the Bank, as lessor, shall assess and pay the UPT, at a rate of 15%, with regard to the rents received in the previous year, in the months of January and July of the relevant year.

Stamp duty

In broad terms, Stamp Duty is levied on all acts, contracts, documents, titles, operations and other facts occurring in national territory, as set out in the table attached to the Stamp Duty Code, or in any laws of a special nature.

In the light of the Stamp Duty Code, approved by the Presidential Legislative Decree no. 3/14, of the 21st of October, the Bank is liable for assessing and delivering the Stamp Duty to the State treasury owed by its customers in most banking operations, such as financing and charging of interest on financing, and the Bank assesses the Stamp Duty as per the rates established in the Stamp Duty Table.

Value Added Tax (VAT)

The Value Added Tax (VAT) Code, approved by the Law no. 7/19 ('Law 7/19'), published in the State Gazette on the 24th of April 2019, and amended by Law no. 17/19, of the 13th of August, has introduced a new tax on consumption into the Angolan law, which came into force on the 1st of October 2019. In fact, the VAT revoked and replaced the Consumption Tax which had been in force in the legal system until the said date.

As a taxpayer registered with the Large Taxpayers' Division, the Bank was compulsorily subject to the General VAT Regime, from the entry into force of the said tax, being obliged to comply with all the rules and reporting obligations established in this context.

As a general rule, the commissions and expenses charged for the services provided by the Bank are subject to VAT at the rate of 14% (replacing Stamp Duty levies). The remaining financial intermediation operations are exempt from VAT, notably, interest on financing operations, on which Stamp Duty will continue to be levied, when due.

Therefore, given the fact the Bank is a taxpayer performing taxed and exempt operations, for VAT purposes, it also faces restrictions on the right to deduct the VAT paid to suppliers and, thus the Bank deducts the tax by applying the methods foreseen in the legislation in force – with the exception of the VAT on expenses expressly excluded from the right of deduction.

On a monthly basis, the Bank is obliged to comply with the obligations related to the VAT, namely: (i) submitting the periodic return to the General Tax Authority (GTA), including the corresponding Annexes, in which it computes the VAT amount to be paid to the State (or any credit generated); (ii) paying the tax computed until the last day of the month following that to which the transactions carried out relate and (iii) all remaining reporting obligations, such as declaring the Invoicing and Purchase of Goods and Services SAF-T(AO) files.

In the light of the legislation in force, the periodic VAT returns may be subject to review and correction by the tax authorities through the five years following the financial year to which they refer.

Special Contribution on Invisible Current Exchange Operations

The Special Contribution on Invisible Current Exchange Operations (SCICEO) is levied, at a rate of 10%, on transfers made under agreements for the provision of foreign technical assistance or management services, as regulated by the Regulations on the Contracting of Foreign Technical Assistance or Management Services, approved by the Presidential Decree no. 273/11, of the 27th of October (as amended by the Presidential Decree no. 123/13, of the 28th of August).

Deferred taxes

Deferred tax assets and liabilities correspond to the amount of tax to be recovered or paid in future periods, as a consequence of temporary deductible or taxable differences between assets and liabilities' amounts recorded on the balance sheet and their tax base, as adopted in assessing the taxable profit.

Deferred tax liabilities are recorded with respect to all taxable temporary differences, while deferred tax assets are only recognized up to the amount in which it is likely that future taxable profits will be available thus enabling the use of the corresponding deductible tax differences or the carrying forward of tax losses.

Current and deferred taxes are reflected in the statement of profits and losses, with the exception of taxes relating to transactions directly recorded in equity (e.g., potential income from securities classified in the fair value portfolio through other comprehensive income).

With reference to the 31st of December 2019 and 2018, the Bank did not account for any deferred tax assets, notably, no deferred tax assets have been recorded on the tax losses assessed in the financial years 2016 and 2017 given that there are no duly supported expectations taxable profits will be assessed in the next three years.

i) Reserve for the monetary re-evaluation of equity

Under IAS 29 – Financial reporting in hyperinflationary economies, hyperinflationary economies are characterized by several situations, including:

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

In the financial year 2016, given the evolution of the exchange rate of the Angolan kwanza against the international reference currencies and, as a consequence, its impact on the inflation rate level measured in national currency, the Bank requested an authorization from the BNA, by means of a letter dated of the 14th of April 2016, to adopt the procedure of monetary re-evaluation of its equity, starting in May 2016.

The amount resulting from the monetary re-evaluation of the Bank's equity is reflected, on a monthly basis, under the item 'Profits on net monetary position' (Note 16), against the reserve for the monetary re-evaluation of equity (Note 16).

j) Provisions and contingent liabilities

A provision is set up when there is a current (legal or constructive) obligation arising from past events relative to which future expenditure of resources is likely, and this may be determined in a reliable manner. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability with reference to the balance sheet date.

Should the future expenditure of resources not be probable, it is a contingent liability. Contingent liabilities are only for disclosure purposes, unless the likelihood of their realization is remote.

The amounts recorded under the item 'Other provisions' are aimed at meeting the Bank's various contingencies, notably, those relating to pending legal proceedings, fraud and other specific risks arising from its business activity (Note 14).

k) Retirement pensions (Employee Benefits)

The Law no. 07/04, of the 15th of October, which governs the Angolan Social Security system, foresees the allocation of retirement pensions to all Angolan workers registered with the Social Security. The value of these pensions is computed on the basis of a table proportional to the number of years of work, applied to the average gross monthly wages received in the periods immediately prior to the date the worker terminates his activity. According to the Decree no. 7/99, of the 28th of May, the contribution rates for this system are 8% for the employing entity and 3% for the workers.

The Law no. 02/00, of the 15th of October, provided for a retirement compensation, computed by multiplying 25% of the basic monthly wage on the date the worker reached the legal retirement age by the number of years of seniority, on the same date.

The General Labour Law (the Law no. 07/2015, of the 15th of June), which came into force in September 2015, does not provide for the payment of retirement supplements, or other, to workers who reach the legal age for retirement. Nonetheless, the Bank is studying the implementation of a supplementary retirement and survivors' pension program and has thus resolved to maintain its provision for such purpose, computed in a manner consistent with previous financial years (Note 14).

The Bank's liabilities regarding the supplementary retirement and survival pension program have been computed by means of an actuarial assessment performed by an independent expert, with reference to the 31st of December 2019 and 2018 and projected for the subsequent year, based on the Bank's population to be covered, as well as the following assumptions:

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

The discount rate has been computed taking into account the financial markets' performance, duration of liabilities and inherent risk.

l) Commissions

Commissions on credit operations and other financial instruments, notably, commissions charged or paid at the origin of the operations, are recognized over the period of the operations by the effective rate method under the item 'Interest and similar income' and 'Interest and similar charges' (Note 18).

Commissions for services provided are usually recognized as proceeds over the period the service is provided or at once, in case they correspond to compensations for the execution of single acts.

m) Applications and fundraising for liquidity

Applications and fundraising for liquidity, among financial institutions, are systemic operations, of a regular nature, which seek to distribute liquidity in the most appropriate way throughout the financial system, both national and international, and are not considered as loans.

n) Cash and its equivalents

For the purposes of preparing the statement of cash flows, the Bank considers as 'Balance in cash funds at end of financial year' the total balances of the items 'Cash and cash funds with Central Banks', 'Cash funds with other credit institutions' and 'Resources in Central Banks and in other credit institutions – Overdrafts in demand deposits' (Notes 3, 4 and 12), not taking into account any potential impairment.

o) Leases

The Bank adopted IFRS 16 – Leases with effect from the 1st of January 2019, thus replacing IAS 17 – Leases, which had been in force until the 31st of December 2018. Such standard establishes new requirements for the scope, classification, recognition and measurement of leases.

The standard introduced a single accounting model for leases in the Balance Sheet. In this context, when applicable in the light of the standard's requirements, the Bank, as a lessee, recognizes assets under right of use, which represent its rights to use the underlying lease assets and liabilities, representing its obligations to make lease payments. The accounting as a lessor remains unchanged when compared to the previously existing accounting policies.

Definition of lease

The Bank rents or leases assets, notably immovable property where some Bank branches and other infrastructures are installed.

With reference to the starting date of an agreement, the Bank assesses whether the agreement is or contains a lease, for the purposes of IFRS 16. Pursuant to IFRS 16, an agreement is, or contains, a lease if it transfers the right to control the use of an identified asset, enabling to substantially obtain all the economic benefits of its use and the right to guide the use of such identified asset during a given period, in return for a consideration.

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

When applying the aforementioned accounting policies, it is necessary for the Bank's Board of Directors to make estimates. Those estimates with the most significant impact on the Bank's financial statements include those presented herein.

Assessment of impairment losses in financial assets at their amortized cost

Impairment losses are determined based on the expected cash flows and estimates of the amount to be recovered, pursuant to the methodology defined in Note 2.3.(c)(VI). The impairment is determined for significant exposures by means of an separate analysis, based on (i) the Bank's judgment with respect to its customers' economic and financial situation; (ii) the incorporation of forward-looking information; (iii) the weighing of each scenario considered; and (iv) the estimated value of collateral guarantees received. The determination of the impairment for the remaining operations is carried out by means of an impairment loss computing model based on historical parameters and forward-looking information for comparable types of operations, bearing in mind estimates of default and recovery.

The Bank deems impairment losses for credit, determined based on the methodology described in Note 2.3.(c)(VI) adequately reflect the risk associated with its portfolio of credit granted.

Classification and measurement of financial assets – SPPI and business model assessment

The classification and measurement of financial assets results from the analysis of the financial assets' agreed cash flow characteristics, in order to conclude whether they correspond exclusively to the repayment of principal and interest over the principal due, as well as from the analysis of the business model.

The Bank defines its business models, based on the management strategy of the several groups of financial assets held in its portfolio, thus achieving a specific business objective. Such assessment requires judgment, to the extent that the following aspects, inter alia, must be considered: how the performance of the business model and financial assets are assessed and reported to management; the management of risks affects the business models' performance and the corresponding financial assets and how these risks are managed; how business managers are paid; and the frequency and volume of financial assets' sales in previous periods, as well as the corresponding forecast of future sales.

The Bank monitors financial assets measured at their amortized cost which are de-recognized before their maturity, in order to understand the rationale behind their disposal and to determine whether they are consistent with the purpose of the business model defined for such assets. This monitoring is part of the permanent assessment process with respect to the business model of the financial assets maintained in the portfolio, aimed at determining whether it is appropriate and, if not, whether there has been a change in the business model and, as a consequence, a prospective change in the classification of such financial assets.

Assessment of collaterals in credit operations

The assessments of the collaterals of credit operations, namely immovable property mortgages, were performed under the assumption of the maintenance of all real estate market conditions, during the operations' operating lives, and they correspond to the best estimate of the said collaterals' fair value with reference to the balance sheet date. In addition, for the purposes of assessing real estate collaterals, the criteria defined in the Directive no. 13/DSB/DRO/2019 have been complied with.

Employee benefits

As referred to in Note 2.3.(k), the Bank is studying the implementation of a supplementary retirement and survival pension program and has thus decided to maintain its provision recorded in the context of the obligations arising from the labour legislation which has since been revoked. Therefore, the Bank's liabilities under this program have been computed by means of an actuarial assessment performed by an independent expert. The actuarial assessments incorporate actuarial assumptions relating to, inter alia, mortality, disability, wage and pension increases, discount rate. The assumptions adopted correspond to the best estimate of the Bank as well as the actuaries contracted for such purpose, with regard to the corresponding variables' future behaviour.

3. CASH AND CASH FUNDS WITH CENTRAL BANKS

This item evidenced the following breakdown:

	'19		'18	
	Foreign currency	National currency	Foreign currency	National currency
CASH:				
National banknotes and coins:				
In vault In	-	8,726,714	-	7,787,108
ATM	-	2,992,925	-	3,726,922
Foreign banknotes and coins:				
In EUR In	433,285	234,328	2,692,651	950,546
USD	318,248	153,468	257,360	79,423
In other currencies	-	2,753	-	4,288
		12,110,188		**12,548,287**
DEMAND DEPOSITS WITH THE BNA:				
In national currency	-	139,922,110	-	110,676,286
In foreign currency USD	37,570,211	18,117,370	41,171,417	12,705,787
		158,039,480		**123,382,073**
		170,149,668		**135,930,360**

The item demand deposits with the Angolan National Bank (BNA) includes the deposits made to meet the requirements of setting up and maintaining mandatory reserves.

With reference to the 31st of December 2019, compulsory reserves are computed pursuant to the provisions set forth in the Instruction no. 17/2019, of the 24th of October, and the Directive no. 08/DMA/DRO/2019, of the 24th of October.

With reference to the 31st of December 2018, compulsory reserves are computed pursuant to the provisions set forth in the Instruction no. 10/2018, of the 19th of July, and the Directive no. 04/DSP/DRO/2018, of the 19th of July.

Mandatory reserves are set up in national and foreign currency, depending on the corresponding denomination of the liabilities which make up their basis of assessment.

With reference to the 31st of December 2019, the requirement to maintain mandatory reserves has been determined by applying a 22% ratio on eligible liabilities in national currency and a 15% ratio regarding those in foreign currency.

With reference to the 31st of December 2019, the requirement to maintain mandatory reserves has been determined by applying a 17% ratio on eligible liabilities in national currency and a 15% ratio regarding those in foreign currency.

The amount equivalent to a maximum of 5% of the weekly arithmetic average of the final daily balances assessed in the Cash in national currency account may be deducted from the demandability in national currency, as well as the amount equivalent to a maximum of 80% of the assets representing the value of disbursements in national currency of credit granted, computed on the last day of the week in which the credit portfolio was set up, in the Agriculture, Livestock, Forestry and Fisheries sectors, as long as the maturity is greater than or equal to 24 months. Furthermore, in the light of the terms of the BNA's Notice no. 04/2019, of the 2nd of April, the total credit granted for the production of essential goods which evidence deficits in national production supply is deducted.

Demand deposits with the Angolan National Bank are not remunerated.

The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

4. CASH FUNDS WITH OTHER CREDIT INSTITUTIONS

This item evidenced the following breakdown:

	'19	'18
Demand deposits in correspondent entities abroad:		
Banco BIC Português, S.A.	27,299,718	10,773,988
Commerzbank	1,890,362	13,575,034
Bank BIC Namíbia, Limited	1,089,645	617,482
Banco BIC Cabo Verde, S.A.	928,557	3,099,643
Banco Montepio Geral	683,723	327,384
Banca Popolare di Sondrio, S.A.	589,577	482,844
Byblos Bank Europe, S.A.	520,490	863,974
Other	421,280	218,994
	33,423,352	**29,959,343**
Cheque clearing	2,414,614	136,445
	35,837,966	**30,095,788**
Impairment (Note 14)	(50,076)	(28,025)
	35,787,890	**30,067,763**

With reference to the 31st of December 2019 and 2018, the balance of the item 'Cheque clearing' is related to cheques submitted for clearing in the business day sessions subsequent to the financial statements' reference date.

The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

5. APPLICATIONS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS

This item evidenced the following breakdown:

	'19	'18
Operations in the interbank money market	120,864,890	80,898,714
Interest receivable	248,679	158,583
	121,113,569	**81,057,297**
Operations of purchase of securities from third parties with resale agreements	24,463,800	10,000,000
Interest receivable	47,389	5,915
	24,511,189	**10,005,915**
	145,624,758	**91,063,212**
Impairment (Note 14)	(80,690)	(55,030)
	145,544,068	**91,008,182**

The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

Operations carried out in the interbank money market correspond to savings deposits with credit institutions abroad and evidence the following breakdown:

	Currency	'19 Foreign currency	'19 National currency	'18 Foreign currency	'18 National currency
In credit institutions abroad:					
Banco BIC Português, S.A.	USD	6,000,000	3,244,902	39,900,000	14,085,299
Banco BIC Português, S.A.	EUR	131,910,000	63,610,564	95,500,000	29,471,969
			66,855,466		**43,557,268**
Byblos Bank Europe, S.A.	USD	50,000,000	24,111,350	67,000,000	20,676,668
Commerzbank	USD	48,000,000	23,146,896	40,000,000	12,344,280
Banco BIC Cabo Verde, S.A.	USD	14,000,000	6,751,178	14,000,000	4,320,498
Interest receivable			248,679		158,583
			121,113,569		**81,057,297**

A significant portion of the aforementioned savings deposits with credit institutions abroad are currently collaterizing the opening of documentary credits and other operations, under agreed lines of credit and other arrangements entered into with such financial institutions.

With reference to the 31st of December 2019 and 2018, savings deposits with credit institutions, excluding interest receivable and impairment, evidenced the following structure, by residual maturity periods:

	'19	'18
Up to one month	47,499,360	41,371,550
Between one and three months	55,303,961	28,340,468
Between three and six months	18,061,569	9,705,157
Between six months and one year	-	1,481,539
	120,864,890	**80,898,714**

With reference to the 31st of December 2019 and 2018, savings deposits with credit institutions borne interest at the following average annual rates, weighed by the corresponding applications' nominal amount:

	'19	'18
In United States dollar	1.76%	2.52%
Euro	0.01%	0.01%

With reference to the 31st of December 2019, applications with the BNA reflect operations of purchase of securities from third parties with resale agreements of Treasury Bonds, with an arrangement for future resale for a pre-established price agreed between the parties.

The income earned by Banco BIC with regard to the said operations corresponds, solely and exclusively, to the positive difference between these Treasury Bonds' resale price, pre-established and agreed between the parties, and their initial value of acquisition.

With reference to the 31st of December 2019 and 2018, the operations of purchase of securities from third parties with resale agreements matured in the quarter following the reference date of the financial statements.

6. INVESTMENTS AT THEIR AMORTIZED COST

This item evidences the following breakdown:

	'19		'18	
	Interest rate	Amount	Interest rate	Amount
Treasury Bonds:				
In national currency				
Non-readjustable	12.23%	58,986,586	9.94%	68,247,987
Indexed to USD	7.36%	583,575,799	7.27%	432,766,548
		642,562,385		**501,014,535**
In foreign currency (USD)	5.19%	111,293,169	5.21%	72,724,243
		753,855,554		**573,738,778**
Treasury Bills	17.81%	7,731,429	18.13%	20,425,677
Other securities (Commercial Paper)	4.00%	10,410,728	4.00%	5,118,718
		771,997,711		**599,283,173**
Proceeds receivable		17,379,535		13,986,872
		789,377,246		**613,270,045**
Impairment (Note 14)		**(12,046,521)**		(1,213,930)
		777,330,725		**612,056,115**

With reference to the 31st of December 2019 and 2018, the Bank classifies in this portfolio Treasury Bonds recorded under the item 'Investments at their amortized cost – Treasury Bonds', given that they comply with the SPPI requirements and the associated business model consists of collecting the agreed cash flows.

With reference to the 31st of December 2019, an increase in 'Treasury Bonds in national currency – Indexed to USD' and 'Treasury Bonds in foreign currency (USD)' has been observed, which mainly results from the devaluation of the kwanza against the United States dollar, evidenced throughout the financial year.

With reference to the 31st of December 2019 and 2018, the distribution of Treasury Bonds by index in the portfolio, excluding proceeds receivable and impairment, is as follows:

	'19			'18		
	Fixed rate	Libor 6M	Total	Fixed rate	Libor 6M	Total
Treasury Bonds:						
In national currency (Non-readjustable)	58,986,586	-	58,986,586	68,247,987	-	68,247,987
In national currency (Indexed to USD)	583,575,799	-	583,575,799	432,766,548	-	432,766,548
In foreign currency (USD)	111,293,169	-	111,293,169	71,223,410	1,500,833	72,724,243
	753,855,554	**-**	**753,855,554**	**572,237,945**	**1,500,833**	**573,738,778**

With reference to the 31st of December 2019 and 2018, the Treasury Bonds in the portfolio, excluding proceeds receivable and impairment, had the following structure, according to their residual maturity periods:

	'19	'18
Up to three months	39,241,405	45,446,606
From three to six months	31,108,966	16,532,068
From six months to one year	168,531,911	38,336,548
Over one year	514,973,272	473,423,556
	753,855,554	**573,738,778**

With reference to the 31st of December 2019 and 2018, the Bank classifies in this portfolio Treasury Bills recorded under the item 'Investments at their amortized cost - Treasury Bills', given that they comply with the SPPI requirements and the associated business model consists of collecting the agreed cash flows.

With reference to the 31st of December 2019 and 2018, the Treasury Bills in the portfolio, excluding proceeds receivable and impairment, had the following structure, according to their residual maturity periods:

	'19	'18
Up to three months	5,109,090	6,019,208
From three to six months	2,622,339	12,167,779
From six months to one year	-	2,238,690
	7,731,429	**20,425,677**

With reference to the 31st of December 2019 and 2018, other securities with a nominal value of, correspondingly, tEUR 19,250 and tEUR 14,500 are related to commercial paper issued by an entity in the media sector and their maturity occurs in the month following the financial statements' reference date (Note 27).

The methodology for assessing the impairment is described in Note 2.3.(c)(VI).

7. CREDIT TO CUSTOMERS

This item evidenced the following breakdown:

	'19	'18
National currency		
Overdrafts in demand deposits	1,942,834	1,023,118
Loans	183,427,764	114,731,392
Current credit in accounts	42,823,111	34,259,969
Employee loans	4,480,658	2,655,652
	232,674,367	**152,670,131**
Foreign currency		
Overdrafts in demand deposits	1,631,308	49,953
Loans	351,408,132	244,809,972
Current credit in accounts	4,423,121	3,604,675
Employee loans	30,575,412	18,359,394
	388,037,973	**266,823,994**
TOTAL CREDIT OUTSTANDING	**620,712,340**	**419,494,125**
Matured credit and interest		
National currency	26,241,975	23,533,695
Foreign currency	107,624,238	71,586,241
TOTAL MATURED CREDIT AND INTEREST	**133,866,213**	**95,119,936**
TOTAL CREDIT GRANTED	**754,578,553**	**514,614,061**
Proceeds receivable - national currency	6,153,960	7,371,699
Proceeds receivable - foreign currency	12,254,250	5,706,293
TOTAL PROCEEDS RECEIVABLE	**18,408,210**	**13,077,992**
	772,986,763	**527,692,053**
Commissions associated at their amortized cost	(1,395,129)	(1,211,118)
	771,591,634	**526,480,935**
Impairment for credit (Note 14)	(208,491,297)	(130,225,746)
	563,100,337	**396,255,189**

The increase observed in the items 'Foreign currency - Loans' and 'Matured credit and interest - Foreign currency' derives, essentially, from the devaluation of the kwanza in the year 2019.

With reference to the 31st of December 2019 and 2018, the residual maturity of credit granted to customers, excluding matured credit and impairment, evidence the following breakdown:

	'19	'18
Up to three months	136,765,122	61,840,422
From three to six months	34,881,446	29,193,598
From six months to one year	26,728,485	47,038,483
From one to three years	87,928,859	48,228,606
From three to five years	125,470,188	66,187,928
From five to ten years	117,412,799	115,040,502
Over ten years	91,525,441	51,964,586
	620,712,340	**419,494,125**

With reference to the 31st of December 2019 and 2018, the breakdown of overdue and matured credit granted to customers, excluding proceeds receivable, among companies and individuals is the following:

	'19			'18		
	Overdue	Matured	Total	Overdue	Matured	Total
Companies	520,695,701	108,477,440	629,173,141	343,474,611	79,309,127	422,783,738
Individuals	100,016,639	25,388,773	125,405,412	76,019,514	15,810,809	91,830,323
	620,712,340	**133,866,213**	**754,578,553**	**419,494,125**	**95,119,936**	**514,614,061**

With reference to the 31st of December 2019 and 2018, the breakdown of overdue and matured credit granted to customers, excluding proceeds receivable, by currencies is as follows:

	'19		'18	
	Interest rate	Amount in tAKZ	Interest rate	Amount in tAKZ
Thousands of Angolan kwanza	18.14%	258,916,342	18.40%	176,203,826
In United States dollar	9.21%	475,758,821	9.44%	324,741,352
Euro	5.11%	19,903,390	5.12%	13,668,883
		754,578,553		**514,614,061**

With reference to the 31st of December 2019 and 2018, the breakdown of credit granted to customers, excluding proceeds receivable, evidenced the following distribution by index:

	'19	'18
Fixed rate	547,901,032	375,408,296
Variable rate:		
Euribor 3M	12,709,200	8,825,375
Euribor 6M	7,193,868	4,843,366
Euribor 12M	265	467
Libor 1M	178,498	90,627
Libor 3M	2,437,099	1,501,190
Libor 6M	330,803	297,003
Libor 12M	10,777,597	7,176,996
Luibor 1M	43,957,285	7,096,199
Luibor 3M	27,779,854	13,408,274
Luibor 6M	68,910,851	51,115,293
Luibor 12M	32,402,201	44,850,975
	206,677,521	**139,205,765**
	754,578,553	**514,614,061**

With reference to the 31st of December 2019 and 2018, the detail of the gross exposure amount, the guarantees granted and documentary credits (Note 17), as well as the amount of impairment set up for the separate and collective analyses of exposures, is as follows:

	31.12.19		31.12.18	
	Total exposure	Impairment (Note 14)	Total exposure	Impairment (Note 14)
Credit granted	772,986,763	(208,491,297)	527,692,053	(130,225,746)
Guarantees granted and documentary credits	126,584,452	(3,773,574)	108,683,636	(4,459,613)
Unused limits	29,257,386	(447,916)	20,983,471	(147,117)
	928,828,601	**(212,712,787)**	**657,359,160**	**(134,832,476)**

The methodology for assessing the impairment in credit granted is described in Note 2.3.(c)(VI).

With reference to the 31st of December 2019 and 2018, the credit portfolio evidences the following structure by segment:

	EXPOSURE					
Segment	Total exposure	Credit in stage 1	Of which cured	Of which restructured	Credit in stage 2	Of which cured
Services and Other	226,288,476	66,215,042	4,611,157	6,605,502	14,184,432	12,838,939
Construction	213,674,963	147,144,722	9,773,294	12,808,849	6,093	-
Trade and Repairs	200,227,070	91,608,910	3,936,766	38,192,589	419,617	65
Industry	135,668,302	116,929,885	57,659,618	55,325,047	-	-
Housing	75,084,395	42,673,948	3,389,975	479,694	522,587	88,284
Revolving	11,428,757	8,595,680	377,103	-	1,762	1,490
Employees	4,673,541	4,582,419	19,415	-	39,702	12
Other Credits	61,783,097	34,591,459	471,639	439,566	75,928	1,367
TOTAL	**928,828,601**	**512,342,065**	**80,238,967**	**113,851,247**	**15,250,121**	**12,930,157**

	EXPOSURE					
Segment	Total exposure	Credit in stage 1	Of which cured	Of which restructured	Credit in stage 2	Of which cured
Trade and Repairs	208,137,540	126,462,065	44,346,457	65,442,233	70,658	62,238
Construction	135,254,591	101,521,007	11,245,159	4,496,102	7,180,028	-
Services and Other	131,824,712	63,926,475	1,413,809	6,200,754	3,027,575	-
Housing	53,507,874	32,824,866	3,509,240	485,816	2,376,102	1,253,537
Industry	39,954,717	26,977,001	6,799	1,071,170	202,616	-
Companies Other	31,779,874	26,896,259	3,249,904	4,047,950	20	-
Revolving	6,175,731	4,356,356	323,933	-	77,149	11,102
Employees	2,748,870	2,723,176	2,918	-	6,001	6
Other Credits	47,975,251	27,534,976	385,268	33,029	349,095	17,263
TOTAL	**657,359,160**	**413,222,181**	**64,483,487**	**81,777,054**	**13,289,244**	**1,344,146**

31.12.19

				IMPAIRMENT			
Of which restructured	Credit in stage 3	Of which in cure	Of which restructured	Total impairment	Credit in stage 1	Credit in stage 2	Credit in stage 3
1,091,176	145,889,002	782,686	104,401,345	(64,518,179)	(1,912,152)	(807,403)	(61,798,624)
-	66,524,148	399,504	36,164,739	(25,810,159)	(2,846,359)	(1)	(22,963,799)
-	108,198,543	10,067,397	69,032,856	(68,255,541)	(5,218,356)	(5,731)	(63,031,454)
-	18,738,417	1,865,705	5,770,420	(12,242,942)	(2,181,399)	-	(10,061,543)
-	31,887,860	-	4,746,906	(15,620,398)	(748,685)	(67,136)	(14,804,577)
-	2,831,315	-	-	(1,721,265)	(142,344)	(90)	(1,578,831)
-	51,420	-	-	(35,960)	(24,135)	(1,843)	(9,982)
1,924	27,115,710	-	10,517,870	(24,508,343)	(5,352,869)	(14,216)	(19,141,258)
1,093,100	**401,236,415**	**13,115,292**	**230,634,136**	**(212,712,787)**	**(18,426,299)**	**(896,420)**	**(193,390,068)**

31.12.18

				IMPAIRMENT			
Of which restructured	Credit in stage 3	Of which in cure	Of which restructured	Total impairment	Credit in stage 1	Credit in stage 2	Credit in stage 3
62,031	81,604,817	8,304,941	63,994,632	(41,732,735)	(3,505,550)	(6,929)	(38,220,256)
2,048,372	26,553,556	-	20,597,935	(12,442,417)	(2,546,188)	(785,998)	(9,110,231)
2,511,511	64,870,662	3,037,512	47,540,964	(41,168,625)	(4,340,628)	(440,049)	(36,387,948)
1,941	18,306,906	2,013,977	2,659,401	(9,846,764)	(987,271)	(361,254)	(8,498,239)
-	12,775,100	-	7,509,260	(8,408,641)	(868,870)	(28,063)	(7,511,708)
-	4,883,595	528,962	2,798,895	(2,244,938)	(930,422)	(3)	(1,314,513)
-	1,742,226	282,850	-	(1,326,167)	(115,678)	(4,923)	(1,205,566)
-	19,693	9,594	-	(55,039)	(50,326)	(294)	(4,419)
133,066	20,091,180	137,748	8,953,272	(17,607,150)	(4,132,045)	(65,957)	(13,409,148)
4,756,921	**230,847,735**	**14,315,584**	**154,054,359**	**(134,832,476)**	**(17,476,978)**	**(1,693,470)**	**(115,662,028)**

With reference to the 31st of December 2019 and 2018, the detail of the credit portfolio by segment and by year of operation granting is as follows:

	2019			2018			2017		
Year of granting	**Number of operations**	**Amount**	**Impairment created**	**Number of operations**	**Amount**	**Impairment created**	**Number of operations**	**Amount**	**Impairment created**
Services and Other	525	52,219,484	(5,689,273)	85	21,034,336	(1,890,873)	57	8,758,528	(1,908,004)
Construction	203	65,557,112	(3,531,390)	26	70,512,913	(3,670,855)	19	10,973,795	(1,077,849)
Trade and Repairs	810	72,068,076	(3,546,810)	93	5,793,358	(1,871,191)	62	10,333,028	(3,682,411)
Industry	189	30,586,484	(1,406,174)	9	244,515	(161,687)	24	6,729,791	(638,762)
Housing	309	7,264,949	(342,994)	56	4,474,145	(164,392)	35	3,377,742	(257,652)
Revolving	7,281	8,809,448	(391,023)	6,133	76,200	(2,416)	1,710	54,725	(7,640)
Employees	1,302	2,880,435	(25,351)	537	929,580	(2,994)	444	402,353	(1,142)
Other Credits	3,081	4,534,374	(317,956)	1,580	2,784,529	(583,646)	1,168	1,292,994	(180,953)
TOTAL	**13,700**	**243,920,362**	**(15,250,971)**	**8,519**	**105,849,576**	**(8,348,054)**	**3,519**	**41,922,956**	**(7,754,413)**

	2018			2017			2016		
Year of granting	**Number of operations**	**Amount**	**Impairment created**	**Number of operations**	**Amount**	**Impairment created**	**Number of operations**	**Amount**	**Impairment created**
Trade and Repairs	332	41,520,658	(4,946,762)	89	8,908,949	(2,038,949)	71	5,160,031	(927,335)
Construction	77	57,236,775	(4,515,042)	29	11,277,341	(216,081)	13	3,081,354	(69,061)
Services and Other	141	13,626,021	(1,463,962)	77	6,939,196	(458,302)	59	9,632,432	(152,104)
Housing	58	2,679,470	(658,166)	35	2,187,152	(108,521)	220	7,274,151	(189,749)
Industry	72	11,193,853	(577,988)	21	2,195,333	(149,529)	16	78,551	(6,774)
Companies Other	38	6,148,487	(310,840)	13	8,246,657	(221,556)	11	9,865,482	(570,526)
Revolving	1,715	33,879	(79,947)	8,769	104,879	(7,287)	2,840	96,988	(4,267)
Employees	614	1,293,935	(49,685)	558	704,135	(1,254)	515	351,366	(809)
Other Credits	1,713	4,021,117	(833,957)	1,315	2,848,757	(167,957)	1,840	1,083,191	(195,737)
TOTAL	**4,760**	**137,754,195**	**(13,436,349)**	**10,906**	**43,412,399**	**(3,369,436)**	**5,585**	**36,623,546**	**(2,116,362)**

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2016			2015			2014 AND PREVIOUS			TOTAL		
Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created
46	11,488,079	(596,069)	66	76,966,838	(28,393,764)	292	55,821,211	(26,040,196)	1,071	226,288,476	(64,518,179)
6	2,528,215	(928,215)	28	44,243,613	(10,765,509)	93	19,859,315	(5,836,341)	375	213,674,963	(25,810,159)
49	7,884,508	(1,185,912)	73	72,241,055	(36,021,747)	417	31,907,045	(21,947,470)	1,504	200,227,070	(68,255,541)
8	23,290	(17,334)	16	16,929,834	(929,695)	100	81,154,388	(9,089,290)	346	135,668,302	(12,242,942)
214	10,795,174	(338,126)	52	1,971,146	(212,288)	585	47,201,239	(14,304,946)	1,251	75,084,395	(15,620,398)
2,597	54,045	(2,344)	2,248	70,804	(1,938)	16,963	2,363,535	(1,315,904)	36,932	11,428,757	(1,721,265)
357	144,613	(1,318)	216	48,135	(143)	551	268,425	(5,012)	3,407	4,673,541	(35,960)
1,374	533,884	(236,452)	973	7,963,578	(2,578,840)	1,028	44,673,738	(20,610,495)	9,204	61,783,097	(24,508,342)
4,651	**33,451,808**	**(3,305,770)**	**3,672**	**220,435,003**	**(78,903,924)**	**20,029**	**283,248,896**	**(99,149,654)**	**54,090**	**928,828,601**	**(212,712,786)**

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2015			2014			2013 AND PREVIOUS			TOTAL		
Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created	Number of operations	Amount	Impairment created
121	57,839,156	(18,632,686)	147	9,430,786	(1,092,854)	723	85,277,960	(14,094,149)	1,483	208,137,540	(41,732,735)
44	34,559,618	(4,381,599)	46	8,651,811	(409,627)	150	20,447,692	(2,851,007)	359	135,254,591	(12,442,417)
82	55,696,928	(22,490,270)	116	5,693,646	(2,685,704)	419	40,236,489	(13,918,283)	894	131,824,712	(41,168,625)
69	1,898,023	(213,790)	94	2,576,482	(157,879)	806	36,892,596	(8,518,659)	1,282	53,507,874	(9,846,764)
20	12,459,493	(459,577)	36	3,354,505	(1,681,974)	147	10,672,982	(5,532,799)	312	39,954,717	(8,408,641)
7	370,968	(2,823)	21	3,090,981	(40,699)	51	4,057,299	(1,098,494)	141	31,779,874	(2,244,938)
3,954	204,427	(4,109)	4,639	1,103,206	(19,111)	22,612	4,632,352	(1,211,446)	44,529	6,175,731	(1,326,167)
391	158,998	(399)	200	31,791	(60)	544	208,645	(2,832)	2,822	2,748,870	(55,039)
3,121	6,501,121	(1,761,850)	1,407	14,509,448	(2,770,092)	931	19,011,617	(11,877,557)	10,327	47,975,251	(17,607,150)
7,809	**169,688,732**	**(47,947,103)**	**6,706**	**48,442,656**	**(8,858,000)**	**26,383**	**221,437,632**	**(59,105,226)**	**62,149**	**657,359,160**	**(134,832,476)**

With reference to the 31st of December 2019 and 2018, the detail of the gross exposure amount and the amount of impairment set up for the separate and collective analyses of exposures, by segment, is as follows:

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	SEPARATE IMPAIRMENT		COLLECTIVE IMPAIRMENT		TOTAL	
Segment	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**
Services and Other	171,478,074	(53,943,018)	54,810,402	(10,575,161)	226,288,476	(64,518,179)
Construction	186,567,611	(18,681,204)	27,107,352	(7,128,955)	213,674,963	(25,810,159)
Trade and Repairs	134,375,622	(56,122,645)	65,851,448	(12,132,896)	200,227,070	(68,255,541)
Industry	112,366,522	(6,786,878)	23,301,780	(5,456,064)	135,668,302	(12,242,942)
Housing	251,326	-	74,833,069	(15,620,398)	75,084,395	(15,620,398)
Revolving	4,932,219	(995,804)	6,496,538	(725,461)	11,428,757	(1,721,265)
Employees	35,514	-	4,638,027	(35,960)	4,673,541	(35,960)
Other Credits	41,484,453	(15,564,161)	20,298,644	(8,944,182)	61,783,097	(24,508,343)
	651,491,341	**(152,093,710)**	**277,337,260**	**(60,619,077)**	**928,828,601**	**(212,712,787)**

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	SEPARATE IMPAIRMENT		COLLECTIVE IMPAIRMENT		TOTAL	
Segment	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**	**Total exposure**	**Impairment**
Trade and Repairs	184,533,544	(40,010,593)	23,603,996	(1,722,142)	208,137,540	(41,732,735)
Construction	127,666,959	(12,298,113)	7,587,632	(144,304)	135,254,591	(12,442,417)
Services and Other	115,194,328	(39,789,034)	16,630,384	(1,379,591)	131,824,712	(41,168,625)
Housing	4,518,080	(3,480,024)	48,989,794	(6,366,740)	53,507,874	(9,846,764)
Industry	31,991,709	(7,825,238)	7,963,008	(583,403)	39,954,717	(8,408,641)
Companies Other	19,137,576	(1,767,661)	12,642,298	(477,277)	31,779,874	(2,244,938)
Revolving	1,023,764	(901,930)	5,151,967	(424,237)	6,175,731	(1,326,167)
Employees	-	(48,597)	2,748,870	(6,442)	2,748,870	(55,039)
Other Credits	35,499,368	(14,086,039)	12,475,883	(3,521,111)	47,975,251	(17,607,150)
	519,565,328	**(120,207,229)**	**137,793,832**	**(14,625,247)**	**657,359,160**	**(134,832,476)**

With reference to the 31st of December 2019 and 2018, the restructured credit portfolio evidenced the following breakdown:

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	STAGE 1			STAGE 2			STAGE 3			TOTAL		
Applied measure	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment
Restructuring	61	113,851,247	(7,742,328)	3	1,093,100	(216,203)	305	230,634,136	(120,957,252)	369	345,578,483	(128,915,783)
	61	**113,851,247**	**(7,742,328)**	**3**	**1,093,100**	**(216,203)**	**305**	**230,634,136**	**(120,957,252)**	**369**	**345,578,483**	**(128,915,783)**

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	STAGE 1			STAGE 2			STAGE 3			TOTAL		
Applied measure	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment
Restructuring	73	81,777,054	(2,164,590)	10	4,756,921	(692,522)	329	154,054,359	(73,402,639)	412	240,588,334	(76,259,751)
	73	**81,777,054**	**(2,164,590)**	**10**	**4,756,921**	**(692,522)**	**329**	**154,054,359**	**(73,402,639)**	**412**	**240,588,334**	**(76,259,751)**

With reference to the 31st of December 2019 and 2018, the movement occurred in inflows and outflows of the restructured credit portfolio is as follows:

	'19	'18
Initial balance of the restructured credit portfolio (gross of impairment)	**240,588,334**	**141,961,797**
Credit restructured in the period	48,667,751	61,748,905
Interest accrued on the restructured credit portfolio	(364,609)	(2,079,599)
Settlement of restructured credit (partial or total)	(2,967,356)	(12,632,631)
Foreign exchange changes	59,761,022	51,483,204
Other	(106,659)	106,658
End balance of the restructured credit portfolio (gross of impairment)	**345,578,483**	**240,588,334**

With reference to the 31st of December 2019 and 2018, the detail of the fair value of guarantees underlying the credit portfolio of the companies, construction and real estate promotion and housing segments evidenced the following breakdown:

	COMPANIES			
	IMMOVABLE PROPERTY		OTHER GUARANTEES IN REM	
Fair value	**Number of immovable property units**	**Amount**	**Number**	**Amount**
< 50 MAOA	160	2,559,761	41	197,421
>= 50 MAOA and < 100 MAOA	42	3,114,580	7	424,371
>= 100 MAOA and < 500 MAOA	98	27,508,303	16	3,293,100
>= 500 MAOA and < 1,000 MAOA	40	29,155,385	4	3,360,122
>= 1,000 MAOA and < 2,000 MAOA	30	40,365,791	5	6,554,937
>= 2,000 MAOA and < 5,000 MAOA	36	120,204,414	2	4,550,464
>= 5,000 MAOA	36	551,039,693	-	-
	442	**773,947,927**	**75**	**18,380,415**

	COMPANIES			
	IMMOVABLE PROPERTY		OTHER GUARANTEES IN REM	
Fair value	**Number of immovable property units**	**Amount**	**Number**	**Amount**
< 50 MAOA	87	1,410,732	50	382,315
>= 50 MAOA and < 100 MAOA	19	1,447,570	5	338,425
>= 100 MAOA and < 500 MAOA	56	13,972,104	11	2,714,199
>= 500 MAOA and < 1,000 MAOA	24	16,526,134	4	2,907,912
>= 1,000 MAOA and < 2,000 MAOA	14	20,832,312	3	3,715,209
>= 2,000 MAOA and < 5,000 MAOA	16	52,557,377	-	-
>= 5,000 MAOA	13	167,361,238	-	-
	229	**274,107,467**	**73**	**10,058,060**

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CONSTRUCTION AND REAL ESTATE PROMOTION				HOUSING			
IMMOVABLE PROPERTY		OTHER GUARANTEES IN REM		IMMOVABLE PROPERTY		OTHER GUARANTEES IN REM	
Number of immovable property units	Amount	Number	Amount	Number of immovable property units	Amount	Number	Amount
18	328,372	7	41,246	248	6,725,115	46	922,560
-	-	2	138,758	174	12,286,991	1	57,823
16	3,181,426	2	712,801	234	41,204,760	1	144,668
4	2,798,303	2	1,513,264	8	5,231,684	-	-
8	11,495,773	2	3,230,921	8	8,823,526	-	-
20	66,683,211	-	-	-	-	-	-
14	271,928,619	-	-	-	-	-	-
80	**356,415,704**	**15**	**5,636,990**	**672**	**74,272,076**	**48**	**1,125,051**

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CONSTRUCTION AND REAL ESTATE PROMOTION				HOUSING			
IMMOVABLE PROPERTY		OTHER GUARANTEES IN REM		IMMOVABLE PROPERTY		OTHER GUARANTEES IN REM	
Number of immovable property units	Amount	Number	Amount	Number of immovable property units	Amount	Number	Amount
8	132,573	9	41,474	268	6,401,415	57	980,973
2	150,221	-	-	114	8,323,792	5	337,707
7	1,372,911	1	200,181	61	10,545,796	1	308,607
3	1,854,587	2	1,776,803	5	3,403,565	-	-
5	5,339,147	1	1,234,428	-	-	-	-
6	18,545,422	-	-	-	-	-	-
7	114,027,176	-	-	-	-	-	-
38	**141,422,037**	**13**	**3,252,886**	**448**	**28,674,568**	**63**	**1,627,287**

With reference to the 31st of December 2019 and 2018, the financing/ guarantees ratio of the companies, construction and real estate promotion and housing segments evidenced the following structure:

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Segment/Ratio	Number of immovable property units	Number of other guarantees in rem	Stage 1	Stage 2	Stage 3	Impairment
Companies						
Without associated guarantee	n.a.	n.a.	236,581,192	14,186,763	89,015,838	(46,507,119)
‹ 50%	24	10	6,797,217	-	10,015,055	(6,901,762)
≥ 50% e ‹ 75%	12	1	288,650	-	8,397,061	(5,783,595)
≥ 75% e ‹ 100%	6	5	3,146,860	417,286	6,420,231	(1,034,011)
≥ 100%	400	59	27,939,918	-	158,977,777	(84,790,175)
	442	**75**	**274,753,837**	**14,604,049**	**272,825,962**	**(145,016,662)**
Construction and real estate promotion						
Without associated guarantee	n.a.	n.a.	120,165,980	8	22,496,105	(8,548,818)
‹ 50%	2	3	5,497,545	-	3,555,653	(3,607,437)
≥ 50% e ‹ 75%	2	-	-	-	1,038,006	(951,264)
≥ 75% e ‹ 100%	2	4	5,975,757	-	1,552,580	(288,426)
≥ 100%	74	8	15,505,440	6,085	37,881,804	(12,414,214)
	80	**15**	**147,144,722**	**6,093**	**66,524,148**	**(25,810,159)**
Housing						
Without associated guarantee	n.a.	n.a.	28,566,628	260,264	17,166,896	(9,852,240)
‹ 50%	26	9	1,423,071	-	1,303,115	(758,640)
≥ 50% e ‹ 75%	16	-	181,161	-	426,847	(261,044)
≥ 75% e ‹ 100%	4	4	280,968	-	-	(2,003)
≥ 100%	626	35	12,222,120	262,323	12,991,002	(4,746,471)
	672	**48**	**42,673,948**	**522,587**	**31,887,860**	**(15,620,398)**
	1,194	**138**	**464,572,507**	**15,132,729**	**371,237,970**	**(186,447,219)**

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Segment/Ratio	Number of immovable property units	Number of other guarantees in rem	Stage 1	Stage 2	Stage 3	Impairment
Companies						
Without associated guarantee	n.a.	n.a.	81,448,062	62,730	19,962,020	(16,848,594)
‹ 50%	24	9	125,219,434	-	2,956,235	(1,746,920)
≥ 50% e ‹ 75%	10	6	2,891,351	138	3,465,430	(1,383,441)
≥ 75% e ‹ 100%	21	5	18,130,347	1,280,366	34,507,998	(17,098,394)
≥ 100%	174	53	16,572,606	1,957,635	103,242,491	(56,477,590)
	229	**73**	**244,261,800**	**3,300,869**	**164,134,174**	**(93,554,939)**
Construction and real estate promotion						
Without associated guarantee	n.a.	n.a.	51,234,324	4,736,546	2,798,605	(3,706,371)
‹ 50%	2	3	20,863,440	52,089	3,006,223	(2,493,939)
≥ 50% e ‹ 75%	1	-	742,406	-	-	(9,318)
≥ 75% e ‹ 100%	9	1	15,961,308	1,703,640	737,006	(991,659)
≥ 100%	26	9	12,719,529	687,753	20,011,722	(5,241,130)
	38	**13**	**101,521,007**	**7,180,028**	**26,553,556**	**(12,442,417)**
Housing						
Without associated guarantee	n.a.	n.a.	18,565,261	1,558,154	8,782,175	(6,474,269)
‹ 50%	25	13	1,371,734	-	617,085	(2,568,125)
≥ 50% e ‹ 75%	23	3	605,810	-	1,299,563	(373,112)
≥ 75% e ‹ 100%	54	2	904,721	-	481,960	(134,720)
≥ 100%	346	45	11,377,340	817,948	7,126,123	(296,538)
	448	**63**	**32,824,866**	**2,376,102**	**18,306,906**	**(9,846,764)**
	715	**149**	**378,607,673**	**12,856,999**	**208,994,636**	**(115,844,120)**

With reference to the 31st of December 2019 and 2018, the breakdown of the credit portfolio measured by internal risk grade evidenced the following structure:

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	LOW RISK GRADE			MEDIUM RISK GRADE	HIGH RISK GRADE			
Segment	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**Total**
Services and Other	2,916,788	89,834,149	52,246,905	11,619,954	50,426,888	14,235,542	5,008,250	226,288,476
Construction	3,115,565	140,815,011	35,282,536	24,178,858	1,317	3,808,972	6,472,704	213,674,963
Trade and Repairs	1,493,674	56,006,647	68,634,568	2,906,610	13,086,490	47,008,366	11,090,715	200,227,070
Industry	4,247,576	117,053,461	3,716,224	48,292	736,591	6,206,734	3,659,424	135,668,302
Housing	322,092	42,742,617	14,729,970	5,012,832	4,042,411	4,974,818	3,259,655	75,084,395
Revolving	35,105	8,507,734	1,186,796	140,859	636,362	77,615	844,286	11,428,757
Employees	35,514	4,575,175	58,584	1,264	-	-	3,004	4,673,541
Other Credits	551,571	7,912,580	22,768,385	10,007,909	8,350,956	2,286,974	9,904,722	61,783,097
	12,717,885	**467,447,374**	**198,623,968**	**53,916,578**	**77,281,015**	**78,599,021**	**40,242,760**	**928,828,601**

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	LOW RISK GRADE			MEDIUM RISK GRADE	HIGH RISK GRADE			
Segment	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**Total**
Trade and Repairs	254,406	127,892,079	33,757,166	5,019,214	4,397,547	32,077,568	4,739,560	208,137,540
Construction	3,323	100,767,684	24,208,647	335,867	5,147,166	739,809	4,052,095	135,254,591
Services and Other	1,722,439	49,397,756	22,980,665	7,792,616	42,343,550	284,787	7,302,899	131,824,712
Housing	440,894	33,145,039	8,418,892	3,440,039	1,893,714	3,376,691	2,792,605	53,507,874
Industry	19,302	25,215,525	4,101,261	4,842,417	-	4,561,439	1,214,773	39,954,717
Companies Other	200	24,659,635	6,213,528	15,500	688,391	1,189	201,431	31,779,874
Revolving	78,541	4,286,255	92,187	385,159	432,623	113,022	787,944	6,175,731
Employees	-	2,718,492	25,084	2,491	881	-	1,922	2,748,870
Other Credits	53,952	9,108,151	11,433,203	11,895,815	6,993,758	3,657,189	4,833,183	47,975,251
	2,573,057	**377,190,616**	**111,230,633**	**33,729,118**	**61,897,630**	**44,811,694**	**25,926,412**	**657,359,160**

With reference to the 31st of December 2019 and 2018, the risk factors associated with the impairment model by segment are presented below:

	31.12.19			31.12.18		
	PROBABILITY OF DEFAULT (%)			PROBABILITY OF DEFAULT (%)		
Segment	**Stage 1**	**Stage 2**	**Loss due to default (%)**	**Stage 1**	**Stage 2**	**Loss due to default (%)**
Housing	7.40%	94.44%	30.74%	7.40%	94.96%	27.10%
Employees	0.72%	50.88%	11.55%	0.72%	50.59%	11.50%
Revolving	8.34%	65.26%	39.21%	8.18%	59.31%	52.14%
Other Credits	6.72%	61.53%	51.57%	6.97%	78.50%	52.55%
Industry	8.49%	0.00%	28.24%	8.21%	82.24%	35.40%
Trade and Repairs	3.85%	91.10%	20.53%	9.87%	83.13%	18.46%
Construction	4.31%	16.65%	20.13%	4.96%	44.53%	19.90%
Services and other	7.12%	83.23%	35.00%	8.16%	81.18%	36.56%
Companies other	n.a.	n.a.	n.a.	5.49%	69.48%	29.64%
	7.26%	**80.37%**	**26.91%**	**7.69%**	**67.31%**	**27.32%**

In the financial year ended with reference to the 31st of December 2019, the Bank recorded credit write-offs in assets totalling tAKZ 97,753. In the financial year ended with reference to the 31st of December 2018, the Bank recorded credit write-offs in assets totalling tAKZ 167,931 (Note 14).

The remaining disclosures relating to the item 'Credit to customers' are presented in Note 28.

8. NON-CURRENT ASSETS HELD FOR SALE

This item evidenced the following breakdown:

	'19	'18
Immovable property		
Immovable property received in transfer in lieu of payment	18,443,971	17,026,573
Real estate projects - employees	4,359,943	4,202,578
	22,803,914	**21,229,151**
Impairment for non-current assets held for sale (Note 14)	(2,132,622)	(1,834,253)
	20,671,292	**19,394,898**

With reference to the 31st of December 2019 and 2018, the balance of the item 'Immovable property received in transfer in lieu of payment' corresponds to immovable property received in transfer in lieu of payment for debts related to credit granted. On the same dates, the impairment amount includes the estimated losses on the realization of such assets.

With reference to the 31st of December 2019 and 2018, the balance of the item 'Real estate projects - employees' is related to real estate projects which are in the construction phase and are aimed at being sold to the Bank's employees.

With reference to the 31st of December 2019 and 2018, the movement in the items 'Immovable property received in transfer in lieu of payment' and 'Real estate projects - employees' has been as follows:

GROSS ASSETS

	Balances on 31.12.2018	Additions	Sales	Normalizations	Balances on 31.12.2019
Immovable property received in transfer in lieu of payment	17,026,573	1,417,398	-	-	18,443,971
Real estate projects - employees	4,202,578	2,249,974	(61,180)	(2,031,429)	4,359,943
	21,229,151	**3,667,372**	**(61,180)**	**(2,031,429)**	**22,803,914**

GROSS ASSETS

	Balances on 31.12.2017	Additions	Sales	Normalizations	Balances on 31.12.2018
Immovable property received in transfer in lieu of payment	16,845,874	378,222	(197,523)	-	17,026,573
Real estate projects - employees	4,254,356	840,076	(502,401)	(389,453)	4,202,578
	21,100,230	**1,218,298**	**(699,924)**	**(389,453)**	**21,229,151**

In the financial year ended on the 31st of December 2019, the normalizations of 'Real estate projects – employees' include net transfers to 'Other property, plant and equipment', totalling tAKZ 1,389,615 (Note 9).

With reference to the 31st of December 2019 and 2018, the detail of the fair value and the net carrying amount of the immovable property units received in lieu of payment or enforcement, by type of immovable property, evidence the following structure:

	31.12.19			31.12.18		
Type of immovable property unit	**Number of immovable property units**	**Fair value of the asset**	**Net carrying amount**	**Number of immovable property units**	**Fair value of the asset**	**Net carrying amount**
Land						
Urban	5	6,693,647	2,292,078	5	5,585,787	2,385,053
Rural	2	1,300,000	1,271,498	2	3,160,136	1,469,061
Buildings in construction						
Housing	1	1,482,510	1,433,284	1	n.d.	1,572,550
Constructed buildings						
Commercial	6	10,995,022	5,673,048	6	12,375,611	5,185,285
Housing	8	11,109,003	5,641,441	7	15,060,143	4,580,371
	22	**31,580,182**	**16,311,349**	**21**	**36,181,677**	**15,192,320**

With reference to the 31st of December 2019 and 2018, the detail of the net carrying amount of the immovable property units received in lieu of payment or enforcement, by seniority, is as follows:

					'19
Time elapsed since the transfer/ implementation	**‹ 1 year**	**≥ 1 year and ‹ 2.5 years**	**≥ 2.5 years and ‹ 5 years**	**≥ 5 years**	**Total**
Land					
Urban	-	-	2,214,435	77,643	2,292,078
Rural	-	-	1,271,498	-	1,271,498
Buildings in construction					
Housing	-	-	1,433,284	-	1,433,284
Constructed buildings					
Commercial	-	5,673,048	-	-	5,673,048
Housing	1,144,784	57,902	4,396,730	42,025	5,641,441
	1,144,784	**5,730,950**	**9,315,947**	**119,668**	**16,311,349**

					'18
Time elapsed since the transfer/ implementation	**‹ 1 year**	**≥ 1 year and ‹ 2.5 years**	**≥ 2.5 years and ‹ 5 years**	**≥ 5 years**	**Total**
Land					
Urban	-	426,805	1,875,704	82,544	2,385,053
Rural	-	1,469,061	-	-	1,469,061
Buildings in construction					
Housing	-	1,572,550	-	-	1,572,550
Constructed buildings					
Commercial	-	5,045,765	139,520	-	5,185,285
Housing	6,187	4,178,804	352,319	43,061	4,580,371
	6,187	**12,692,985**	**2,367,543**	**125,605**	**15,192,320**

9. OTHER PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The changes occurred in these items in the financial ended with reference to the 31st of December 2019 has been as follows:

GROSS ASSETS

	Balances on 31.12.2018	Additions	Sales and write-offs	Transfers	Normalizations	Balances on 31.12.2019
Other property, plant and equipment:						
Immovable property for own use	10,626,146	367,497	-	610,064	279,411	11,883,118
Works in leased buildings	2,130,491	122,675	-	-	-	2,253,166
Equipment	9,073,270	866,545	(53,320)	94,253	1,110,204	11,090,952
Artistic heritage	4,217	-	-	-	-	4,217
	21,834,124	**1,356,717**	**(53,320)**	**704,317**	**1,389,615**	**25,231,453**
Assets in progress	1,488,885	112,372	-	(704,317)	-	896,940
	23,323,009	**1,469,089**	**(53,320)**	**-**	**1,389,615**	**26,128,393**
Intangible assets:						
Business transferring	149,815	-	-	-	-	149,815
Setting up expenses	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system Software	733,522	85,344	-	-	-	818,866
Other intangible assets	680	-	-	-	-	680
	923,689	**85,344**	**-**	**-**	**-**	**1,009,033**
	24,246,698	**1,554,433**	**(53,320)**	**-**	**1,389,615**	**27,137,426**

ACCUMULATED AMORTIZATION

	Balances on 31.12.2018	Amortization for the financial year	Sales and write-offs	Transfers	Normalizations	Balances on 31.12.2019
Other property, plant and equipment:						
Immovable property for own use	1,515,578	225,322	-	-	-	1,740,900
Works in leased buildings	1,786,528	141,624	-	-	-	1,928,152
Equipment	6,464,598	844,893	(9,837)	-	-	7,299,654
	9,766,704	**1,211,839**	**(9,837)**	**-**	**-**	**10,968,706**
Intangible assets:						
Business transferring	149,815	-	-	-	-	149,815
Setting up expenses	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system Software	440,715	131,304	-	-	-	572,019
Other intangible assets	679	-	-	-	-	679
	630,881	**131,304**	**-**	**-**	**-**	**762,185**
	10,397,585	**1,343,143**	**(9,837)**	**-**	**-**	**11,730,891**

Normalizations include net transfers between the items 'Other property, plant and equipment' and 'Non-current assets held for sale - Real estate projects - employees' totalling tAKZ 1,389,615 (Note 8).

The changes occurred in these items between the 31st of December 2017 and the 31st of December 2018 has been as follows:

GROSS ASSETS

	Balances on 31.12.2018	Additions	Sales and write-offs	Transfers	Normalizations	Balances on 31.12.2019
Other property, plant and equipment:						
Immovable property for own use	9,716,785	208,645	-	573,020	127,696	10,626,146
Works in leased buildings	1,786,301	18,207	-	325,983	-	2,130,491
Equipment	8,263,690	362,879	(8,535)	102,952	352,284	9,073,270
Artistic heritage	4,217	-	-	-	-	4,217
	19,770,993	**589,731**	**(8,535)**	**1,001,955**	**479,980**	**21,834,124**
Assets in progress	1,597,374	1,045,629	-	(769,455)	(384,663)	1,488,885
	21,368,367	**1,635,360**	**(8,535)**	**232,500**	**95,317**	**23,323,009**
Intangible assets:						
Business transferring	149,815	-	-	-	-	149,815
Setting up expenses	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system Software	472,479	261,043	-	-	-	733,522
Other intangible assets	233,180	-	-	(232,500)	-	680
	895,146	**261,043**	**-**	**(232,500)**	**-**	**923,689**
	22,263,513	**1,896,403**	**(8,535)**	**-**	**95,317**	**24,246,698**

ACCUMULATED AMORTIZATION

	Balances on 31.12.2018	Amortization for the financial year	Sales and write-offs	Transfers	Normalizations	Balances on 31.12.2019
Other property, plant and equipment:						
Immovable property for own use	1,311,644	203,984	-	(50)	-	1,515,578
Works in leased buildings	1,624,589	123,140	-	38,799	-	1,786,528
Equipment	5,728,114	742,157	(5,673)	-	-	6,464,598
	8,664,347	**1,069,281**	**(5,673)**	**38,749**	**-**	**9,766,704**
Intangible assets:						
Business transferring	149,815	-	-	-	-	149,815
Setting up expenses	4,383	-	-	-	-	4,383
Multi-annual costs	35,289	-	-	-	-	35,289
Automatic data processing system Software	358,696	82,019	-	-	-	440,715
Other intangible assets	39,428	-	-	(38,749)	-	679
	587,611	**82,019**	**-**	**(38,749)**	**-**	**630,881**
	9,251,958	**1,151,300**	**(5,673)**	**-**	**-**	**10,397,585**

With reference to the 31st of December 2019 and 2018, the item property, plant and equipment in progress essentially corresponds to costs incurred with the acquisition of space and the payment to suppliers for works to be developed on the Bank's premises, acquired or rented, notably, for the future installation of administrative services, new desks and other premises, the inauguration of which is expected to take place in the financial years following the balance sheet date.

With reference to the 31st of December 2019 and 2018, the item 'Equipment' may be detailed as follows:

	'19			'18		
	Gross amount	Accumulated amortization	Net profit	Gross amount	Accumulated amortization	Net profit
Machinery and tools	3,095,870	(1,315,378)	1,780,492	1,955,797	(1,108,803)	846,994
Interior facilities	2,599,069	(1,696,527)	902,542	2,300,695	(1,510,263)	790,432
Furniture and materials	1,717,830	(1,259,058)	458,772	1,625,591	(1,142,888)	482,703
IT equipment	2,241,478	(2,045,662)	195,816	2,070,292	(1,803,611)	266,681
Transport materials	847,551	(698,193)	149,358	713,610	(655,501)	58,109
Other equipment	589,154	(284,836)	304,318	407,285	(243,532)	163,753
	11,090,952	**(7,299,654)**	**3,791,298**	**9,073,270**	**(6,464,598)**	**2,608,672**

10. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

This item may be detailed as follows:

	'19		'18	
	Interest (%)	National Currency	Interest (%)	National Currency
GI10:				
Financial interest	30.00	472,407	30.00	216,358
EMIS:				
Capital interest	8.12	245,133	6.33	47,706
Shareholder loans		7,067		122,921
		252,200		**170,627**
ABANC:				
Shareholder loans		24,224		24,224
		748,831		**411,209**

With reference to the 31st of December 2019 and 2018, the Bank holds a 30% interest in the capital of GI10 – Investimentos e Gestão, SGPS, S.A., a company headquartered in Portugal, the main business activity of which consists in managing shareholdings in other companies mainly operating in the insurance brokerage business. In the financial years 2019 and 2018, the Bank recognized an appreciation of EUR 260,621 (tAKZ 101,555) and EUR 102,284 (tAKZ 28,414) under the items 'Profits of subsidiaries, associate companies and joint ventures', correspondingly. In the financial year 2018, the Bank reduced its interest in foreign currency by EUR 300,000 (tAKZ 105,905). With reference to the 31st of December 2019 and 2018, the amount of the interest in foreign currency is EUR 873,505 and EUR 612,884, correspondingly.

With reference to the 31st of December 2019 and 2018, the Bank holds an interest of 8.12% and 6.33% in the capital of EMIS – Empresa Interbancária de Serviços, S.A.R.L. (EMIS), correspondingly. EMIS has been incorporated in Angola to manage electronic means of payment and ancillary services. The increase in the interest occurred in the first half of 2019 derived from the sale of part of the shares held by BNA to the Company's remaining shareholders.

An investment plan in property, plant and equipment has been approved at the extraordinary General Assembly of the Angolan Banking Association (*Associação Angolana de Bancos* - ABANC), of which the Bank is a member, which took place on the 28th of July 2009.

11. OTHER ASSETS

This item evidenced the following breakdown:

	'19	'18
Foreign exchange operations	131	93,914
Other assets:		
VISA collateral	4,624,769	2,863,078
Bonuses	4,459,087	3,348,733
Taxes to recover	751,143	558,137
VISA	732,011	137,800
Cash failures	183,519	179,183
Rents and leases	168,223	156,317
Clinical services	113,752	129,044
Administrative expenses	105,333	73,874
Collection commission receivable	96,141	999,047
Advance EDEL	33,590	21,496
Advance - Angolan kwanza	1,737	1,737
Other	922,556	170,312
	12,191,861	**8,638,758**
	12,191,992	**8,732,672**

With reference to the 31st of December 2019 and 2018, the net amount between the currencies sold and the currencies acquired, translated at the exchange rate against the kwanza with reference to the balance sheet date may be detailed as follows:

'19

ACQUIRED CURRENCY			SOLD CURRENCY			
	BALANCE SHEET AMOUNT			BALANCE SHEET AMOUNT		
Currency	Amount	tAKZ	Currency	Amount	tAKZ (note 15)	Net carrying
USD	271	131	CHF	(264)	(131)	-
		131			**(131)**	**-**

'18

ACQUIRED CURRENCY			SOLD CURRENCY			
	BALANCE SHEET AMOUNT			BALANCE SHEET AMOUNT		
Currency	Amount	tAKZ	Currency	Amount	tAKZ (note 15)	Net carrying
ZAR	4,400,000	93,914	USD	(306,413)	(94,561)	(647)
		93,914			**(94,561)**	**(647)**

Pursuant to the terms of the agreement entered into between Banco BIC and Visa International, the Bank agreed to maintain a collateral deposit with VISA's custodian bank (United Overseas Banking Limited), the amount of which is determined in the light of the volume of transactions carried out. With reference to the 31st of December 2019 and 2018, this collateral deposit amounted to about USD 9,590,440 and USD 9,277,424 (tAKZ 4,624,769 and tAKZ 2,863,078, correspondingly), and borne interest at an annual rate of 0.15%.

The balance of the item 'Bonuses' refers to the amount receivable from the State (Ministry of Economy), related to the interest bonus on credits granted under the Credit Support Project (CSP) and Angola Invest. In December 2019, the debt corresponding to 2017 and 2018 was settled, with the receipt of tAKZ 3,813,093 in Treasury Bonds. With reference to the 31st of December 2019, the interest bonuses due for the financial year 2019 have not yet been collected.

With reference to the 31st of December 2019 and 2018, the balance of the item 'Taxes to recover' corresponds to the provisional Industrial Tax assessment made in the financial years from 2015 to 2018.

The item 'Collection commission receivable' refers to the receivable from the Ministry of Finance for the tax collection service provided at some of the Bank's desks. In December 2019, the debt corresponding to 2017 and 2018 was settled, with the receipt of tAKZ 1,345,053 in Treasury Bonds. With reference to the 31st of December 2019, the collection commissions for the last four months of 2019 had not yet been collected.

The cash failures are provisioned under the item 'Other provisions' (Note 14).

12. RESOURCES IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS

These items evidenced the following breakdown:

	'19	'18
Resources of credit institutions in the Country		
Operations in the interbank money market		
From other credit institutions in the Country	-	13,500,000
Interest payable	-	254,795
	-	**13,754,795**
Resources of credit institutions in abroad		
Operations in the interbank money market		
Banco BIC Cabo Verde, S.A. - USD	81,978,590	55,549,260
Interest payable	461,324	40,119
	82,439,914	**55,589,379**
Overdrafts in demand deposits		
Banco BIC Português, S.A.	145,242	-
	145,242	**-**
	82,585,156	**55,589,379**
Committed resources		
Imports - Foreign currency	11,183,190	25,833,444
Prepaid Visa	14,852,910	11,924,630
Other	(89,465)	252,300
	25,946,635	**38,010,374**
Certified Cheques - National currency	907,528	1,247,564
	907,528	**1,247,564**
	26,854,163	**39,257,938**
	109,439,319	**108,602,112**

With reference to the 31st of December 2019 and 2018, resources from credit institutions, excluding interest payable, evidenced the following structure by currency and average annual rates, weighed by the corresponding nominal value of applications:

'19

	Interest rate	Amount in foreign currency	Amount in tAKZ
In United States dollar	4.60%	170,000,000	81,978,590
			81,978,590

'18

	Interest rate	Amount in foreign currency	Amount in tAKZ
Thousands of Angolan kwanza	20.00%	-	13,500,000
In United States dollar	5.20%	180,000,000	55,549,260
			69,049,260

With reference to the 31st of December 2019 and 2018, the resources from credit institutions, excluding interest payable, according to their residual maturity periods, evidenced the following structure:

	'19	'18
Between one and three months	81,978,590	69,049,260

The item 'Committed resources to imports – Foreign currency' refers to the amounts deposited by customers which are captive to settle import documentary credits with other credit institutions.

13. CUSTOMER RESOURCES AND OTHER LOANS

These items evidenced the following breakdown:

	'19	'18
Demand deposits of residents:		
In national currency		
Public administrative sector	22,133,819	9,069,551
Public business sector	50,908,523	1,805,544
Companies	233,855,605	179,839,791
Individuals	124,512,588	112,939,264
	431,410,535	**303,654,150**
In foreign currency		
Public administrative sector	184,311	216,712
Public business sector	658,910	238,341
Companies	103,099,650	71,996,793
Individuals	45,554,459	32,827,460
	149,497,330	**105,279,306**
Demand deposits of non-residents:		
In national currency	6,452,438	3,293,997
In foreign currency	905,327	610,076
	7,357,765	**3,904,073**
TOTAL DEMAND DEPOSITS	**588,265,630**	**412,837,529**
Savings deposits of residents:		
In national currency		
Public administrative sector	9,697,417	8,479,091
Public business sector	431,057	1,235,890
Companies	191,952,201	206,544,134
Individuals	39,305,463	36,597,688
Interest payable	3,800,011	4,695,991
	245,186,149	**257,552,794**
In foreign currency		
Public business sector	11,155,084	9,542,843
Companies	129,649,333	86,661,332
Individuals	223,789,526	146,345,986
Interest payable	3,341,224	2,696,223
	367,935,167	**245,246,384**
Savings deposits of non-residents:		
In national currency	774,408	91,345
Interest payable	19,683	3,082
	794,091	**94,427**
In foreign currency	600,388	591,263
Interest payable	3,921	3,982
	604,309	**595,245**
TOTAL SAVINGS DEPOSITS	**614,519,716**	**503,488,850**
Other deposits	-	4,369,854
	1,202,785,346	**920,696,233**

With reference to the 31st of December 2019 and 2018, customer demand deposits do not bear interest, with the exception of specific situations, established pursuant to the guidelines of the Bank's Board of Directors.

With reference to the 31st of December 2019 and 2018, customer savings deposits, excluding interest payable, evidence the following structure by currency and average interest rate:

	'19			'18		
	Interest rate	Amount in currency	Amount in tAKZ	Interest rate	Amount in currency	Amount in tAKZ
Thousands of Angolan kwanza	5.88%		242,160,546	8.12%		252,948,148
In United States dollar	3.79%	723,628,958	348,953,420	4.91%	751,994,114	232,070,647
Euro	1.83%	30,030,327	16,240,911	2.85%	31,360,644	11,070,777
			607,354,877			**496,089,572**

With reference to the 31st of December 2019 and 2018, savings deposits of residents in national currency from the Companies segment include the amounts tAKZ 137,071,982 and tAKZ 110,482,255 in deposits indexed to the United States of America dollar (Note 28).

With reference to the 31st of December 2019 and 2018, customer savings deposits, excluding interest payable, according to their residual maturity periods, evidenced the following structure:

	'19	'18
Up to three months	380,989,090	271,230,248
From three to six months	163,222,328	162,616,710
From six months to one year	63,109,947	62,226,465
From one to three years	33,235	15,766
Over three years	277	383
	607,354,877	**496,089,572**

With reference to the 31st of December 2018, the item 'Other deposits' refers to operations on drawing orders which were yet to be settled in Banco BIC's customer accounts.

14. PROVISIONS AND IMPAIRMENT

In the course of the financial years 2018 and 2019, the changes occurred in the Bank's provisions and impairment were as follows:

'19

	Balances on 31.12.2018	Additions	Replenishing and cancellation	Foreign exchange changes	Use	Transfers	Normalizations	Balances on 31.12.2019
Impairment:								
Cash funds with other credit institutions	28,025	29,791	(7,740)	-	-	-	-	50,076
Applications in Central Banks and in other credit institutions	55,030	37,207	(11,547)	-	-	-	-	80,690
Investments at their amortized cost	1,213,930	2,006,539	-	-	-	-	8,826,052	12,046,521
Credit to customers	130,225,746	34,626,830	-	45,836,474	(97,753)	(2,100,000)	-	208,491,297
Non-current assets held for sale	1,834,253	298,369	-	-	-	-	-	2,132,622
	133,356,984	**36,998,736**	**(19,287)**	**45,836,474**	**(97,753)**	**(2,100,000)**	**8,826,052**	**222,801,206**
Provisões:								
Prestação de garantias	4,606,730	-	(4,823,051)	2,337,811	-	2,100,000	-	4,221,490
Pensões de reforma	7,128,822	899,009	-	4,268,958	-	-	-	12,296,789
Outras provisões	1,236,695	373,341	-	779,746	(27,828)	-	-	2,361,954
	12,972,247	**1,272,350**	**(4,823,051)**	**7,386,515**	**(27,828)**	**2,100,000**	**-**	**18,880,233**
	146,329,231	**38,271,086**	**(4,842,338)**	**53,222,989**	**(125,581)**	**-**	**8,826,052**	**241,681,439**

With reference to the 31st of December 2019, the strengthening of the impairment computed for 'Investments at their amortized cost', totalling tAKZ 8,826,052, derives from the application of the criteria set forth by the BNA Directive no. 13/DSB/DRO/2019, and the component with regard to previous financial years was reflected against 'Other reserves' (Note 16).

In the 31st of December 2017 and the 31st of December 2018, the changes occurred in the Bank's provisions and impairment were as follows:

'18

	Balances on 31.12.2017	Transition adjustments IFRS 9 (note 30)	Balances on 01.01.2018	Additions	Replenishing and cancellation	Exchange Variation	Use	Transfers	Balances on 31.12.2018
Impairment:									
Cash funds with other credit institutions	-	3,852	3,852	24,173	-	-	-	-	28,025
Applications in Central Banks and in other credit institutions	-	15,355	15,355	39,675	-	-	-	-	55,030
Investments at their amortized cost	-	666,782	666,782	547,148	-	-	-	-	1,213,930
Credit to customers	87,956,827	(685,989)	87,270,838	9,863,564	(792,325)	35,280,507	(167,931)	(1,228,907)	130,225,746
Non-current assets held for sale	1,834,253	-	1,834,253	-	-	-	-	-	1,834,253
	89,791,080	**-**	**89,791,080**	**10,474,560**	**(792,325)**	**35,280,507**	**(167,931)**	**(1,228,907)**	**133,356,984**
Provisions:									
Granting of guarantees	2,137,432	-	2,137,432	263,827	(928,650)	1,905,214	-	1,228,907	4,606,730
Retirement pensions	3,434,627	-	3,434,627	621,075	-	3,073,120	-	-	7,128,822
Other provisions	467,548	-	467,548	318,677	-	451,447	(977)	-	1,236,695
	6,039,607	**-**	**6,039,607**	**1,203,579**	**(928,650)**	**5,429,781**	**(977)**	**1,228,907**	**12,972,247**
	95,830,687	**-**	**95,830,687**	**11,678,139**	**(1,720,975)**	**40,710,288**	**(168,908)**	**-**	**146,329,231**

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The effect of the foreign exchange changes on the movement in provisions is reflected in the item 'Exchange results' (Note 21).

The Bank has a provision for retirement pensions, the balance of which with reference to the 31st of December 2019 and 2018 totalled tAKZ 12,296,789 and tAKZ 7,128,822, equivalent to approximately USD 25,500,000 and USD 23,100,000, correspondingly.

As mentioned in note 2.3.(k), the Bank's liabilities regarding the supplementary retirement and survival pension program have been computed by means of an actuarial assessment performed by an independent expert, with reference to the 31st of December 2019 and 2018 and projected for the subsequent year.

With reference to the 31st of December 2019, the number of active employees accounted for in the actuarial study was 2,084. On the said date, there were no retirement or survival pensioners to be considered in the plan. With reference to the 31st of December 2018, the number of active employees was 2,068.

The changes occurred in demographics in the financial years ended with reference to the 31st of December 2019 and 2018 may be detailed as follows:

	ASSETS
TOTAL NUMBER ON THE 31ST OF DECEMBER 2017	**2,067**
Outflows:	
Of assets	(26)
Due to mortality	(3)
Inflows	30
TOTAL NUMBER ON THE 31ST OF DECEMBER 2018	**2,068**
Outflows:	
Of assets	(35)
Due to mortality	(4)
Inflows	55
TOTAL NUMBER ON THE 31ST OF DECEMBER 2019	**2,084**

With reference to the 31st of December 2019 and 2018, liabilities for past services, provisions for retirement pensions and the liabilities' corresponding coverage degree are detailed as follows:

	'19	'18
Total liabilities for past services		
Liabilities for past services of active employees	8,776,109	5,306,192
TOTAL LIABILITIES FOR PAST SERVICES	**8,776,109**	**5,306,192**
Provision for retirement pensions	12,296,789	7,128,822
Excessive/(Insufficient) coverage	3,520,680	1,822,630
Liabilities coverage degree	140%	134%

The development of the liabilities' coverage degree with reference to the 31st of December 2019 and for the years 2018, 2017, 2016 and 2015, is presented as follows:

	'19	'18	'17	'16	'15
Total liabilities for past services	8,776,109	5,306,192	2,647,465	2,362,830	1,776,881
Provision for retirement pensions	12,296,789	7,128,822	3,434,627	3,036,026	2,151,509
Excessive/ (Insufficient) coverage	3,520,680	1,822,630	787,162	673,196	374,628
Liabilities coverage degree	140%	134%	130%	128%	121%

With reference to the 31st of December 2019 and 2018, the balance under the item 'Other provisions' is aimed at covering potential contingencies arising from the Bank's business activities, as well as to reflect potential losses in the realization value of accounts receivable and other assets (Note 11).

15. OTHER LIABILITIES

This item evidenced the following breakdown:

	'19	'18
Liabilities of a tax nature		
Capital gains tax	1,740,809	1,127,592
Industrial Tax - Taxation on Services	1,359,530	1,274,130
Value Added Tax (VAT)	418,353	-
Taxation related to remunerations	258,800	1,092,187
Stamp duty	110,418	134,794
Other taxes	9,305	6,243
	3,897,215	**3,634,946**
Foreign exchange operations		
Costs for purchase and sale of foreign currencies payable (Note 11)	131	94,561
Liabilities of a civil nature		
Revenue with deferred income - Guarantees	205,972	93,955
Liabilities of an administrative/commercial nature:		
Interest from restructured credit	7,390,790	7,304,562
Personnel - wages and other remunerations		
Personnel expenses	950,474	-
Holidays and holiday allowance	3,730,284	2,113,030
Other	6,530	103
	4,687,288	**2,113,133**
VISA cards	1,795,197	529,906
Specialized services		
Banco BIC Português (Note 27)	214,053	349,820
Other	588,976	296,460
	803,029	**646,280**
Deferred commissions	184,701	319,030
Communications and shipping costs		
Data circuit	318,426	169,852
Communications	197,312	50,000
Other	2,722	9,025
	518,460	**228,877**
Commercial and industrial suppliers	358,316	43,553
Security and surveillance	37,954	14,007
Other administrative costs	19,593,428	16,412,055
	35,369,163	**27,611,403**
	39,472,481	**31,434,865**

With reference to the 31st of December 2019 and 2018, the balance of the item 'Capital gains tax' refers to the tax payable on interest on savings deposits, interest on savings deposits, money market transfers and borrowings and Treasury Bonds and other securities in the portfolio.

With reference to the 31st of December 2019 and 2018, the balance of the item 'Taxation related to remunerations' refers to the Labour Income Tax (LIT) to be paid to the Tax Authority in the month following that to which it relates.

With reference to the 31st of December 2019 and 2018, the balance of the item 'Interest from restructured credit' refers to interest on credits which were the subject to restructuring operations, which will only be recognized in profits and losses upon receipt.

The balance of the item 'Personnel expenses' refers to the component of the Bank's estimate of its employees' performance bonus for the financial year 2019, to be paid in 2020 (Note 24).

The balance of the item 'VISA cards' reflects amounts to be settled in respect of VISA cards.

With reference to the 31st of December 2019 and 2018, the item 'Other administrative costs' includes the tax estimate for previous financial years in the amounts of tAKZ 8,851,083 and tAKZ 9,240,212, correspondingly.

Furthermore, on the said dates, the balance of the item 'Other administrative costs' includes approximately tAKZ 3,722,520 and tAKZ 3,681,060 related to the amount payable for a set of commercial and organizational support services and other services provided by related entities of the Bank, correspondingly.

In addition, with reference to the said dates, this item also includes tAKZ 3,227,546 and tAKZ 3,189,890 referring to the amount to be recognized in relation to a financing denominated in kwanza, the agreement for which provides for the re-evaluation of the amount of credit granted depending on the exchange rate devaluation of the national currency against the United States dollar.

16. EQUITY

In the financial years ended on the 31st of December 2019 and 2018, the changes occurred in the equity items were as follows:

	Share capital	Reserve for the re-evaluation of equity	Legal reserve	Other reserves	Net profit for the financial year	Total equity
Balances on the 31st of December 2017	3,000,000	5,823,538	35,716,242	39,648,831	34,253,304	118,441,915
Appropriation of the net profit for the financial year 2017:						
Share capital increase	17,000,000	-	-	(17,000,000)	-	-
Dividend distribution	-	-	-	-	(27,402,644)	(27,402,644)
Transfer for the legal reserve	-	-	6,850,660	-	(6,850,660)	-
Update of the own funds	-	91,956,505	-	-	-	91,956,505
Net profit for the financial year 2018	-	-	-	-	51,004,268	51,004,268
BALANCES ON THE 31ST OF DECEMBER 2018	**20,000,000**	**97,780,043**	**42,566,902**	**22,648,831**	**51,004,268**	**234,000,044**
Appropriation of the net profit for the financial year 2018:						
Dividend distribution	-	-	-	-	(40,803,414)	(40,803,414)
Transfer for the legal reserve	-	-	10,200,854	-	(10,200,854)	-
Update of the own funds	-	108,690,985	-	-	-	108,690,985
Other	-	-	-	(8,826,052)	-	(8,826,052)
Net profit for the financial year 2019	-	-	-	-	70,657,221	70,657,221
BALANCES ON THE 31ST OF DECEMBER 2019	**20,000,000**	**206,471,028**	**52,767,756**	**13,822,779**	**70,657,221**	**363,718,784**

Capital

The bank was incorporated with a share capital of tAKZ 522,926 (equivalent to the exchange value of USD 6,000,000 on the date of incorporation), represented by 522,926 nominal shares of one thousand Angolan kwanza each, which were fully subscribed and paid up in cash.

During the financial year 2006, the Bank increased its capital by tAKZ 1,088,751 (equivalent to USD 14,000,000) and later, at the General Assembly of the 1st of December 2006, a new Bank capital increase was resolved upon, from USD 20,000,000 to 30,000,000 USD, fully paid up in cash, currently represented by 2,414,511 nominative shares of one thousand Angolan kwanza each.

In the first half of 2014, the Bank increased its capital by incorporating free reserves totalling tAKZ 585,498, and its capital became represented by 3,000,000 shares with a nominal value of one thousand Angolan kwanza each. The capital increase was aimed at complying with the provisions set forth in the Angolan National Bank's Notice no. 14/2013, of the 15th of November, which set the minimum share capital of financial institutions at tAKZ 2,500,000.

In the first half of 2018, the Bank increased its capital by incorporating free reserves totalling tAKZ 17,000,000, and its capital became represented by 20,000,000 shares with a nominal value of one thousand Angolan kwanza each. The capital increase was aimed at complying with the provisions set forth on the Angolan National Bank's Notice no. 02/2018, of the 2nd of March, which foresees a change in the minimum share capital required for financial institutions operating in Angola, from tAKZ 2,500,000, applicable until the financial year ended on the 31st of December 2017, to tAKZ 7,500,000, from 2018 onwards.

With reference to the 31st of December 2019 and 2018, the Bank's shareholder structure is as follows:

		'19
Shareholders	**Number of shares**	**Percentage**
Sociedade de Participações Financeiras, Lda.	5,000,000	25.00%
Fernando Leonídio Mendes Teles	4,000,000	20.00%
Finisantoro Holding Limited	3,500,000	17.50%
Telesgest B.V.	3,500,000	17.50%
Luís Manuel Cortez dos Santos	1,000,000	5.00%
Manuel Pinheiro Fernandes	1,000,000	5.00%
Sebastião Lavrador	1,000,000	5.00%
Other shareholders	1,000,000	5.00%
	20,000,000	**100.00%**

With reference to the 31st of December 2019 and 2018, pursuant to the provisions of article 446(3) of the Law no. 1/2004, of the 13th of February, which establishes the Commercial Companies Law, the number of shares held by the members of the Bank's directing and supervisory bodies, as well as the percentages of interest held, are the following:

				'19
Shareholders	**Position**	**Acquisition**	**Number of shares**	**% of interest**
Isabel José dos Santos	Non-Executive Director	Nominal Value	8,500,000	42.50%
Fernando Leonídio Mendes Teles	CBD	Nominal Value	7,500,000	37.50%
Fernando José Aleixo Duarte	Director	Nominal Value	200,000	1.00%
Graziela do Céu Rodrigues Esteves	Director	Nominal Value	200,000	1.00%
Graça Maria dos Santos Pereira	Director	Nominal Value	200,000	1.00%

Appropriation of profits

On the 25th April 2019, at the General Assembly, the proposed appropriation of the profits presented by the Board of Directors and included in the Annual Report has been approved, which resulted on transfer of 20% of the positive net profit computed at the end of the financial year 2018, totalling tAKZ 51,004,268, to the item legal reserve, amounting to tAKZ 10,200,854, and 80% being distributed in dividends to shareholders, amounting to tAKZ 40,803,414.

On the 26th April 2018, at the General Assembly, the proposed appropriation of the profits presented by the Board of Directors and included in the Annual Report has been approved, which resulted on transfer of 20% of the positive net profit computed at the end of the financial year 2017, totalling tAKZ 34,253,304, to the item legal reserve, amounting to tAKZ 6,850,660, and 80% being distributed in dividends to shareholders, amounting to tAKZ 27,402,644.

Legal reserve

Under the legislation currently in force, the Bank must set up a legal reserve fund up to the amount of its capital. For this purpose, a minimum of 10% of the net profit of the previous financial year (20% until the publication of the Law no. 12/2015 - the Basic Law on Financial Institutions, of the 17th of June 2015) is annually transferred to this reserve. This reserve may only be used for hedging accumulated losses when all other reserves set up have been exhausted.

Re-evaluation reserves

The re-evaluation reserves represent the reserves for re-evaluating equity.

Other reserves

With reference to the 31st of December 2019, the balance of tAKZ 8,826,052 was related to the strengthening of the impairment computed for 'Investments at their amortized cost' (Note 14), in the context of the criteria defined by the BNA Directive no. 13/DSB/DRO/2019, relating to the impact carried forward from previous financial years.

17. OFF-BALANCE ITEMS

These items evidenced the following breakdown:

	'19	'18
GUARANTEES GRANTED AND OTHER POTENTIAL LIABILITIES		
Guarantees and sureties granted	95,661,821	78,935,451
Open documentary credits	30,922,631	29,748,185
Irrevocable commitments	26,558,882	17,302,454
	153,143,334	**125,986,090**
LIABILITIES FOR THE PROVISION OF SERVICES		
Services provided by the Institution		
Securities custody	200,661,607	152,956,953
Collection of amounts - in the Country	20,558,701	12,844,044
Collection of amounts - abroad	661,304	427,551
	221,881,612	**166,228,548**
Services provided by third parties		
Collection and amounts	(46,872)	(29,997)
	221,834,740	**166,198,551**

The methodology for assessing the impairment of credit granted, including the guarantees granted and documentary credits, is described in Note 2.3.(c)(VI).

With reference to the 31st of December 2019 and 2018, 'Provisions – Granting of guarantees' (Note 14) includes tAKZ 4,221,490 and tAKZ 4,606,730 of provisions allocated to the item 'Guarantees granted and other potential liabilities', correspondingly.

18. FINANCIAL MARGIN

These items evidence the following breakdown:

	'19	'18
INTEREST AND SIMILAR INCOME		
Of credits		
Interest	62,875,366	42,825,362
Commissions	973,771	682,524
	63,849,137	**43,507,886**
Of securities and bonds		
Treasury Bonds		
Indexed to USD	44,341,844	37,051,902
Non-readjustable	7,702,654	8,165,036
Foreign currency	4,458,923	3,167,462
	56,503,421	**48,384,400**
Treasury Bills	3,655,436	11,585,341
Other	309,951	234,767
	3,965,387	**11,820,108**
	60,468,808	**60,204,508**
Of applications of liquidity		
Abroad	1,919,377	876,662
Securities from third parties with resale agreements	1,483,386	50,000
In the Country	44,340	23,135
	3,447,103	**949,797**
TOTAL INTEREST AND SIMILAR INCOME	**127,765,048**	**104,662,191**
INTEREST AND SIMILAR CHARGES		
From deposits		
Demand deposits	(34,279)	(40,340)
Savings deposits	(32,148,332)	(33,471,257)
	(32,182,611)	**(33,511,597)**
From fundraising for liquidity		
Resources from other credit institutions	(4,265,035)	(4,681,732)
Securities sold with repurchase arrangements	(53,628)	(117,858)
	(4,318,663)	**(4,799,590)**
TOTAL INTEREST AND SIMILAR CHARGES	**(36,501,274)**	**(38,311,187)**
FINANCIAL MARGIN	**91,263,774**	**66,351,004**

19. INCOME AND CHARGES WITH SERVICES AND COMMISSIONS

This item evidences the following breakdown:

	'19	'18
PROCEEDS		
Commissions on EMIS transactions	3,717,943	2,624,754
Commissions for guarantees and sureties	3,133,981	2,649,775
Commissions for payment orders issued	926,068	981,336
Commissions for credits and documentary remittances	720,999	1,449,916
VISA commissions	575,449	1,150,114
Collection commissions - Ministry of Finance	442,147	583,040
Commissions on operations with securities	385,140	-
Commissions for management of escrow current accounts	151,160	95,626
Commissions on point-of-sale terminals	146,691	110,223
Other commissions	239,648	338,403
	10,439,226	**9,983,187**
CLAIMS		
Commissions on EMIS transactions	(1,997,916)	(1,428,572)
VISA commissions	(66,902)	(72,315)
Other commissions	(121,618)	(160,718)
	(2,186,436)	**(1,661,605)**
	8,252,790	**8,321,582**

The item 'Commissions on EMIS transactions - Proceeds' corresponds to the commissions charged by the Bank to customers for operations processed by EMIS. The item 'Commissions on EMIS transactions - Costs' is related to the commissions paid by the Bank regarding operations processed by EMIS.

The item 'Commissions for guarantees and sureties' corresponds to the straight-line measurement of commissions charged upon the issuing of guarantees provided.

20. PROFITS FROM INVESTMENTS AT THEIR AMORTIZED COST

In the financial years ended on the 31st of December 2019 and 2018, the item 'Profits from investments at their amortized cost' corresponds to the gains recorded on the sale of Treasury Bills and Treasury Bonds.

21. EXCHANGE PROFITS

In the years ended the 31st of December 2019 and 2018, this item mainly corresponds to exchange gains and losses obtained in the portfolio of securities issued or indexed to foreign currency and on customer deposits in national currency indexed to foreign currency, on transactions involving the purchase and sale of foreign currency performed by the Bank, as well as on the re-evaluation of the exchange position, as described in Note 2.3.(b), and its breakdown is as follows:

	'19			'18		
	Profits	Losses	Net	Profits	Losses	Net
Profits in Treasury Bonds indexed to USD	223,814,253	-	223,814,253	211,447,226	-	211,447,226
Profits in banknotes and coins	1,000,941	(379,902)	621,039	272,938	(7,824)	265,114
Profits in foreign currencies	379,400,795	(370,896,413)	8,504,382	183,248,034	(215,434,447)	(32,186,413)
Profits in indexed customer deposits	-	(57,721,657)	(57,721,657)	-	(62,408,744)	(62,408,744)
	604,215,989	**(428,997,972)**	**175,218,017**	**394,968,198**	**(277,851,015)**	**117,117,183**

22. PROFITS FROM THE DISPOSAL OF OTHER ASSETS

In the financial years ended on the 31st of December 2019 and 2018, the item 'Profits from the disposal of other assets' corresponds to the capital gains recorded on the sale of property, plant and equipment.

23. OTHER OPERATING PROFITS

This item evidences the following breakdown:

	'19	'18
Reimbursement of expenses		
On payment orders	1,350,454	857,319
Other	268,257	134,623
	1,618,711	**991,942**
Proceeds from the provision of miscellaneous services:		
Currency sales/withdrawals	482,372	355,300
Issuing of cheques	43,983	65,678
Other	253,789	239,299
	780,144	**660,277**
Multicaixa card	850,981	492,350
Daily expenses	306,779	653,708
Other miscellaneous proceeds and profits	788,761	537,141
	1,946,521	**1,683,199**
	4,345,376	**3,335,418**
Taxes and fees not levied on profits and losses:		
Taxes on capital gains (Note 26)	(3,575,879)	(4,350,858)
Other taxes and fees	(813,487)	(428,608)
	(4,389,366)	**(4,779,466)**
Normalization of debtor balances	(1,454,235)	(121,523)
Other miscellaneous costs and losses	(645,930)	(346,605)
	(2,100,165)	**(468,128)**
	(2,144,155)	**(1,912,176)**

The item 'Other miscellaneous proceeds and profits' corresponds to proceeds from ATM, cash and treasury surpluses, proceeds from closing accounts and miscellaneous normalizations.

The change recorded between the financial years 2019 and 2018 in the item 'Daily expenses' is justified by the modification in the price table and the reduction in daily expenses due to instructions from the Angolan National Bank.

The item 'Other miscellaneous costs and losses' refers to litigation and notarial services, judicial services, daily allowances and miscellaneous normalizations.

24. PERSONNEL EXPENSES

These items evidence the following breakdown:

	'19	'18
REMUNERATIONS		
Monthly remuneration		
Base wage	10,234,465	7,204,162
Working hours exemption	2,693,670	1,914,129
Supplement to transport expenses	1,036,033	723,238
Wage supplement	924,808	636,585
Cashier allowance	446,527	317,836
Seniority payments	302,064	181,089
	15,637,567	**10,977,039**
Additional remunerations		
Meal Allowance	2,479,901	1,779,377
Holiday Allowance	1,892,539	1,196,078
Christmas Allowance	1,468,994	1,116,251
	5,841,434	**4,091,706**
Other remunerations	774,074	478,862
	22,253,075	**15,547,607**
VARIABLE PAY - PERFORMANCE BONUS		
Paid during the financial year	8,988,466	7,350,386
Payable (Note 15)	950,474	-
	9,938,940	**7,350,386**
Mandatory social charges	1,601,959	678,724
Optional charges	439,664	537,476
	34,233,638	**24,114,193**

25. THIRD PARTY SUPPLIES AND SERVICES

These items evidence the following breakdown:

	'19	'18
Security and surveillance	3,010,672	1,262,158
Administrative expenses	2,227,521	2,143,660
Specialized services		
Consulting and audit	1,603,037	520,322
IT	1,439,136	391,805
Other	162,367	156,704
	3,204,540	**1,068,831**
	8,442,733	**4,474,649**
Communications and shipping costs	2,080,141	1,773,150
Professional fees and donations	1,650,631	174,339
Maintenance and repair	1,324,486	796,038
Insurance	1,069,266	623,883
Rents and leases	989,078	736,922
Water, energy and fuel	470,858	437,789
Rewards	395,710	257,258
Travel and subsistence	372,985	285,127
Advertising	368,991	274,044
Cleaning services	246,356	234,440
Other	429,718	132,890
	9,398,220	**5,725,880**
	17,840,953	**10,200,529**

26. INCOME TAX

With reference to the 31st of December 2019 and 2018, the expenses with taxes on profits recorded in profits and losses, as well as the tax burden, measured by the weighing between the allocation for taxes on profits and the profit for the financial year before tax, is evidenced as follows:

	'19	'18
Total Industrial Tax recognized in profits and losses	6,635,175	2,684,435
Profits before tax	77,292,396	53,688,703
Effective Industry Tax Rate	8.58%	5.00%

With reference to the 31st of December 2019 and 2018, the reconciliation between the nominal tax rate and the effective tax rate may be presented as follows:

	'19		'18	
	Rate	**Tax**	**Rate**	**Tax**
Profit before taxes		77,292,396		53,688,703
Tax assessed based on the nominal rate	30.00%	23,187,719	30.00%	16,106,611
Tax benefits regarding income from public debt securities or their equivalent:				
Interest and equivalent proceeds (Note 18)	-16.42%	(12,690,722)	-32.17%	(17,273,319)
Non-deductible costs for tax purposes				
Taxes	1.42%	1,096,484	2.52%	1,353,859
Provisions	2.45%	1,896,134	4.77%	2,559,469
Corrections associated with previous financial years	0.96%	738,489	0.00%	-
Other	0.08%	63,431	1.98%	1,062,558
	18.49%	**14,291,535**	**7.09%**	**3,809,178**
Use of tax losses		**(14,291,535)**		**(3,809,178)**
Industrial Tax estimate	**8.58%**	**6,635,175**	**5.00%**	**2,684,435**

In the financial years 2019 and 2018, the Bank assessed tax profits, recognizing a tax estimate corresponding to approximately 8.58% and 5% (historical average effective tax rate) of the profit before tax recorded under 'Current tax liabilities' and 'Other liabilities' (Note 15), correspondingly.

In the financial years 2019 and 2018, costs with CGT are recorded in the statement of profits and losses under the item 'Other operating profits - Taxes and fees not levied on profits and losses' and amount to tAKZ 3,575,879 and tAKZ 4,350,858, correspondingly (Note 23).

With reference to the 31st of December 2019 and 2018, depending on the amounts determined for both taxes, i.e., the Industrial Tax and CGT, the effective combined rate was, correspondingly, 13.21% and 13.10%.

27. RELATED ENTITIES

With reference to the 31st of December 2019 and 2018, the main balances held by the Bank with related entities are as follows:

	Banco BIC Português S.A.	Banco BIC Cabo Verde S.A.	Bank BIC Namibia, Limited	Shareholders and entities owned by shareholders	Members of the Board of Directors and of the Supervisory Board	'19 Total
ASSETS						
Cash funds with other credit institutions (Note 4)	27,299,718	928,557	1,089,645	-	-	29,317,920
Applications with other credit institutions (Note 5)	66,952,848	6,816,017	-	-	-	73,768,865
Investments at their amortized cost (Note 6)	-	-	-	10,455,840	-	10,455,840
Credit to customers (Note 7)	-	-	-	185,563,335	168,329	185,731,664
Other assets (Note 11)	1,737	-	-	5,407	-	7,144
	94,254,303	**7,744,574**	**1,089,645**	**196,024,582**	**168,329**	**299,281,433**
LIABILITIES						
Resources from other credit institutions (Note 12)	145,242	82,439,914	-	-	-	82,585,156
Customer resources (Note 13)	-	-	-	35,577,830	1,466,126	37,043,956
Other liabilities (Note 15)	214,053	-	-	3,730,759	-	3,944,812
	359,295	**82,439,914**	**-**	**39,308,589**	**1,466,126**	**123,573,924**
OFF-BALANCE						
Guarantees and sureties granted (Note 17)	-	-	-	16,098,920	-	16,098,920
Open documentary credits (Note 17)	-	-	-	7,310,212	-	7,310,212
	-	**-**	**-**	**23,409,132**	**-**	**23,409,132**
STATEMENT OF PROFITS AND LOSSES						
Interest from Applications of Liquidity and Credits	660,090	258,793	-	1,220,980	838	2,140,701
Interest from Resources of Liquidity and Deposits	-	3,217,595	-	963,745	43,765	4,225,105
Commissions from guarantees and sureties granted	-	-	-	678,087	-	678,087
Third party supplies and services (Note 25)	489,192	-	-	85,621	-	574,813
	1,149,282	**3,476,388**	**-**	**2,948,433**	**44,603**	**7,618,706**

'18

	Banco BIC Português S.A.	Banco BIC Cabo Verde S.A.	Bank BIC Namibia, Limited	Shareholders and entities owned by shareholders	Members of the Board of Directors and of the Supervisory Board	Total
ASSETS						
Cash funds with other credit institutions (Note 4)	10,773,988	3,099,643	617,482	-	-	14,491,113
Applications with other credit institutions (Note 5)	43,575,391	4,366,733	-	-	-	47,942,124
Investments at their amortized cost (Note 6)	-	-	-	5,121,561	-	5,121,561
Credit to customers (Note 7)	-	-	-	130,407,362	136,801	130,544,163
Other assets (Note 11)	1,737	-	-	3,923	-	5,660
	54,351,116	**7,466,376**	**617,482**	**135,532,846**	**136,801**	**198,104,621**
LIABILITIES						
Resources from other credit institutions (Note 12)	-	55,589,379	-	-	-	55,589,379
Customer resources (Note 13)	-	-	-	36,268,231	799,252	37,067,483
Other liabilities (Note 15)	349,820	-	-	3,695,217	-	4,045,037
	349,820	**55,589,379**	**-**	**39,963,448**	**799,252**	**96,701,899**
OFF-BALANCE						
Guarantees and sureties granted (Note 17)	-	-	-	12,869,040	-	12,869,040
Open documentary credits (Note 17)	-	-	-	6,622,217	-	6,622,217
	-	**-**	**-**	**19,491,257**	**-**	**19,491,257**
STATEMENT OF PROFITS AND LOSSES						
Interest from Applications of Liquidity and Credits	317,084	91,734	-	14,169,493	6,186	14,584,497
Interest from Resources of Liquidity and Deposits	-	2,484,416	-	1,296,835	12,570	3,793,821
Commissions from guarantees and sureties granted	-	-	-	450,966	-	450,966
Third party supplies and services (Note 25)	265,970	-	-	-	-	265,970
	583,054	**2,576,150**	**-**	**15,917,294**	**18,756**	**19,095,254**

28. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Risk management policies

Banco BIC's risk management policy aims at maintaining an appropriate relationship between the levels of own funds and the risks incurred within the scope of its business activity. The monitoring and control of the main financial risks, notably credit, market, liquidity and operational risks, which assume different levels of materiality and relevance, is of particular importance in this context.

The identification, monitoring, assessment and reporting of these risks is centralized in the Risk Directorate, the unit responsible for the Bank's risk management function, which regularly informs the Directing Body of the development of the defined risk profile and proposes measures when necessary.

Interest rate risk

Interest rate risk management aims at minimizing the impact of potential interest rate variations on the Bank's profits. The International and Financial Directorate and the Risk Directorate regularly monitor structural interest rate risk, based on sensitivity analyses of the financial margin and economic value in the light of variations in interest rate curves.

With the introduction of the interest rate risk monitoring in the banking portfolio, pursuant to the terms of the Angolan National Bank Notice no. 08/2016, internal measures are being adopted allowing for the identification of interest rate risk exposure in the economic value of cash flows associated with the banking portfolio, on a permanent basis, with the impact not being equal to or greater than 20% of the Bank's regulatory own funds, which is of essence for the Angolan National Bank to adopt corrective measures.

Liquidity risk

Liquidity risk consists in the Bank's potential inability to meet its financing repayment obligations without incurring significant losses, whether due to severe financing conditions (financing risk) or due to the sale of assets at below market value (market liquidity risk).

Short-term investments in the Bank's own portfolio with maturities up to 12 months, the goal consists in profiting on liquidity surpluses in addition to applications in the interbank money market, making a positive contribution to the Bank's financial margin. This aspect includes the applications in Treasury Bills, the acquisition of Repurchase Agreements (Repos).

The liquidity risk control and reporting to the Angolan National Bank is carried out as set forth in the Instruction no. 19/2016 Liquidity Risk and no. 26/2016 – Governance of Liquidity Risk, and the observation ratio and the liquidity ratio are reported on a biweekly and on a monthly basis.

Market risk

Market risks consist in potential losses which may be registered on a given portfolio as a result of changes in (interest or exchange) rates and/or prices of the different financial instruments included therein, taking into account not only the correlations between them, but also their corresponding volatilities.

Market risk is managed on a permanent basis by the Bank, with daily information on the assessment of the financial instruments in the portfolio. The Risk Directorate is responsible for measuring, monitoring, controlling, analysing and reporting market risk, as well as verifying compliance with the limits established in this area.

Exchange risk

To control exchange rate risk, the Bank develops a prudent policy of managing foreign currency assets and liabilities, which significantly minimizes the associated exchange rate risk. The aim consists in permanently hedging exchange positions against exposure to exchange rate risk, and procedures for daily reconciliation of the exchange position between the Market Room and Accounting shall also be put in place.

Counterparty credit risk

With regard to the credit concentration risk, Banco BIC adopts a policy aimed at reducing sectoral and separate concentration indexes, by increasing and diversifying its customer and counterparty portfolios.

Balance Sheet

Categories of financial instruments

With reference to the 31st of December 2019 and 2018, the different categories of financial instruments evidence the following detail:

'19

	Valued at their amortized cost	Impairment	Net carrying
ASSETS			
Cash and cash funds with Central Banks	170,149,668	-	170,149,668
Cash funds with other credit institutions	35,837,966	(50,076)	35,787,890
Applications in Central Banks and in other credit institutions	145,624,758	(80,690)	145,544,068
Investments at their amortized cost	789,377,246	(12,046,521)	777,330,725
Credit to customers	771,591,634	(208,491,297)	563,100,337
Other assets	12,191,992	-	12,191,992
	1,924,773,264	**(220,668,584)**	**1,704,104,680**
LIABILITIES			
Resources in Central Banks and in other credit institutions	109,439,319	-	109,439,319
Customer resources and other loans	1,202,785,346	-	1,202,785,346
Other liabilities	39,472,481	-	39,472,481
	1,351,697,146	**-**	**1,351,697,146**
	3,276,470,410	**(220,668,584)**	**3,055,801,826**

'18

	Valued at their amortized cost	Impairment	Net carrying
ASSETS			
Cash and cash funds with Central Banks	135,930,360	-	135,930,360
Cash funds with other credit institutions	30,095,788	(28,025)	30,067,763
Applications in Central Banks and in other credit institutions	91,063,212	(55,030)	91,008,182
Investments at their amortized cost	613,270,045	(1,213,930)	612,056,115
Credit to customers	526,480,935	(130,225,746)	396,255,189
Other assets	8,732,672	-	8,732,672
	1,405,573,012	**(131,522,731)**	**1,274,050,281**
LIABILITIES			
Resources in Central Banks and in other credit institutions	(108,602,112)	-	(108,602,112)
Customer resources and other loans	(920,696,233)	-	(920,696,233)
Other liabilities	(31,434,865)	-	(31,434,865)
	(1,060,733,210)	**-**	**(1,060,733,210)**
	344,839,802	**(131,522,731)**	**213,317,071**

Statement of profits and losses and of other comprehensive income

Items of income, expenses, gains or losses

With reference to the 31st of December 2019 and 2018, the net gains and losses on financial instruments were the following:

'19

	AGAINST PROFITS AND LOSSES		
	Gains	**Losses**	**Net**
ASSETS			
Cash funds with other credit institutions	-	(22,051)	(22,051)
Applications in Central Banks and in other credit institutions	3,447,103	(25,660)	3,421,443
Investments at their amortized cost	60,868,197	(2,006,539)	58,861,658
Credit to customers	64,000,297	(34,626,830)	29,373,467
	128,315,597	**(36,681,080)**	**91,634,517**
LIABILITIES			
Resources in Central Banks and in other credit institutions	-	(4,318,663)	(4,318,663)
Customer resources and other loans	-	(32,182,611)	(32,182,611)
	-	**(36,501,274)**	**(36,501,274)**
	128,315,597	**(73,182,354)**	**55,133,243**
OFF-BALANCE			
Guarantees granted and documentary credits	3,854,980	-	3,854,980
	3,854,980	**-**	**3,854,980**

'18

	AGAINST PROFITS AND LOSSES		
	Gains	**Losses**	**Net**
ASSETS			
Cash funds with other credit institutions	-	(24,173)	(24,173)
Applications in Central Banks and in other credit institutions	949,797	(39,675)	910,122
Investments at their amortized cost	61,214,754	(547,148)	60,667,606
Credit to customers	43,603,512	(9,071,239)	34,532,273
	105,768,063	**(9,682,235)**	**96,085,828**
LIABILITIES			
Resources in Central Banks and in other credit institutions	-	(4,799,590)	(4,799,590)
Customer resources and other loans	-	(33,511,597)	(33,511,597)
	-	**(38,311,187)**	**(38,311,187)**
	105,768,063	**(47,993,422)**	**57,774,641**
OFF-BALANCE			
Guarantees granted and documentary credits	4,099,691	-	4,099,691
	4,099,691	**-**	**4,099,691**

With reference to the 31st of December 2019 and 2018, interest income and expenses on financial instruments not measured at their fair value through profits and losses are detailed as follows:

	'19			'18		
	Income	Expenses	Net	Income	Expenses	Net
ASSETS						
Applications in Central Banks and in other credit institutions	3,447,103	(25,660)	3,421,443	949,797	-	949,797
Investments at their amortized cost	60,468,808	-	60,468,808	60,204,508	-	60,204,508
Credit to customers	62,875,366	-	62,875,366	42,825,362	-	42,825,362
	126,791,277	**(25,660)**	**126,765,617**	**103,979,667**	**-**	**103,979,667**
LIABILITIES						
Resources in Central Banks and in other credit institutions	-	(4,318,663)	(4,318,663)	-	(4,799,590)	(4,799,590)
Customer resources and other loans	-	(32,182,611)	(32,182,611)	-	(33,511,597)	(33,511,597)
	-	**(36,501,274)**	**(36,501,274)**	**-**	**(38,311,187)**	**(38,311,187)**
	126,791,277	**(36,526,934)**	**90,264,343**	**103,979,667**	**(38,311,187)**	**65,668,480**

In the years ended the 31st of December 2019 and 2018, the amounts of commission income and expenses not included in the computing of the effective rate of instruments not measured at their fair value through profits and losses are immaterial.

Other disclosures

Fair value

With reference to the 31st of December 2019 and 2018, the comparison between the fair value and the balance sheet amount of the main assets and liabilities is presented as follows:

'19

	FAIR VALUE OF FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET					
	Accounting value (net)	At their fair value	At their amortized cost	Total	Difference	Total accounting value
ASSETS						
Cash and cash funds with Central Banks	170,149,668	-	170,149,668	170,149,668	-	170,149,668
Cash funds with other credit institutions	35,787,890	-	35,787,890	35,787,890	-	35,787,890
Applications in Central Banks and in other credit institutions	145,544,068	-	145,544,068	145,544,068	-	145,544,068
Investments at their amortized cost	777,330,725	-	777,330,725	777,330,725	-	777,330,725
Credit to customers	563,100,337	-	563,100,337	563,100,337	-	563,100,337
	1,691,912,688	**-**	**1,691,912,688**	**1,691,912,688**	**-**	**1,691,912,688**
LIABILITIES						
Resources in Central Banks and in other credit institutions	109,439,319	-	109,439,319	109,439,319	-	109,439,319
Customer resources and other loans	1,202,785,346	-	1,202,785,346	1,202,785,346	-	1,202,785,346
	1,312,224,665	**-**	**1,312,224,665**	**1,312,224,665**	**-**	**1,312,224,665**
	3,004,137,353	**-**	**3,004,137,353**	**3,004,137,353**	**-**	**3,004,137,353**

	FAIR VALUE OF FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET					
	Accounting value (net)	At their fair value	At their amortized cost	Total	Difference	Total accounting value
ASSETS						
Cash and cash funds with Central Banks	135,930,360	-	135,930,360	135,930,360	-	135,930,360
Cash funds with other credit institutions	30,067,763	-	30,067,763	30,067,763	-	30,067,763
Applications in Central Banks and in other credit institutions	91,008,182	-	91,008,182	91,008,182	-	91,008,182
Investments at their amortized cost	612,056,115	-	612,056,115	612,056,115	-	612,056,115
Credit to customers	396,255,189	-	396,255,189	396,255,189	-	396,255,189
	1,265,317,609	**-**	**1,265,317,609**	**1,265,317,609**	**-**	**1,265,317,609**
LIABILITIES						
Resources in Central Banks and in other credit institutions	(108,602,112)	-	(108,602,112)	(108,602,112)	-	(108,602,112)
Customer resources and other loans	(920,696,233)	-	(920,696,233)	(920,696,233)	-	(920,696,233)
	(1,029,298,345)	**-**	**(1,029,298,345)**	**(1,029,298,345)**	**-**	**(1,029,298,345)**
	236,019,264	**-**	**236,019,264**	**236,019,264**	**-**	**236,019,264**

The assumptions used in the preparation of this chart were the following:

- The items ‘Cash and cash funds with Central Banks’ and ‘Cash funds with other credit institutions’, given they are cash or very short-term applications, the Bank considers the accounting value to be a reasonable approximation of their fair value. The same rationale has been used in ‘Applications in Central Banks and in other credit institutions’;
- For ‘Investments at their amortized cost’ and bearing in mind the fact that (i) there is no active transactional market capable of sustaining the financial asset’s fair value; (ii) there are no transactions representing the assets’ fair value; and (iii) the assumption that Treasury Bond rates correspond to market rates; we consider that their fair value corresponds to the asset’s recovery value, i.e., the corresponding balance sheet value;
- For ‘Credit to customers’, the fair value was considered to be equal to the balance sheet value;
- For the items ’Resources in Central Banks and in other credit institutions’, given they are cash or very short-term resources, the Bank considers the accounting value to be a reasonable approximation of their fair value;
- The fair value of the item ‘Customer resources and other loans’ was considered equal to the balance sheet amount.

Nature and extent of risks arising from financial instruments

Credit risk

With reference to the 31st of December 2019 and 2018, the maximum exposure to credit risk per type of financial instrument can be summarized as follows:

	31.12.19			01.01.18		
	Gross accounting value	Impairment	Net accounting value	Gross accounting value	Impairment	Net accounting value
BALANCE						
Cash and cash funds with Central Banks	170,149,668	-	170,149,668	135,930,360	-	135,930,360
Cash funds with other credit institutions	35,837,966	(50,076)	35,787,890	30,095,788	(28,025)	30,067,763
Applications in Central Banks and in other credit institutions	145,624,758	(80,690)	145,544,068	91,063,212	(55,030)	91,008,182
Investments at their amortized cost	789,377,246	(12,046,521)	777,330,725	613,270,045	(1,213,930)	612,056,115
Credit to customers	771,591,634	(208,491,297)	563,100,337	526,480,935	(130,225,746)	396,255,189
	1,912,581,272	**(220,668,584)**	**1,691,912,688**	**1,396,840,340**	**(131,522,731)**	**1,265,317,609**
OFF-BALANCE						
Guarantees granted and documentary credits	126,584,452	(3,773,574)	122,810,878	108,683,636	(4,459,613)	104,224,023
Unused limits	29,257,386	(447,916)	28,809,470	20,983,471	(147,117)	20,836,354
	2,039,165,724	**(224,442,158)**	**1,814,723,566**	**1,505,523,976**	**(135,982,344)**	**1,369,541,632**

With reference to the 31st of December 2019 and 2018, the financial assets evidenced the following breakdown, according to the reference rating adopted by the Bank:

	31.12.19				
	Rating origin	Rating level	Gross exposure	Impairment	Net exposure
Cash and cash funds with Central Banks	Internal rating	Minimum	170,149,668	-	170,149,668
Cash funds with other credit institutions	Internal rating	Very low	35,837,966	(50,076)	35,787,890
Applications in Central Banks and in other credit institutions	Internal rating	Very low	145,624,758	(80,690)	145,544,068
Investments at their amortized cost	Internal rating	Very low	19,211,010	(145,835)	19,065,175
		Low	176,826,875	(2,732,347)	174,094,528
		Very high	593,339,361	(9,168,339)	584,171,022
			789,377,246	**(12,046,521)**	**777,330,725**
Credit to customers	Internal rating	Minimum	10,390,580	(16)	10,390,564
		Very low	340,135,810	(4,354,400)	335,781,410
		Low	171,313,283	(26,783,922)	144,529,361
		Moderate	53,885,940	(22,782,532)	31,103,408
		High	77,281,014	(48,064,684)	29,216,330
		Very high	78,584,990	(65,937,991)	12,646,999
		Maximum	40,000,017	(40,567,752)	(567,735)
			771,591,634	**(208,491,297)**	**563,100,337**
			1,912,581,272	**(220,668,584)**	**1,691,912,688**

31.12.18

	Rating origin	Rating level	Gross exposure	Impairment	Net exposure
Cash and cash funds with Central Banks	Internal rating	Minimum	135,930,360	-	135,930,360
Cash funds with other credit institutions	Internal rating	Very low	30,095,788	(28,025)	30,067,763
Applications in Central Banks and in other credit institutions	Internal rating	Very low	91,063,212	(55,030)	91,008,182
Investments at their amortized cost	Internal rating	Minimum	608,148,484	(1,208,399)	606,940,085
		Very low	5,121,561	(5,531)	5,116,030
			613,270,045	**(1,213,930)**	**612,056,115**
Credit to customers	Internal rating	Minimum	1,307,442	-	1,307,442
		Very low	265,911,472	(2,849,693)	263,061,779
		Low	97,424,491	(13,473,376)	83,951,115
		Moderate	29,817,746	(11,640,598)	18,177,148
		High	61,884,991	(38,708,066)	23,176,925
		Very high	44,232,651	(37,651,870)	6,580,781
		Maximum	25,902,142	(25,902,142)	-
			526,480,935	**(130,225,746)**	**396,255,189**
			1,396,840,340	**(131,522,731)**	**1,265,317,609**

The Bank uses internal ratings, according to the risk levels established in the Notice no. 11/2014, of the 17th of December, issued by the BNA, and the main assumptions for their allocation were as follows:

- The risk positions recorded in the items 'Cash and cash funds with Central Banks' are mainly assumed by the Angolan National Bank and the Angolan State and, as a consequence, classified at a minimum risk level;
- The counterparties related to the item 'Cash funds with other credit institutions' are essentially related entities and do not also evidence signs of impairment;
- 'Credit to customers' has been classified according to the operation and the borrower's characteristics and risks;
- With reference to the 31st of December 2019, the change in the internal rating for the Angolan public debt securities in national and foreign currency recorded under the item 'Investments at their amortized cost', from minimum to very high, was made pursuant to the Directive no. 13/DSB/DRO/2019.

With reference to the 31st of December 2019 and 2018, the credit risk's geographical concentration can be presented as follows:

31.12.19

	Angola	Other African countries	Europe	Other	Total
Cash and cash funds with Central Banks	170,149,668	-	-	-	170,149,668
Cash funds with other credit institutions	2,414,614	2,415,370	30,983,871	24,111	35,837,966
Applications in Central Banks and in other credit institutions	24,511,189	6,814,979	114,298,590	-	145,624,758
Investments at their amortized cost	778,921,406	-	10,455,840	-	789,377,246
Credit to customers	771,591,634	-	-	-	771,591,634
	1,747,588,511	**9,230,349**	**155,738,301**	**24,111**	**1,912,581,272**

31.12.18

	Angola	Other African countries	Europe	Other	Total
Cash and cash funds with Central Banks	135,930,360	-	-	-	135,930,360
Cash funds with other credit institutions	136,445	3,936,120	26,023,223	-	30,095,788
Applications in Central Banks and in other credit institutions	10,005,914	4,366,733	76,690,565	-	91,063,212
Investments at their amortized cost	608,148,484	-	5,121,561	-	613,270,045
Credit to customers	526,480,935	-	-	-	526,480,935
	1,280,702,138	**8,302,853**	**107,835,349**	**-**	**1,396,840,340**


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Growing together

With reference to the 31st of December 2019 and 2018, the sector concentration of credit to customers can be presented as follows:

	CREDIT TO CUSTOMERS		
	Not matured	**Interest receivable**	**Matured**
COMPANIES			
Trade	189,696,607	2,802,323	24,142,086
Construction	58,563,195	998,134	28,140,945
Real Estate Activities, Rentals and Services provided to Companies	76,175,381	8,849,747	8,328,088
Other recreational, associative and service-related activities	47,052,351	1,106,270	8,527,477
Manufacturing Industries	28,921,293	2,053,812	7,499,021
Agriculture, Livestock Production, Hunting and Forestry	41,621,093	2,207,654	1,144,946
Accommodation and Catering (restaurants and equivalent)	30,782,672	10,829	15,664,231
Education, Health and Social Welfare	22,679,541	15,115	6,663,807
Transport, Storage and Communications	8,827,544	59,546	3,164,983
Public Administration and Compulsory Social Security	10,324,879	7,997	385,254
Extractive Industries (Crude Oil and Natural Gas, Other)	5,100,978	32,244	1,953,734
Financial and Insurance Activities	398	-	2,772,624
Fisheries	1,027,401	6,374	62,499
Production and Distribution of Electricity, Gas and Water	19	-	73,161
	520,773,352	**18,150,045**	**108,522,856**
PRIVATE INDIVIDUALS			
Consumption	70,868,576	80,500	3,382,056
Housing	11,892,771	22,962	2,192,760
Other purposes	17,177,641	154,703	19,768,541
	99,938,988	**258,165**	**25,343,357**
	620,712,340	**18,408,210**	**133,866,213**

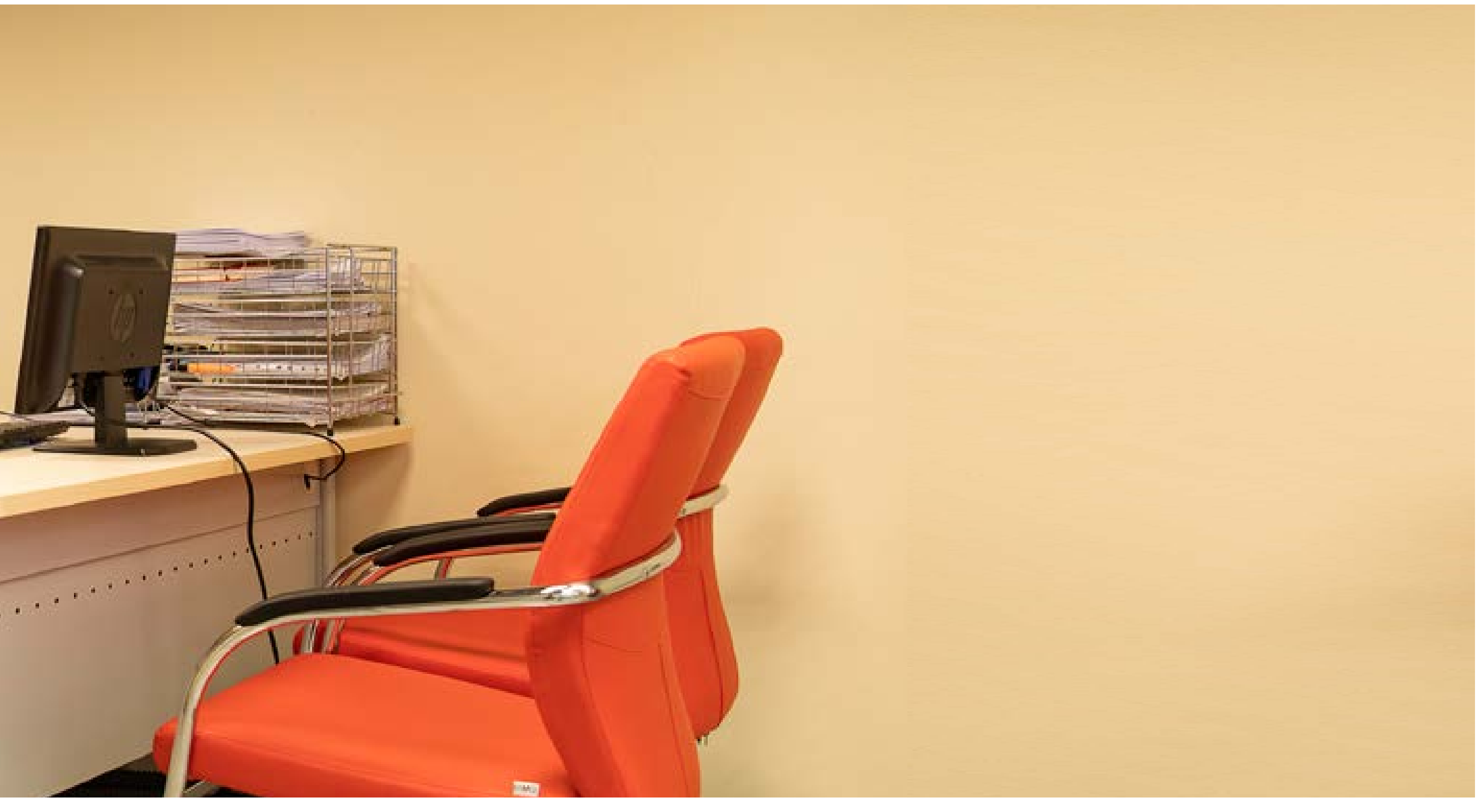
31.12.19

Guarantees granted and documentary credits	Unused limits	Total exposure	Relative weighing	IMPAIRMENT Value	Impairment/ Total exposure
24,825,380	7,904,501	249,370,897	27%	(32,981,837)	13%
34,926,037	4,887,581	127,515,892	14%	(51,794,942)	41%
8,935,748	307,131	102,596,095	11%	(10,772,437)	10%
7,463,362	2,552,775	66,702,235	7%	(11,051,309)	17%
23,198,800	1,087,151	62,760,077	7%	(6,065,283)	10%
2,201,072	23,699	47,198,464	5%	(7,188,178)	15%
-	38,246	46,495,978	5%	(23,325,435)	50%
200,293	170,142	29,728,898	3%	(15,526,902)	52%
2,418,042	342,550	14,812,665	2%	(3,144,647)	21%
57,614	31,215	10,806,959	1%	(84,541)	1%
3,114,653	42,820	10,244,429	1%	(2,023,151)	20%
88,667	4,409	2,866,098	0%	(2,695,918)	94%
-	1,298	1,097,572	0%	(171,334)	16%
63,817	5,125	142,122	0%	(426)	0%
107,493,486	**17,398,643**	**772,338,382**	**83%**	**(166,826,340)**	**22%**
-	-	74,331,132	8%	(15,096,024)	20%
-	-	14,108,493	2%	(2,964,290)	21%
19,090,966	11,858,743	68,050,594	7%	(27,826,132)	41%
19,090,966	**11,858,743**	**156,490,219**	**17%**	**(45,886,446)**	**29%**
126,584,452	**29,257,386**	**928,828,601**	**100%**	**(212,712,786)**	**23%**

	CREDIT TO CUSTOMERS		
	Not matured	Interest receivable	Matured
COMPANIES			
Trade	106,476,030	3,207,225	20,930,969
Construction	57,607,401	1,739,316	19,019,744
Real Estate Activities, Rentals and Services provided to Companies	51,431,150	2,852,995	4,465,002
Other recreational, associative and service-related activities	30,739,690	492,187	3,744,319
Manufacturing Industries	19,795,040	1,708,987	4,371,673
Agriculture, Livestock Production, Hunting and Forestry	22,890,866	2,104,919	6,150,514
Accommodation and Catering (restaurants and equivalent)	19,114,686	303,835	8,862,616
Education, Health and Social Welfare	18,631,302	22,227	2,632,103
Transport, Storage and Communications	4,858,837	34,557	6,517,180
Public Administration and Compulsory Social Security	7,073,763	-	1,316,217
Extractive Industries (Crude Oil and Natural Gas, Other)	1,918,852	71,567	1,047,290
Fisheries	2,935,514	15,877	59,632
Production and Distribution of Electricity, Gas and Water	221	-	47,144
Financial and Insurance Activities	251	-	144,724
	343,473,603	**12,553,692**	**79,309,127**
PRIVATE INDIVIDUALS			
Consumption	7,800,276	19,706	1,693,028
Housing	51,792,553	50,146	1,665,175
Other purposes	16,427,693	454,448	12,452,606
	76,020,522	**524,300**	**15,810,809**
	419,494,125	**13,077,992**	**95,119,936**

31.12.18

Guarantees granted and documentary credits	Unused limits	Total exposure	Relative weighing	IMPAIRMENT Value	Impairment/ Total exposure
36,103,848	9,521,419	176,239,491	27%	(17,072,259)	10%
28,438,263	5,184,113	111,988,837	17%	(28,571,878)	26%
9,400,818	163,168	68,313,133	10%	(7,346,271)	11%
5,757,100	703,337	41,436,633	6%	(7,829,107)	19%
7,827,484	1,350,998	35,054,182	5%	(6,475,603)	18%
1,774,098	25,664	32,946,061	5%	(4,249,455)	13%
-	31,750	28,312,887	4%	(17,748,016)	63%
-	69,782	21,355,414	3%	(9,339,476)	44%
2,485,539	72,150	13,968,263	2%	(5,411,667)	39%
-	30,421	8,420,401	1%	(51,459)	1%
1,163,063	196,808	4,397,580	1%	(1,355,722)	31%
608,564	1,181	3,620,768	1%	(133,675)	4%
690,148	4,938	742,451	0%	(182)	0%
-	5,210	150,185	0%	(42,722)	28%
94,248,925	**17,360,939**	**546,946,286**	**83%**	**(105,627,492)**	**19%**
-	-	9,513,010	1%	(4,665,398)	49%
-	-	53,507,874	8%	(9,260,988)	17%
14,434,711	3,622,532	47,391,990	7%	(15,278,598)	32%
14,434,711	**3,622,532**	**110,412,874**	**17%**	**(29,204,984)**	**26%**
108,683,636	**20,983,471**	**657,359,160**	**100%**	**(134,832,476)**	**21%**



With reference to the 31st of December 2019 and 2018, the credit evidences the following breakdown:

31.12.19

	Not matured and interest receivable	CLASS OF DEFAULT Stage 1	Stage 2	Stage 3	Total
CREDIT TO CUSTOMERS					
Credit without impairment	9,353,107	127,267	5,996	1,993,050	11,479,420
With impairment attributed based on a separate analysis					
Credit and interest	457,822,021	500,705	-	83,340,092	541,662,818
Impairment	(93,428,595)	(102,388)	-	(55,276,653)	(148,807,636)
	364,393,426	**398,317**	**-**	**28,063,439**	**392,855,182**
With impairment attributed based on a collective analysis					
Credit and interest	171,945,422	81,229	76,325	47,741,549	219,844,525
Impairment	(25,943,029)	(9,087)	(9,686)	(33,721,859)	(59,683,661)
	146,002,393	**72,142**	**66,639**	**14,019,690**	**160,160,864**
Commissions associated at their amortized cost	(1,395,129)	-	-	-	(1,395,129)
	518,353,797	**597,726**	**72,635**	**44,076,179**	**563,100,337**

31.12.18

	Not matured and interest receivable	CLASS OF DEFAULT Stage 1	Stage 2	Stage 3	Total
CREDIT TO CUSTOMERS					
Credit without impairment	5,210,811	-	29	292,139	5,502,979
With impairment attributed based on a separate analysis					
Credit and interest	334,476,391	3,272,839	647,359	81,753,560	420,150,149
Impairment	(73,512,623)	(81,746)	(98,850)	(42,145,996)	(115,839,215)
	260,963,768	**3,191,093**	**548,509**	**39,607,564**	**304,310,934**
With impairment attributed based on a collective analysis					
Matured credit and interest	92,884,915	48,455	232,755	8,872,800	102,038,925
Impairment	(8,609,152)	(180)	(27,834)	(5,749,365)	(14,386,531)
	84,275,763	**48,275**	**204,921**	**3,123,435**	**87,652,394**
Commissions associated at their amortized cost	(1,211,118)	-	-	-	(1,211,118)
	349,239,224	**3,239,368**	**753,459**	**43,023,138**	**396,255,189**

With reference to the 31st of December 2019 and 2018, the composition of matured credit without impairment is detailed as follows:

31.12.19

	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CREDIT TO CUSTOMERS				
Matured credit and interest				
Without impairment attributed based on a collective analysis	127,267	5,996	1,993,050	2,126,313
	127,267	**5,996**	**1,993,050**	**2,126,313**

31.12.18

	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CREDIT TO CUSTOMERS				
Matured credit and interest				
Without impairment attributed based on a collective analysis	-	29	292,139	292,168
	-	**29**	**292,139**	**292,168**

With reference to the 31st of December 2019 and 2018, the composition of matured credit with impairment is detailed as follows:

31.12.19

	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CREDIT TO CUSTOMERS				
Matured credit and interest				
With impairment attributed based on a separate analysis	500,705	-	83,340,092	83,840,797
Without impairment attributed based on a collective analysis	81,229	76,325	47,741,549	47,899,103
	581,934	**76,325**	**131,081,641**	**131,739,900**

31.12.18

	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CREDIT TO CUSTOMERS				
Matured credit and interest				
With impairment attributed based on a separate analysis	3,272,839	647,359	81,753,560	85,673,758
Without impairment attributed based on a collective analysis	48,455	232,755	8,872,800	9,154,010
	3,321,294	**880,114**	**90,626,360**	**94,827,768**

Currently, the Bank has no automatic means of gathering those credit operations under restructuring, namely those operations the conditions and guarantees of which were renegotiated due to the deterioration in credit risk or default. Nonetheless, in the context of the permanent development of information systems and credit risk analysis, renegotiated credit operations have been identified.

In the years ended on the 31st of December 2019 and 2018, the Bank renegotiated operations due to the degradation of credit risk or default. With reference to the 31st of December 2019 and 2018, the amount of renegotiated credit (excluding unused limits) stands at:

31.12.19

	CREDIT				
	Not matured	Interest receivable	Matured	Total	Impairment
COMPANIES	262,009,867	4,772,455	62,610,811	329,393,133	(119,668,529)
Individuals					
Consumption	325,921	459	318,855	645,235	(297,043)
Housing	4,919,806	6,307	300,488	5,226,601	(1,570,064)
Other purposes	4,109,025	2,228	6,202,261	10,313,514	(7,380,147)
	9,354,752	**8,994**	**6,821,604**	**16,185,350**	**(9,247,254)**
	271,364,619	**4,781,449**	**69,432,415**	**345,578,483**	**(128,915,783)**

31.12.18

	CREDIT				
	Not matured	Interest receivable	Matured	Total	Impairment
COMPANIES	177,123,924	5,683,512	45,407,737	228,215,173	(68,993,454)
Individuals					
Consumption	369,815	1,766	222,930	594,511	(220,914)
Housing	3,053,226	3,076	90,857	3,147,159	(1,294,310)
Other purposes	5,489,966	991	3,033,876	8,524,833	(5,750,135)
	8,913,007	**5,833**	**3,347,663**	**12,266,503**	**(7,265,359)**
	186,036,931	**5,689,345**	**48,755,400**	**240,481,676**	**(76,258,813)**

With reference to the 31st of December 2019 and 2018, guarantees or other collaterals executed within the scope of operations of credit granted evidence the following detail:

	31.12.19			31.12.18		
	Gross assets	Impairment	Net assets	Gross assets	Impairment	Net assets
Non-current assets held for sale						
Immovable property received in transfer in lieu of payment	18,443,971	(2,132,622)	16,311,349	17,026,573	(1,834,253)	15,192,320
	18,443,971	**(2,132,622)**	**16,311,349**	**17,026,573**	**(1,834,253)**	**15,192,320**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Liquidity risk

With reference to the 31st of December 2019 and 2018, the principal associated with financial instruments, excluding interest, according to their agreed maturity, evidence the following detail:

	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months
ASSETS				
Cash and cash funds with Central Banks	170,149,668	-	-	-
Cash funds with other credit institutions	35,837,966	-	-	-
Applications in Central Banks and in other credit institutions	-	69,423,860	59,671,624	16,233,206
Investments at their amortized cost	-	6,066,103	49,174,011	33,252,415
Credit to customers	-	164,714,883	69,498,745	34,708,455
Other assets	12,191,992	-	-	-
	218,179,626	**240,204,846**	**178,344,380**	**84,194,076**
LIABILITIES				
Resources in Central Banks and in other credit institutions	26,999,405	-	81,978,590	-
Customer resources and other loans	588,265,629	126,038,307	254,950,785	163,180,221
Other liabilities	39,472,481	-	-	-
	654,737,515	**126,038,307**	**336,929,375**	**163,180,221**
	(436,557,889)	**114,166,539**	**(158,584,995)**	**(78,986,145)**

	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months
ASSETS				
Cash and cash funds with Central Banks	135,930,360	-	-	-
Cash funds with other credit institutions	30,095,788	-	-	-
Applications in Central Banks and in other credit institutions	-	51,371,550	28,340,468	9,705,157
Investments at their amortized cost	-	15,134,988	41,449,544	28,699,847
Credit to customers	-	16,462,217	45,378,205	29,193,598
Other assets	8,732,672	-	-	-
	174,758,820	**82,968,755**	**115,168,217**	**67,598,602**
LIABILITIES				
Resources in Central Banks and in other credit institutions	39,257,938	-	55,549,260	13,500,000
Customer resources and other loans	417,207,383	95,124,821	176,105,427	162,616,710
Other liabilities	31,434,865	-	-	-
	487,900,186	**95,124,821**	**231,654,687**	**176,116,710**
	(313,141,366)	**(12,156,066)**	**(116,486,470)**	**(108,518,108)**

With reference to the 31st of December 2018, the amount of the 'Undetermined' residual maturity refers to matured credit.

'19

RESIDUAL MATURITY TERMS

Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	Over 5 years	Indefinite	Total
-	-	-	-	-	170,149,668
-	-	-	-	-	35,837,966
-	-	-	-	-	145,328,690
168,531,911	399,212,723	111,796,523	3,964,025	-	771,997,711
33,458,959	63,263,282	85,050,484	303,883,745	-	754,578,553
-	-	-	-	-	12,191,992
201,990,870	**462,476,005**	**196,847,007**	**307,847,770**	**-**	**1,890,084,580**
-	-	-	-	-	108,977,995
63,151,828	33,373	87	277	-	1,195,620,507
-	-	-	-	-	39,472,481
63,151,828	**33,373**	**87**	**277**	**-**	**1,344,070,983**
138,839,042	**462,442,632**	**196,846,920**	**307,847,493**	**-**	**546,013,597**

'18

RESIDUAL MATURITY TERMS

Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	Over 5 years	Indefinite	Total
-	-	-	-	-	135,930,360
-	-	-	-	-	30,095,788
1,481,539	-	-	-	-	90,898,714
40,575,238	303,594,461	160,964,750	8,864,345	-	599,283,173
47,038,483	48,228,606	66,187,928	167,005,088	95,119,936	514,614,061
-	-	-	-	-	8,732,672
89,095,260	**351,823,067**	**227,152,678**	**175,869,433**	**95,119,936**	**1,379,554,768**
-	-	-	-	-	108,307,198
62,226,465	15,766	266	117	-	913,296,955
-	-	-	-	-	31,434,865
62,226,465	**15,766**	**266**	**117**	**-**	**1,053,039,018**
26,868,795	**351,807,301**	**227,152,412**	**175,869,316**	**95,119,936**	**326,515,750**

Interest rate risk

With reference to the 31st of December 2019 and 2018, the detail of financial instruments, excluding matured interest and principal, by interest rate risk exposure evidences the following detail:

	EXPOSURE AT			'19
	Fixed rate	Variable rate	Not subject to interest rate risk	Total
ASSETS				
Cash and cash funds with Central Banks	-	-	170,149,668	170,149,668
Cash funds with other credit institutions	-	-	35,837,966	35,837,966
Applications in Central Banks and in other credit institutions	145,328,690	-	-	145,328,690
Investments at their amortized cost	771,997,711	-	-	771,997,711
Credit to customers	430,770,418	189,941,922	-	620,712,340
Other assets	-	-	12,191,992	12,191,992
	1,348,096,819	**189,941,922**	**218,179,626**	**1,756,218,367**
LIABILITIES				
Resources in Central Banks and in other credit institutions	81,978,590	-	26,999,405	108,977,995
Customer resources and other loans	1,195,620,507	-	-	1,195,620,507
Other liabilities	-	-	39,472,481	39,472,481
	1,277,599,097	**-**	**66,471,886**	**1,344,070,983**
	70,497,722	**189,941,922**	**151,707,740**	**412,147,384**

	EXPOSURE AT			'18
	Fixed rate	Variable rate	Not subject to interest rate risk	Total
ASSETS				
Cash and cash funds with Central Banks	-	-	135,930,360	135,930,360
Cash funds with other credit institutions	-	-	30,067,763	30,067,763
Applications in Central Banks and in other credit institutions	90,898,714	-	-	90,898,714
Investments at their amortized cost	597,782,340	1,500,833	-	599,283,173
Credit to customers	293,072,949	126,421,176	-	419,494,125
Other assets	-	-	8,732,672	8,732,672
	981,754,003	**127,922,009**	**174,730,795**	**1,284,406,807**
LIABILITIES				
Resources in Central Banks and in other credit institutions	69,049,260	-	39,257,938	108,307,198
Customer resources and other loans	913,296,955	-	-	913,296,955
Other liabilities	-	-	31,434,865	31,434,865
	982,346,215	**-**	**70,692,803**	**1,053,039,018**
	(592,212)	**127,922,009**	**104,037,992**	**231,367,789**

With reference to the 31st of December 2019 and 2018, matured credit has not been considered in the interest rate risk exposure.

With reference to the 31st of December 2019 and 2018, the development of the nominal value of financial instruments with interest rate risk exposure, depending on their maturity or next interest-fixing date, is presented in the table below:

'19

RESIDUAL MATURITY TERMS

	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	Over 5 years	Total
ASSETS								
Applications in Central Banks and in other credit institutions	69,423,860	59,671,624	16,233,206	-	-	-	-	145,328,690
Investments at their amortized cost	6,066,103	49,174,011	33,252,415	168,531,911	399,212,723	111,796,523	3,964,025	771,997,711
Credit to customers	397,685,735	108,405,730	37,673,523	70,665,325	6,282,027	-	-	620,712,340
	473,175,698	**217,251,365**	**87,159,144**	**239,197,236**	**405,494,750**	**111,796,523**	**3,964,025**	**1,538,038,741**
LIABILITIES								
Resources from Central Banks and other credit institutions	-	81,978,590	-	-	-	-	-	81,978,590
Customer resources and other loans	714,303,936	254,950,785	163,180,221	63,151,828	33,373	88	276	1,195,620,507
	714,303,936	**336,929,375**	**163,180,221**	**63,151,828**	**33,373**	**88**	**276**	**1,277,599,097**
	(241,128,238)	**(119,678,010)**	**(76,021,077)**	**176,045,408**	**405,461,377**	**111,796,435**	**3,963,749**	**260,439,644**

'18

RESIDUAL MATURITY TERMS

	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	Over 5 years	Total
ASSETS								
Applications in Central Banks and in other credit institutions	51,371,550	28,340,468	9,705,157	1,481,539	-	-	-	90,898,714
Investments at their amortized cost	21,154,196	63,028,464	75,660,346	37,240,021	303,594,461	89,741,340	8,864,345	599,283,173
Credit to customers	95,569,774	56,116,841	14,550,352	49,348,941	35,512,756	42,544,120	125,851,341	419,494,125
	168,095,520	**147,485,773**	**99,915,855**	**88,070,501**	**339,107,217**	**132,285,460**	**134,715,686**	**1,109,676,012**
LIABILITIES								
Resources from Central Banks and other credit institutions	-	55,549,260	13,500,000	-	-	-	-	69,049,260
Customer resources and other loans	417,222,843	95,125,091	176,105,428	162,616,786	62,226,807	-	-	913,296,955
	417,222,843	**150,674,351**	**189,605,428**	**162,616,786**	**62,226,807**	**-**	**-**	**982,346,215**
	(249,127,323)	**(3,188,578)**	**(89,689,573)**	**(74,546,285)**	**276,880,410**	**132,285,460**	**134,715,686**	**127,329,797**

Market risk

Market risk corresponds to the risk of changes in financial instruments' fair value or cash-flows due to changes in market prices, including the following risks: interest rate, exchange rate and price.

Exchange risk

With reference to the 31st of December 2019 and 2018, the balance sheets evidence the following detail by currency:

	Kwanza	Indexed at the United States Dollar	United States Dollar	Euro	Other currencies	'19 Total
ASSETS						
Cash and cash funds in Central Banks	151,641,749	-	153,468	18,351,697	2,754	170,149,668
Cash funds with other credit institutions	2,364,538	-	28,792,562	4,408,613	222,177	35,787,890
Applications in Central Banks and in other credit institutions	24,430,499	-	117,868,659	3,244,910	-	145,544,068
Investments at their amortized cost	61,474,478	593,339,361	112,061,046	10,455,840	-	777,330,725
Credit to customers	192,819,635	-	350,926,738	19,353,964	-	563,100,337
Non-current assets held for sale	20,671,292	-	-	-	-	20,671,292
Other property, plant and equipment	15,159,687	-	-	-	-	15,159,687
Intangible assets	246,848	-	-	-	-	246,848
Investments in subsidiaries, associate companies and joint ventures	276,424	-	-	472,407	-	748,831
Other assets	7,590,334	-	4,725,305	(129,632)	5,985	12,191,992
	476,675,484	**593,339,361**	**614,527,778**	**56,157,799**	**230,916**	**1,740,931,338**
LIABILITIES						
Resources in Central Banks and in other credit institutions	12,665,251	-	93,900,130	2,682,973	190,965	109,439,319
Customer resources and other loans	546,771,231	137,071,982	491,469,883	27,109,465	362,785	1,202,785,346
Provisions	2,443,061	-	15,143,347	1,293,699	126	18,880,233
Current tax liabilities	6,635,175	-	-	-	-	6,635,175
Other liabilities	37,681,521	-	1,263,246	527,583	131	39,472,481
	606,196,239	**137,071,982**	**601,776,606**	**31,613,720**	**554,007**	**1,377,212,554**
	(129,520,755)	**456,267,379**	**12,751,172**	**24,544,079**	**(323,091)**	**363,718,784**

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	Kwanza	Indexed at the United States Dollar	United States Dollar	Euro	Other currencies	Total
ASSETS						
Cash and cash funds in Central Banks	122,190,316	-	12,785,210	950,546	4,288	135,930,360
Cash funds with other credit institutions	136,445	-	21,850,057	7,274,396	806,865	30,067,763
Applications in Central Banks and in other credit institutions	10,005,915	-	66,931,982	14,070,285	-	91,008,182
Investments at their amortized cost	92,697,014	442,215,202	72,027,869	5,116,030	-	612,056,115
Credit to customers	145,782,777	-	236,680,783	13,791,629	-	396,255,189
Non-current assets held for sale	19,394,898	-	-	-	-	19,394,898
Other property, plant and equipment	13,556,305	-	-	-	-	13,556,305
Intangible assets	292,808	-	-	-	-	292,808
Investments in subsidiaries, associate companies and joint ventures	194,852	-	-	216,357	-	411,209
Other assets	5,757,531	-	2,874,502	1,789	98,850	8,732,672
	410,008,861	**442,215,202**	**413,150,403**	**41,421,032**	**910,003**	**1,307,705,501**
LIABILITIES						
Resources in Central Banks and in other credit institutions	31,763,501	-	63,882,102	12,717,893	238,616	108,602,112
Customer resources and other loans	458,482,967	110,482,255	332,669,754	18,545,990	515,267	920,696,233
Provisions	632,577	-	11,165,802	1,173,790	78	12,972,247
Other liabilities	14,705,480	-	16,728,194	1,191	-	31,434,865
	505,584,525	**110,482,255**	**424,445,852**	**32,438,864**	**753,961**	**1,073,705,457**
	(95,575,664)	**331,732,947**	**(11,295,449)**	**8,982,168**	**156,042**	**234,000,044**

With reference to the 31st of December 2019 and 2018, the balance of the item ‘Investments at their amortized cost’ includes the amounts of tAKZ 593,339,361 and tAKZ 442,215,202, correspondingly, referring to Treasury Bonds in national currency indexed to the United States dollar.

With reference to the 31st of December 2019 and 2018, the balance of the item ‘Deposits - Savings Deposits’ includes the amounts of tAKZ 137,071,982 and tAKZ 110,482,255, correspondingly, referring to Customer Savings Deposits in national currency indexed to the United States dollar.

Both of the aforementioned operations are indexed to the BNA’s AKZ/USD exchange rate purchase and thus they are subject to current exchange rate fluctuations.

With reference to the 31st of December 2019 and 2018, the impact on the fair value of exchange-sensitive financial instruments of parallel shifts in the reference exchange rate curve of 5%, 10% and 20%, correspondingly, may be evidenced by the following tables:

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	-20%	-10%	-5%	+5%	+10%	+20%
CURRENCY						
United States of America dollar	362,758	181,379	90,690	(90,690)	(181,379)	(362,758)
Euro	23,887,149	11,943,575	5,971,787	(5,971,787)	(11,943,575)	(23,887,149)
Other currencies	37,487,997	18,743,999	9,371,999	(9,371,999)	(18,743,999)	(37,487,997)
	61,737,904	**30,868,953**	**15,434,476**	**(15,434,476)**	**(30,868,953)**	**(61,737,904)**

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	-20%	-10%	-5%	+5%	+10%	+20%
CURRENCY						
United States of America dollar	59,228,000	29,614,000	14,807,000	(14,807,000)	(29,614,000)	(59,228,000)
Euro	1,802,848	901,424	450,712	(450,712)	(901,424)	(1,802,848)
Other currencies	31,438	15,719	7,859	(7,859)	(15,719)	(31,438)
	61,062,286	**30,531,143**	**15,265,571**	**(15,265,571)**	**(30,531,143)**	**(61,062,286)**

The impact of exchange rate variations on United States dollar-linked Treasury Bonds and Savings Deposits is reflected in the 'United States dollars' line.

Interest Rate Risk

With reference to the 31st of December 2019 and 2018, the impact on the fair value of risk-sensitive financial instruments of the parallel shift interest rate on the curve of 50, 100 and 200 base points (bp), correspondingly, may be evidenced by the following tables:

'19

	INTEREST RATES' VARIATION					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
ASSETS						
Applications in Central Banks and in other credit institutions	362,758	181,379	90,690	(90,690)	(181,379)	(362,758)
Investments at their amortized cost	23,887,149	11,943,575	5,971,787	(5,971,787)	(11,943,575)	(23,887,149)
Credit to customers	37,487,997	18,743,999	9,371,999	(9,371,999)	(18,743,999)	(37,487,997)
	61,737,904	**30,868,953**	**15,434,476**	**(15,434,476)**	**(30,868,953)**	**(61,737,904)**
LIABILITIES						
Resources in Central Banks and in other credit institutions	(262,331)	(131,166)	(65,583)	65,583	131,166	262,331
Customer resources and other loans	(3,482,349)	(1,741,175)	(870,587)	870,587	1,741,175	3,482,349
	(3,744,680)	**(1,872,341)**	**(936,170)**	**936,170**	**1,872,341**	**3,744,680**
	57,993,224	**28,996,612**	**14,498,306**	**(14,498,306)**	**(28,996,612)**	**(57,993,224)**

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	INTEREST RATES’ VARIATION					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
ASSETS						
Applications in Central Banks and in other credit institutions	222,850	111,425	55,712	(55,712)	(111,425)	(222,850)
Investments at their amortized cost	19,611,923	9,805,961	4,902,981	(4,902,981)	(9,805,961)	(19,611,923)
Credit to customers	25,125,128	12,562,564	6,281,282	(6,281,282)	(12,562,564)	(25,125,128)
	44,959,901	**22,479,950**	**11,239,975**	**(11,239,975)**	**(22,479,950)**	**(44,959,901)**
LIABILITIES						
Resources in Central Banks and in other credit institutions	(274,958)	(137,479)	(68,739)	68,739	137,479	274,958
Customer resources and other loans	(5,955,240)	(2,977,620)	(1,488,810)	1,488,810	2,977,620	5,955,240
	(6,230,198)	**(3,115,099)**	**(1,557,549)**	**1,557,549**	**3,115,099**	**6,230,198**
	38,729,703	**19,364,851**	**9,682,426**	**(9,682,426)**	**(19,364,851)**	**(38,729,703)**

For purposes of preparing these charts, the Bank adopted the methodology and assumptions described in the Notice no. 08/2016, of the 22nd of May, on interest rate risk in the banking portfolio.

29. REPORTING BY SEGMENTS

To comply with the requirements of IFRS 8, the Bank adopted the following business segments:

- Negotiation and sales: includes the banking business activity related to the management of the Bank's own securities portfolio, money market and foreign exchange operations, receiving and transmission of orders with regard to one or more financial instruments and execution of orders on behalf of customers;
- Retail banking: includes the banking business activity with individuals and sole entrepreneurs, such as the receiving of deposits and other repayable funds, loans, the granting of guarantees and the assumption of other commitments. It also includes the total amount owed 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 credit commitments;
- Other: includes all segments of activity not included in the aforementioned business lines.

The distribution of the main assets and liabilities by business lines, with reference to the 31st of December 2019 and 2018, is as follows:

Business lines

					'19
	Negotiation and sales	**Retail banking**	**Commercial banking**	**Other**	**Total**
ASSETS					
Cash and cash funds with Central Banks	170,149,668	-	-	-	170,149,668
Cash funds with other credit institutions	35,787,890	-	-	-	35,787,890
Applications in Central Banks and in other credit institutions	145,544,068	-	-	-	145,544,068
Investments at their amortized cost	777,330,725	-	-	-	777,330,725
Credit to customers	-	127,355,712	435,744,625	-	563,100,337
Other assets	-	-	-	49,018,650	49,018,650
TOTAL NET ASSETS	**1,128,812,351**	**127,355,712**	**435,744,625**	**49,018,650**	**1,740,931,338**
LIABILITIES					
Resources in Central Banks and in other credit institutions	109,439,319	-	-	-	109,439,319
Customer resources and other loans	-	767,657,796	435,127,550	-	1,202,785,346
Other liabilities	109,439,319	-	-	64,987,889	64,987,889
TOTAL LIABILITIES	**109,439,319**	**767,657,796**	**435,127,550**	**64,987,889**	**1,377,212,554**

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	Negotiation and sales	Retail banking	Commercial banking	Other	Total
ASSETS					
Cash and cash funds with Central Banks	135,930,360	-	-	-	135,930,360
Cash funds with other credit institutions	30,067,763	-	-	-	30,067,763
Applications in Central Banks and in other credit institutions	91,008,182	-	-	-	91,008,182
Investments at their amortized cost	612,056,115	-	-	-	612,056,115
Credit to customers	-	94,496,715	301,758,474	-	396,255,189
Other assets	-	-	-	42,387,892	42,387,892
TOTAL NET ASSETS	**869,062,420**	**94,496,715**	**301,758,474**	**42,387,892**	**1,307,705,501**
LIABILITIES					
Resources in Central Banks and in other credit institutions	108,602,112	-	-	-	108,602,112
Customer resources and other loans	-	558,138,892	362,557,341	-	920,696,233
Other liabilities	-	-	-	44,407,112	44,407,112
TOTAL LIABILITIES	**108,602,112**	**558,138,892**	**362,557,341**	**44,407,112**	**1,073,705,457**

The main allocation criteria used by the Bank in the construction of these charts has been the following:

- The items ‘Credit to customers’ and ‘Customer resources and other loans’ have been segregated based on the business area in which the operation originated, and these may be Individuals and Companies, Companies Centres, Investment Centres or Private Banking.
- The items ‘Resources from other credit institutions’ and ‘Resources from Central Banks’ were allocated to ‘Negotiation and sales’ given that they are intended to be used in the Bank’s ordinary business;
- Other assets and liabilities were considered under the item ‘Other’, as it is impossible to perform any segmental allocation.

The distribution of the key assets and liabilities by geographical markets, with reference to the 31st of December 2019 and 2018, is as follows:

Geographical markets

'19

	Angola	Other African countries	Europe	Other	Total
ASSETS					
Cash and cash funds with Central Banks	170,149,668	-	-	-	170,149,668
Cash funds with other credit institutions	2,414,615	2,408,188	30,940,976	24,111	35,787,890
Applications in Central Banks and in other credit institutions	24,511,189	6,814,979	114,217,900	-	145,544,068
Investments at their amortized cost	766,885,433	-	10,445,292	-	777,330,725
Credit to customers	563,100,337	-	-	-	563,100,337
Non-current assets held for sale	20,671,292	-	-	-	20,671,292
Other property, plant and equipment	15,159,687	-	-	-	15,159,687
Intangible assets	246,848	-	-	-	246,848
Investments in subsidiaries, associate companies and joint ventures	276,424	-	472,407	-	748,831
Other assets	12,191,992	-	-	-	12,191,992
TOTAL NET ASSETS	**1,575,607,485**	**9,223,167**	**156,076,575**	**24,111**	**1,740,931,338**
LIABILITIES					
Resources in Central Banks and in other credit institutions	26,854,163	82,439,914	145,242	-	109,439,319
Customer resources and other loans	1,184,229,730	343,778	4,459,731	13,752,107	1,202,785,346
Other liabilities	60,349,000	-	1,736	4,637,153	64,987,889
TOTAL LIABILITIES	**1,271,432,893**	**82,783,692**	**4,606,709**	**18,389,260**	**1,377,212,554**

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	Angola	Other African countries	Europe	Other	Total
ASSETS					
Cash and cash funds with Central Banks	135,930,360	-	-	-	135,930,360
Cash funds with other credit institutions	136,445	3,931,798	25,999,520	-	30,067,763
Applications in Central Banks and in other credit institutions	10,005,914	4,366,733	76,635,535	-	91,008,182
Investments at their amortized cost	606,940,085	-	5,116,030	-	612,056,115
Credit to customers	396,255,189	-	-	-	396,255,189
Non-current assets held for sale	19,394,898	-	-	-	19,394,898
Other property, plant and equipment	13,556,305	-	-	-	13,556,305
Intangible assets	292,808	-	-	-	292,808
Investments in subsidiaries, associate companies and joint ventures	194,852	-	216,357	-	411,209
Other assets	5,860,059	-	1,737	2,870,876	8,732,672
TOTAL NET ASSETS	**1,188,566,915**	**8,298,531**	**107,969,179**	**2,870,876**	**1,307,705,501**
LIABILITIES					
Resources in Central Banks and in other credit institutions	53,012,733	55,589,379	-	-	108,602,112
Customer resources and other loans	912,509,815	393,940	2,471,431	5,321,047	920,696,233
Other liabilities	44,407,112	-	-	-	44,407,112
TOTAL LIABILITIES	**1,009,929,660**	**55,983,319**	**2,471,431**	**5,321,047**	**1,073,705,457**

30. APPLYING IFRS 9 – FINANCIAL INSTRUMENTS

The Bank adopted IFRS 9 – Financial Instruments on the 1st of January 2018 for the first time, thus replacing IAS 39 – Financial Instruments: Recognition and Measurement, which had been effective until the 31st of December 2017.

IFRS 9 established new requirements mainly related to financial instruments' classification and measurement and to impairment in financial assets.

Financial instruments' classification and measurement

IFRS 9 introduced changes in financial assets' classification categories, in contrast with the provisions of IAS 39. The main impacts with regard to the Bank's financial statements are described in paragraph c) below.

The standard had no impact on the classification and measurement of the Bank's financial liabilities.

Assessment of impairment losses on financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with a forward-looking 'expected credit losses (ECL)' model, which takes into account the expected losses over the financial instruments' operating life. Therefore, macroeconomic factors and other forward-looking information, whose changes impact the expected losses, are taken into account when assessing the ECL.

In general terms, the IFRS 9 requirements have been applied by the Bank in a retrospective manner through the adjustment of the balance sheet with reference to the date of initial application (the 1st of January 2018). However, as permitted by the transitional provisions of IFRS 9, the Bank chose not to restate the comparative balances for the previous period. The differences in financial assets and liabilities' accounting amounts deriving from the adoption of IFRS 9 have been recognized in other reserves and profits carried over, with reference to the 1st of January 2018.

The impact of adopting IFRS 9 on the Bank's financial statements is detailed below.

a) Impact of the adoption of IFRS 9 on the Bank's equity

The impact of the implementation of IFRS 9 with reference to the 1st of January 2018 on the Bank's equity was the following:

	Other Equity items	Other accrued comprehensive income	Other reserves and profits carried over	Total Equity
EQUITY ON THE 31ST OF DECEMBER 2017 - BEFORE IFRS 9	**43,076,842**	**-**	**75,365,073**	**118,441,915**
Impairment				
Cash funds with other credit institutions	-	-	(3,852)	(3,852)
Applications in Central Banks and in other credit institutions	-	-	(15,355)	(15,355)
Investments at their amortized cost	-	-	(666,782)	(666,782)
Credit to customers	-	-	685,989	685,989
Total impact	**-**	**-**	**-**	**-**
EQUITY ON THE 1ST OF JANUARY 2018 - AFTER IFRS 9	**43,076,842**	**-**	**75,365,073**	**118,441,915**

b) Reconciliation of the balance sheet amounts in IAS 39 and IFRS 9

The impacts on the Bank's balance sheet deriving from the adoption of IFRS 9 with reference to the 1st of January 2018 are detailed below:

	IAS 39 31.12.2017	Re-classifications	Re-measurement	IFRS 9 01.01.2018
ASSETS				
Cash and cash funds with Central Banks	130,411,935	-	-	130,411,935
Cash funds with other credit institutions	8,735,172	-	(3,852)	8,731,320
Applications in Central Banks and in other credit institutions	19,208,389	-	(15,355)	19,193,034
Investments at their amortized cost	-	526,242,658	(666,782)	525,575,876
Financial assets at their fair value through profits and losses	134,184,233	(134,184,233)	-	-
Investments held until maturity	392,058,425	(392,058,425)	-	-
Credit to costumers	284,438,098	-	685,989	285,124,087
Non-current assets held for sale	19,265,977	-	-	19,265,977
Other property, plant and equipment	12,704,020	-	-	12,704,020
Intangible assets	307,535	-	-	307,535
Investments in subsidiaries, associate companies and joint ventures	345,137	-	-	345,137
Other assets	10,332,491	-	-	10,332,491
TOTAL ASSETS	**1,011,991,412**	**-**	**-**	**1,011,991,412**
LIABILITIES				
Resources in Central Banks and in other credit institutions	73,228,647	-	-	73,228,647
Customer resources and other loans	787,234,531	-	-	787,234,531
Provisions	6,039,607	-	-	6,039,607
Other liabilities	27,046,712	-	-	27,046,712
TOTAL LIABILITIES	**893,549,497**	**-**	**-**	**893,549,497**
EQUITY				
Share Capital	3,000,000	-	-	3,000,000
Re-evaluation reserves	5,823,538	-	-	5,823,538
Other reserves and profits carried over	75,365,073	-	-	75,365,073
Net profit for the financial year	34,253,304	-	-	34,253,304
TOTAL EQUITY	**118,441,915**	**-**	**-**	**118,441,915**
TOTAL LIABILITIES AND EQUITY	**1,011,991,412**	**-**	**-**	**1,011,991,412**

The following paragraphs explain in greater detail the impact of the adoption of IFRS 9 on financial instruments' classification and measurement, as well as on the assessment of financial assets' impairment losses.

c) Financial instruments classification and measurement

The table below evidences financial assets' measurement category and accounting amount, pursuant to IAS 39 and IFRS 9, with reference to the 1st of January 2018:

IAS 39			IFRS 9		
Category	**Measurement**	**Accounting amount**	**Category**	**Measurement**	**Accounting amount**
Cash and cash funds with Central Banks	Amortized cost	130,411,935	Cash and cash funds with Central Banks	Amortized cost	130,411,935
Cash funds with other credit institutions	Amortized cost	8,735,172	Cash funds with other credit institutions	Amortized cost	8,731,320
Applications in Central Banks and in other credit institutions	Amortized cost	19,208,389	Applications in Central Banks and in other credit institutions	Amortized cost	19,193,034
Financial assets at their fair value through profits and losses	FVTPL (assigned)	134,184,233	Investments at their amortized cost	Amortized cost	525,575,876
Investments held until maturity	Amortized cost	392,058,425			
Credit to customers	Amortized cost	284,438,098	Credit to customers	Amortized cost	285,124,087

Notes: FVTPL - Fair value through profits and losses.

d) Reconciliation of accounting amounts in IAS 39 and IFRS 9

The following table evidences the reconciliation between the financial assets' accounting amounts according to the measurement categories of IAS 39 and IFRS 9, with reference to the 1st of January 2018 (transition date):

	Notes	FINANCIAL ASSETS AT THEIR AMORTIZED COST			
		IAS 39 31.12.2017	Re-classification	Re-measurement	IFRS 9 01.01.2018
Cash and cash funds with Central Banks					
Initial balance in IAS 39		130,411,935	-	-	130,411,935
Re-measurement: impairment losses	(A)	-	-	-	-
End balance in IFRS 9		130,411,935	-	-	130,411,935
Cash funds with other credit institutions					
Initial balance in IAS 39		8,735,172	-	-	8,735,172
Re-measurement: impairment losses	(A)	-	-	(3,852)	(3,852)
End balance in IFRS 9		8,735,172	-	(3,852)	8,731,320
Applications in Central Banks and in other credit institutions					
Initial balance in IAS 39		19,208,389	-	-	19,208,389
Re-measurement: impairment losses	(A)	-	-	(15,355)	(15,355)
End balance in IFRS 9		19,208,389	-	(15,355)	19,193,034
Investments at their amortized cost					
Initial balance in IAS 39		-	-	-	-
Transfer: from Investments held until maturity (IAS 39)	(C)	-	392,058,425	-	392,058,425
Transfer: from Financial assets at their fair value through profits and losses (IAS 39)	(D)	-	134,184,233	-	134,184,233
Re-measurement: impairment losses	(B)	-	-	(666,782)	(666,782)
End balance in IFRS 9		-	526,242,658	(666,782)	525,575,876
Investments held until maturity					
Initial balance in IAS 39		392,058,425	-	-	392,058,425
Transfer: to Investments at their amortized cost (IFRS 9)	(C)	-	(392,058,425)	-	(392,058,425)
End balance in IFRS 9		392,058,425	(392,058,425)	-	-
Credit to customers					
Initial balance in IAS 39		284,438,098	-	-	284,438,098
Re-measurement: impairment losses	(B)	-	-	685,989	685,989
End balance in IFRS 9		284,438,098	-	685,989	285,124,087
TOTAL FINANCIAL ASSETS AT THEIR AMORTIZED COST		**834,852,019**	**134,184,233**	**-**	**969,036,252**

	Notes	FINANCIAL ASSETS AT THEIR FAIR VALUE THROUGH PROFITS AND LOSSES			
		IAS 39 31.12.2017	Re-classification	Re-measurement	IFRS 9 01.01.2018
Financial assets expressed at their fair value through profits and losses					
Initial balance in IAS 39		134,184,233	-	-	134,184,233
Transfer: to Investments at their amortized cost (IFRS 9)	(D)	-	(134,184,233)	-	(134,184,233)
End balance in IFRS 9		134,184,233	(134,184,233)	-	-
TOTAL FINANCIAL ASSETS AT THEIR FAIR VALUE THROUGH PROFITS AND LOSSES		**134,184,233**	**(134,184,233)**	**-**	**-**

Notes:

(A) As part of the application of the IFRS 9 requirements, the Bank assessed additional impairment losses for the following financial assets, against 'Profits carried over':
- Cash funds with other credit institutions;
- Applications in Central Banks and in other credit institutions;
- Investments at their amortized cost.

(B) Reversal of impairment for credits to customers, deriving from the application of the new methodology for the recognition of impairment losses.

(C) Debt instruments re-classified, following the elimination of the previous category from IAS 39, with no change in their measurement basis, from 'Investments held until maturity' to 'Investments at their amortized cost' (new category pursuant to IFRS 9).

(D) Classification of debt securities under 'Investments at their amortized cost', previously recorded under 'Financial assets at their fair value through profits and losses', the business model of which is 'held to collect' and whose agreed cash flows characteristics fall within the scope of the SPPI definition.

e) Reconciliation of impairment losses on balance sheet between IAS 39 and IFRS 9

The table below evidences the reconciliation between the accounting amounts of impairments and provisions in the balance sheet pursuant to the measurement categories of IAS 39 and IFRS 9 with reference to the 1st of January 2018 (initial application date):

Measurement category	Impairment losses IAS 39/ IAS 37	Re-classification	Re-measurement	Impairment losses/ provisions IFRS 9
Cash funds with other credit institutions	-	-	3,852	3,852
Applications in Central Banks and in other credit institutions	-	-	15,355	15,355
Investments at their amortized cost	-	-	666,782	666,782
Credit to customers	87,956,827	-	(685,989)	87,270,838
	87,956,827	**-**	**-**	**87,956,827**
Guarantees and commitments assumed	2,137,432	-	-	2,137,432
	90,094,259	**-**	**-**	**90,094,259**

31. SUBSEQUENT EVENTS

Preventive seizure of the share capital

On the 23rd of December 2019, the Provincial Court of Luanda passed a preventive seizure injunction, as identified in Proceedings no. 3301/2019-C, Order-Judgement no. 519/19, of the existing balances in bank accounts held by the defendants and domiciled at the Bank, including also 25% of the interest held by Sociedade de Participações Financeiras and 17.5% of the shareholding held by Finisantoro Holding Limited. The applicant is the Angolan State, represented by the Public Prosecution, and the defendants are Engineer Mrs. Isabel dos Santos, the ultimate beneficiary of the aforementioned companies, Mr. Sindika Dokolo and Mr. Mário Leite da Silva.

The Angolan National Bank has been made trustee of the existing balances in the seized accounts, in the capacity of Regulating Entity of all the banking financial institutions, and shall supervise the BIC Bank's actions regarding the seizure.

The Bank's Board of Directors has been made trustee of the defendants' interests holdings in the proceedings, and it is forbidden to make any transfer or any other businesses on the interest holdings subject to be seizure and, moreover, it shall not deliver profits to the defendants directly or by means of third parties or companies of which they are beneficiaries, and shall retain such profits until the Court's ruling.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the state of the pandemic due to the new coronavirus (COVID-19). This pandemic is affecting financial and economic markets, with a significant expression in the sharp drop in the price of the oil barrel. The development of the pandemic will have negative impacts on the national economic context, affecting the Bank's business activity.

As a consequence, no accounting impacts have been identified in the financial statements for the year 2019, although a negative impact is estimated on the business activity and the execution of the Bank's business plan for 2020. It should also be pointed out that, based on all the information currently available, the Board of Directors believes the going concern principle used in the preparation of the Bank's financial statements with reference to the 31st of December 2019 remains appropriate.

Furthermore, along with international and local Bodies and Authorities, the Bank's Board of Directors has been implementing a contingency plan aimed at reacting to the effects of this pandemic, guaranteeing the levels of capital, liquidity and operating capacity which ensure the continuity of operations and their business activity.

INDEPENDENT AUDITOR'S REPORT

Introduction

1. We have audited the Banco BIC, S.A.'s Financial Statements attached hereto, which consist of the Balance Sheet with reference to the 31st of December 2019, evidencing a total of thousand AKZ 1,740,931,338 and a total equity of thousand AKZ 363,718,784, including a net profit of thousand AKZ 70,657,221, and the Statement of profits and losses, the statement of profits and losses and other comprehensive income, the statement of changes in equity and cash flows for the financial year then ended, as well as the corresponding Notes.

Responsibility of the Board of Directors for the Financial Statements

2. The Board of Directors is responsible for an appropriate preparation and presentation of these financial statements, pursuant to the generally accepted accounting principles in Angola, and for the internal control it deems necessary to enable the preparation of the financial statements, free from material distortion due to fraud or error.

Auditor's Responsibility

3. Our responsibility consists in expressing an independent opinion on these Financial Statements based on the audit carried out by us, which was conducted according to the Technical Standards of the Angolan Accountants and Chartered Accountants Association. Such Standards require that we comply with ethical requirements and that we plan and carry out the audit to obtain reasonable assurance about whether the Financial Statements are free of any material misstatements.

4. An audit involves conducting procedures to obtain audit evidence concerning the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of the risks of any material misstatements of the financial statements due to fraud or error. In making such risk assessments, the auditor takes in consideration the relevant internal control performed by the entity in the preparation and presentation of the financial statements in order to design audit procedures which are appropriate to the circumstances, but not for purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes the assessment of the appropriateness of the accounting policies adopted and the reasonableness of the estimates made by the Directors, as well as assessing the financial statements' overall presentation.

5. We believe the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

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Basis for our Opinion with qualification

6. As described in Note 2.3(i), the Bank is partially applying the principles set out in IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29"), through the monetary restatement of its own funds, which took place in 2008 and again from May 2016. However, by the end of 2018, the Angolan Banking Association (‘ABANC’) and the Angolan National Bank (‘BNA’) expressed an interpretation under which all the requirements set out in IAS 29 for the Angolan economy to be considered hyperinflationary were not met and, as a consequence, with the exception of the partial application described above, the Bank's Board of Directors decided to continue not to apply in full the provisions of the said Standard in its financial statements with reference to the 31st of December 2018. On the said date, the cumulative inflation rate over the last three years exceeds 100%, regardless of the index used, which is an objective quantitative condition which leads us to consider, in addition to the existence of other conditions provided for in IAS 29, the functional currency of the Bank's financial statements with reference to the 31st of December 2018 corresponds to the currency of a hyperinflationary economy. In such circumstances, for the purposes of disclosing its financial statements on the said dates, the Bank should have fully adopted the provisions of such standard, including the updating of its non-financial assets, notably the item ‘Other property, plant and equipment’ and the re-evaluation of the various components making up its Own Funds. With reference to the 31st of December 2019, the information obtained indicates that Angola should not be considered a hyperinflationary economy, but, the Bank should present comparative financial information with reference to the 31st of December 2018, including all the principles defined in IAS 29. However, we have not obtained enough information to be able to accurately quantify the effects on the Bank's assets and its own funds with reference to the 31st of December 2018, which we believe to be material.

Opinion

7. In our opinion, except for the potential effects from the matters described in paragraph 6 above, the said financial statements present reflect the financial position of Banco BIC, S.A., with reference to the 31st of December 2019, in a true and fair way in all materially relevant aspects, and the profits and losses and comprehensive income of its operations, the changes in its equity and its cash flows for the year ended on the said date, in accordance with the International Financial Reporting Standards issued by the IASB – International Accounting Standards Board (Note 2).

Luanda, the 9th of April 2020

C&S – Assurance and Advisory, S.A.
Registered with the Angolan Accountants and Chartered Accountants Association under no. E20180018 and with the Capital Market Commission under no. 001/AE/CMC/02-19
Represented by:

Henrique Manuel Camões Serra
(Chartered Accountant no. 20130167)

Supervisory Board Report

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders of Banco BIC, S.A.

1. Pursuant to the Law and the Statutes, we hereby present our report regarding our supervisory activity and our opinion on the documents of accountability submitted by the Board of Directors of Banco BIC, S.A. (the Bank) with reference to the financial year ended on the 31st of December 2019.

2. Throughout the financial year, we have monitored, with the frequency and to the extent we deemed appropriate, the development of the Insurance Bank's activity, the soundness of the accounting records and the compliance with the applicable legal and statutory rules. We also obtained from the Board of Directors and the Insurance Bank's various services the information and clarifications requested, which were necessary for the issue of our opinion.

3. We have analysed and agreed with the content of the Auditors' Report, issued by the Company C&S – Assurance and Advisory, S.A., which is incorporated herein by this reference, and includes an opinion with qualification as referred to in its paragraph 6.

4. We must inform our shareholders that the failure to fully apply the provisions of IAS 29 – Financial Reporting in Hyperinflationary Economies is due to instructions issued by the Angolan National Bank, the regulator for the financial sector, and by ABANC, which presents the analysis of the development of the Angolan economy considering it is not in hyperinflation. The instructions issued by the Angolan National Bank, as the supervising entity and regulator of the financial sector, are of mandatory application under the Law and Regulations in force in the Country.

5. In the context of performing our duties, we examined the Balance Sheet with reference to the 31st of December 2019, the Profit and loss account and the Statement of Cash Flows for the year ended on the said date, as well as the corresponding notes, including the accounting policies and valuation criteria adopted.

6. In addition, we have analysed the Management Report for the financial year 2019 prepared by the Board of Directors and the proposal for the appropriation of profits included therein.

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7. In the light of the above, and taking into account the work carried out, we are of the opinion that the General Assembly of Shareholders:

   a. Approves the Annual Report for the year ended on the 31st of December 2019,

   b. Approves the Accounts for the said financial year, and

   c. Approves the Proposal for the Appropriation of Profits.

8. We would like to express our gratitude to the Board of Directors and the Bank's services, for all the collaboration provided to us.

Luanda, the 9th of April 2020

The Supervisory Board

Sérgio Henrique Borges Serra
Chairman

Maria Ivone de Freitas Pereira dos Santos
Member

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BancoBIC
Growing together

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