

2013

ANNUAL REPORT



BancoBIC

Together we grow



"The financial solidity achieved and our positioning in the Angolan financial sector, during over 8 years of excellence, led to the award of various different distinctions, in particular the Best Company of the Year in the Angolan Financial Sector award, attributed under the Sirius Awards 2013, and the Best Bank in Angola distinction awarded by the prestigious magazine The Banker of the Financial Times group"

FERNANDO MENDES TELES

00.

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00.1

CHAIRMAN'S STATEMENT

To the Shareholders,

The Angolan economy showed solid growth throughout 2013, with GDP having grown by 4.1%, and where it is important to highlight the performance of inflation which stood at 7.69% (9.02% in 2012), the lowest value for the 22 years since this indicator has been disclosed.

The Kwanza remained relatively stable in relation to the U.S. Dollar, with a depreciation of merely 1.87%, and Net Reserves, while having shown lower accumulation relative to previous years, continued robust standing at close to USD 30.9 thousand million as at 31 December 2013, which is equivalent to around 7 months of imports.

The Angolan banking sector maintained, as in previous years, widespread growth of the key indicators, namely in funds attracted from customers, which increased to USD 48,518 million and loans to the economy which grew to USD 42,318 million. The population's involvement in the banking system continues to increase, where this growth is observed, among other indicators, through the Multicaixa cards issued which, as at 31 December 2013, reached the total of 2,462,174 cards.

In these circumstances, Banco BIC maintained its strategic alignment, focused on strong structural growth, ongoing adaptation to market needs, required by the customer and regulator, continuous investment in innovation, and substantial reinforcement of loans to the economy, including loans to the State.

During 2013 we opened 18 new commercial units, having closed the year with a total of 202, of which 120 are in Luanda and 82 are distributed over different provinces of the country, which is the same as saying that we reinforced our position as the private bank with the largest commercial network of Angola.

Moreover, the increased amount of currency acquired on the primary market also enabled Banco BIC to uphold its position, as in previous years, as a reference for national importers. On this issue, special note should also be made of the start-up



* Fernando Mendes Teles - The Chairman of the Board of Directors

of the marketing of Kwanzas at any branch of Banco BIC Português, which, in this way, represents a pioneer and fundamental step towards the internationalisation of our National Currency.

In spite of the significant competition faced, we kept our Market shares almost unchanged in 2013. For customer funds we achieved a market share of 12.72% (12.86% in 2012), while for loans to the economy we obtained a market share of 13.03% (12.44% in 2012).

The increased Turnover essentially derived from the excellent service rendered to our customers, through the dedication of our employees, combined with rigorous monitoring of the earnings from financial intermediation and structural costs, as well as the follow-up of all risks associated to banking activity, enabled us to close the financial year of 2013 with a net income of USD 201 million and equity of USD 889 million, corresponding to respective growth of 20% and 17% in relation to the previous year.

The financial solidity achieved and our positioning in the Angolan financial sector, during over 8 years of excellence, led to the award of various different distinctions, in particular the *Best Company of the Year in the Angolan Financial Sector* award, attributed under the Sirius Awards 2013, and the *Best Bank in Angola* distinction awarded by the prestigious magazine *The Banker* of the Financial Times group.

In the economic and regulatory sphere, a word on the effort and dedication of Banco Nacional de Angola, as the regulatory agent of the national financial system and economy which, through its implementation of a series of measures and actions, has shown a fundamental contribution to the stability and growth observed at a domestic level, as well in placing the Angolan financial system within the framework of best practices of the international financial system.

Aimed at reinforcing our strategic positioning, the partnership established with Banco BIC Português plays an increasingly more crucial role in supporting com-

mon customers, companies and individuals, who operate in both markets. Likewise in 2013, we strengthened our international activity with the opening of an IFI (international financial institution) in Cape Verde and closed an agreement for the acquisition of a bank in Brazil. In 2014 we opened a representation office in Johannesburg (South Africa) and also intend to obtain authorisation to open a commercial bank in Namibia.

However, the growth of the BIC brand does not stop here. At an international level, we intend to expand the business beyond banking activity, with the opening of an Insurer and an Asset Management Company.

Our ultimate goal is to continue to grow and it is with this spirit that we envisage 2014. Aware of the challenges, but very motivated and dedicated to continue along the path of success, with quality and credibility, continuously supporting our customers who, as at 31 December 2013, reached a total of close to 944,000.

Another word to enhance the dedication and quality of our employees who, at the end of the year, reached 1,873 people, with an average age of 29 years old, demonstrating the youth and strength of Banco BIC.

Finally, our acknowledgement of the trust and support of our shareholders, our customers, and all of our partners who represent the base of our growth, which, in all certainty, will not stop here.

The Chairman of the Board of Directors

Fernando Mendes Teles

00.2

KEY BUSINESS INDICATORS

► Key Business Indicators

	2013	2012	VAR %
Total net assets	7,696	6,931	11%
Turnover	12,294	10,952	12%
Loans to the Economy	5,996	5,197	15%
> Credit to customers	2,287	2,585	-12%
> Loans to the State	3,229	2,132	51%
> Off-balance sheet items	480	480	0%
Customer funds	6,298	5,755	9%
Turnover by employee	6.6	6.4	2%
Earnings from financial intermediation	342	295	16%
Earnings from financial intermediation by employee	0.18	0.17	6%
Administrative and marketing costs / Earnings from financial intermediation	47.1%	47.5%	-1%
Staff costs / Earnings from financial intermediation	26%	25%	1%
Net income for the year	201	168	20%
Net worth	889	760	17%
Earnings before taxes / Average net assets	2.8%	3.1%	-8%
Earnings from financial intermediation / Average net assets	4.68%	4.74%	-1%
Earnings before taxes / Average equity	25%	27%	-7%
Regulatory solvency ratio	24.0%	18.6%	29%
Number of branches	202	184	10%
Number of employees	1,873	1,705	10%
Number of customers	944,000	810,721	16%

(In million USD)

00.3

ORGANISATIONAL STRUCTURE

EXECUTIVE COMMITTEE



**HUGOS SILVA
TELES**
Executive Director

**PEDRO NUNES
M'BIDINGANI**
Executive Director

**GRAZIELA RODRIGUES
ESTEVES**
Executive Director

**FERNANDO
MENDES TELES**
Chairman

**GRAÇA MARIA
PEREIRA**
Executive Director

00.3.1 GOVERNANCE MODEL

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



GENERAL MEETING

The General Meeting is the governing body composed of all the Bank's Shareholders, whose operation is regulated under the terms of the Articles of Association. Its main duties involve:

- Election and approval of the fixed and/or variable remunerations of the members of the governing bodies;
- Appraisal of the Annual Report of the Board of Directors, discussion of and voting on the Bank's balance sheet and accounts, taking into consideration the opinion of the Supervisory Board and External Auditor;
- Deliberation on the distribution of net income as proposed by the Board of Directors; and
- Deliberation on amendment to the articles of association.

BOARD OF DIRECTORS

The current Board of Directors is composed of nine members, and the Bank's executive management is assured by seven directors, appointed by this same Board, from among its members.

The Board of Directors holds meetings at least once every quarter and always when called by the Chairman of the Board of Directors.

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

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

The Executive Committee of the Board of Directors, under its duties and subject to the action plans and annual budget as well as any other measures and guidelines approved by the Board of Directors, has ample management powers to conduct the Bank's current activity, where its exercise is permanently monitored by the Board of Directors, the Supervisory Board and the External Auditor.

All the members of the Executive Committee play an active role in the current management of the Bank's business, being responsible for one or more specific business areas, according to their respective profile and individual specialisations, without prejudice to the stronger or lesser concentration of a particular member in a given area.

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

SUPERVISORY BOARD

The composition of the Supervisory Board is ruled by the Articles of Association and consists of a Chairman and three permanent members. The Supervisory Board meets at least once every quarter.

EXTERNAL AUDITOR

The external audit is assured by PKF Angola - Auditores e Consultores, S.A. The rules for the provision of services by the External Auditor are defined in Banco Nacional de Angola Notice number 04/2013, of 22 April.

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

COMPOSITION OF THE GOVERNING BODIES

BOARD OF DIRECTORS	EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS
<div>CHAIRMAN</div> <div>Fernando Mendes Teles</div> <div>MEMBERS</div> <div>Graziela Rodrigues Esteves</div> <div>Fernando Aleixo Duarte</div> <div>Graça Maria Pereira</div> <div>Hugo Silva Teles</div> <div>José Manuel Cândido</div> <div>Pedro Nunes M'Bidingani</div> <div>Américo Ferreira de Amorim*</div> <div>Isabel José dos Santos*</div>	<div>CHAIRMAN</div> <div>Fernando Mendes Teles</div> <div>MEMBERS</div> <div>Graziela Rodrigues Esteves</div> <div>Fernando Aleixo Duarte</div> <div>Graça Maria Pereira</div> <div>Hugo Silva Teles</div> <div>José Manuel Cândido</div> <div>Pedro Nunes M'Bidingani</div>
SUPERVISORY BOARD	EXTERNAL AUDITOR
<div>CHAIRMAN</div> <div>Henrique Camões Serra</div> <div>MEMBERS</div> <div>Ana Sofia Almeida</div> <div>Maria Ivone dos Santos</div>	<div>PKF Angola - Auditores e Consultores, S.A.</div>

(*) Non-executive directors

00.3.2
FUNCTIONAL ORGANISATION CHART

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

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

COMPOSITION OF THE STRUCTURAL UNITS

(CBD)
FERNANDO
TELES



DRHF Human Resources and Training Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Fátima Monteiro Deputy Director: Telma Pinheiro Number of employees: 6
DIF International and Financial Division	BUSINESS AREA Central Director: Bruno Bastos Assistant Directors: Lília Cunha / Irene Vezo Number of employees: 10
DPCG Planning, Accountancy and Management Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Alzira Gama Deputy Directors: Edhylaine Tavares / Soraia Ramos Number of employees: 16
DRM Material Resources Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Alberto Castelo Branco Number of employees: 39
Fixing Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: José Carlos Silva Deputy Director: Helga Peres Number of employees: 7
Holdings Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Directors: Fátima Monteiro / Joaquim Moutinho Number of employees: 3
TC Central Treasury	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Inocêncio Almeida Number of employees: 16
DPN I Individuals and Business Division I	BUSINESS AREA Central Directors: Anabela Santinho / Henrique Oliveira / N'kiniani Rangel / José Zacarias Assistant Director: Emília Calohombo Area Directors: Ana Paula Cajada / Edna Gaspar / Essoco Baptista / Horácio Almeida / Pedro Marta / Rui Caetano / Solange Martins / Telmo Bernardo Number of employees: 664
DE I Companies Division I	BUSINESS AREA Central Director: Jorge Veiga Directors of Centres: Dinamene Monteiro / Isabel Lopes / Luena Fundões Number of employees: 34
GAP Angola - Portugal Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: José Carlos Silva Number of employees: 1

GRAZIELA
ESTEVES



FERNANDO
DUARTE



DSI Information Systems Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Luis Nikolai Assistant Director: Rui Valente Deputy Director: Jaime Corte-Real Number of employees: 39
DPN II Individuals and Business Division II	BUSINESS AREA Central Directors: Amílcar Aguiar / Francisco Lourenço / António Silva Coordinating Directors: Elisabeth Pina / Fátima Silva Area Directors: Edgar Magalhães / Fábio Leitão / Felícia Fortes / Francisco Melo / João Ivungo / José Assis / Patrícia Faria / Simão Finde Number of employees: 694
DAI Audit and Inspection Division	CONTROL AREA Central Director: Pedro Viagem Audit Central Director: Jerusa Guedes Inspection Central Director: Augusto Silva Audit Deputy Director: Fernanda Pinto Inspection Deputy Director: Cristiano Fontoura Number of employees: 19
DARC Credit Risk Analysis Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Carla Estronca Deputy Directors: Maria Franco / Mário Nicodemos Number of employees: 17
GO Organisation Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Deputy Director: Sónia Liliita Number of employees: 2
Compliance Office	CONTROL AREA Central Director: Victor Fonseca Number of employees: 2
GR Risk Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Joaquim Moutinho Number of employees : 1

GRAÇA
PEREIRA



HUGO
TELES



Private Banking Division	BUSINESS AREA Central Director: Stephan Silva Number of employees: 6
DE II Companies Division II	BUSINESS AREA Central Director: Carlos Pinheiro Director of Centres: Marcilia Gonçalves / Ricardo Cortez / Regina Vale Number of employees: 38
Investment Centres Division	BUSINESS AREA Central Director: Monalisa Dias Number of employees: 12
DPN III Individuals and Business Division III	BUSINESS AREA Central Director: Susana Silva Area Director: Carlos Fragoso Number of employees: 104
DOE Operations and Foreign Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Paula Sousa Assistant Director: Inês Carvalho Deputy Directors: Paulo Brito / Manuela Pereira Number of employees: 60
GAB Angola - Brazil Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Head: José Carlos Silva Number of employees: 1
GMC Capital Market Office	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Bruno Bastos Number of employees: 1
DCAMP Division of Alternative Channels and Means of Payment	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Paula Sousa Number of employees: 2

JOSÉ
CÂNDIDO



PEDRO
M'BIDINGANI >

DE III Companies Division III	BUSINESS AREA Central Director: Pedro Santos Director of Centres: Alfredo Castro Number of employees: 35
DM Marketing Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Director: Mafalda Carvalho Number of employees: 4
DJRC Legal and Credit Recovery Division	OPERATING AND ACCOUNTANCY SUPPORT AREA Central Directors: Carlos Campos / Aleixo Afonso Assistant Director: Catarina Fernandes Deputy Directors: Isilda Tavares / Nelson Guilherme Number of employees: 25

00.3.3
REMUNERATION POLICY

DISCLOSURE OF QUANTITATIVE INFORMATION

In compliance with the provisions in number 3, subparagraph d), point i) of article 23 of Banco Nacional de Angola Notice number 01/2013, of 19 April, we disclose that the remunerations earned during 2013 by the Bank's Board of Directors and Supervisory Board reached approximately 128 million Kwanzas.

ANNUAL STATEMENT ON THE REMUNERATION POLICY

1. Remuneration Policy for the Governing Bodies

- 1.1. The Remuneration Policy for the Governing Bodies of Banco BIC, S.A., in force during 2013 was approved by the General Meeting, under proposal of the Board of Directors.
- 1.2. No external consultants participated in the definition of the Remuneration Policy and there was no Remuneration Committee.
- 1.3. The Remuneration Policy for 2013 was compatible with the long term interests of the Bank and did not encourage excessive risk-taking.

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

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

1.6. Remuneration of the members of the Executive Committee:

- a) All the members of the Executive Committee receive a fixed remuneration, paid 14 times per year;
- b) The Management is assessed annually by the General Meeting, considering the accomplishment of objectives, the quantitative and qualitative results achieved as well as their source and nature, their sustainability or temporary character, the risk associated to their achievement, compliance with the rules, value added for Shareholders and the institution's relations with other stakeholders.

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

2. Remuneration of the employees:

- 2.1. The employees are assessed annually by their respective senior staff, where the results of this assessment influence the attribution of the variable component of their remuneration.
- 2.2. Employees who are legally bound to the Bank through an employment contract receive no form of remuneration other than those due to them from the normal application of the labour legislation, and are not entitled to any system of annual bonuses or any other non-cash benefits; nevertheless they may receive a variable remuneration under the terms of the remuneration policy in force.



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- 1.2 Angolan Economy
- 1.3 Positioning of Banco BIC in the Banking Sector

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02. LEAF

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01 ■ TRUNK

In these circumstances, Banco BIC maintained its strategic alignment, focused on strong structural growth, ongoing adaptation to market needs, required by the customer and regulator, continuous investment in innovation, and substantial reinforcement of loans to the economy.



The trunk of the baobab tree is very thick at the base and can grow up to nine metres in diameter and 20 metres in height.

01.

MACROECONOMIC BACKGROUND

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

MACROECONOMIC BACKGROUND

01.1

WORLD ECONOMY

The world economy showed a sharp slowdown in gross domestic product growth dynamics, standing at 1.4% in 2013 in comparison with 3.1% in the previous year. A strong improvement is forecast for 2014 with growth of 3.7%.

The advanced economies recorded a slight decline in growth relative to 2012: 1.3% in 2013 compared to 1.4% in the previous year. A considerable improvement is projected for 2014 to 2.2%. The USA continues to record higher growth, 1.9% in 2013 and 2.8% in 2012 and the forecasts for 2014 point to an acceleration with growth around 2.8%.

The emerging economies grew by 4.7% in 2013, a value slightly below the figure for 2012 (4.9%). Forecasts for 2014 indicate a modest improvement of economic expansion (5.1%).

In contrast to the immediately preceding periods, the current buoyancy is not only due to the emerging economies. The traditionally more developed economies also contributed. This standard began to be evident as of the end of the year, causing an improvement of expectations in developed countries, especially in the United Kingdom, Japan, Spain and the USA, where the forecasts improved, respectively, by 0.6 p.p., 0.4 p.p., 0.4 p.p. and 0.2 p.p. The expectations of growth of GDP are maintained for the emerging economies, although for some countries, in particular Russia, negative expectations are recorded (-1.0 p.p.).

In general, world growth remains at levels considered moderate, in comparison with the period immediately before the emergence of the financial crisis.

Productive capacity in the advanced economies continues to record high surplus capacity (output gaps), partly explained by the need to continue to implement budget consolidation policies.

The major differences that existed previously between regions and countries have increased in terms of growth levels and stimulation factors.

The emerging economies experienced lower strength of demand coming from the advanced economies. Various countries, such as China and Brazil, having some margin for manoeuvre due to still moderate budget deficits and public debt, were able to offset this lower external demand by resorting to public investment stimulus. On the other hand, certain countries such as Russia and countries of Latin America were affected by the decline in commodity prices.

In the USA, the improvement in the financial sector and real estate and construction markets combined with the expansionary monetary policy more than offset the effects of budget policy contraction.

In Japan, both consumption and exports benefited from the considerable monetary expansion, which marked the beginning of 2013, and weakening of the yen.

The Libor rates for deposits at three months in U.S. Dollars fell sharply from 0.7% in 2012 to 0.4% in 2013. Likewise, the Libor rates at three months in euros declined sharply from 0.6% (2012) to 0.2% (2013).

As a result of the low prices of energy inputs and persistence of surplus productive capacity, world inflation remained at controlled levels, below 3.5%.

In the advanced economies, inflation remained at moderate levels, having fallen at the end of the year due to the surplus capacity and declining price of energy inputs. The variation of consumer prices fell from 2% in 2012 to 1.4% in 2013. In the emerging economies these values stabilised to around 6.0%.

The price of oil fell by 0.9% in 2013, against an increase of 1.0% in 2012. The situation of demand and strong increase of the supply of unconventional oil (shale oil and tar sands) by the United States suggest the continuation of low oil price dynamics. In turn, the price of non-oil commodities declined by 1.5% which followed from the enormous fall of 10.0% in 2012.

After a long period of sluggishness, in 2013 world trade remained at the same growth rate as that recorded in 2012: 2.5%.

In the area of macroeconomic policies, 2013 was marked, both in the USA and United Kingdom, by expansionary monetary policies and reduction of private debt levels and, in the Euro Zone, by the relaxation of restrictive budget policies. As noted above, the announcement by the US Federal Reserve (FED) of a pause in the monetary expansion of the USA caused difficulties in various emerging economies, leading to capital outflows, thus worsening credit conditions and dragging with it the devaluation of local currencies. The announced reversal of the quantitative easing policy of the American monetary authorities exerted downward pressure on the exchange rates of the emerging countries leading to outflows of capital from emerging countries and worsening credit conditions. The postponement of the implementation of these measures combined with the interventions of central banks calmed the markets but, ultimately, monetary conditions became more restrictive.

In view of the historically high structural deficits and public debt, most countries followed a consolidation policy, with the notable exceptions of Japan and the United Kingdom.

In 2013, the advanced economies, with the exception of the Euro Zone, maintained expansionary monetary policies at the same level as the previous year. The central banks of the USA, Japan and United Kingdom continued to maintain intervention interest rates close to zero and pursued unconventional policies of monetary facilitation. Furthermore, in order to lend credibility to their expansionary strategy and reinforce the mechanisms of transmission of monetary policy, the monetary authorities started to follow a policy of more open communication, announcing their policies in advance (forward guidance). In particular, the American FED and the Bank of England undertook a commitment to link the future establishment of interest rates and level of monetary expansion to the evolution of certain indicators such as the unemployment rate.

SUB-SAHARAN AFRICA

According to the World Bank, real growth is estimated at 4.7% for 2013 in the region of Sub-Saharan Africa.

This performance was boosted by the increased investment in natural resources and infrastructures and robust household consumption.

Growth was particularly positive in resource-rich countries, including Sierra Leone and the Democratic Republic of Congo, remained stable in the Ivory Coast and showed a modest recovery in Mali, thanks to greater political stability and public security. Countries that are not well endowed with resources, in particular Ethiopia and Rwanda, also showed solid economic growth during 2013.

With more moderate international food and energy prices and prudent monetary policy, inflation slowed down in the region, having grown at an annual rate of 6.3% in 2013, compared with 10.7% in 2012. Some countries, such as Ghana and Malawi, recorded higher inflation, due to currency devaluation.

Remittances to the region increased by 6.2 % to 32 billion Dollars in 2013, exceeding the record figure of 30 billion reached in 2011. These inflows, combined with the lower food prices, drove household real disposable income and expenditure.

01.2

ANGOLAN ECONOMY

The Angolan economy maintained its robust growth during 2013, as confirmed by the key economic indicators, albeit with a slight slowdown in GDP growth, according to IMF data, from 5.2% to 4.1% in 2013.

Inflation remained on its downward trend, observed over the past few years, having stood at 7.69% (9.02% in 2012), the lowest value for 22 years since this indicator started to be disclosed. The Kwanza remained relatively stable in relation to the U.S. Dollar, with a depreciation of only 1.87% in 2013. Net reserves maintained their solid level, standing at approximately USD 30.9 thousand million (USD 30.6 thousand million as at 31 December 2012), equivalent to around seven months of imports.

GROSS DOMESTIC PRODUCT

During 2013, according to the IMF, Angola's GDP grew by 4.1% with a contribution of the oil sector of approximately 0.6% together with a contribution of 5.8% of the non-oil sectors. Particular note should be made, once again, of the trend embarked on in 2006 by the Angolan Government of boosting GDP growth through greater contribution of the non-oil sectors.

The slowdown of GDP growth was partly due to the drought which affected various regions of the country, responsible for the slow recovery of the agricultural sector. However, the impact of the investments made by the Government in the construction and energy sectors has led very positive growth of the non-oil sector. The oil sector, after a cycle of contraction up to 2011, recorded growth of 0.6% in 2013 and 4.3% in 2012.

INTERNATIONAL RESERVES AND THE OIL SECTOR

Net International Reserves have grown significantly since 2009. This growth has essentially been supported by the inflow of currency in the context of direct foreign investment in the oil sector and oil export revenue.

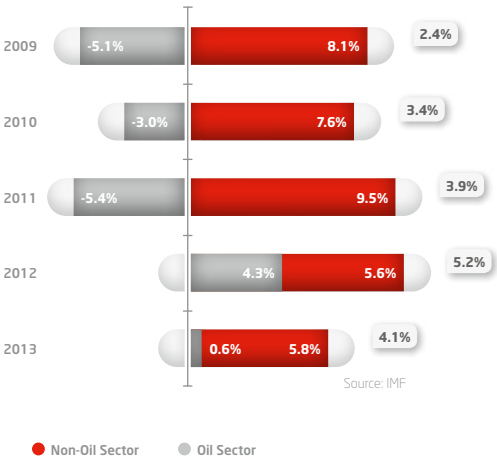
During the last four years, Angola's Net International Reserves have shown considerable growth, with average above USD 4.5 thousand million. During 2013, although a value of reserves above USD 30,945 million was recorded as at 31 December 2013, the gradual transfer of resources to the Sovereign Fund of Angola led to a more modest accumulation of Reserves than in previous years.

It is important to note that the existing value of Net International Reserves at the end of 2013 corresponds to close to seven months of imports, conferring greater robustness to the Angolan economy. The continued high price and production level

of oil, the stability of the Kwanza and conservative Government policy in the management of reserves, have enabled keeping Net International Reserves at levels which, in this way, mitigate the risk arising from possible oil shocks.

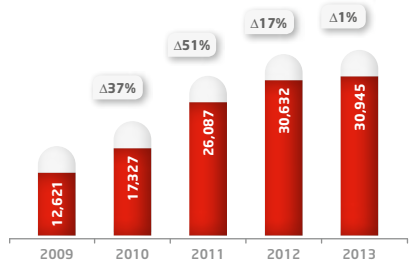
The oil sector recorded an average production of 1.742 million barrels/day in 2013, compared to the 1.731 million barrels/day observed in 2012, thus maintaining a trend of production at high levels and which, according to the expectations of the Angolan Government, will tend to increase in the next few year, with the forecast possibility of reaching the figure of 2 million barrels/day in 2015.

Although the price of oil has been above that presented in the State General Budget for 2013, there has been a reduction of close to 3% in relation to the price observed in 2012 which has led to oil revenue being higher than that defined in the State General Budget, but, on the other, this figure is close to 7% of GDP less than in 2012.



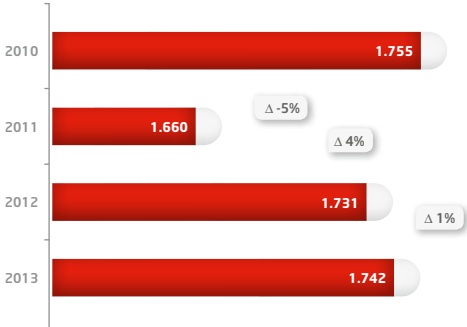
Net International Reserves

In USD million

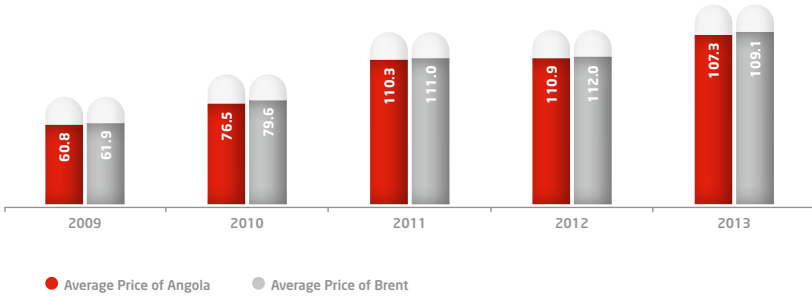


Oil Production

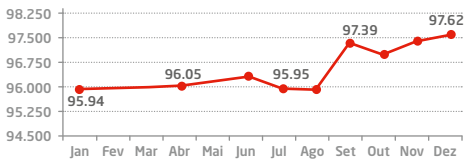
In million barrels/day



Evolution of the Price of Oil



Evolution of the Kwanza in relation to the U.S. Dollar



FOREIGN EXCHANGE MARKET

The foreign exchange market was relatively stable throughout 2013, with a depreciation of the Kwanza relative to the U.S. Dollar of close to 1.87%. The opening exchange rate for 2013 was 95.826 AKZ/USD and the closing rate stood at 97.619 AKZ/USD.

The stability of the exchange rate was partly due to BNA's total placement of currency of the value of USD 19,282 million as at 31 December 2013, corresponding to USD 1,081 million more than the values placed in the same period of 2012, which enabled meeting the existing demand in the market.

Furthermore, the implementation of the new foreign exchange law for the oil sector, which is reflected in the channelling of a major part of this sector's payments in the Angolan financial system and, in the case of resident suppliers, in compulsory payment in Kwanzas, has enabled increasing the available funds to meet internal demand.

Since Angola is a very open economy to the exterior, importing a significant part of its consumer goods, the stability of the exchange rate is a crucial element to assure price stability.

INFLATION AND THE MONEY MARKET

At the end of 2013, inflation continued on its downward trend, with only one digit (7.69%), corresponding to a reduction of approximately 1.33% in relation to 2012, the lowest value for 22 years since this indicator began to be disclosed.

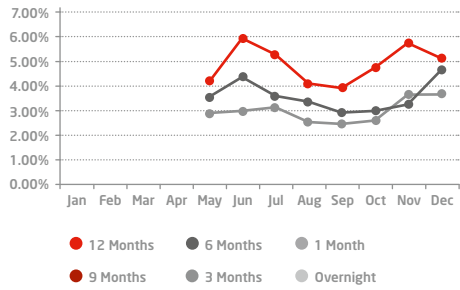
The stability of the exchange rate, an improvement in the management of public accounts and in a more vulnerable external environment, thus reducing the pressure on imported inflation, have been determinant factors in the stability of prices in the Angolan economy.

For the next few years, although the Angolan Government will maintain the objective of keeping the inflation rate observed in 2013, factors such as the high costs of refined oil products, increased State expenditure, the review of customs tariffs and, on the other hand, the growing internal demand combined with insufficient logistics to supply goods and services, will continue to be challenges to consider in the control of this indicator.

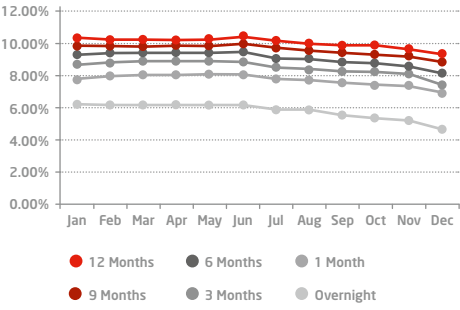
Central Bank Securities on the money market recorded a dizzy decline of volume throughout 2013. The issues reached a total of approximately AKZ 30,465 million, corresponding to a heavy reduction of AKZ 726,329 million, year-on-year.

Treasury Bill issues increased by around 112% in 2013, as a result of the preferred financing policies of the Angolan Government, having close the year with a balance of AKZ 305 thousand million compared to the balance at the end of the previous year of AKZ 104 thousand million. The nominal yields of Treasury Bills at 364 days,

Treasury Bill Yield Rates



Luibor Rate



although showing some volatility, with a minimum of 3.97% in September 2013 and a maximum of 5.96% in June 2013, finally stood at 5.17% in December 2013 (5.14% in 2012).

Banco Nacional de Angola's Monetary Policy Committee (CPM) decided to lower the reference interest rate (BNA Rate) from 10.25% to 9.25% during 2013, with the good performance of inflation having contributed decisively to this decision.

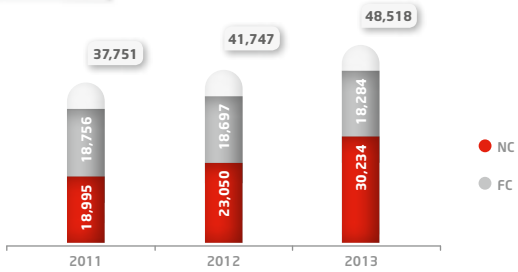
The increased liquidity of the banking institutions in 2013, essentially derived from the reduction of Compulsory Reserves in National Currency from 20% to 15%, was a determinant factor in the fall of Luibor Rates. The rates for shorter periods, namely overnight, at one and three months, ended the year at 4.71%, 6.99% and 7.50% respectively (6.2%, 7.70% and 8.65% in 2012), and for longer periods, at six, nine and twelve months, ended the year at 8.12%, 8.82% and 9.35% respectively (9.43%, 10.21%, 10.66% in 2012).

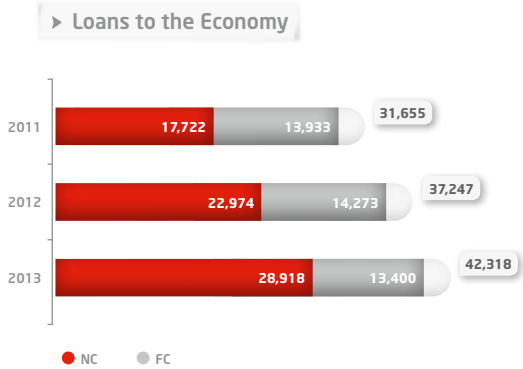
BANKING SECTOR INDICATORS

The total deposits of the banking sector in Angola grew by approximately 16% in 2013, having increased from USD 41,747 million as at 31 December 2012 to USD 48,518 million in 2013. Deposits denominated in national currency showed greater weight in 2013, accounting for approximately 62% of total deposits against the 55% recorded in 2012, which represents a very positive sign of the path that has already been taken towards the de-dollarization of the economy.

The implementation of the new foreign exchange law for the oil sector, with the compulsory payment in Kwanzas, was one of the determinant factors for the increased funds in National Currency.

Customer Funds





During the period under review, growth was also recorded in terms of loans granted to the economy, which reached a stock of USD 42,318 million as at 31 December 2013, corresponding to a year-on-year increase of around 14%. Under this heading, we highlight the significant growth of loans denominated in national currency, with a relative weight of 68% for 2013 against the 62% for 2012.

01.3

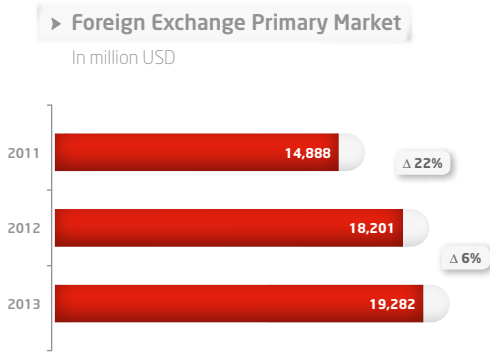
POSITIONING OF BANCO BIC IN THE BANKING SECTOR

In 2013, as in previous years, there was widespread growth of the key indicators of the Angolan banking sector, namely in terms of funds attracted from customers which grew by around 16% (USD 6,628 million), shifting to USD 48,518 million, and relative to total loans to the economy which grew by around 14% (USD 5,238 million), which shifted to USD 42,318 million. This was also the case for the main indicators of the population's participation in the banking system which, as at 31 December 2013, reached a total of 2,462,174 Multicaixa cards, 2,101 ATMs and 19.542 EFTPOS (electronic funds transfer at point of sale).

In these circumstances, Banco BIC maintained its strategic alignment, focused on **strong structural growth**, ongoing **adaptation to market needs**, required by the customer and regulator, **continuous investment in innovation**, and **substantial reinforcement of loans to the economy**.

In 2013, Banco BIC maintained its focus on the expansion of the commercial network, with the opening of 18 new commercial units and increasingly broader coverage of the country; on increasing its Turnover, with a substantial reinforcement of loans to the economy; in rigorous monitoring of operating income and structural costs; and in the follow-up of all risks associated to banking activity.

Moreover, the increased amount of currency acquired on the primary market also enabled Banco BIC to uphold its position, as in previous years, as a reference for national importers. On this issue, special note should also be made of the start-up of the marketing of Kwanzas at any branch of Banco BIC Português, which, in this way, represents a pioneer and fundamental step towards the internationalisation of our National Currency.



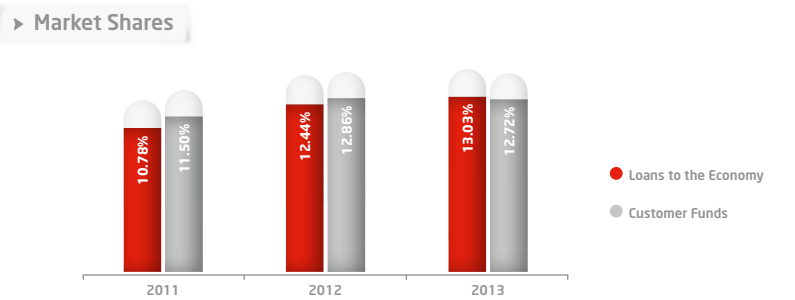
The financial solidity achieved and our positioning in the Angolan financial sector, during over eight years of excellence, led to the award of various different distinctions, in particular the *Best Company of the Year in the Angolan Financial Sector award, attributed under the Sirius Awards 2013*, and the *Best Bank in Angola* distinction awarded by the prestigious magazine *The Banker* of the Financial Times group.

On the currency primary market, Banco Nacional de Angola provided the total amount of USD 19,282 million up to the end of 2013, corresponding to growth of around 6% in relation to 2012. Of the amount provided by Banco Nacional de Angola up to December 2013, Banco BIC purchased USD 2,752 million, representing USD 261 million more than in 2012, and a market share of 14%.

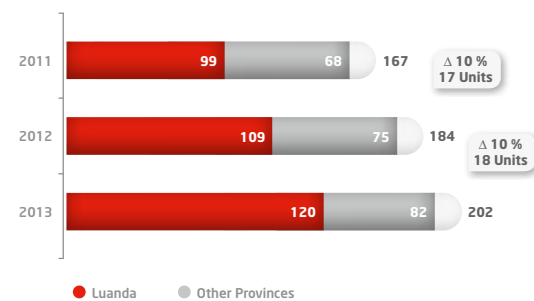
In spite of the significant competition faced and increased players in the market, the Bank kept its market shares almost unchanged as at 31 December 2013. For loans to the economy, the market share achieved stood at 13.03% (12.44% in 2012), while for customer a market share of 12.72% was obtained (12.86% in 2012).

Banco BIC's total loan portfolio (including signature credit and loans granted to the State through public debt securities), reached a total of USD 5,996 million as at 31 December 2013, representing an increase of close to USD 904 million (equivalent to 18%) in relation to the balance as at 31 December 2012.

This growth of credit to the economy was decisively the result of the Bank's collaboration with the Angolan State, through Treasury Bond acquisition programmes, with direct payment to the Bank's customers, under the process of settlement of Debt in arrears to companies providing goods and services, which reached a total of close to USD 400 million in 2013.



► Commercial Units



In 2013, Banco BIC strengthened its position as the Private Bank with the largest network of Commercial Units in Angola. A further 18 Commercial Units were opened, making up a total of 202 as at 31 December 2013, of which 120 are in Luanda and 82 are distributed over the remaining provinces of Angola. In this way, year after year, we are becoming closer to all Angolans, including in municipalities where, prior to our existence, there had been no banking facilities at all.

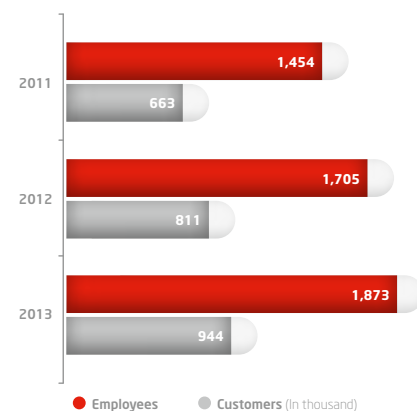
Banco BIC significantly increased its portfolio of customers in 2013 by approximately 16% in relation to 2012, with a total of 944 thousand customers, equivalent to an annual average growth of over 100 thousand customers. The growth observed in this portfolio is the result of a unique approach focused on the needs of our customers.

The number of employees increased from 1,705 at the end of 2012 to 1,873 by the end of 2013. This growth was largely due to the increased scale of the commercial network. However, it should be noted that it was also necessary to strengthen the Central Services, essentially in risk assessment areas, in view of the market needs and requirements.

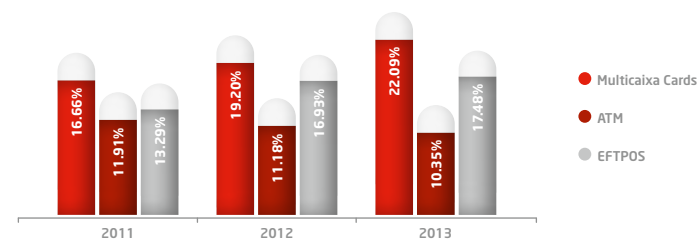
There was also considerable investment in the ATM network, composed of 225 ATM as at 31 December 2013, corresponding to an increase of 18 ATMs in 2013, where this situation is fundamental in a market which has increased its use of ATMs in a sustained manner, year after year.

In 2013, Banco BIC strengthened its market share of Multicaixa cards to 22.09% (19.20% in 2012) and EFTPOS (electronic funds transfer at point of sale) to 17.48% (16.93% in 2012). As at 31 December 2013, the Bank had 451,082 Multicaixa cards, an increase of 59,031 cards relative to those existing in 2012. During 2013, a further 1,127 EFTPOS were also installed for our customers, giving rise to a total of 3,416 EFTPOS at the end of 2013.

► Market Indicators



► Market Shares



02. LEAF

In compliance with its slogan "Growing Together", Banco BIC has intensified its presence all over the country. During 2013 we opened a further 18 commercial units, having closed the year with a total of 202, of which 120 are in Luanda and 82 are distributed over different provinces of the country, which is the same as saying that we increasingly stand out as the Private Bank with the largest commercial network of Angola.



Baobabs produce their leaves between July and January.



02.

CONTEXT OF THE ACTIVITY

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

CONTEXT OF THE ACTIVITY

02.1

MAIN BUSINESS LINES

The provision of services characterised by excellence and permanently driven by the needs of each customer has been, since its incorporation, one of the strategic and differentiating pillars of Banco BIC. Reflected in its strong commercial dynamics among its customer segments, individual and companies, the Bank has achieved annual average growth of approximately USD 1.4 thousand million in its Turnover (including loans to the State).

Particular note should be made not only of the activity developed in the national market, but also, and increasingly more so, the strengthening of international activity, especially with Banco BIC Português, focusing on efficiency levels between institutions, which represent a fundamental source of growth and increased value added for our customers. The Angola-Portugal Office was created in 2012, in order to stimulate this bilateral business.

The Bank's commercial structure has been defined so as to ensure better alignment with customer needs, thus being divided into four main segments, namely Individuals and Business, Private Banking, Investment and Companies, within the last of which the Oil and Gas Department was created in 2012.

In 2013, the Bank reorganised some of these areas with the objective of ensuring the continuous improvement of the services rendered to customers. Hence, some customers were allocated to the most suitable segment, and the competence of credit proposal analysis was strengthened within these segments.

INDIVIDUALS AND BUSINESS DIVISION

At the end of 2013, the Individuals and Business Division (DPN) had a total of 174 branches and seven banking service points distributed throughout all the provinces of Angola, representing approximately 86% of Banco BIC's total commercial network.

This Division, which supports Banco BIC's Branch Network, recorded growth of USD 129 million in terms of total customer funds (+6% relative to 31 December 2012), having reached the total amount of USD 2,431 million as at 31 December 2013. Regarding total loans, the overall value of the Individuals and Business Division's portfolio reached USD 657 million as at 31 December 2013.

The Individuals and Business Division, through its branch network, which showed strong expansion, namely in terms of the provinces, conducted its activity during 2013 with particular focus on strengthening its portfolios of customer funds and loans and reinforcing its commercial relations with customers through the placement of new products.



Among the new products launched in 2013, we highlight, in the area of deposits, the “BIC MORE Deposit”, where the Bank seeks to create increasingly more saving solutions for its customers, and regarding credit, the solutions for civil servants with a subsidised rate of 9%.

COMPANIES DIVISION

During 2013, the Companies Division (DE), pursuing its action of retaining customer loyalty through the provision of a more qualified service, expanded its commercial action, inaugurating two new banking service points, currently offering 17 company centres and having opened 638 new accounts.

Under the process of reallocation of customers which began in 2012, the transfers were continued to company centres of accounts which had previously been allocated to other divisions, aimed at providing a more personalised and differentiated service to this customer segment.

During 2013, the Companies Division not only sought to attract new customers, but also to strengthen its commercial relations with current customers, which was reflected in growth in terms of funds captured by over USD 227 million, with the total value having increased from USD 2,360 million at the end of 2012 to USD 2,587 million at the end of 2013 (growth of 10%).



The Companies Division achieved a share of 15% of total customer loans, with approximately USD 1,692 million being under its management. Always taking into account the Bank's solvency ratios, business solidity and the quality of the loan portfolio, the Companies Division continued to closely monitor its portfolio of customers and, for those showing signs of greater difficulty, established a carefully defined policy of renewal of operations, with the reinforcement of guarantees associated to loan operations being a decisive management tool.

COMPANIES DIVISION - OIL AND GAS DEPARTMENT

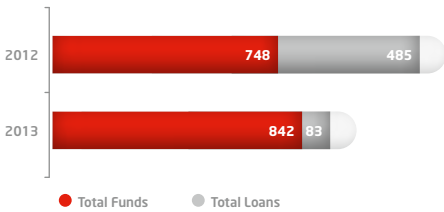
In May 2012, with the approval of the new Foreign Exchange Law applicable to the oil sector, Banco BIC created an Oil and Gas Department, designed from scratch to ensure exclusive customer attendance and an excellent service for the specific needs of this segment.

In the beginning, the Department essentially focused on front-office activities to support companies in the process of transition of the different stages of the new

Foreign Exchange Law. Subsequently, the back-office activities were developed, namely with the creation of a series of sub-divisions in the various departments of the central services, combined with a series of technological innovations aimed at assuring the swiftness and efficiency of all the processes and greater adjustment to this sector's requirements.

This Department is regulated by a specific model based on the following value drivers:

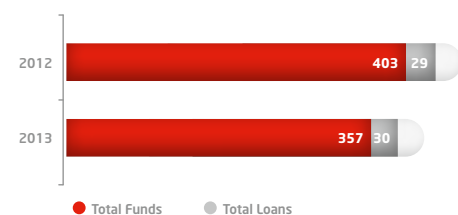
OPERATING EFFICIENCY: <ul style="list-style-type: none">> Automatic Payment System> STP Processing System> BIC NET Companies with upload of PS2/PSX files	ACCESSIBILITY / FLEXIBILITY: <ul style="list-style-type: none">> Services and products adapted to the needs of each customer> Personalised Attendance and Availability> Banco BIC member of AECIPA
SECURITY: <ul style="list-style-type: none">> Financial Solidity> Processing platforms> Business Continuity and Disaster Recovery Solution	COMPLIANCE: <ul style="list-style-type: none">> Tools Against Money Laundering and the Financing of Terrorism> Advisory Service on the requirements of the Foreign Exchange Law



PRIVATE BANKING

The activity of this Division is assured by private managers, with great technical and relational skills, underpinned by relations of trust in real time. This brought in results in terms of funds captured of around USD 94 million in 2013, with the total value having increased from USD 748 million in 2012 to USD 842 million in 2013. The total portfolio of loans stood at close to USD 83 million as at 31 December 2013.

Our commitment is to assure the continuous improvement of the service provided to our customers, with the highest and most differentiated level of banking attendance, offering a more personalised structure based on the sale of financial consulting products, in line with the risk profile identified for each customer. Furthermore, upholding the main objective of the sustained preservation of the customers' wealth in detriment of performance, in order to maintain the growth and consolidation of this activity.



INVESTMENT DIVISION

The Investment Division is ruled by the traditional model of banking segmentation for its customers in terms of the level of investment/return presented by these customers. Better knowledge of the customer and development of the best practices of monitoring and prospecting, in order to materialise the commitment of those who invest, aimed at achieving the successful accomplishment of each project, building strategic partnerships and synergies of value. The Investment Division is present throughout the entire life-cycle of the investment project, close to the Investor, from its design until the time of its full activity.

For investors who wish to diversify their investment and focus on this segment, Banco BIC offers various investment alternatives which accompany the evolution of business reality, stimulating the commercial network of economic agents who maintain financial relations with the Bank.

This division has three Investment Centres, offering ongoing and specialised follow-up, both in terms of the daily management of the customers’ portfolio and in the taking of investment decisions. 2013 closed with a balance in portfolio of total funds of USD 357 million. The total loan portfolio stood at USD 30 million at the end of 2013.

ANGOLA PORTUGAL OFFICE

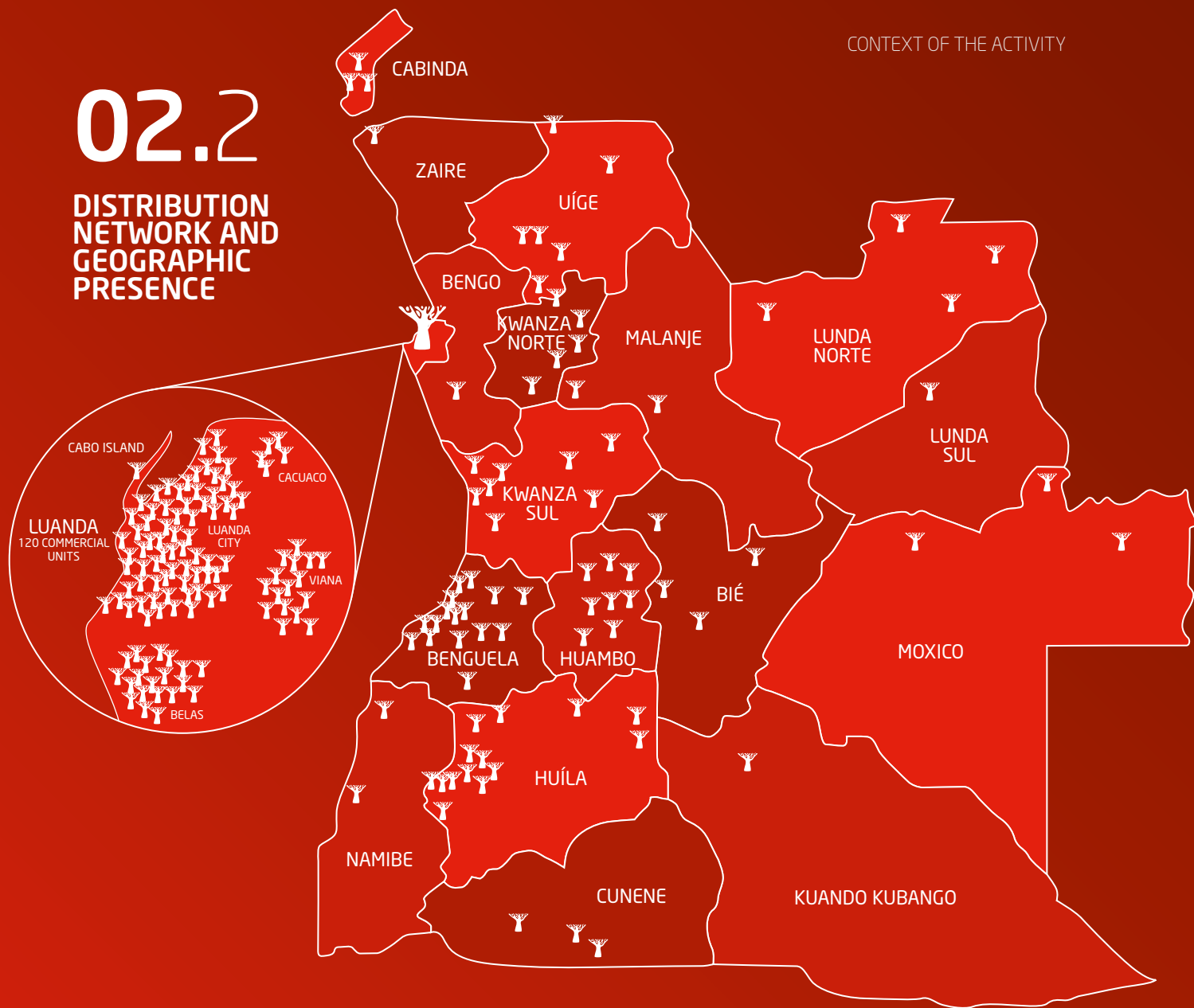
The Angola Portugal Office (GAP) was created in May 2012, to boost bilateral business between Angola and Portugal, assuring the management of the financial flows between the two countries and supporting Angolan and Portuguese entrepreneurs in their internationalisation activity.

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

The main activities of the Angola Portugal Office includes financial support to the current activity of companies of both countries, namely with financing support services for exports, the provision of information on the specificities of each market and monitoring of the flow generated between the two countries, with particular attention to the swiftness of processes and competitiveness of the applied pricing.

02.2

DISTRIBUTION NETWORK AND GEOGRAPHIC PRESENCE



BENGO Branches - 1	CABINDA Branches - 3	HUÍLA Branches - 13 Business Centres - 1	KWANZA SUL Branches - 8	LUNDA NORTE Branches - 4	NAMIBE Branches - 2
BENGUELA Branches - 14 Business Centres - 2	CUNENE Branches - 3	KUANDO KUBANGO Branches - 1	LUANDA Branches - 96 Business Centres - 14 Investment Centres - 3 Banking Service Point - 6 Private Banking - 1	LUNDA SUL Branches - 1	UÍGE Branches - 6
BIÉ Branches - 4	HUAMBO Branches - 8	KWANZA NORTE Branches - 5		MALANJE Branches - 2	ZAIRE Branches - 1
				MOXICO Branches - 3	

02.3

HISTORIC MILESTONES

Various milestones have been achieved since 2005, throughout these over eight years of the Bank's activity which, in this way, has increasingly deepened the roots of this Baobab Tree which does not cease growing.

2013

- Banco BIC was distinguished as the *Best Company of the Year in the Angolan Financial Sector*, attributed under the Sirius Awards 2013;
- Awarded by the prestigious magazine *The Banker* of the Financial Times as the *Best Bank in Angola*;
- Start-up of the internationalisation and convertibility of the Angolan currency (the Kwanza). In this process, Kwanza notes are marketed at Banco BIC's branch network in Portugal; and
- Banco BIC strengthened its international activity with the start-up of business in Cape Verde and closed an agreement for the activity in Brazil.

2012

- According to the *African Business* magazine, which every year publishes a list of the 100 largest banks of Africa based on the Own Funds of each institution, **Banco BIC was positioned as the 32nd largest Bank of Africa**;
- Banco BIC closed 2012 with **a number of customers above 800 thousand**, demonstrating the confidence entrusted by customers in this Bank and the dedication of its employees; and
- The **Oil and Gas Department was created** to meet the specific needs of this sector.

2011

- Acquisition of Banco Português de Negócios from the Portuguese State, thus contributing to the enlargement of Banco BIC's presence in the Portuguese and European market (accomplished formally on 29 March 2012);



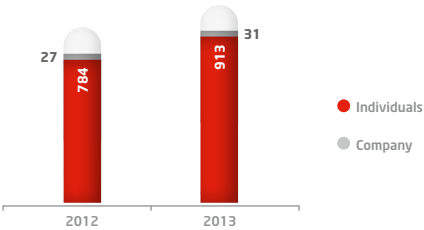
In compliance with its slogan "Growing Together", Banco BIC has intensified its presence all over the country. During 2013 we opened a further 18 commercial units, having closed the year with a total of 202, of which 120 are in Luanda and 82 are distributed over different provinces of the country, which is the same as saying that we increasingly stand out as the Private Bank with the largest commercial network of Angola.

BIC pursues the objective of expanding its attendance channels to the entire country and thus promotes the banking inclusion of all Angolans. This process involves detailed appraisal of market potential and mapping by region, based on social and geographic information, in order to identify new commercial opportunities and the specific needs of each province and municipality.

In 2013, Banco BIC maintained its trend of growth and positioning as one of the main operators of the national market's financial sector. As at 31 December 2013, the Bank has 96 branches, 14 company centres, 3 investment centres, 1 private banking unit and 6 banking service points in Luanda; and in the rest of the country's provinces it has 78 branches, 3 company centres and 1 banking service point.

► Customers

In thousand



2013 was marked by a considerable increase in the total number of customers, with a net growth of over 133 thousand new customers (of which approximately 129 thousand are individuals and 4 thousand are companies), having shifted from a total of 811 thousand customers in 2012 to 944 thousand customers in 2013. This growth was driven by the expansion of the distribution network and by marketing actions carried out during the year.

- Inauguration of Banco BIC's new head office in Talatona, at a ceremony chaired by his Excellency the Governor of Banco Nacional de Angola, Dr. José de Lima Massano;
- A little after six years of existence and an initial capital of USD 30 million, Banco BIC's equity surpassed the value of USD 650 million as at 31 December 2011; and
- Banco BIC become the largest Angolan private bank in terms of commercial coverage in Angola, with 167 commercial units, of which 99 were in Luanda and the remaining 68 were distributed over the remaining provinces of Angola;

2010

- Launch of the BIC Salary – Civil Service campaign. Now, civil servants can receive through Banco BIC. And receive more benefits: Personal Credit, Motor Vehicle Credit, Mortgage Loans and Advances up to 100% of their Salary;
- Launch of the CAN Awards 2010 campaign, under the theme: The Palancas have the support of the stadium and the Bank, alluding to the Angolan national football team, with an award of USD 1,000,000 to the Angolan team for its winning of the African Nations Championship (CAN) and also for its victories, for the goals scored and for the performance of the best players;
- Launch of the “5 YEARS making Angola grow” campaign, allusive to Banco BIC's 5th anniversary. The strongest motive was to say to Angolans that we are present all over the country, in the 18 provincial capitals and in the main municipalities. This is the same as saying that Banco BIC is increasingly closer to Angolans, to their families and to companies, being a strong partner in common development;
- In 2010, the threshold of 500,000 customers was surpassed, which include large companies, small business and individuals, demonstrating the confidence entrusted by customers in Banco BIC;
- The *African Business* magazine distinguished Banco BIC as the 42nd Largest Bank in Africa, in a list which includes banks with over half a century of existence. The Bank's financial solidity and the quality of the services rendered to its customers were crucial factors for this recognition; and
- Banco BIC become the largest Angolan private bank in terms of the geographic coverage of its Branches, which a presence in 48 of the 163 municipalities of the country.

2009

- Launch of the new image of Banco BIC, associated to solidity, technology and innovation. Since Banco BIC is primarily customer-driven, the following campaigns were reinforced: BIC VISA – Gold and Platinum, BIC Multicaixa and EFTPOS (electronic funds transfer at point of sale) linked to the VISA Network, aimed at strengthening the sale of these products.

2008

- The threshold of 1,000 employees was surpassed in 2008, of which approximately 81% were working in the commercial network. This growth of the Bank's employees, reflected in the expansion of its attendance network, constitutes one of the pillars of the Bank's Strategy of Growth;
- Awarded by *EuroMoney* as *The Best Bank in Angola*, for the excellence of its performance as a whole in the commercial area, service quality and consolidated results achieved; and

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

2007

- Authorisation by Banco de Portugal of the incorporation of Banco BIC Português, S.A. with majority-held Angolan capital, and its core business aimed at supporting Angolan and Portuguese entrepreneurs with interests in Angola;
- Signing of an agreement with the Ministry of Finance for the funding of the reconstruction project for the province of Uíge, valued at approximately USD 150 million;
- Creation of the Real Estate Credit Division with the objective of stimulating and improving the management of this credit segment; and
- Marketing of VISA credit cards – Visa Premium and Visa Gold, and launch of a campaign relative to their sale.

2006

- Launch of the BIC Housing and BIC Motor Vehicle campaigns;
- Extension of the Bank's branch network to almost all the country's provinces, with only three provinces left to cover, where works are already underway;
- Deliberation of a new increase of share capital of USD 20 million to USD 30 million following the authorisation of Banco Nacional de Angola;
- Signing of an agreement with Banco Popular de Portugal, with a view to establishing Credit Lines aimed at boosting relations between economic agents of Angola and Portugal through funding and the promotion of exports;
- Admission to the VISA POS network, with BIC operating as the issuer of internationally accepted credit cards, as a main member, where BIC may subsequently support other Angolan banks in obtaining VISA cards. BIC thus became part of the restricted group of banks selected by VISA; and
- Increase of the share capital by USD 14 million, fully paid-up in cash, thus reaching a total of USD 20 million.

2005

- Attribution of a performance certificate by American Express, for the quality of its processing of foreign operations which, with only months of existence, placed Banco BIC among the best banks at a worldwide level in this segment;
- Promotion of the Banco BIC Brand associated to the slogan "Growing Together", therefore affirming the Bank as partners of growth for our Customers and the Country;
- Opening of the first Branch in Luanda (Maianga Branch); and
- Incorporation by public deed of Banco BIC, S.A., after the authorisation of Banco Nacional de Angola, with a share capital of USD 6 million.

02.4
MARKETING AND
COMMUNICATION

During 2013, Banco BIC's Marketing and Communication Division continued its action, with special focus on strengthening the positioning, stimulation and reputation of the brand in the market, in a context of proximity with customers.

Various strategic actions were carried out in 2013, namely the launch of product and service campaigns, as well as the support and sponsorship of different social, cultural and sports events. Among the activities developed, the following are particularly noteworthy:

1. CAMPAIGNS:

BIC MULTICAIXA

The objective of the launch of the new BIC Multicaixa Card campaign was to publicise the product and attract new customers. BIC Multicaixa allows customers to control their account at any point of the Multicaixa network in a simple and secure manner.

CIVIL SERVANTS

In order to continue to grow and extend its products and services to all its customers, the Bank launched the special campaign *9% BIC Rate*, a specific credit line for Civil Servants, which offers advantageous conditions in access to Bank credit. For this purpose, the Bank signed Credit Agreements with Public Bodies.

8 YEARS GROWING AND CELEBRATING TOGETHER

In May 2013, Banco BIC celebrated its 8th year of growth. The *8 Years* campaign was launched to commemorate the date, reflecting the major milestones achieved by the institution in such a short space of time. This campaign highlights the vast coverage of its commercial network over the 18 provinces, the support to the growth of the country's small, medium-sized and large scale projects, the creation of employment, the fostering of wealth creation and innovation, and the introduction of new and more updated forms of customer relations. For all these reasons, the Bank's growth is a motive to celebrate together.

INTERNATIONALISATION - REACHING THE WORLD FROM OUR ANGOLAN ROOTS

Eight years ago, we planted seeds of hope, credibility and security in Angola, which are now recognised. With the confidence shown in the Bank, our roots have become stronger and we are currently also a reference on the African continent. Placed in the list of the 1000 best banks of the world, where only three Angolan banks are present, BIC leads this trio with respect to profit for 2012. Now, in any





part of the world, we are a trustworthy partner and a presence in Portugal, Brazil and Cape Verde, as an example the internationalisation underway and the sustained growth we are achieving together with you.

SIRIUS AWARD 2013

Banco BIC was distinguished as the *Best Company of the Year in the Angolan Financial Sector*, at an event promoted by the prestigious consultant Deloitte, marking its recognition of the best performance of the national entrepreneurial community.

In order to communicate this recognition, BIC launched a press campaign called *Our star shines more brightly*, distinguishing eight years of excellence, solidity and trust.

CHRISTMAS CAMPAIGN

Launch of the Christmas campaign at the beginning of the month of December, under the creative concept *Singing Together, Celebrating Together*.



2. FAIRS:

- Participation in the 30th edition of Luanda International Fair (FILDA) 2013.
 - Held from 16 to 21 July 2013, the 30th edition of Luanda International Fair (FILDA) pointed to the path that the country should follow, dedicated to the theme *The challenges of attracting investment*. Banco BIC was present for the 8th consecutive time, in what is considered the largest business gathering of Angola.
 - Banco BIC's participation was also marked by the distinguished attribution of the Gold Lion in the Category of *Best Participation in the Banking Sector*, in recognition of the strength and dynamism with which the Bank always embraces its projects.
- Participation in the 21st edition of Huíla Expo Fair 2013.
 - Held during the month of August, in the context of the festivities of the City of Lubango, Banco BIC was present as in previous years, supporting local entrepreneurs and potential investors of the province of Huíla.
- Participation in the 3rd edition of Benguela International Fair (FIB).
 - Benguela International Fair (FIB) is currently considered a special and opportune occasion for the growth and development of the turnover of the companies linked to this event.

- Participation in Banco Nacional de Angola Saving Forum 2013.
 - Banco BIC was present at the forum promoted by Banco Nacional de Angola (BNA), dedicated to the topic of *Saving Products*, which was held from 31 October to 5 November 2013. The initiative was opportune in that it enabled the promotion of the BIC More Deposit and Money Box Safe products.

3. EVENTS AND SPONSORSHIPS:

JANUARY 2013

Signing of a contract with the sports club "Interclube de Angola", for the sports season of 2013. Banco BIC thus immediately appeared on the shirts and all the sports equipment, and was included in the static advertising at the stadium, with Banco BIC being the official sponsor of the club.

APRIL 2013

- Sponsorship and participation in the 3rd edition of the international workshop on "Management, Quality and Safety in Health" promoted by Clínica Sagrada Esperança, held at Hotel Epic Sana Luanda.

MAY 2013

- Sponsorship of the programme *Short Breaks in Angola*, broadcast on RTP África. Since Banco BIC has the country's largest commercial network and is present in all national provinces, the Bank supports this educational and cultural programme, which focuses on interaction with the population, providing information on the provinces and municipalities it passes through.
- Dinner commemorating the 8th anniversary of Banco BIC held on 25 May 2013, which was attended by 800 employees of the Bank's different Divisions.

JUNE 2013

- Cultural sponsorship of the 55th edition of the International Visual Art Exhibition – Venice Biennial.

JULY 2013

- Together with Banco BIC Português, Banco BIC Angola was an official sponsor of the 75th edition of Round Portugal by Bicycle, Portugal's top cycling competition, also participating on the competition with the constitution of a Portuguese-Angolan team, known as the BIC-Carmim team. The different actions reinforced the sponsorship, which somehow approached the bank to its costumers.

02.5

INFORMATION TECHNOLOGIES

AUGUST 2013

- Sponsorship of the Gala of the Miss Huíla 2013 Election, an event held in the context of the traditional festivities of Nossa Senhora do Monte, in Lubango.

SEPTEMBER 2013

- Sponsorship of the 41st Ice Hockey World Championship. Held for the first time in Africa, Banco BIC officially sponsored the largest competition of this sport, which represented the achievement of a historic milestone for Angola and the entire African continent.

NOVEMBER 2013

- Sponsorship of the National Football Federation (FAF) in the holding of the final match of the Angola Cup 2013. Banco BIC once again sponsored the trophy that distinguishes the best Angolan team on the date marking the anniversary of Angola’s Independence.

- Sponsorship of the Angolan Red Cross in the holding of yet another Fundraising Gala at Hotel de Convenções de Talatona. Holding hands with solidarity.

DECEMBER 2013

- Sponsorship of the Swimming Junior Women’s Team, for its participation in the African Junior Swimming Championship, which was held in Lusaka, Zambia.
- Sponsorship of the canoe club of Luanda naval club, “Onda Sport Clube,” for its integration in the national canoe team, in its participation of the 7th African Canoe Sprint Championship, held in Tunisia.
- Sponsorship of the National Athletics Federation for the 58th edition of the São Silvestre Race held on 31 December 2013.

STRATEGY OF THE INFORMATION SYSTEMS

The Information Systems Division (DSI) constitutes one of the strategic pillars of Banco BIC, endowing it with sustainability and driving the growth of the entire institutions, which is reflected in the business involving customers with access to innovative and quality services, with certified security.

PROCESSES USED IN SECURITY AND BUSINESS CONTINUITY

The Bank is currently formalising its Disaster Recovery plans in order to assure the rapid resolution of downtime in the operation of its information systems, so as to enable greater security in the operations and transactions carried out.

Regardless of the formalisation of these Disaster Recovery plans, the Bank has implemented procedures which assure the security of the information systems, with its servers being situated in safe places endowed with systems for surveillance, fire-fighting and control of access.

The different places where the Bank operates are armed with generators and equipment protected by UPS which enables the continuity of the operations in the event of a power cut of the public grid.

The existence of two different Data Centres, one installed at the Bank’s head office in Talatona and the other at the Private Banking unit in Alvalade, assure the full physical redundancy of the infrastructure supporting the business and its services, allowing the Bank to assure business continuity in contingency situations, as well as the operation of its services in the event of a disaster and total breakdown of its main Data Centre.

The Bank’s telecommunication network, the essential component of this infrastructure, also meets the requirements of the business, being particularly secure and robust and having redundant physical connections with the different market operators, both between its Data Centres and in their connections with the Branches.

Furthermore, through control of access and encryption of information, the Bank assures the security and privacy of the information contained its databases.

Finally, the Information Systems Division carries out various initiatives throughout the year, which assure the correct operation of the processes described above.

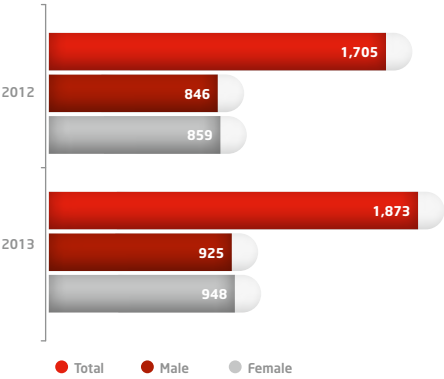
CONTROL OF ACCESS AND ATTRIBUTED COMPETENCE

The Bank’s system can only be accessed by the employees with explicit authorisation

02.6

HUMAN RESOURCES

► Evolution of the Number of Employees



of the Human Resources and Training Division (DRHF) and the unit associated to the employee.

The Bank has defined groups of access profiles according to the duties/tasks associated to each Division and employee of the Bank, where exceptions from the paths defined in the profile groups are not attributed without prior authorisation.

The Information Systems Division, in coordination with the Human Resources and Training Division, is responsible for periodic verification of the access to the Bank's information systems.

The development of a Human Resources policy based on the active management of talent and the encouragement of performance driven action are maintained as the strategic objectives of Banco BIC.

As at 31 December 2013, Banco BIC's staff was composed of 1,873 Employees distributed over the Bank's different areas, of whom 1,280 are placed in Luanda and 593 in the provinces. The Bank's positioning in terms of geographic coverage is confirmed, as the private Commercial Bank with most Branches in Angola.

In overall terms, in 2013, the number of staff increased by 9.85% relative to 2012, which above all aimed to accompany the opening of 18 new Branches.

Also, concerning career management, the Bank continued to prioritise internal recruitment as a form of promoting the enhancement of employee skills, both in a vertical and horizontal progression.

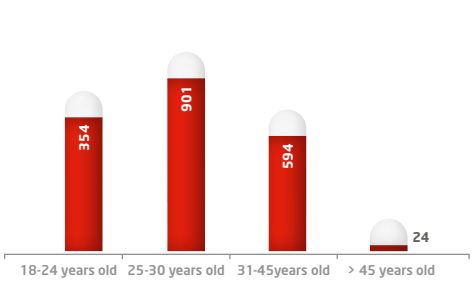
The number of employees allocated to the commercial area covers 85% of the Bank's total employees, thus maintaining the trend observed in 2012.

► Functional Area

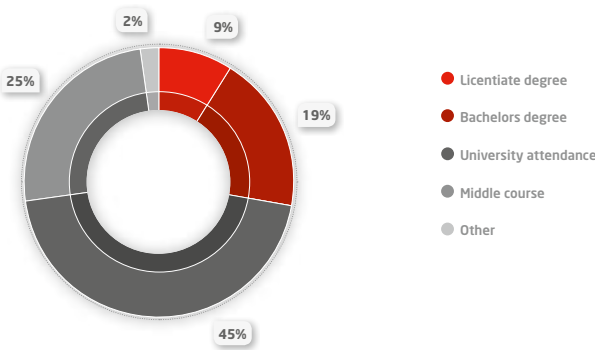
	2013	2012	VAR %
Central Services	282	269	4.83%
Commercial Network	1,591	1,436	10.79%
Average Number per Branch	8	8	-

In relation to the age and higher education ratios, it was possible to maintain the average age of 29 years old, since 67% of the Bank's employees fall in the 18-30 year-old bracket. The percentage of employees with university education stands at 72.7%.

► Distribution of Employees per Age Brackett



► Distribution of Employees per Schooling Level



Concerning the management of knowledge, vocational training maintained its orientation to the development of people and the business. This has been reflected in over 23,000 hours of training, 12 hours per employees, upholding the trend of previous years.

► Training Activity

Number of employees covered by vocational training activity	1,515
Total volume of training (total hours of training)	23,259

All the training activity conducted was underpinned by the valorisation of the potential of each employees, enabling the alignment of the Human Resources policies with the employees' expectations and strategic objectives of the Institution.

Among the actions carried out with greatest impact on the Bank and in terms of training in the behavioural area, we highlight the "Attendance" training which covered all employees with front-office duties. The technical aspects of banking activity were also strengthened through training actions in the areas of risk analysis, accountancy and long term specialisation courses.

Moreover, regarding training and in partnership with Banco BIC Portugal, the policy was maintained of attributing training internships, of professional nature, to various employees.

Banco BIC also continued the preventative management of the health and well-being of its Employees and their families, through the attribution of medical assistance benefits and the expansion of the network of Clinical Service Providers to 3 more Health Units, in Luanda. The underlying objectives of this expansion concern quality, speed and efficiency in access to clinical assistance.

A total of 18,613 clinical acts were recorded in 2103, corresponding to a total cost of AKZ 320,244,373.18 where 80% of this value, AKZ 266,870,310.98, is a direct cost of the Bank.

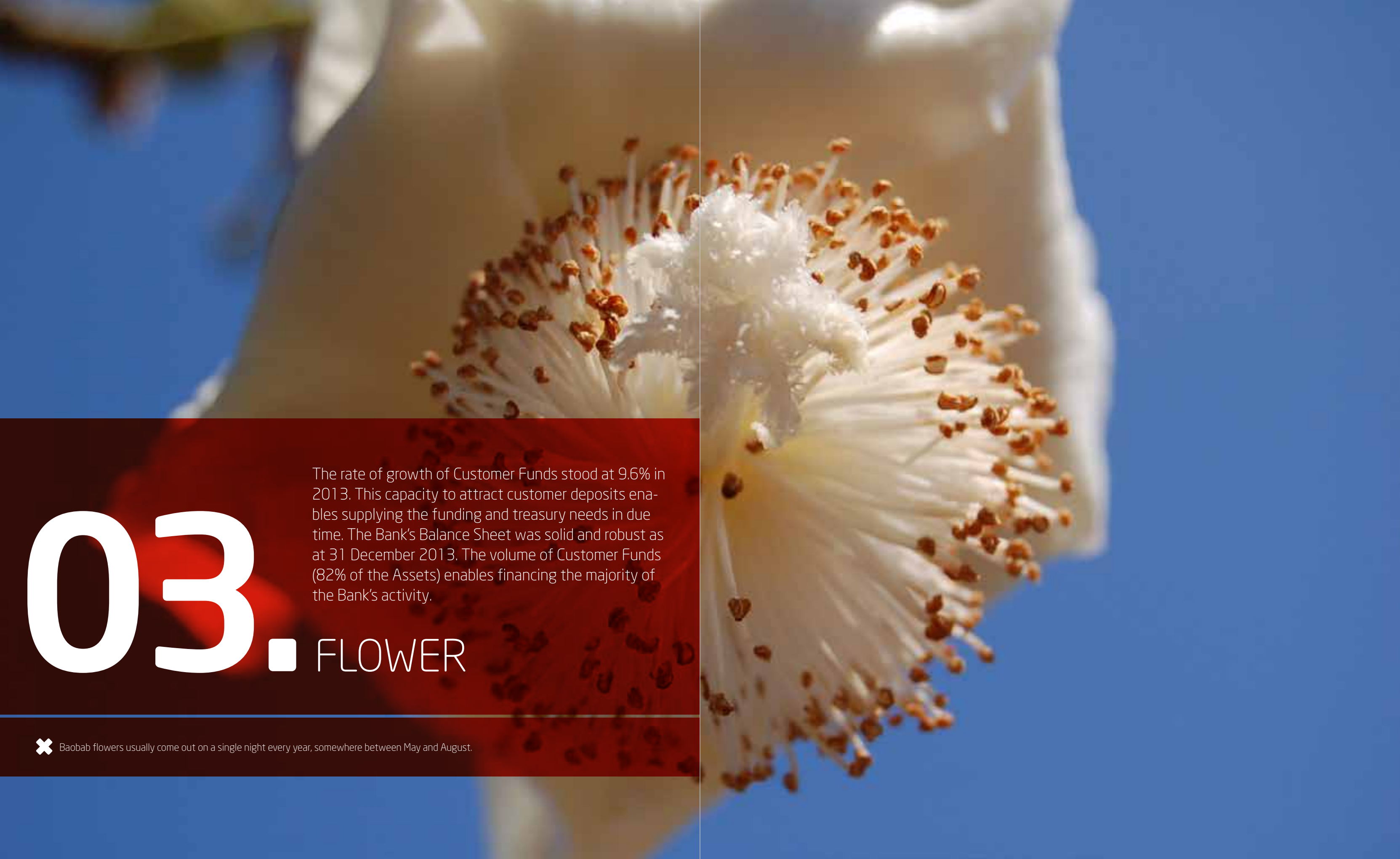
► Medical Acts 2013

Speciality	Aggregate	Employees
Supplementary examinations	1,211	1,394
General practice	1,936	4,767
Stomatology	360	1,097
Gynaecology/Obstetrics	1,225	2,457
Surgery	183	118
Pediatrics	2,550	-
Other specialities	514	801
	7,979	10,634

For Career Management, assumed as a strategic and determinant axis in the motivation and retention of its Human Resources, the Performance Assessment System continues to be an indispensable tool for the active management of talent and stronger drive towards performance.

The fact that the maintenance of the remunerative policy was always linked to individual performance also contributed strongly to the success achieved by the Bank during 2013, both in qualitative and quantitative terms.

The attraction, retention, management and development of professional talent, under working conditions that foster real feelings of pride and belonging among the employees, continues to be Banco BIC's major objective on matters of Human Resources.



03. ■ FLOWER

The rate of growth of Customer Funds stood at 9.6% in 2013. This capacity to attract customer deposits enables supplying the funding and treasury needs in due time. The Bank's Balance Sheet was solid and robust as at 31 December 2013. The volume of Customer Funds (82% of the Assets) enables financing the majority of the Bank's activity.

✕ Baobab flowers usually come out on a single night every year, somewhere between May and August.

03.

RISK MANAGEMENT SYSTEM

- ▶ COMPLIANCE
- ▶ RISK MANAGEMENT PROCESSES AND POLICIES

RISK MANAGEMENT SYSTEM

Risk Management is a fundamental area for the banking sector. At present, risk analysis is dispersed throughout various divisions of the Bank.

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

03.1 COMPLIANCE

The Compliance function is instituted at the Bank in an independent, ongoing and effective manner so as to control compliance with the legal obligations and other duties applicable to the Bank.

The Bank's Compliance Office plays an active role in the identification and follow-up of the implementation of new procedures arising from alterations to the laws and regulations governing the activity of the Angolan Banking Sector.

Law number 34/11, of 12 December, establishes preventive and repressive measures to combat the laundering of assets of illicit origin and the financing of terrorism. Banco Nacional de Angola Notice number 22/2012, under the terms stipulated in article 36 of Law number 34/11, regulates the conditions of exercise of the obligations established under the aforesaid Law.

This series of legal provisions does not merely criminalise certain conduct, namely those implicated in "the laundering of assets of illicit origin", but also establishes a number of preventative measures, especially directed at the financial system.

Therefore, Banco BIC has consistently adopted strategies, policies and processes, namely through the creation internal standards and regulations aimed at preventing the use of Credit Institutions in Money Laundering and the Financing of Terrorism.

Under its duties associated to the combat of money laundering and the financing of terrorism, the Compliance Office is bound to assure the correct training of the Bank's employees on this issue and the reporting of suspicious situations to the Financial Information Unit (UIF).

In order to optimise the operation of this Office and assure compliance with the Notices issued by Banco Nacional de Angola which regulate its actions, the Bank has defined the following initiatives:

03.2

RISK MANAGEMENT PROCESSES AND POLICIES

- Listing of all the information that the different Divisions provide to external bodies and to the management body concerning legal impositions so as to produce a checklist transversal to Bank, compiling all the information to be reported and create validation procedures for the reporting carried out;
- Preparation of the training plan on matters of money laundering and the financing of terrorism for the Bank's employees; and
- Analysis of the possible acquisition of a tool existing on the market for the monitoring of customers, transactions, politically exposed persons (PEPs) and people, groups or entities named on black lists and adverse information, and the implementation of a risk management system associated to customers from the very beginning and during their business relations with the Bank.

03.21 CREDIT RISK

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

The limits and procedures of credit operation concession and management are established in the Bank's General Credit Regulations.

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

The Credit Risk Analysis Division is responsible for assuring the definition and monitoring of credit risk management policy. The Bank currently has a series of manuals, standards and regulations which assure the above through the definition of levels of competence in credit concession, ceilings by type of operation, assessment of the customer's borrowing capacity, monitoring of compliance with financial plans, analysis of the risk of uncollectibility and the need to renegotiate operations.

RISK MANAGEMENT SYSTEM

The Bank has consistently adopted and developed risk management methodologies, particularly with regard to credit concession, monitoring and credit recovery.

It should be noted that the Information and Credit Risk Centre, a platform of information on exposure to the credit of individual and company customers in the banking sector, is a tool that has been used increasingly, contributing to better credit risk management.

Decision-making

The process of decision-making concerning credit operations is divided into two segments: Companies and Retail, where this division works in parallel with the Commercial Structure Model adopted by the Bank, Company Centres and Branches, respectively. Both have four Decision-Making Levels, defined according to the amount of the credit operation.

Assessment

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

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

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

- Financing of Construction which, in addition to the considerations referred to above, also includes an analysis in relation to:
 - Completed projects (historical records);
 - Work in progress;
 - Project to be funded (Profit and Loss Account, Financial Plan, Project Description, including their underlying aspects, and Licenses required for its accomplishment).

- Mortgage Loans and Motor Vehicle/Personal Credit which, in addition to the considerations referred to above, also includes an analysis in relation to:
 - Valuation of the property to be acquired;
 - The debt reflected at the Credit Risk Information Centre of Banco Nacional de Angola;
 - The existing commercial and credit relations/experience;
 - The income of the proposers;
 - Borrowing capacity.

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

MONITORING

The monitoring of granted credit starts from the time of its contracting and continues until its full repayment, so as to ensure compliance. The Bank classifies the loan into different levels of Special Surveillance according to its concerns in relation to possible default (VE4 – monitoring, VE3 – reinforcement of guarantees, VE2 – reduction and VE1 – extinction). Customers in default are also classified as C – Litigation, and customers for whom negotiation is no longer considered possible are classified under PC – Pre-Litigation.

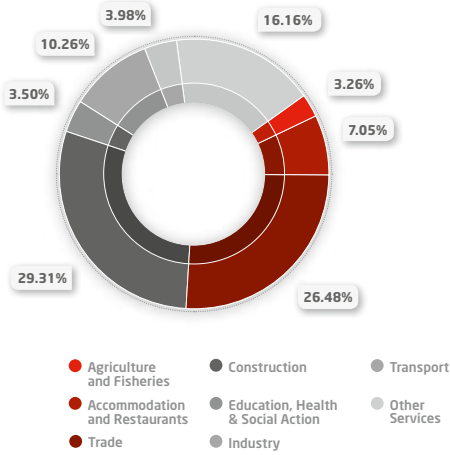
CENTRAL ARCHIVE

The Risk and Credit Monitoring Division centralises an archive management area for credit cases involving over AKZ 5 million.

The Bank’s portfolio of loans to companies shows a balanced sectorial diversification.

The composition of the loan portfolio by risk category indicates a concentration in the lower risk categories (A, B and C), which, as a whole, accounted for 81.1% of the Bank’s total loan portfolio as at 31 December 2013.

CATEGORY	RISK	2013	2012	2011
A	Zero	17.5%	15.8%	14.1%
B	Very Low	21.9%	34.6%	39.2%
C	Low	41.7%	33.2%	32.4%
D	Moderate	5.3%	3.9%	4.0%
E	High	4.0%	6.4%	6.2%
F	Very High	2.3%	0.2%	0.7%
G	Loss	7.3%	5.9%	3.4%
		100%	100%	100%



Kept at comfortable levels and demonstrating a prudent risk management policy, the ratio of the coverage of total credit (excluding signature credit) by provisions stood at 11% in 2013.

	2013	2012	2011
Provisions	252	228	150
Coverage of overdue loans	223%	566%	248%
Coverage of total loans	11%	9%	7%

03.22 LIQUIDITY, MARKET AND EXCHANGE RATE RISK

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

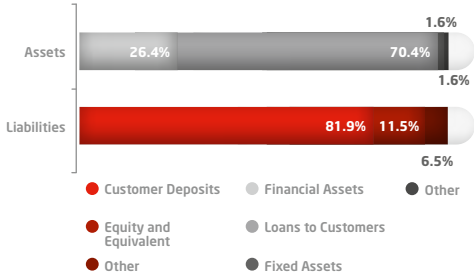
In view of the importance of the aforesaid risks, their monitoring is essential and is conducted daily based on specific statistical information obtained from the competent entities.

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

The International and Financial Division prepares monthly information reported to the Executive Committee of the Board of Directors on the evolution of the investments made by the Bank and its exposure to the level of the aforesaid risks.

The rate of growth of customer funds stood at 9.6% in 2013. This capacity to attract customer deposits enables supplying the funding and treasury needs in due time. The Bank’s Balance Sheet was solid and robust as at 31 December 2013. The volume of Customer funds (82% of the Assets) enables financing the majority of the Bank’s activity.

The Bank’s liquidity management policy seeks to invest surplus liquidity, not channelled to loans, based on criteria of diversification and appropriate maturity of the



investments, in order to assure efficient management over time. As at 31 December 2013, the financial instruments for mobilisation and use in a short space of time represent 32% of the investments.

	TOTAL (MUSD)	[0 - 7D]	[7D - 1M]	[1M - 3M]	[3M - 6M]	[6M - 1Y]	[1A - 3Y]	[>3Y]	TOTAL (%)
Disposable assets	1,258	23.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.4%
Investments in credit institutions	887	0.5%	6.0%	3.9%	5.7%	0.0%	0.5%	0.0%	16.6%
Securities and stocks	3,229	0.0%	2.1%	2.4%	6.3%	9.4%	14.0%	25.8%	60.0%
	5,374	23.9%	8.1%	6.3%	12.0%	9.4%	14.5%	25.8%	100%

Concerning the management of its foreign exchange exposure, the Bank has simplified the process by operating mostly with United States Dollars and maintaining minor positions in other currencies. The Bank purchases foreign exchange, essentially in the primary market through Banco Nacional de Angola's foreign exchange auctions, so as to ensure a prompt and timely response to its customers' requests for currency.

03.23
OPERATING RISK

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

Operating risk is monitored by the Control functions, namely Internal Audit and Compliance, which assure the correct definition of the control activities aimed at mitigating the most important operating risks in the Bank's daily activity.

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

Based on the Audit and Inspection Division's activity plan for 2013 approved by the Management, this Division developed its audit and inspection activities, sup-

porting the Bank's Management in the assessment of the effectiveness, efficiency and adequacy of the internal control system of the institution and investigation of acts of fraud and other irregularities occurred during the year. The audits were developed in accordance with the Internal Audit standards which are internationally recognised and accepted.

The current organic structure of the Audit and Inspection Division, designed in conformity with the present size and complexity of the Bank's operations, is composed of an a senior director, a central director responsible for the management, a central director and two deputy directors responsible for the audit area, and a central director and deputy director responsible for the inspection area.

During 2014, the Audit and Inspection Division intends to carry out audits to the key functions of the Bank's activity and monitor the action plans arising from the implementation of the processes aimed at ensuring compliance with the provisions in Banco Nacional de Angola Notices number 1/2013 and 2/2013, of 22 March.

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

03.24
REPUTATION RISK

The Bank's image is monitored by the Marketing Division which carries out advertising campaigns and actions throughout the year among its customers in order to convey the principles and values associated to Banco BIC.

The Marketing Division and the Executive Committee are responsible for the regular monitoring and assessment of situations which might compromise the Bank's reputation, with the necessary procedures conducted with a view to their resolution.

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

04. MUCUA

During 2013, Banco BIC maintained its position among the banks in the market, being the third in terms of loans granted to the economy, a position also held as at 31 December 2012, with a market share of 13.03% (12.44% in 2012). In terms of total customer funds, the Bank also upheld its position, continuing as the fourth in this ranking, with a market share of 12.72% (12.86% in 2012).

✕ The baobab fruit (known as *múcuá* in Angola) falls during the *Cacimbo* (dry) season and can grow to a size of 30 centimetres in length and 10 centimetres in diameter.

04.

FINANCIAL REVIEW

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

FINANCIAL REVIEW

04.1

FINANCIAL REVIEW

The Angolan economy maintained a very positive performance during 2013, albeit with a minor slowdown in GDP growth to approximately 4.1% (5.2% in 2012), according to data disclosed by the IMF. Inflation continued along the downward trend of the last few years, having stood at 7.69% (9.02% in 2012), the lowest value for 22 years since this indicator began to be disclosed. The Kwanza remained relatively stable in relation to the U.S. Dollar, with a depreciation of only 1.87% in 2013. Net reserves stood at approximately USD 30.9 thousand million (USD 30.6 thousand million as at 31 December 2012), equivalent to around seven months of imports.

The process of settlement of the Debt in arrears of the Angolan State to companies providing goods and services was maintained during 2013, thus also contributing to the economic and commercial stability of Angola.

The Angolan banking sector continued to show strong growth during 2013, in particular in terms of customer funds which grew by approximately 16% (USD 6,628 million), having increased to USD 48,518 million, in terms of total loans to the economy which grew by around 14% (USD 5,238 million), having increased to USD 42,318, and in terms of the key indicators of the population's participation in the banking system, with a total of 2,462,174 Multicaixa cards, 2,101 ATMs and 4,875 EFTPOS (electronic funds transfer at point of sale).

The role of Banco Nacional de Angola, as the regulatory agent of the national financial system and economy has been fundamental for the growth and stability observed at a domestic level, as well in placing the Angolan financial system within the framework of best practices of the international financial system. This role has been played both via the implementation of a series of policies and actions, and through regulatory measures, among which the following should be highlighted:

- I)** Maintenance of the sale of foreign exchange, in the primary market, at high levels, corresponding to approximately USD 19 thousand million in 2013 (USD 18 thousand million in 2012);
- II)** Reduction of Compulsory Reserves in National Currency from 20% to 15% as of 1 July 2013, thus being the same as the percentage required for Foreign Currency;
- III)** Reduction of the reference rate by 100 basis points to 9.25%, over 2013, accompanying the decrease observed in terms of inflation;
- IV)** Reorganisation of the Prudential Supervision Department of Financial Institutions and implementation of a programme of regulatory reforms, aimed at enhancing the efficiency of the monitoring of Commercial Banks;

V) Implementation of an action plan to strengthen the implementation of measures against money laundering and the combat of the financing of terrorism;

VI) Issue of a series of Notices in consideration of international best practices for requirements concerning Corporate Governance, the Internal Control System and External Audits to Banks;

VII) Implementation of the new Foreign Exchange Law for the oil sector, considered fundamental in the process of de-dollarization of the Angolan Economy, which is reflected in the channelling of a major part of this sector's payments in the Angolan financial system and, in the case of resident suppliers, in compulsory payment in Kwanzas; and

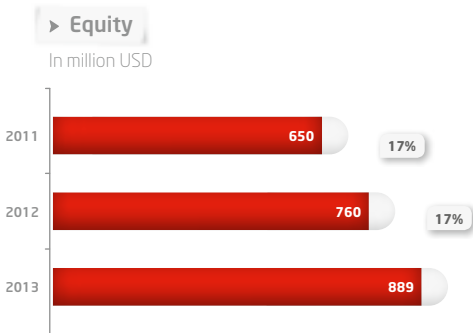
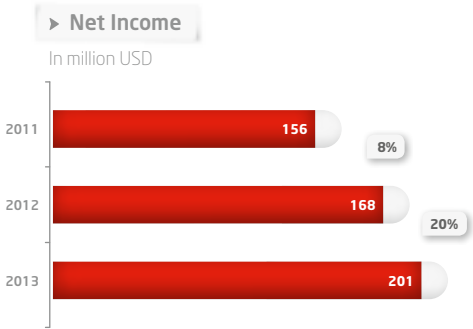
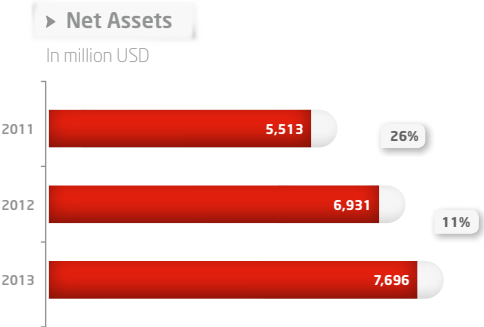
VIII) Authorisation for the marketing of Kwanza notes in Banco BIC's branch network in Portugal.

In view of these circumstances, Banco BIC maintained its policy of structural and business growth, with a further 18 commercial units, an additional 168 employees and increased turnover by USD 1,353 million, where particular note should be made of the growth of USD 1,097 million loans to the State.

The structural growth has not only occurred in the Commercial Structure but also in terms of the Structure of the Central Services, in order to comply with the increasingly stricter regulatory measures implemented by Banco Nacional de Angola, namely with respect to the Risk Management Areas.

During 2013, Banco BIC maintained its position among the banks in the market, being the third in terms of loans granted to the economy, a position also held as at 31 December 2012, with a market share of 13.03% (12.44% in 2012). In terms of total customer funds, the Bank also upheld its position, continuing as the fourth in this ranking, with a market share of 12.72% (12.86% in 2012).

The Bank's total net assets increased from USD 6,931 million as at 31 December 2012 to USD 7,696 million as at 31 December 2013, an increase in absolute terms of USD 765 million, corresponding to approximately 11%. In this increase, we highlight the variation of the portfolio of securities and stocks which increased from USD 2,160 million as at 31 December 2012 to USD 3,275 million as at 31 December 2013, with growth observed essentially in terms of the portfolio of Angolan Public Debt, as a result of Banco BIC's participation in the process of settlement of Overdue debt of the Angolan State to companies providing goods and services.



Total customer funds reached USD 6,298 million as at 31 December 2013, with an annual growth of close to 9% having been observed, while loans granted to the Economy (including loans to the State) amounted to USD 5,996 million for the same period, corresponding to growth of 15% in relation to the previous year.

Banco BIC's net income for the year ended on 31 December 2013 amounted to USD 201 million, compared with the net income of USD 168 million for 2012, corresponding to a year-on-year increase of 20%.

As at 31 December 2013, the Bank's equity amounted to USD 889 million, an increase of USD 129 million, or 17%, in relation to the USD 760 million recorded as at 31 December 2012.

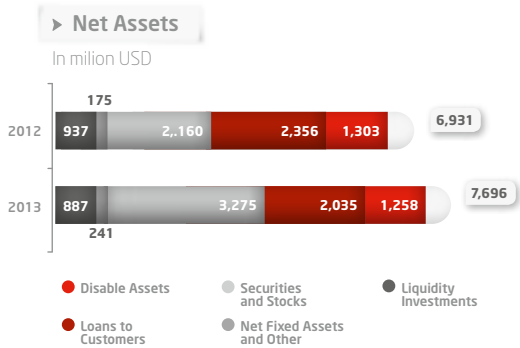
04.2

BALANCE SHEET

ASSETS

As at 31 December 2013, Net Assets reached the total value of USD 7,696 million, representing an increase of 11% in relation to 2012. In Kwanzas, Net Assets stood at 751,324 million as at 31 December 2013, compared with the 664,191 million recorded as at 31 December 2012.

Particular note should be made of the growth of the heading of Securities and stocks, which increased from USD 2,160 million as at 31 December 2012 to USD 3,275 million in 2013, with a very significant contribution of Securities held to maturity, through Treasury Bonds which shifted from USD 1,906 million as at 31 December 2012 to USD 2,599 million as at 31 December 2013. We also highlight the growth of USD 404 million, equivalent to 179%, recorded in the heading of Securities held for trading, relative to Treasury Bills, which shifted from USD 226 million as at 31 December 2012 to USD 630 million as at 31 December 2013.



The heading of Loans to customers showed a reduction of USD 321 million, having fallen from USD 2,356 million as at 31 December 2012 to USD 2,035 million as at 31 December 2013, essentially due to the loan repayments which occurred throughout 2013.

The headings of Disposable assets and Liquidity investments decreased by USD 95 million, equivalent to 4.3%, to USD 2,145 million as at 31 December 2013.

► Assets

	2013		2012		Var.
	AKZ	USD	AKZ	USD	
Disaposable assets	122,768	1,258	124,895	1,303	-3%
Liquidity investments	86,601	887	89,775	937	-5%
Securities and stocks	319,685	3,275	206,948	2,160	52%
Loans to customers	198,615	2,035	225,812	2,356	-14%
Net fixed assets	11,869	122	10,751	112	9%
Other assets	11,786	119	6,010	63	89%
	751,324	7,696	664,191	6,931	11%

(In million)

LOANS GRANTED TO CUSTOMERS

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

The portfolio of loans granted to customers (including signature credit) showed a balance of USD 2,767 million as at 31 December 2013, equivalent to a 10% reduction, compared with the USD 3,065 million recorded as at 31 December 2012. Although new loans were granted, the high amount of loan repayments which took place during 2013 also led to the reduction of the total loans granted as at 31 December 2013.

► Loans Granted to Customers

	2013		2012		Var.
	AKZ	USD	AKZ	USD	
1. Total Loans	270,116	2,767	293,713	3,065	-10%
1.1 Loans to Customers	208,186	2,133	239,949	2,504	-15%
Loans in National Currency	112,838	1,156	120,296	1,255	-8%
Loans in Foreign Currency	95,348	977	119,653	1,249	-22%
1.2 Overdue Loans and Interest	11,047	113	3,866	40	183%
Overdue Loans and Interest in National Currency	6,267	64	1,554	16	300%
Overdue Loans and Interest in Foreign Currency	4,780	49	2,312	24	104%
1.3 Interest Receivable	3,985	41	3,883	41	0%
Interest Receivable in National Currency	2,511	26	1,660	18	44%
Interest Receivable in Foreign Currency	1,474	15	2,223	23	-35%
1.4 Signature Credit	46,898	480	46,015	480	0%
Guarantees and Sureties Provided	38,418	393	35,781	373	5%
Open Documentary Credit	8,480	87	10,234	107	-19%
2. Provisions for credit risk	25,163	258	22,289	232	11%
> Bad debt	24,600	252	21,886	228	11%
> Guarantees provided	563	6	403	4	50%
3. Loans Granted, Net of Provisions	244,953	2,509	271,424	2,833	-11%
Overdue loans / Total loans	5.04%	5.04%	1.59%	1.59%	

(In million)

The loans granted stated in the balance sheet, before the constitution of provisions, showed a reduction of approximately USD 298 million, a variation corresponding to 12% in relation to the previous year. The loans granted to customers for 2013 represented close to 30% of total assets (34% in 2012 and 35% in 2011) and 82% of total aggregate loans (84% in 2012), including signature credit.

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

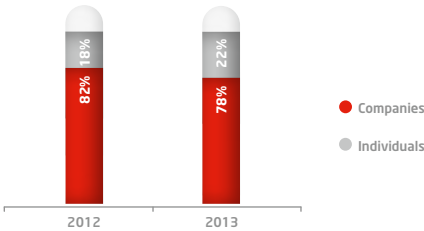
Loans granted in foreign currency decreased from USD 1,296 million as at 31 December 2012 to USD 1,041 million as at 31 December 2013. Loans in national currency represent, as at 31 December 2013, 54% of the portfolio of loans granted in 2013, compared to 50% in 2012 (30% in 2011).

During the period under review, the values of signature credit remained the same, with a balance of USD 480 million as at 31 December 2013 (USD 480 million as at 31 December 2012), albeit with an alteration in their composition. Guarantees and Sureties Provided shifted from USD 373 million as at 31 December 2012 to USD 393 million as at 31 December 2013, while Open Documentary Credit fell by USD 20 million to stand at USD 87 million as at 31 December 2013. The maintenance of this heading at such high values was the very largely the result of the Bank's relations with Banco BIC Português in the support of common customers who operate in both markets.

In 2013, although in a more favourable macroeconomic context than in the previous year, the Bank upheld its conservative policy in the classification of the risk of credit operations, reinforcing the provisions constituted for credit risks. As at 31 December 2013, Banco BIC has total provisions of the amount of approximately USD 258 million, corresponding to a year-on-year net variation of around USD 26 million (11%).

As at 31 December 2013, the coverage of loans by provisions reached 11.22% compared with 8.98% recorded as at 31 December 2012. In turn, the coverage of overdue loans by provisions stood at around 223% as at 31 December 2013, having shown a reduction in relation to the previous year.

► Distribution of Loans by Borrower



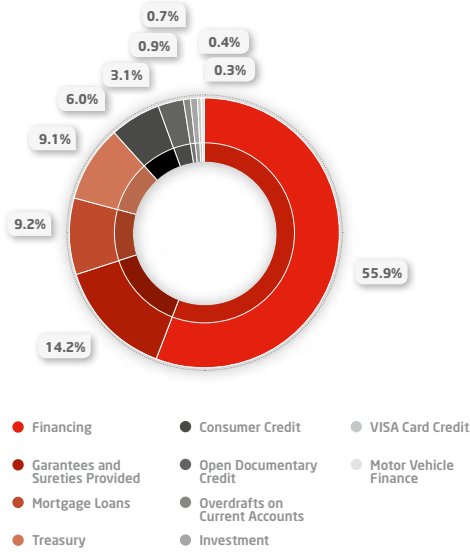
As at 31 December 2013, as in the previous year, close to 78% of the credit portfolio corresponded to loans granted to Companies (82% in 2012), while the remaining 22% (18% in 2012) refer to Individual Customers.

As at 31 December 2013 and 2012, the credit portfolio is broken down by type of product as follows:

► Loans by Type of Product

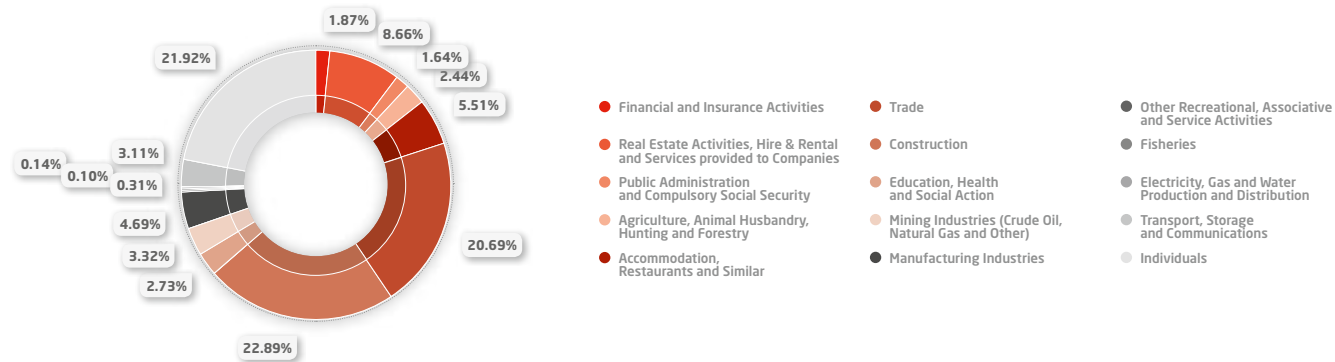
	2013		2012		Var.
	AKZ	USD	AKZ	USD	
Financing	151,122	1,548	159,704	1,667	-7%
Guarantees and sureties provided	38,418	393	35,781	373	5%
Mortgage loans	24,973	256	19,974	208	23%
Treasury	24,561	253	44,435	464	-45%
Consumer credit	16,250	166	16,819	176	-6%
Open documentary credit	8,480	87	10,234	107	-19%
Overdrafts on current accounts	2,348	24	4,000	42	-43%
Investment	1,885	19	906	9	111%
VISA card credit	1,211	12	1,053	11	9%
Motor vehicle finance	864	9	807	8	13%
	270,112	2,767	293,713	3,065	-10%

(In million)



Although generally, in terms of volume, there has been a reduction of loans granted, particular note should be made of the growth observed in terms of Mortgage Loans (USD 48 million or 25%) and in terms of Guarantees and Securities Provided (USD 20 million or 7%): Both of these headings, as a whole, shifted from a weight of 19% to close to 24% of total loans granted.

The distribution of the loan portfolio by type of product reveals a great diversity of activities supported by Banco BIC. The products most sought after by the Bank's customers correspond to Financing, with a weight of 55.9%, Guarantees and sureties provided with 14.2%, Mortgage loans with a weight of 9.3%, Treasury support credit with 9.1% and Consumer credit with 6.0%.



During 2013, the construction sector and trade sector, accounting for 22.89% and 20.67%, respectively, were the sectors which received most support from Banco BIC in terms of loans granted. We also highlight the loans granted to individual customers which absorbed 21.92% of the total loans granted.

As at 31 December 2013, although there was an increase of overdue loans and interest of USD 113 million in relation to the values stated as at 31 December 2012, the Bank maintains an adequate coverage of credit risk by provisions.

The reinforcement observed in terms of provisions for credit led to an increase of the ratio of provisions for credit over loans granted from 8.98% to 11.22% as at 31 December 2013. On this same date, the coverage of overdue loans by provisions stood at 223%.

► Overdue Loans

	2013		2012		Var.
	AKZ	USD	AKZ	USD	
Loans Granted	219,233	2,246	243,815	2,544	-12%
Overdue Loans	11,047	113	3,866	40	183%
Overdue Loans / Loans Granted	5.04%		1.59%		218%
Coverage of Overdue Loans by Provisions	223%		56%		-61%
Provisions for Loans / Loans Granted	11.22%		8.98%		25%

(In million)

PORTFOLIO OF SECURITIES

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

- I) Held for trading, which includes Central Bank Securities and Treasury Bills, both denominated in Kwanzas;
- II) Available for sale – holdings through shares; and

III) Held to maturity – which includes Treasury Bonds denominated or indexed to the United States Dollar and Treasury Bonds in Non-adjustable National Currency.

► Portfolio of Securities

	2013		2012		Var.
	AKZ	USD	AKZ	USD	
Held for trading	61,511	630	21,633	226	179%
> Central Bank Securities	-	-	10,004	104	-100%
> Treasury Bills	60,814	623	11,412	119	424%
> Interest Receivable	697	7	217	2	250%
Available for sale	4,518	46	2,693	28	64%
Held to maturity	253,656	2,599	182,622	1,906	36%
> Treasury Bonds	249,834	2,560	179,926	1,878	36%
- In National Currency (USD Index)	96,694	991	91,254	952	4%
- In National Currency (CPI Index)	-	-	2,817	29	-100%
- In Foreign Currency (USD)	12,494	128	12,264	128	0%
- In National Currency (non-adjustable)	140,646	1,441	73,591	768	88%
> Interest receivable	3,822	39	2,696	28	39%
	319,685	3,275	206,948	2,160	52%

(In million)

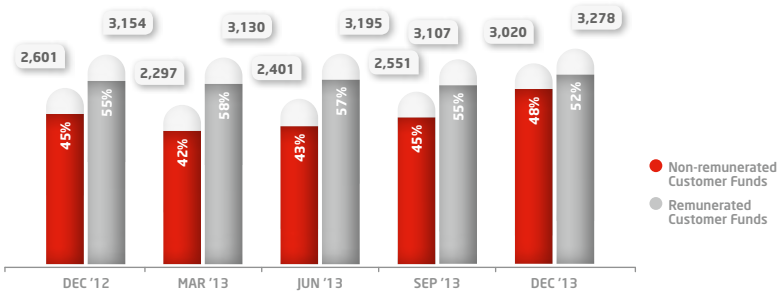
The Bank's portfolio of securities recorded an increase of close to USD 1,115 million (52%) during 2013 in relation to the position as at 31 December 2012. This variation was both due to the securities held for trading which grew by close to USD 404 million (179%) to stand at USD 630 million as at 31 December 2013, and the securities held to maturity which increased by close to USD 693 million (36%) to USD 2,599 million as at 31 December 2013.

The increases observed in the Bank's portfolio of Public Debt Securities, in particular the growth of Treasury Bills by close to USD 504 million and the growth of Treasury Bonds in Non-adjustable National Currency by approximately USD 673 million, are partly explained by the greater use of this form of financing by the Angolan State.

Furthermore, the favourable yield curve in longer term maturities and the comfortable liquidity situation led the Bank's Board of Directors to strengthen its support

Customer Funds

In million USD



Since the increase of Total Loans, via Loans to the State, was greatly higher than the increase in Customer Funds, the loan-to-deposit ratio increased from 81% in 2012 to 88% in 2013.

Loand-to-Deposit Ratio

	2013		2012	
	AKZ	USD	AKZ	USD
Customer funds	614,826	6,298	551,441	5,755
Total Loans (including Loans to the State)	538,485	5,516	448,052	4,676
	88%		81%	

(In million)

PROVISIONS

As at 31 December 2013, the balance of the heading of provisions for probable liabilities amounts to close to USD 19 million (USD 16 million in 2012). Of this total, USD 6 million refers to provisions for guarantees provided, USD 12 million refers to provisions for retirement pensions and the remaining USD 1 million corresponds to provisions intended to meet any contingencies arising from the Bank's activity, as well as to reflect potential losses in the realisation value of other assets and settlement accounts.

EQUITY

As at 31 December 2013, the Bank's equity reached a total of approximately USD 889 million, representing an increase of around USD 129 million, equivalent to close to 17%, in relation to the previous year.

The net income recorded for 2013 of the value of USD 201 million contributed decisively to this variation in Banco BIC's equity, which also took into account the distribution of dividends relative to the financial year of 2012 of the value of approximately USD 67.2 million that occurred in 2013.

Equity

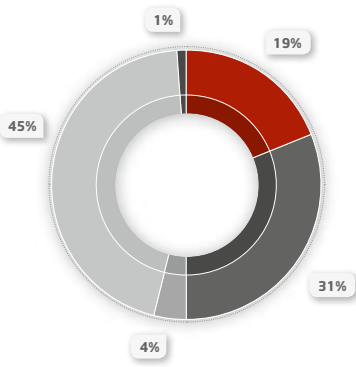
	2013		2012	
	AKZ	USD	AKZ	USD
Share Capital	2,415	25	2,415	25
Reserves	58,543	600	48,194	503
Retained Earnings	6,159	63	6,159	64
Net Income for the Year	19,646	201	16,106	168
	86,763	889	72,874	760

(In million)

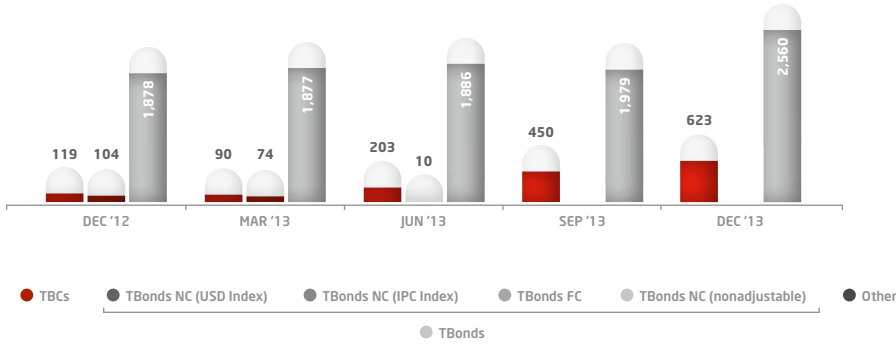
During 2013, the reserves heading increased by close to USD 97 million, corresponding to an annual variation of 19%, in relation to the USD 503 million as at 31 December 2012. As at 31 December 2013, total reserves of the value of USD 600 million is composed of the reserve for monetary revaluation of own funds relative to the financial year of 2009 of the value of USD 59 million, the legal reserve of the value of USD 158 million and other reserves amounting to USD 383 million.

As at 31 December 2013, the Bank's Regulatory Own Funds calculated pursuant to Banco Nacional de Angola Instruction 03/2011, of 8 June, reached USD 869 million, which is equivalent to a Regulatory Solvency Ratio of approximately 24%, compared to the 19% recorded as at 31 December 2012. This increase was due both to the growth of Equity and the reduction of loans granted to customers, namely with respect to credit denominated in Foreign Currency.

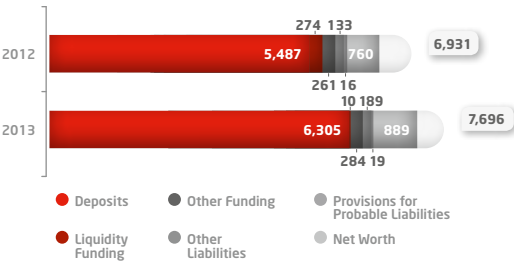
Evolution of theSecurities Portfolio



to the Angolan State through the purchase of Treasury Bonds, primarily during the last quarter of 2013 and, in this way, contribute to the settlement of the Debt in arrears of the Angolan State to companies providing goods and services.



Liabilities and Net Worth



LIABILITIES AND NET WORTH

The Bank's liabilities increased by approximately USD 636 million in relation to 31 December 2012, corresponding to around 10%. This variation was essentially due to the increase of the headings associated to customer funds by approximately USD 543 million (9%) in relation to the previous year.

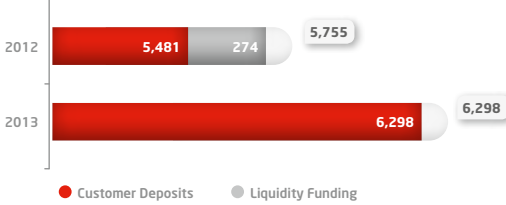
Particular note should also be made of the reinforcement of the Bank's equity during 2013, with an absolute variation of approximately USD 129 million, corresponding to a year-on-year increase of 16.97%, which was essentially due to the net income for the year ended on 31 December 2013, minus the distribution of dividends relative to the financial year of 2012 of the value of USD 67.2 million that took place in 2013.

Liabilities and Net Worth

	2013		2012		Var.
	AKZ	USD	AKZ	USD	
Deposits	615,478	6,305	525,785	5,487	15%
> Customer deposits	614,826	6,299	525,183	5,481	15%
> Demand deposits of Credit Institutions	652	6	602	6	0%
Liquidity funding	1,000	10	26,259	274	-96%
Other funding	27,710	284	24,982	261	9%
Other liabilities	18,534	189	12,772	133	42%
Provisions for probable liabilities	1,839	19	1,520	16	19%
Net worth	86,763	889	72,873	760	17%
	751,324	7,696	664,191	6,931	11%

(In million)

Total Customer Funds



CUSTOMER FUNDS

The portfolio of total customer funds reached approximately USD 6,298 million in 2013, corresponding to an increase of USD 543 million and a variation of 9% in relation to 2012. As at 31 December 2012, Customer Funds included, in addition to Customer Deposits of the value of USD 5,481 million, the Liquidity Funding arising from liabilities represented transactions of sale own securities to customers with repurchase agreement, of a total value of USD 274 million. As at 31 December 2013, after agreement with the customers, most of these transactions were converted to Term Deposits.

As at 31 December 2013, total customer funds include current deposits of around USD 2,870 million which increased by 10%, term deposits with a balance of USD 3,278 million which increased by 14%, and Other Deposits of the value of USD 150 million.

Total Customer Funds

	2013		2012		Var.
	AKZ	USD	AKZ	USD	
Customer Deposits	614,826	6,298	525,182	5,481	15%
> Demand Deposits	280,181	2,870	249,168	2,601	10%
- National Currency	210,268	2,154	159,064	1,661	30%
- Foreign Currency	69,913	716	90,104	940	-24%
> Term Deposits	320,009	3,278	276,014	2,880	14%
- National Currency	186,926	1,915	151,822	1,584	21%
- Foreign Currency	133,083	1,363	124,192	1,296	5%
> Other Deposits	14,636	150	-	-	100%
- National Currency	14,636	150	-	-	100%
Liquidity Funding	-	-	26,259	274	-100%
- National Currency	-	-	26,259	274	-100%
	614,826	6,298	551,441	5,755	9%

(In million)

As at 31 December 2013, of the total amount of USD 6,298 million, approximately 67% of the Portfolio of Customer Funds was denominated in national currency (61% in 2012), with the remaining 33% being denominated in Foreign Currency.

Of this Portfolio, as at 31 December 2013, approximately 52% represent remunerated funds (55% in 2012) equivalent to USD 3,278 million, and the remaining USD 3,020 million funds are not remunerated.

04.3

INCOME STATEMENT

Banco BIC closed 2013 with a net profit of USD 201 million, corresponding to an increase of USD 33 million, or 20%, in relation to the year ended on 31 December 2012.

► Profit and Loss Account

	2013		2012	
	AKZ	USD	AKZ	USD
1. Net interest income (MF)	26,257	269	23,671	247
2. Complementary margin (MC)	7,088	73	4,556	48
3. Earnings from financial intermediation (RIF)=(MF)+(MC)	33,345	342	28,227	295
4. Earnings from goods, products and other services (RMPOS)	60	1	121	1
5. Administrative and marketing costs (CAC)	15,634	161	13,445	140
6. Other operating income and costs (OPCO)	2,403	24	2,057	21
7. Net operating income (RO) = (RIF)+(RMPOS)-(CAC)+(OPCO)	20,174	206	16,960	177
8. Net non-operating income (RNO)	60	1	1,369	14
9. Earnings before tax (RAI) = (RO)+(RNO)	20,234	207	18,329	191
10. Income tax (IL)	588	6	2,223	23
11. Net Income for the Year (RLE) = (RAI)-(IL)	19,646	201	16,106	168
12. Cash Flow After Tax (CF)	24,914	255	24,642	257

(In million)

The net profit recorded at the end of 2013 (USD 201 million) was positively influenced by the increase of approximately USD 47 million of Financial Intermediation Earnings (16%), which reached USD 342 million in 2013, and by the USD 17 million reduction in Income Tax.

Of the Financial Intermediation Earnings, approximately USD 22 million (9%) are due to the increased Net Interest Income which shifted to USD 269 million. This increase is the result of the variation in the interest of financial liability instruments which fell by close to USD 10 million to stand at USD 136 million, during the year ended on 31 December 2013, and the increase of the lending net interest income which grew by around USD 12 million to stand at USD 405 million.

Although the portfolio of customer funds increased by around 9%, the reduction of the costs of capturing funds and the growth of the portfolio, essentially through non-remunerated funds, led to a decrease of the interest of liability instruments during 2013.

► Net Interest Income

	2013		2012	
	AKZ	USD	AKZ	USD
Interest from Loans	22,374	229	24,070	251
Interest from Securities and Stocks	14,967	154	11,154	116
Interest from Liquidity Investments	2,148	22	2,410	25
Interest from Financial Liability Instruments	-13,232	-136	-13,963	-146
	26,257	269	23,671	246

(In million)

During 2013, the Complementary Margin grew by around USD 25 million (52%) to stand at USD 73 million, where particular note should be made of the USD 18 million reduction of Provisions for Bad Debt which stands at USD 61 million.

► Complementary Margin

	2013		2012	
	AKZ	USD	AKZ	USD
Earnings from trading and fair value adjustments	1,691	17	781	8
Earnings from foreign exchange transactions	7,113	73	7,454	79
Earnings from financial services rendered	4,277	44	3,844	40
Provisions for bad debt	-5,993	-61	-7,523	-79
	7,088	73	4,556	48

(In million)

The earnings from trading and fair value adjustment reached USD 17 million in the year ended on 31 December 2013, having recorded an increase of USD 9 million in comparison to the USD 8 million recorded in the previous year. As at 31 December 2013, this heading essentially corresponds to exchange rate gains obtained in the portfolio of securities issued in or indexed to foreign currency, as well as the appreciation of the other securities indexed to their respective indexer.

Foreign exchange earnings, which primarily correspond to gains in the purchase and sale of foreign currency carried out by the Bank and the revaluation of its foreign exchange position stood at USD 73 million for the year ended on 31 December 2013, having decreased by close to USD 6 million in relation to the previous year.

The Bank's administrative costs, which aggregate staff costs of USD 88 million, external supplies and other costs of the value of USD 64 million, and depreciation and amortisation for the year of USD 9 million, increased by close to USD 21 million (15%) in relation to the previous year.

► Administrative and Marketing Costs

	2013		2012	
	AKZ	USD	AKZ	USD
Staff	8,631	88	7,147	75
External supplies and other expenses	6,131	64	5,490	57
Depreciation and amortisation	872	9	808	8
	15,634	161	13,445	140

(In million)

Since the number of employees reached 1,873 at the end of 2013 (1,705 in 2012), staff costs amounted to a total of USD 88 million, having increased by USD 13 million in relation to 2012, while external supplies and other costs amounted to USD 64 million, with a year-on-year variation of 12%.

Depreciation and amortisation for the year stood at USD 9 million, representing an increase of merely USD 1 million in comparison to the figure stated for 2012.

The evolution of the number of employees from 1,705 in 2012 to 1,873 in 2013, and the expansion of the Bank's commercial network, reaching a total of 202 commercial units (184 commercial units in 2012), contributed decisively to increase the administrative and marketing costs.

► Cost-To-Income

	2013	2012
Administrative and Marketing Costs	161	140
Earnings from Financial Intermediation	342	295
Cost-to-Income	47%	47%

(In million USD)

Although there was an increase of USD 21 million in the Bank's administrative and marketing costs, arising from the investment in the growth of the commercial network, the USD 47 million growth in financial intermediation earnings enabled keeping the cost-to-income ratio at 47%.

For the year ended on 31 December 2013, the income tax payable reached USD 6 million (USD 23 million as at 31 December 2012).

The income from public debt securities, obtained from Treasury Bonds and Treasury Bills issued by the Angolan State, are exempt from payment of Industrial Tax, under the terms of subparagraph c) of number 1 of article 23 of the Industrial Tax Code. This taxation framework is determinant for the difference between the effective industrial tax rate (around 3%) and the nominal rate in force (35%).

Notwithstanding the above, and following the amendments to the Capital Investment Tax Code, stipulated under the Tax Reform, Capital Investment Tax, at the rate of 10% (5% in the case of securities with maturity equal to or above 3 years), is henceforth applicable to the interest of public debt securities issued after 1 January 2013 (this date was disclosed by the letter of Banco Nacional de Angola to the Angolan Association of Banks (ABANC), dated 26 September 2013).

04.4
PROPOSED
APPROPRIATION
OF NET INCOME

Pursuant to the legal provisions relative to the constitution of reserves, the Board of Directors proposes that the positive net income for the year ended on 31 December 2013, of the value of USD 201 million should be appropriated as follows:

Legal Reserve	20%	USD 40.2 million
Distribution of Dividends to Shareholders	80%	USD 160.8 million



05 ■ SEED

Banco BIC's net income for the year ended on 31 December 2013 amounted to USD 201 million, compared with the net income of USD 168 million for 2012, corresponding to a year-on-year increase of 20%. As at 31 December 2013, the Bank's equity amounted to USD 889 million, an increase of USD 129 million, or 17%, in relation to the USD 760 million recorded as at 31 December 2012.

✕ Baobab seeds are protein rich and packed with vegetable oil. They can be roasted, ground and consumed as a drink, replacing coffee.

05.

FINANCIAL STATEMENTS AND NOTES

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

05.1

FINANCIAL STATEMENTS

► Balance Sheets as at 31 December 2013 and 2012

	NOTES	2013		2012	
		Gross Assets	Amortizations and Provisions	Net Assets	Net Assets
ASSETS					
1. Disposable	3	122,768,241	-	122,768,241	124,895,367
2. Liquidity investment	4	86,600,848	-	86,600,848	89,775,225
3. Securities and stocks	5	319,685,302	-	319,685,302	206,948,058
4. Loans in the payment system		-	-	-	32,058
5. Foreign exchange transactions	6	2,497,815	-	2,497,815	-
6. Loans to customers	7 e 16	223,214,264	24,599,668	198,614,596	225,812,075
7. Other values	8	9,288,396	-	9,288,396	5,977,345
8. Intangible fixed assets	10	523,748	503,932	19,816	18,672
9. Tangible fixed assets	10	16,510,165	5,071,585	11,438,580	10,522,889
10. Financial fixed assets	9	410,686	-	410,686	209,107
Total Assets		781,499,465	30,175,185	751,324,280	664,190,796

	NOTES	2013	2012
LIABILITIES AND NET WORTH			
1. Deposits		615,477,771	525,785,372
> Demand deposits	11	280,832,706	249,771,027
> Term deposits	11	320,009,050	276,014,345
> Other deposits	11	14,636,015	-
2. Liquidity funding	12	1,000,274	26,259,171
3. Liabilities in the payment system	13	8,747,027	6,545,955
4. Foreign exchange transactions	6	2,510,155	-
5. Other funding	14	27,710,194	24,981,849
6. Other liabilities	15	7,238,687	6,224,890
7. Commercial and industrial suppliers		38,611	-
8. Provisions for probable liabilities	16	1,838,697	1,520,386
Total Liabilities		664,561,416	591,317,623
9. Share capital	17	2,414,511	2,414,511
10. Reserve for monetary revaluation of own funds	17	5,797,507	5,797,507
11. Reserve and funds	17	51,286,513	41,622,953
12. Potential earnings	17	1,459,694	773,650
13. Retained earnings	17	6,158,618	6,158,618
14. Net income for the year	17	19,646,021	16,105,934
Total Net Worth		86,762,864	72,873,173
Total Liabilities and Net Worth		751,324,280	664,190,796

(In thousand Angolan Kwanzas)

► Balance Sheets as at 31 December 2013 and 2012

	NOTES		2013		2012
		Gross Assets	Amortizations and Provisions	Net Assets	Net Assets
ASSETS					
1. Disposable	3	1,257,627	-	1,257,627	1,303,356
2. Liquidity investment	4	887,131	-	887,131	936,857
3. Securities and stocks	5	3,274,827	-	3,274,827	2,159,623
4. Loans in the payment system		-	-	-	335
5. Foreign exchange transactions	6	25,587	-	25,587	-
6. Loans to customers	7 e 16	2,286,586	251,997	2,034,589	2,356,480
7. Other values	8	95,149	-	95,149	62,377
8. Intangible fixed assets	10	5,365	5,162	203	195
9. Tangible fixed assets	10	169,129	51,953	117,176	109,812
10. Financial fixed assets	9	4,207	-	4,207	2,182
Total Assets		8,005,608	309,112	7,696,496	6,931,217
	NOTES		2013		2012
LIABILITIES AND NET WORTH					
1. Deposits				6,304,897	5,486,876
> Demand deposits	11			2,876,824	2,606,506
> Term deposits	11			3,278,143	2,880,370
> Other deposits	11			149,930	-
2. Liquidity funding	12			10,247	274,030
3. Liabilities in the payment system	13			89,604	68,311
4. Foreign exchange transactions	6			25,714	-
5. Other funding	14			283,861	260,700
6. Other liabilities	15			74,151	64,960
7. Commercial and industrial suppliers				396	-
8. Provisions for probable liabilities	16			18,835	15,866
Total Liabilities				6,807,705	6,170,743
9. Share capital	17			24,734	25,197
10. Reserve for monetary revaluation of own funds	17			59,390	60,500
11. Reserve and funds	17			525,374	434,360
12. Potential earnings	17			14,953	8,073
13. Retained earnings	17			63,088	64,269
14. Net income for the year	17			201,252	168,075
Total Net Worth				888,791	760,474
Total Liabilities and Net Worth				7,696,496	6,931,217

(In thousand of U.S. Dollars)

► Income Statement by Nature

	NOTES		2013		2012
		AKZ	USD	AKZ	USD
Net Interest Income	21	26,257,390	268,978	23,670,871	247,019
Income from Financial Asset Instruments	21	39,489,104	404,523	37,634,221	392,735
Income from Liquidity Investments		2,148,669	22,011	2,409,805	25,148
Income from Securities and Stocks		14,966,711	153,318	11,153,710	116,395
Income from Loans		22,373,724	229,194	24,070,706	251,192
(-) Costs of Financial Liability Instruments	21	(13,231,714)	(135,544)	(13,963,350)	(145,716)
Costs of Deposits		(11,593,447)	(118,762)	(12,139,026)	(126,678)
Costs of Liquidity Funding		(1,638,267)	(16,782)	(1,824,324)	(19,038)
Earnings from Trading and Fair Value Adjustments	22	1,690,567	17,318	781,034	8,151
Earnings from Foreign Exchange Transactions	23	7,112,551	72,860	7,453,330	77,780
Earnings from Financial Services Rendered	24	4,277,197	43,815	3,844,268	40,117
(-) Provisions for Bad Debt and Guarantees Provided	16	(5,992,366)	(61,385)	(7,522,633)	(78,503)
Earning from Financial Intermediation		33,345,339	341,587	28,226,870	294,564
Earning from Goods, Products and Others Services		59,536	610	120,980	1,262
(-) Administrative and Marketing Costs		(16,221,523)	(166,172)	(13,458,238)	(140,445)
Staff	25	(8,631,002)	(88,415)	(7,147,014)	(74,583)
External Supplies	26	(6,062,852)	(62,107)	(5,461,144)	(56,990)
Non-Income Related Taxes and Levies		(579,606)	(5,937)	(10,606)	(111)
Penalties Applied by Regulatory Authorities		(7,984)	(82)	(2,355)	(25)
Other Administrative and Marketing Costs		(68,541)	(702)	(29,174)	(304)
Depreciation and Amortisation	10	(871,538)	(8,928)	(807,945)	(8,431)
(-) Provisions for Other Amounts and Probable Liabilities	16	1,596,363	16,353	(205,750)	(2,147)
Other Operating Income and Costs	27	1,394,485	14,285	2,275,962	23,751
Other Operating Income and Coasts		(13,230,675)	(135,534)	(11,388,026)	(118,841)
Net Operating Income		20,174,200	206,663	16,959,824	176,986
Non-operating Income	28	59,586	610	1,368,713	14,283
Earnings Before Tax and Other Charges		20,233,786	207,273	18,328,537	191,269
(-) Charges on Current Earnings	19	(587,765)	(6,021)	(2,222,603)	(23,194)
Net Income for the Year		19,646,021	201,252	16,105,934	168,075
Shares in Circulation	17	2,414,511	2,414,511	2,414,511	2,414,511
Earnings per Share		8.14	0.08	6.67	0.07

(In thousand)

► Statements of Changes
in Own Funds

	Share capital	Revaluation of own funds		Reserve legal	Other reserves	Potencial earning	Retained earning	Net income for the Year	Equity
	Equity	Net income							
Balance as at 31 December 2011	2,414,511	4,170,188	1,627,319	9,213,580	23,465,796	2,533	6,158,618	14,905,962	61,958,507
> Appropriation of the net income for 2011	-	-	-	2,981,192	5,962,385	-	-	(8,943,577)	-
> Distribution of dividends	-	-	-	-	-	-	-	(5,962,385)	(5,962,385)
> Potential earnings	-	-	-	-	-	771,117	-	-	771,117
> Net income for the year	-	-	-	-	-	-	-	16,105,934	16,105,934
Balance as at 31 December 2012	2,414,511	4,170,188	1,627,319	12,194,772	29,428,181	773,650	6,158,618	16,105,934	72,873,173
> Appropriation of the net income for 2012	-	-	-	3,221,186	6,442,374	-	-	(9,663,560)	-
> Distribution of dividends	-	-	-	-	-	-	-	(6,442,374)	(6,442,374)
> Potential earnings	-	-	-	-	-	686,044	-	-	686,044
> Net income for the year	-	-	-	-	-	-	-	19,646,021	19,646,021
Balance as at 31 December 2013	2,414,511	4,170,188	1,627,319	15,415,958	35,870,555	1,459,694	6,158,618	19,646,021	86,762,864

(In thousand Angolan Kwanzas)

► Cash Flow Statement

	2013	2012
ERATING CASH FLOW FROM FINANCIAL INTERMEDIATION		
Cash flow from net interest income	25,071,306	26,474,243
> Revenue from financial asset instruments	38,145,120	40,126,921
> Payment of costs of financial liability instruments	(13,073,814)	(13,652,678)
Cash flow of earnings from trading and fair value adjustments	1,690,567	781,034
Cash flow from earnings from foreign exchange transactions	7,124,891	7,453,330
Cash flow of earnings from financial services rendered	4,277,197	3,844,268
	38,163,961	38,552,875
CASH FLOW OF EARNINGS FROM OTHER SERVICES		
Payments to staff and suppliers	(16,176,184)	(12,116,708)
Other revenue/payments relative to operating activity	(1,464,633)	2,146,147
Payment of industrial contribution	(1,778,069)	(1,621,937)
Other values	203,890	2,637
Other liabilities	4,542,601	(167,281)
	(14,672,395)	(11,757,142)
CASH FLOW FROM INVESTMENTS		
Cash flow from financial intermediation investments	(84,187,183)	(118,143,161)
> Liquidity investments	2,870,208	(24,557,168)
> Investments in securities and stocks (assets)	(110,075,151)	(46,518,269)
> Investments in loans to customers	23,017,760	(47,067,724)
Cash flow from fixed assets	(1,993,082)	(2,042,579)
> Acquisition of tangible and intangible fixed assets	(1,791,503)	(1,908,447)
> Acquisition of financial fixed assets	(201,579)	(134,132)
	(86,180,265)	(120,185,740)
CASH FLOW FROM FINANCING ACTIVITY		
Cash flow from financial intermediation financing	66,999,733	126,519,562
> Financing in deposits	89,343,170	106,742,181
> Financing in liquidity funding	(25,075,922)	2,598,549
> Financing in funding through other sources	2,732,485	17,178,832
Cash flow from financing through own funds	(6,442,374)	(5,962,385)
> Payment of dividends	(6,442,374)	(5,962,385)
	60,557,359	120,557,177
Net changes in disposable assets	(2,131,340)	27,167,170
Balance of disposable assets at the beginning of the year	124,895,367	97,728,197
Balance of disposable assets at the end of the year	122,764,027	124,895,367

(In thousand Angolan Kwanzas)

05.2

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENT AS AT 31 DECEMBER 2013 AND 2012
(Amounts in thousand Angolan Kwanzas - 000'AKZ, unless explicitly indicated otherwise)

NOTE 1 INTRODUCTION

Banco BIC, S.A. (hereinafter referred to as "Banco BIC" or "Bank") was incorporated by public deed on 22 April 2005, following the communication of Banco Nacional de Angola of 19 April 2005 which authorised its incorporation, with its head office being in Edifício Banco BIC, situated in Bairro de Talatona, Municipality of Samba, in Luanda.

The Bank's business involves the procurement of resources from third parties in the form of deposits or other funds which, together with its own resources, are applied in the granting of loans, maintenance of deposit accounts at Banco Nacional de Angola, investments at credit institutions, and purchase of securities and other assets, for which it is duly authorised. It also provides other banking services and carries out various types of operations in foreign currency.

In order to accomplish its operations, the Bank currently had a national network in Angola of 181 branches and service stations, 17 corporate offices, 3 investment centres and 1 private banking centre (165 branches and attendance stations, 14 corporate offices, 4 investment centres and 2 private banking centre as at 31 December 2012).

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

The financial statements were prepared on a going concern basis, based on the ledgers and records kept by the Bank, pursuant to the accounting principles established in the Chart of Accounts for Financial Institutions (CONTIF), as defined in Instruction number 9/2007, of 19 September, of Banco de Angola and subsequent amendments. These principles may differ from those generally accepted in other countries.

The Bank's financial statements as at 31 December 2013 and 2012 are expressed in Angolan Kwanzas, with the assets and liabilities denominated in other currencies having been converted into national currency, based on the indicative average exchange rate published by Banco Nacional de Angola on these dates. As at 31 December 2012 and 2013, the exchange rates of the Kwanza (AKZ) relative to the United States Dollar(USD) and Euro (EUR) were as follows:

FINANCIAL STATEMENTS AND NOTES

	2013	2012
1 USD	97.619	95.826
1 EUR	134.386	126.375

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

A) ACCRUALS BASIS

Income and costs are recognised according to the enforcement period of the operations, pursuant to the accrual principle, being recorded when they are generated, regardless of their date of receipt or payment.

B) TRANSACTIONS IN FOREIGN CURRENCY

Foreign exchange transactions are recorded in their respective currency of denomination, pursuant to the principles of the multi-currency system. Assets and liabilities expressed in foreign currency are converted into Angolan at the average exchange rate published by Banco Nacional de Angola as at the reporting date.

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

Costs and income relative to currency conversion differences, realised or potential, are recorded in the income statement of the year when they occur, under the heading "Foreign exchange earnings".

C) LOANS TO CUSTOMERS

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

The Banks annuls interest overdue by more than 60 days and does not recognise interest as of this date, until the date when the customer settles the situation. Moratory interest paid is recorded under the heading "Moratory interest, net of annulments" (Note 28).

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

Since 2011 and the enforcement of Notice number 2011/2011, of 8 June, loan operations, through disbursement, are granted in national currency for all repayment periods and all entities, with the exception of the State and companies with confirmed revenue and receipts in foreign currency, for the following purposes:

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

Provisions for bad debt and for guarantees and sureties provided

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

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

Loan operations, including guarantees and sureties provided, are classified on an individual basis, taking account of their characteristics and the risks of the operations and borrower, in general observing the following criteria for loans without default:

- > **Category A:** Loans granted to employees, loans backed by blocked accounts at the Bank and/or State securities (Treasury Bonds and Bills, and Central Bank Securities). This category also includes customers who, based on the economic and financial situation, management capacity and history of performance in relation to loans, are considered as being of zero risk by the Bank;
- > **Category B:** Loans with mortgage backing and other customers who, based on the criteria described above, are considered as being of very low risk by the Bank; and
- > **Category C:** All other loans with pledged mortgage and/or other type of asset-backed guarantees, as well as operations that are only backed by personal guarantees.

Overdue loans are also analysed on a case-by-case basis and, at least, classified in the risk levels indicated above, according to the time that has passed since the date of entry in default of the operations.

The minimum provisioning levels are calculated according to the following table:

► Risk Levels	A	B	C	D	E	F	G
% PROVISION	0%	1%	3%	10%	20%	50%	100%
Time that has passed since entry into default							
Operations with a maturity period of less than two years:	up to 15 days	15 to 30 days	1 to 2 months	2 to 3 months	3 to 5 months	5 to 6 months	over 6 months
Operations with a maturity period of more than two years:	up to 15 days	15 to 60 days	2 to 4 months	4 to 6 months	6 to 10 months	10 to 12 months	over 12 months

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

In general, loan operations to the same customer, for the effect of constitution of provisions, are classified in the category presenting highest risk.

Provisions for bad debt are classified as loaned assets under the heading “Loans to customers” (Note 7)

Whenever the Banco considers that there are no longer any expectations of recovery of the amounts in debt for loans that have been classified for over six months in Category G, these values are written off from the assets through use of the respective provision. Furthermore, these loans remain recorded under an off-balance sheet heading for a minimum period of ten years.

D) SECURITIES PORTFOLIO

According to the characteristics of the securities and the intention upon their acquisition, the Bank's portfolio of securities is classified as follows:

- > **Held for trading**
Securities acquired for the purpose of sale are considered securities held for trading.

Treasury Bills and Central Bank Securities, issued at discount value, are recorded at their acquisition cost. The difference between this cost and their redemption value (nominal value), which constitutes the Bank's remuneration, is reflected on a linear basis through profit or loss over the period between the purchase date and the maturity date of the securities, against the asset heading "Income receivable" (Note 5).

> **Available for sale**

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

Net changes in fair value are recorded against own funds, under the heading "Potential earnings – Fair value adjustments to financial assets available for sale", with capital gains recognised through profit or loss for the year at the time of the definitive sale of the asset.

> **Held to maturity**

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

Treasury Bonds are recorded at acquisition cost. The accrued interest from these securities and the differences between their acquisition cost and redemption value (in the case of securities issued at discount value) are reflected on a linear basis through profit or loss against the asset heading "Income receivable" (Note 5).

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

Treasury Bonds issued in national currency, indexed to the USD exchange rate and Treasury Bonds issued in foreign currency, are subject to exchange rate updating. Hence, the earnings from the exchange rate updating of the nominal value of the securities are reflected in the income statement for the year when they occur, under the heading "Earnings from trading and fair value adjustments" (Note 22), and the discount and accrued interest is reflected under the heading "Income from securities and stocks" (Note 21).

Order number 159/12, of 20 February, was published in 2012, authorising the regular issue of non-adjustable Treasury Bonds in national currency with coupon interest rates predefined by maturity. The accrued interest from these securities is reflected in the income statement of the year when they occur, under the heading "Income from securities and stocks" (Note 21).

> **Purchase of third party securities with reverse repurchase agreement**

During 2013 and 2012, the Bank purchased temporary liquidity on the inter-financial market with Banco Nacional de Angola for which funds were invested receiving Treasury Bonds in guarantee. These operations have an underlying reverse repurchase agreement for the securities on a future date, at a price established previously between the parties (Note 4).

The income from this purchase of third party securities with reverse repurchase agreements corresponds to the difference between the repurchase value and the purchase value of the securities. This income was recognised in accordance with the accrual principle over the duration period of the operations under the heading "Income from financial instrument assets - Purchase of third party securities with reverse repurchase agreement" (Note 21).

Securities purchased under reverse repurchase agreements are not recorded in the portfolio of securities. The funds delivered are recorded, on the settlement date, under the asset heading "Liquidity investments – Purchase of Third Party Securities with Reverse Repurchase Agreement", with the value of interest being distributed over each period under the same heading.

> **Sale of own securities with repurchase agreement**

Securities assigned to customers with repurchase agreements have remained recorded in the Bank's portfolio of securities, with the amount of the same being stated under the heading "Sale of own securities with repurchase agreement" (Note 12). The difference between the contracted repurchase value and the respective initial value is reflected on a linear basis through profit or loss during the life of the operation, against the liability heading "Interest payable" (Note 12).

Classification into risk categories:

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

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

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

E) FINANCIAL FIXED ASSETS

Financial fixed assets are recorded at acquisition cost. When denominated in foreign currency, these assets are stated at the exchange rate of the transaction date. Whenever permanent losses are estimated in their realisation value, the respective provisions are constituted.

F) INTANGIBLE AND TANGIBLE FIXED ASSETS

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

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

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

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

G) ASSETS NOT FOR OWN USE

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

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

When the outstanding value payable of the loan is greater than its book value (net of provisions), the difference should be recognised as income for the year, up to the value calculated in the valuation of the assets. When the valuation of the assets is lower than the book value of the loan, the difference should be recognised as a cost for the year.

When the legal period of two years expires without the assets having been divested (extendable through authorisation of Banco Nacional de Angola), a new assessment is conducted, aimed at calculating the updated market value, with a view to the possible constitution of the corresponding provision.

H) INCOME TAXES

> Industrial Tax

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

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

Industrial Tax is settled on a provisional basis in three equal instalments in January, February and March, based on 75% of the taxable profit of the previous year.

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

> Capital Investment Tax (IAC)

Presidential Legislative Decree number 5/11, of 30 December, introduced various legislative amendments to the Capital Investment Tax Code.

In general, the IAC is applicable to income derived from the Bank’s financial investments, namely income from investments and interest from securities.

The rate varies between 5% (in the case of interest paid in relation to public debt securities with a maturity equal to or greater than three years) and 15%. This tax has the nature of payment on account of Industrial Tax, with this offsetting operating through any basic abatement which is calculated, under the terms of subparagraph a) of number 81 of the Industrial Tax Code.

A letter of Banco Nacional de Angola (BNA) to the Angolan Association of Banks (ABANC), dated 26 September 2013, disclosed that the interest of Treasury Bonds, Treasury Bills and Central Bank Securities are only subject to IAC, relative to securities issued after 1 January 2013.

> Deferred taxes

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

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

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

As at 31 December 2013 and 2012, the Bank did not have any recorded deferred tax assets. On this same date, the recorded deferred tax liabilities refer to potential earnings of securities classified in the portfolio as available for sale (Notes 15 and 17).

I) RESERVE FOR MONETARY REVALUATION OF OWN FUNDS

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

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

During 2009, in view of the evolution observed in the exchange rate of the

Angolan Kwanza relative to the United States Dollar and, consequently, its impact in terms of the inflation rate measured in national currency, the Bank submitted a specific request to Banco Nacional de Angola of authorisation for the prospective application of the provisions in Notice number 2/2009.

Through a letter dated 26 November 2009, the Department of Supervision of Financial Institutions informed that, by Order of the Governor of Banco Nacional de Angola of 23 November, Banco BIC's request for monetary updating was authorised.

During 2013 and 2012, the Bank did not proceed with the monetary updating of its own funds.

J) RETIREMENT PENSIONS

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

As at 31 December 2013, the Bank's liabilities related to the retirement compensation scheme referred to above were calculated through an actuarial assessment conducted by an independent expert, based on the Bank's staff covered by this benefit at the end of this year and the following assumptions:

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

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

As at 31 December 2013 and 2012, the Bank has no formal commitment regarding the payment of supplementary retirement pensions to its workers, apart from that arising from "Retirement compensation", under the terms of the labour legislation in force (Note 16).

K) CASH AND CASH EQUIVALENTS

For the effect of the preparation of the cash flow statement, the Bank considers that the “Balance of disposable assets at the end of the year” corresponds to the total balances of the headings “Disposable assets” and “Amounts owed to credit institutions – Current account overdrafts” (Notes 3 and 11).

NOTE 3
DISPOSABLE ASSETS

This heading is broken down as follows:

	2013		2012	
	Foreign Currency	Nacional Currency	Foreign Currency	Nacional Currency
Cash:				
> National notes and coins	-	9,858,121	-	8,319,196
> Foreign notes and coins:				
- In USD	60,332,740	5,889,622	53,303,547	5,107,866
- In other currencies	-	405,856	-	456,014
		16,153,599		13,883,076
Current accounts at Banco Nacional de Angola (BNA):				
> In national currency	-	66,058,523	-	68,552,348
> In foreign currency - USD	320,000,000	31,238,080	340,000,000	32,580,840
		97,296,603		101,133,188
Current accounts at corresponding banks abroad:				
> Banco BIC Português, S.A,	-	6,486,575	-	3,125,621
> Standard Chartered Bank	-	1,853,666	-	4,296,695
> HSBC Bank – Johannesburg	-	209,808	-	297,362
> Commerzbank	-	207,287	-	1,206,539
> Byblos Bank Europe	-	183,261	-	110,656
> Other	-	133,505	-	196,364
		9,074,102		9,233,237
Cheques for collection – In Angola		243,937		645,866
		122,768,241		124,895,367

The heading of current accounts at Banco Nacional de Angola includes the deposits constituted in order to comply with the requirements regarding constitution and maintenance of compulsory reserves.

The compulsory reserves are currently calculated pursuant to Instruction number 03/2013, of 1 July. Up to 1 July 2013, these compulsory reserves were calculated under the terms of Instruction number 03/2010, of 4 June, and Instruction number 02/2011, of 28 April. The compulsory reserves are constituted in national and foreign currency, according to the respective denomination of the liabilities comprising their basis of incidence.

As at 31 December 2013, the required maintenance of compulsory reserves is calculated through the application of a 15% coefficient to the eligible liabilities in national and foreign currency. However, as at 31 December 2012, the required maintenance of compulsory reserves is calculated through the application of a 20% coefficient to the eligible liabilities in national currency, and a 15% coefficient to the eligible liabilities in foreign currency.

The current accounts at Banco Nacional de Angola, and those domiciled at other credit institutions abroad, are not remunerated.

As at 31 December 2013 and 2012, the balance of the heading “Cheques for collection – in Angola” refers to cheques submitted for clearing in the sessions of the first days after the end of the respective years.

NOTE 4
LIQUIDITY INVESTMENTS

The transactions conducted in the inter-financial money market correspond to term deposits at credit Institutions, broken down as follows:

	2013			2012	
	Currency	Foreign Currency	National Currency	Foreign Currency	National Currency
Credit institutions in the country					
> Banco Espírito Santo Angola	AKZ	-	-	-	2,000,000
> Banco Privado Atlântico	USD	-	-	25,000,000	2,395,650
> Banco Millennium Angola	USD	-	-	25,000,000	2,395,650
			-		6,791,300
In credit institutions abroad:					
> Banco BIC Português, S.A.	USD	393,143,801	38,378,305	247,627,054	23,729,110
> Banco BIC Cabo Verde IFI	EUR	170,408,545	22,900,523	-	-
> HSBC Bank - Johannesburg	USD	10,766,819	1,051,046	15,923,835	1,525,917
> Byblos Bank Europe	USD	10,079,583	983,959	10,079,583	965,886
> Banco BIC Português, S.A.	EUR	3,500,000	470,351	44,000,000	5,560,500
> Banco BIC Português, S.A.	GBP	350,873	56,388	350,000	53,971
> Banco Popular Portugal	USD	500,000	48,810	500,000	47,914
			63,889,382		31,883,298
Interest receivable			159,082		36,318
			64,048,464		38,710,916

A significant part of the term deposits at credit institutions abroad referred to above are backing documentary credit and other operations, under the contracted credit lines and other agreements contracted with these financial institutions.

As at 31 December 2013 and 2012, the term deposits in credit institutions pre-sented the following structure, by residual maturity periods:

	2013	2012
Up to one month	19,742,115	27,733,588
One to three months	11,997,024	4,013,078
Three to six months	29,709,768	6,927,932
Over one year	2,440,475	-
	63,889,382	38,674,598

As at 31 December 2013 and 2012, the term deposits in credit institutions abroad earned interest at the annual average rates, weighted by the respective nominal value of the investments:

	2013	2012
In United States Dollars	0.85%	0.99%
In Euros	3.04%	0.66%
In Pounds Sterling	0.50%	0.75%

Purchase of third party securities with reverse repurchase agreements correspond to Treasury Bonds acquired from Banco Nacional de Angola, with an agreement of repurchase on a future date, at a price previously defined and agreed by the parties.

The income earned by Banco BIC in these transactions corresponds, only and exclu-sively, to the positive difference between the repurchase price of these Treasury Bonds, predefined and agreed by the parties, and their initial acquisition value.

As at 31 December 2013 and 2012, the Purchase of Third Party Securities with Reverse Repurchase Agreement was broken down as follows:

	2013		2012	
	Interest Rate	Amount	Interest Rate	Amount
Treasury Bonds				
> In national currency (USD Index)	2.45%	22,500,000	4.29%	39,250,978
> In national currency (IPC Index)	-	-	3.77%	11,334,014
Income receivable		42,607		469,540
		22,542,607		51,054,532

As at 31 December 2013 and 2012, the Purchase of Third Party Securities with Reverse Repurchase Agreement was broken down as follows, by residual maturity period:

	2013	2012
Up to one month	14,000,000	10,992,100
One to three months	8,500,000	19,099,189
Three to six months	-	20,493,703
	22,500,000	50,584,992

NOTE 5
SECURITIES AND STOCKS

This heading is broken down as follows:

	2013		2012	
	Interest Rate	Amount	Interest Rate	Amount
Held for trading:				
> Treasury Bills	4.03%	60,814,122	3.99%	11,411,637
> Central Bank Securities		-	4.52%	10,004,081
Income receivable		697,399		217,258
		61,511,521		21,632,976
Available for sale	N/A	4,517,873	N/A	2,693,516
Held to maturity:				
> Treasury Bonds				
- In national currency (non-adjustable)	7.47%	140,646,018	7.40%	73,590,595
- In national currency (USD Index)	7.41%	96,694,102	7.29%	91,254,147
- In foreign currency (USD)	3.74%	12,493,651	4.05%	12,264,176
- In national currency (IPC Index)		-	5.00%	2,817,011
Income receivable		3,822,137		2,695,637
		253,655,908		182,621,566
		319,685,302		206,948,058

As at 31 December 2012, the remuneration of the Treasury Bonds issued in national currency and indexed to the IPC corresponds to the application of the nominal interest rate, increased by the evolution of the Consumer Price Index (IPC).

As at 31 December 2013 and 2012, the securities classified as “Available for sale” are detailed as follows:

Type	Currency	2013				2012			
		Quantity	Market Value	Balance Sheet Value		Quantity	Market Value	Balance Sheet Value	
				Currency	mAKZ			Currency	mAKZ
Shares	EUR	27,646,900	1.22	33,618,631	4,517,873	22,601,993	0.94	21,313,679	2,693,516
					4,517,873				2,693,516

As at 31 December 2013 and 2012, the Bank classifies the securities recorded in its portfolios of “Held for trading” and “Held to maturity” at risk level A - Zero, due to being issued by the Angolan State and Banco Nacional de Angola.

As at 31 December 2013 and 2012, the distribution of debt securities by indexer, excluding income receivable, is as follows:

	2013			2012		
	Fixed Rate	Libor 6M	Total	Fixed Rate	Libor 6M	Total
Treasury Bills	60,814,122	-	60,814,122	11,411,637	-	11,411,637
Central Bank securities	-	-	-	10,004,081	-	10,001,081
Government bonds						
> In national currency (USD Index)	96,694,102	-	96,694,102	84,102,335	7,151,812	91,254,147
> In national currency (non-adjustable)	140,646,018	-	140,646,018	73,590,595	-	73,590,595
> In national currency (IPC Index)	-	-	-	2,817,011	-	2,817,011
> In foreign currency (USD)	-	12,493,651	12,493,651	-	12,264,176	12,264,176
	298,154,242	12,493,651	310,647,893	181,925,659	19,415,988	201,341,647

As at 31 December 2013 and 2012, the securities in portfolio presented the following structure, according to their residual maturity periods:

	2013	2012
Up to three months	19,098,006	6,705,608
Three to six months	33,455,728	15,393,997
Six months to one year	49,100,762	13,511,037
Over one year	208,993,397	165,731,005
Undefined maturity	4,517,873	2,693,516
	315,165,766	204,035,163

NOTE 6
FOREIGN EXCHANGE TRANSACTIONS

As at 31 December 2013, this heading is broken down as follows:

Income from purchase and sale of foreign currency receivable	2,497,815
Costs of purchase and sale of foreign currency payable	(2,510,155)
	(12,340)

NOTE 7
LOANS TO CUSTOMERS

This heading is broken down as follows:

	2013	2012
National currency		
Current account overdrafts	644,024	2,356,994
Loans	94,244,120	87,808,161
Current account loans	15,645,847	28,947,125
Loans to employees	2,304,174	1,183,050
Prestige products	-	267
	112,838,165	120,295,597
Foreign currency		
Current account overdrafts	159,679	796,878
Loans	90,425,176	110,413,872
Current account loans	1,059,856	4,367,417
Loans to employees	3,703,541	4,075,159
	95,348,252	119,653,326
Total outstanding loans	208,186,417	239,948,923
Overdue loans and interest:		
> National currency	6,262,642	1,553,960
> Foreign currency	4,780,489	2,311,913
Total overdue loans and interest	11,043,131	3,865,873
Total loans granted	219,229,548	243,814,796
Income receivable		
> National currency	2,510,733	1,660,379
> Foreign currency	1,473,983	2,223,239
Total income receivable	3,984,716	3,883,618
	223,214,264	247,698,414
Provisions for bad debt (Note 16)	(24,599,668)	(21,886,339)
	198,614,596	225,812,075

As at 31 December 2013 and 2012, the residual periods of the loans granted to customers, excluding overdue loans, presented the following structure:

	2013	2012
Up to three months	37,946,400	40,677,759
Three to six months	21,492,859	25,244,008
Six months to one year	19,164,174	19,014,878
One to three years	27,982,507	51,720,239
Three to five years	37,034,798	48,275,243
Five to ten years	39,436,922	33,447,863
Over ten years	25,128,757	21,568,933
	208,186,417	239,948,923

As at 31 December 2013 and 2012, the distribution of the loans granted to customers, excluding income receivable, among companies and individuals, is as follows:

	2013			2012		
	Outstanding	Overdue	Total	Outstanding	Overdue	Total
Companies	162,950,126	8,226,232	171,176,358	198,085,571	1,566,219	199,651,790
Individuals	45,236,291	2,816,899	48,053,190	41,863,352	2,299,654	44,163,006
	208,186,417	11,043,131	219,229,548	239,948,923	3,865,873	243,814,796

As at 31 December 2013 and 2012, the distribution of the loans granted to customers, excluding income receivable, by indexer, was as follows:

	2013	2012
Fixed Rate	175,068,085	215,299,375
Libor 1M	2,243,735	2,644,871
Libor 3M	930,090	2,162,992
Libor 6M	2,035,913	2,300,727
Libor 12M	4,098,565	8,856,868
Luibor 1M	2,589,940	6,780,984
Luibor 3M	15,153	-
Luibor 6M	4,909,692	3,414,405
Luibor 12M	27,338,375	2,354,574
	219,229,548	243,814,796

The methodology use to calculate the provision for loans classified as bad debt, as at 31 December 2013 and 2012, is presented below:

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

	2012					
	Loans Falling Due	Overdue Loans	Bank Guarantees (Note 18)	Total	Provision Rate	Provision (Note 16)
Category A	38,579,153	-	18,318,583	56,897,736	0%	-
Category B	84,260,551	96,441	10,118,961	94,475,953	1%	944,760
Category C	80,655,048	286,622	6,998,415	87,940,085	3%	2,638,203
Category D	9,375,607	147,089	335,391	9,858,087	10%	985,809
Category E	15,173,398	421,117	-	15,594,515	20%	3,129,820
Category F	396,830	80,578	-	477,408	50%	238,704
Category G	11,508,336	2,834,026	9,583	14,351,945	100%	14,351,945
	239,948,923	3,865,873	35,780,933	279,595,729		22,289,241

The movement in the migration matrix of borrower risk between 31 December 2013 and 2012 is presented as follows:

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

2012											Total	Portfolio Distribution as at 31 Dec 2011
Risk Level	A	B	C	D	E	F	G	Written-off from Assets	Settlements/ Amortisation			
2011	A	47.22%	19.78%	0.13%	0.00%	0.00%	0.00%	0.01%	0.00%	32.85%	17.23%	38,852,901
	B	0.00%	40.78%	4.88%	2.65%	0.10%	0.00%	0.35%	0.00%	51.23%	38.26%	86,287,600
	C	0.00%	0.00%	55.43%	3.90%	2.30%	0.42%	0.45%	0.00%	37.50%	32.03%	72,252,912
	D	0.00%	0.01%	6.83%	29.67%	1.63%	0.23%	13.83%	0.00%	47.81%	3.47%	7,836,468
	E	0.00%	0.20%	0.12%	0.94%	33.30%	1.69%	18.59%	4.02%	41.14%	5.42%	12,234,399
	F	0.00%	0.00%	2.90%	0.68%	0.69%	5.28%	32.05%	7.23%	51.17%	0.59%	1,327,755
	G	0.01%	0.02%	0.49%	0.10%	1.21%	0.01%	53.63%	0.53%	44.01%	3.00%	6,762,640
	Total	10.07%	19.87%	19.92%	3.31%	1.33%	0.20%	2.81%	0.11%	42.36%	100%	
Portfolio Distribution as at 31 Dec 2011 and 31 Dec 2012												
	22,705,834	44,825,793	44,936,027	7,473,955	3,005,262	450,124	6,346,575	257,261	95,553,844		225,554,675	

The analysis of the migration matrix shows that, of the total loans as at 31 December 2012, of the value of AKZ 279.595.729,000, a percentage corresponding to 50.27% did not undergo any change of level. The movements between risk levels also indicate that 1.85% of the loans lowered their risk level, 5.11% migrated to more severe levels and 0.55% were written off from the assets (transfers to loss).

Maintained at the same level	
> Outstanding debt	50.27%
> Settlements / amortisations	42.22%
Transferred to other levels	
> More severe	5.11%
> Less severe	1.85%
> Written off from the assets	0.55%

Currently, the Bank does not yet have any systematised information identifying the restructured credit operations, namely operations whose conditions and guarantees have been renegotiated as a result of deterioration of credit risk or default. Notwithstanding the above, renegotiated credit operations have begun to be identified in the continuous development of the information and credit risk systems.

During 2013 and 2012, the Bank renegotiated operations as a result of deterioration of credit risk or default, with the following renegotiated amount having been identified:

	2013	2012
Companies	6,322,597	7,368,416
Individuals	828,699	618,221
	7,151,296	7,986,637

During 2013 and 2012, the Bank wrote off loans from the assets (write-offs) of the amounts of AKZ 1,567,488 thousand and AKZ 256,895 thousand, respectively (Note 16).

As at 31 December 2013 and 2012, the portfolio of loans granted to customers, excluding interest receivable, is broken down as follows by sector of activity:

	2013				2012			
	Due to Mature	Overdue	Total	%	Due to Mature	Overdue	Total	%
Companies:								
Financial and Insurance Activities	2,878,556	1,214,331	4,092,887	1.87%	33,867,720	756	33,868,476	13.89%
Real Estate Activities, Hire & Rental and Services Rendered to Companies	17,979,423	1,005,048	18,984,471	8.66%	24,034,305	104,137	24,138,442	9.90%
Public Administration and Compulsory Social Security	3,596,943	1,168	3,598,111	1.64%	2,996,334	63,162	3,059,496	1.25%
Agriculture, Animal Husbandry, Hunting and Forestry	5,238,369	108,632	5,347,001	2.44%	3,864,209	38,527	3,902,736	1.60%
Accommodation and Restaurants (restaurants and similar)	12,070,396	5,681	12,076,077	5.51%	11,555,701	95,871	11,651,572	4.78%
Trade	42,510,392	2,813,677	45,324,069	20.67%	39,148,658	576,845	39,725,503	16.29%
Construction	48,482,400	1,688,973	50,171,373	22.89%	51,589,584	81,677	51,671,261	21.19%
Education, Health and Social Action	5,987,809	7,276	5,995,085	2.73%	5,283,231	8,609	5,291,840	2.17%
Mining Industries (Crude Oil, Natural Gas and Other)	7,237,416	37,603	7,275,019	3.32%	8,295,030	10,035	8,305,065	3.41%
Manufacturing Industries	9,621,165	663,630	10,284,795	4.69%	8,848,919	102,291	8,951,210	3.67%
Other Recreational Activities, Associations and Services	653,625	17,368	670,993	0.31%	203,664	23,544	227,208	0.09%
Fisheries	200,277	25,099	225,376	0.10%	276,846	8,400	285,246	0.12%
Electricity, Gas and Water Production and Distribution	296,334	14,821	311,155	0.14%	377,776	12,880	390,656	0.16%
Transport, Storage and Communications	6,197,021	622,925	6,819,946	3.11%	7,743,594	439,485	8,183,079	3.36%
Individuals:	45,236,291	2,816,899	48,053,190	21.92%	41,863,352	2,299,654	44,163,006	18.11%
	208,186,417	11,043,131	219,229,548	100%	239,948,923	3,865,873	243,814,796	100%

NOTE 8
OTHER VALUES

This heading is broken down as follows:

	2013	2012
Assets not for own use		
> Real estate projects – Employees	3,818,948	3,844,919
> Properties received in lieu of repayment	96,191	-
Bank cheques	2,280,642	-
VISA collateral	1,845,504	1,808,862
Advances – Angolan Kwanzas	143,243	-
Cash deficits	82,793	31,205
Advances – cheques	62,589	59,479
Hire and rental charges	57,189	60,295
Office supplies	51,907	24,545
Other	855,904	148,040
	9,294,910	5,977,345
Provisions for properties in lieu of repayment (Note 16)	(6,514)	-
	9,288,396	5,977,345

As at 31 December 2013 and 2012, the balance of the heading “Assets not for own use – Real estate properties – Employees” refers to real estate projects which are under construction and are intended to be sold to the Bank’s employees. During 2012, part of the increase of this heading, of the value of AKZ 179,376 thousand, refers to transfers of “Fixed assets in progress” (Note 10).

As at 31 December 2013, the balance of the heading “Assets not for own use - Properties received in lieu of repayment” corresponds to properties received in lieu of repayment of debts relative to loans that have been granted. As at 31 December 2013, the value of the estimated provision includes the estimated losses in the sale of these assets.

As at 31 December 2013, the heading “Bank cheques” refers to advances made for the purpose of accomplishing operations, which will be settled in 2014.

Under the terms of the contract concluded between Banco BIC and Visa International, the Bank undertakes to maintain a collateral deposit at VISA’s custodian bank (Barclays Bank London), where its amount is calculated according to the

volume of transactions carried out. As at 31 December 2013 and 2012, respectively, this collateral deposit reached approximately USD 18,905,173 and USD 18,876,527 and was remunerated at the annual interest rate of 0.15%. Furthermore, as at 31 December 2013 and 2012, the balance of the collateral deposit includes values derived from Banco Sol, S.A., arising from the acquiring service, standing at USD 16,923,013 (Note 13).

As at 31 December 2013, the heading “Advances – Angolan Kwanzas” refers to the notes in AKZ which were consigned to Banco BIC Português, arising from the Kwanza marketing process in the branches of this financial institution.

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

As at 31 December 2013 and 2012, the balance of the heading “Advances – cheques” corresponds to advances made by the Bank to customers, related to the purchase of cheques receivable from foreign banks that had not yet been collected on this date. These accounts receivable are collected from the corresponding bank at the beginning of the year.

As at 31 December 2013 and 2012, the balance of the heading “Other” includes the amounts of AKZ 31,341 thousand and AKZ 34,188 thousand, respectively, of assets whose recovery is considered doubtful, which are fully provisioned under the heading “Other provisions” (Note 16).

NOTE 9
FINANCIAL FIXED ASSETS

This heading may be detailed as follows:

		2013		2012	
		Foreign Currency	National Currency	Foreign Currency	National Currency
GI 10 > Financial holding	EUR	1,500,000	201,579	-	-
EMIS > Equity holding	USD	488,696	47,706	497,841	47,706
> Shareholders' loans	USD	1,259,191	122,921	1,282,755	122,921
ABANC > Shareholders' loans	USD	248,159	24,225	252,795	24,225
BVDA > Financial holding	USD	146,027	14,255	148,767	14,255
			410,686		209,107

As at 31 December 2013, the Bank holds a 30% stake in the share capital of GI10 – Investimentos e Gestão, SGPS, S.A., a company based in Portugal, whose core business is the management of equity holdings of other companies which are primarily related to insurance brokerage.

As at 31 December 2013 and 2012, the Bank holds a 4.63% stake in the share capital of EMIS – Empresa Interbancária de Serviços, S.A.R.L. (EMIS). EMIS was incorporated in Angola for the purpose of management of electronic means of payment and complementing services.

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

The exceptional General Meeting of the Angolan Association of Banks (ABANC), of which the Bank is a member, held on 28 July 2009, approved the plan of investments in fixed assets. The corresponding share of Banco BIC’s participation in this Association for this effect reaches a total of USD 248,159 as at 31 December 2013.

As at 31 December 2013 and 2012, the Bank holds a 0.95% stake in the share capital of BVDA – Bolsa de Valores e Derivativos de Angola, S.A. (BVDA).

NOTE 10
FIXED ASSETS WHICH ARE INTANGIBLE,
TANGIBLE AND IN PROGRESS

The movement under these headings during the years ended on 31 December 2012 and 2013 was as follows:

GROSS ASSETS											
	Balance 31 Dec 2011	Increase	Write-offs	Transfers	Adjust- ments	Balance 31 Dec 2012	Increases	Write-offs	Transfers	Adjust- ments	Balance 31 Dec 2013
Intangible Fixed Assets:											
> Key money	149,815	-	-	-	-	149,815	-	-	-	-	149,815
> Incorporation costs	4,383	-	-	-	-	4,383	-	-	-	-	4,383
> Multiannual costs	35,289	-	-	-	-	35,289	-	-	-	-	35,289
> Automatic data processing systems (software)	315,047	854	-	-	-	315,901	17,681	-	-	-	333,582
> Other intangible fixed assets	679	-	-	-	-	679	-	-	-	-	679
	505,213	854	-	-	-	506,067	17,681	-	-	-	523,748
Tangible fixed assets:											
> Properties for own use	6,120,064	116,609	(97,815)	771,992	-	6,910,850	297,623	-	631,210	-	7,839,683
> Works in rented buildings	1,353,533	10,979	-	39,677	-	1,404,189	67,517	-	64,559	-	1,536,265
> Equipment	4,330,717	623,804	(19,362)	356,454	-	5,291,613	550,426	(15,786)	176,906	6	6,003,165
> Artistic collection	4,120	-	-	-	-	4,120	-	-	-	-	4,120
	11,808,434	751,392	(117,177)	1,168,123	-	13,610,772	915,566	(15,786)	872,675	6	15,383,233
Fixed assets in progress	1,315,781	1,156,202	-	(1,168,123)	(171,382)	1,132,478	874,041	-	(872,675)	(6,912)	1,126,932
	13,629,428	1,908,448	(117,177)	-	(171,382)	15,249,317	1,807,288	(15,786)	-	(6,906)	17,033,913

ACCUMULATED AMORTISATION

	Balance 31 Dec 2011	Reinforce- ments	Write-offs	Balance 31 Dec 2012	Reinforce- ments	Write-offs	Adjust- ments	Balance 31 Dec 2013
Intangible Fixed Assets:								
> Key money	149,814	-	-	149,814	-	-	-	149,814
> Incorporation costs	4,383	-	-	4,383	-	-	-	4,383
> Multiannual costs	35,289	-	-	35,289	-	-	-	35,289
> Automatic data processing systems (software)	282,709	14,522	-	297,231	16,537	-	-	313,768
> Other intangible fixed assets	678	-	-	678	-	-	-	678
	472,873	14,522	-	487,395	16,537	-	-	503,932
Tangible fixed assets:								
> Properties for own use	360,750	132,140	(4,978)	487,912	148,936	-	(144)	636,704
> Works in rented buildings	1,053,541	105,384	-	1,158,925	104,932	-	-	1,263,857
> Equipment	2,026,555	555,899	(8,930)	2,573,524	601,133	(3,633)	-	3,171,024
	3,440,846	793,423	(13,908)	4,220,361	855,001	(3,633)	(144)	5,071,585
	3,913,719	807,945	(13,908)	4,707,756	871,538	(3,633)	(144)	5,575,517

During 2012, the real estate properties under construction intended for sale to the Bank's employees were reclassified to the heading "Other values" (Note 8) and, for the effect of the presentation of fixed asset movement, were included in the column of "Settlements".

As at 31 December 2013 and 2012, the heading “Equipment” may be detailed as follows:

	2013		2012			
	Net Value	Accumulated Amortisation	Net Value	Net Value	Accumulated Amortisation	Net Value
Interior Facilities	1,598,437	(638,691)	959,746	1,438,391	(486,370)	952,021
Furniture and Material	1,240,290	(515,175)	725,115	1,148,204	(396,293)	751,911
Machines and Tools	1,102,111	(443,783)	658,328	844,036	(329,559)	514,477
Computer Equipment	1,214,710	(984,847)	229,863	1,093,359	(825,798)	267,561
Transport Material	552,463	(516,420)	36,043	533,286	(489,771)	43,515
Other Equipment	295,154	(72,108)	223,046	234,337	(45,733)	188,604
	6,003,165	(3,171,024)	2,832,141	5,291,613	(2,573,524)	2,718,089

As at 31 December 2013 and 2012, the heading of fixed assets in progress essentially corresponds to the costs incurred with the acquisition of the property and to the payment of the contractors for the works which are being carried out at the Bank's facilities, acquired or rented, in particular at a building for installation of the administrative services, new branches and other facilities, whose inauguration is foreseen in the years following the reporting date.

NOTE 11
DEPOSITS

These headings are broken down as follows:

	2013	2012
DEMAND DEPOSITS OF CREDIT INSTITUTIONS:		
Amounts owed to credit institutions in Angola		
Demand deposits:		
> Banco de Desenvolvimento de Angola	488,095	479,130
> Interest payable	159,910	123,270
	648,005	602,400
Amounts owed to credit institutions abroad		
Current account overdrafts:		
> Bank Windhoek - NAD	4,214	-
	4,214	-
DEMAND DEPOSITS OF RESIDENTS:		
In national currency		
> Administrative public sector	2,067,206	1,213,392
> Corporate public sector	2,033,426	2,617,470
> Companies	133,459,494	103,337,944
> Individuals	67,614,524	47,882,129
	205,174,650	155,050,935
In foreign currency		
> Administrative public sector	569,348	393,181
> Corporate public sector	1,663,625	1,247,635
> Companies	36,345,542	48,997,153
> Individuals	30,878,184	39,032,806
	69,456,699	89,670,775
DEMAND DEPOSITS OF NON-RESIDENTS:		
In national currency	5,093,054	4,013,059
In foreign currency	456,084	433,858
	5,549,138	4,446,917
	280,180,487	249,168,627
Total demand deposits	280,832,706	249,771,027

As at 31 December 2013 and 2012, customer demand deposits are not remunerated, except in specific situations, defined in accordance with the guidelines of the Bank's Board of Directors.

During 2007, Banco BIC and Banco de Desenvolvimento de Angola (BDA) signed a financial agreement, where BDA finances the Bank to grant loans for projects related to the promotion of private economic activity in the production of goods and services.

	2013	2012
TERM DEPOSITS OF RESIDENTS:		
In national currency		
> Administrative public sector	9,270,725	8,136,846
> Corporate public sector	3,077,809	3,222,371
> Companies	136,078,222	106,480,804
> Individuals	36,805,330	32,658,722
> Interest payable	1,481,219	1,186,212
	186,713,305	151,684,955
In foreign currency		
> Corporate public sector	5,042,411	3,649,925
> Companies	69,470,791	72,410,976
> Individuals	57,179,549	46,783,046
> Interest payable	1,099,404	1,085,599
	132,792,155	123,929,546
TERM DEPOSITS OF NON-RESIDENTS:		
In national currency	212,044	136,990
> Interest payable	666	298
In foreign currency	289,140	260,010
> Juros a pagar	1,740	2,546
	503,590	399,844
Total term deposits	320,009,050	276,014,345

As at 31 December 2013 and 2012, customer term deposits, excluding interest payable, present the following structure by currency and average interest rate:

	2013			2012		
	Interest Rate	Amount Currency	Amount in 000'AKZ	Interest Rate	Amount Currency	Amount in 000'AKZ
In thousand Angolan Kwanzas	4.54%	-	185,444,130	4.39%	-	150,635,733
In United States Dollars	3.89%	1,323,902,867	129,238,074	3.84%	1,230,876,583	117,949,979
In Euros	1.42%	20,417,429	2,743,817	1.49%	40,783,207	5,153,978
			317,426,021			273,739,690

As at 31 December 2013 and 2012, customer term deposits, excluding interest payable, present the following structure according to residual maturity periods:

	2013	2012
Up to three months	234,112,140	222,360,416
Three to six months	65,815,175	37,314,335
Six months to one year	17,246,353	13,045,255
One to three years	252,192	1,016,415
Over three years	161	3,269
	317,426,021	273,739,690

As at 31 December 2013, the balance of the heading "Other deposits" refers to withdrawal orders pending settlement in the accounts of Banco BIC customers.

NOTE 12
LIQUIDITY FUNDING

This heading is broken down as follows:

	2013		2012	
	Fixed Interest Rate	Amount	Fixed Interest Rate	Amount
Inter-financial money market transactions	5%	1,000,000	-	-
Sale of own securities with repurchase agreement:				
> Treasury Bonds	-	-	4.27%	25,630,026
> Central Bank Securities	-	-	3.19%	445,897
Interest payable	-	274	-	183,248
		1,000,274		26,259,171

As at 31 December 2013, the amounts recorded under this heading correspond to a term deposit maintained by Banco Kwanza Invest, constituted to collateralise a loan granted by the Bank.

As at 31 December 2012, the Liquidity Funding arises from liabilities represented by the sale of own securities to customers with repurchase agreement, to a total of USD 274 million. As at 31 December 2013, after agreement with the customers, most of these transactions were classified as Term Deposits in National Currency indexed to the USD.

NOTE 13
LIABILITIES IN THE PAYMENT SYSTEM

This heading is broken down as follows:

	2013	2012
Funds bound to imports – Foreign currency	3,936,389	3,577,822
> Cash funds		
Certified cheques – National currency	3,132,747	1,346,466
VISA collateral (Note 8)	1,652,008	1,621,665
Clearing of cheques	25,541	-
Cheques collectible abroad	342	2
	8,747,027	6,545,955

The heading “Funds bound to imports – cash funds” refers to the amounts deposited by customers which were blocked for the settlement of import transactions.

NOTE 14
OTHER FUNDING

This heading is broken down as follows:

	2013	2012
Amounts owed to credit institutions abroad		
> Banco BIC Português, S.A. - Euros	17,806,145	11,057,813
> Banco BIC Português, S.A. - USD	9,873,557	13,889,404
> Interest payable	30,492	34,632
	27,710,194	24,981,849

As at 31 December 2013 and 2012, the amounts owed to credit institutions abroad earned interest at the following annual average rates, weighted by the respective nominal value of the investments:

	2013	2012
In United States Dollars	3.30%	3.33%
In Euros	3.09%	4.45%

As at 31 December 2013 and 2012, the amounts owed to credit institutions abroad, excluding interest payable, present the following structure by residual maturity period:

	2013	2012
Up to one month	13,061,963	17,364,717
One to three months	14,617,739	3,791,250
Three to six months	-	3,791,250
	27,679,702	24,947,217

NOTE 15 OTHER LIABILITIES

This heading is broken down as follows:

	2013	2012
Liabilities related to tax:		
> Income tax payable (Note 19)	587,765	2,222,603
> Tax charges on potential earnings	785,989	416,581
> Taxation relative to remunerations	277,668	246,687
> Capital investment tax	230,721	118,080
> Stamp Duty	105,465	93,736
> Other taxes	289,183	-
	2,276,791	3,097,687
Liabilities of civil nature:		
> Revenue with deferred income - Guarantees	22,629	62,690
> Other	(7,365)	-
	15,264	62,690
Liabilities of administrative/commercial nature:		
> Values to be settled - Properties given in lieu of repayment	1,173,490	-
> Interest of restructured loans	1,165,379	-
> Holidays and holiday allowance	872,755	637,873
> VISA cards	555,614	305,117
> Clearing at ATMs	367,782	313,579
> Communication and dispatch costs		
- Data circuit	207,816	301,481
- Communications	81,713	9,576
- Other	8,178	1,558
> Specialises services	60,902	103,333
> Maintenance and repair	24,255	6,850
> Security and surveillance	4,180	21,970
> Staff costs (Note 25)	145,999	7,182
> Advisory services	-	1,195,450
> Other administrative costs	278,569	160,544
	4,946,632	3,064,513
	7,238,687	6,224,890

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

As at 31 December 2013, the balance of the heading "Interest of restructured loans" refers to the interest of loans that were restructured, which will only be recognised through profit or loss at the time of their receipt.

As at 31 December 2013 and 2012, the balance of the heading "Tax charges on potential earnings" refers to deferred tax liabilities arising from potential gains of the securities recorded in the portfolio classified as "Available for sale".

As at 31 December 2012, the balance of the heading "Advisory services" includes EUR 299,145 (AKZ 37,805 thousand), payable to Banco BIC Português, S.A. for technical consulting services in project design and development, under the terms of the contract concluded in August 2008. As at 31 December 2012, the balance of this heading also includes an amount payable arising from a series of commercial, organisational and other support services provided by the Bank's shareholders of the amount of EUR 9,000,000 (AKZ 1,137,375 thousand), of which around EUR 8,700,000 (AKZ 1,100,000 thousand) correspond to services rendered during 2012 (Note 26).

As at 31 December 2013 and 2012, the balance of the heading "Clearing at ATMs" refers to the movements at the ATM and EFTPOS (electronic funds transfer at point of sale) of Banco BIC during the last days of the year pending clearance by EMIS.

The balance of the heading "Staff costs" refers to the Bank's estimates of the performance bonuses of its employees relative to the financial years of 2013 and 2012, payable in 2014 and 2013, respectively.

NOTE 16 PROVISIONS

The movement which occurred in the provisions during the financial years ended on 31 December 2013 and 2012 was as follows:

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

	Balance 31 Dec 2011	Reinforcements	Recovery of Annulments	Exchange Rate Variation	Utilisation	Balance 31 Dec 2012
Bad debt	14,335,932	19,734,843	(11,989,102)	61,561	(256,895)	21,886,339
Guarantees provided	611,658	866,860	(1,089,968)	14,352	-	402,902
Retirement pensions	733,672	114,515	-	4,665	-	852,852
Other provisions	202,462	91,235	-	1,107	(30,172)	264,632
	15,883,724	20,807,453	(13,079,070)	81,685	(287,067)	23,406,725

The Bank's Board of Directors will implement a supplementary retirement and survival pension programme, having, for this purpose, constituted a provision for retirement pensions, the balance of which, as at 31 December 2013 and 2012, amounts to AKZ 1,083,571 thousand and AKZ 852,852 thousand, equivalent to approximately USD 11,100,000 and USD 8,900,000, respectively. The Bank's Board of Directors is of the opinion that the existing provision for retirement pensions as at 31 December 2013 is sufficient to meet the initial liabilities which will arise from the formalisation of the defined contribution plan that it intends to subscribe, after deduction of the liabilities relative to "Retirement compensation", following the provisions in article number 262 of the General Labour Law.

Under the terms of the legislation in force, the liabilities relative to "Retirement compensation" are determined by multiplying 25% of the basic monthly wage applied on the date when the worker reaches the legal age of retirement, by the number of years of employment on that same date.

For 2013 and 2012, the balance of the heading "Other provisions" is intended to meet any contingencies arising from the Bank's activity, as well as to reflect potential losses in the realisation value of accounts receivable and other assets.

NOTE 17 MOVEMENTS IN OWN FUNDS

The movement in the equity headings for the years ended on 31 December 2012 and 2013 was as follows:

	Equity	Revaluation of Own Funds	Legal reserve	Other reserves	Potential earnings	Retained earnings	Net income for the year	Net Worth
Balance 31 Dec 2011	2,414,511	5,797,507	9,213,580	23,465,796	2,533	6,158,618	14,905,962	61,958,507
> Appropriation of the net income for 2011	-	-	2,981,192	5,962,385	-	-	(8,943,577)	-
> Distribution of dividends	-	-	-	-	-	-	(5,962,385)	(5,962,385)
> Potential earnings	-	-	-	-	771,117	-	-	771,117
> Net income for the year	-	-	-	-	-	-	16,105,934	16,105,934
Balance 31 Dec 2012	2,414,511	5,797,507	12,194,772	29,428,181	773,650	6,158,618	16,105,934	72,873,173
> Appropriation of the net income for 2012	-	-	3,221,186	6,442,374	-	-	(9,663,560)	-
> Distribution of dividends	-	-	-	-	-	-	(6,442,374)	(6,442,374)
> Potential earnings	-	-	-	-	686,044	-	-	686,044
> Net income for the year	-	-	-	-	-	-	19,646,021	19,646,021
Balance 31 Dec 2013	2,414,511	5,797,507	15,415,958	35,870,555	1,459,694	6,158,618	19,646,021	86,762,864

SHARE CAPITAL

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

During 2006, the Bank increased its share capital by AKZ 1,088,751 thousand (equivalent to USD 14,000,000) and, subsequently, at a General Meeting held on 1 December 2006, a new increase of the Bank's share capital was deliberated from USD 20,000,000 to USD 30,000,000, fully paid-up in cash, which was henceforth represented by 2,414,511 nominative shares of one thousand Angolan Kwanzas each.

As at 31 December 2013 and 2012, the Bank's shareholder structure is as follows:

	Number of Shares	Percentage
Sociedade de Participações Financeiras, Lda.	603,628	25%
Amorim Holding Financeira - SGPS, S.A.	603,628	25%
Fernando Leonídio Mendes Teles	482,902	20%
Ruas Holding, B.V.	241,451	10%
Luís Manuel Cortês dos Santos	120,726	5%
Manuel Pinheiro Fernandes	120,726	5%
Sebastião Bastos Lavrador	120,726	5%
Other shareholders	120,724	5%
	2,414,511	100%

In compliance with the provisions in number 3 of article 446 of Law number 1/2004, of 13 February, which regulates the Commercial Companies Law, the number of shares held by members of the Bank's administration and supervisory bodies, as well as the percentage stakes held, are as presented below:

Shareholders	Position	Acquisition	Nr. Shares	Holding
Fernando Leonídio Mendes Teles	PCA	Nominal Value	482,902	20.00%
Fernando José Aleixo Duarte	Director	Nominal Value	24,145	1.00%
Graziela do Céu Rodrigues Esteves	Director	Nominal Value	24,145	1.00%
Graça Maria dos Santos Pereira	Director	Nominal Value	24,145	1.00%

APPROPRIATION OF NET INCOME

On 17 April 2013, the General Meeting approved the proposed appropriation of net income submitted by the Board of Directors and presented in the Management Report, whereby the positive net income calculated at the end of 2012, of the value of AKZ 16,105,934 thousand (approximately USD 168 million) was appropriated as follows: 20% was transferred to the heading of legal reserves, corresponding to AKZ 3,221,186 thousand (approximately USD 34 million), 40% was distributed as dividends to the shareholders, corresponding to AKZ 6,442,374 thousand (approximately USD 67 million), and the rest was transferred to the heading of other reserves.

On 17 April 2012, the General Meeting approved the proposed appropriation of net income submitted by the Board of Directors and presented in the Management Report, whereby the positive net income calculated at the end of 2011, of the value of AKZ 14,905,962 thousand (approximately USD 156 million) was appropriated as follows: 20% was transferred to the heading of legal reserves, corresponding to AKZ 2,981,192 thousand (approximately USD 31 million), 40% was distributed as dividends to the shareholders, corresponding to AKZ 5,962,385 thousand (approximately USD 62 million), and the rest was transferred to the heading of other reserves.

LEGAL RESERVE

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

POTENTIAL EARNINGS

Potential earnings correspond to the potential gains net of tax charges relative to securities classified under the heading "Securities and Stocks - Available for Sale".

RELATED PARTIES

As at 31 December 2013 and 2012, the main balances maintained by the Bank with related entities are as follows:

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

2012				
	Banco BIC Português, S.A.	Entities held by the share- holders	Shareholders	Total
Assets:				
> Disposable assets (Note 3)	3,125,621	-	-	3,125,621
> Liquidity investments (Note 4)	29,343,581	-	-	29,343,581
> Loans to customers (Note 7)	-	46,193,879	637,261	46,831,140
Liabilities:				
> Other funding (Note 14)	(24,981,849)	-	-	(24,981,849)
> Other liabilities (Note 15)	(37,805)	-	(1,137,375)	(1,175,180)
Off-balance sheet items:				
> Guarantees and sureties provided (Note 18)	-	161,766	636,210	797,976
> Irrevocable commitments (Note 18)	28,749,487	-	-	28,749,487

Part of the loans granted to related entities are backed by shares of a financial institution based in the Euro Zone.

NOTE 18
OFF-BALANCE SHEET HEADINGS

These headings are broken down as follows:

	2013	2012
Guarantees provided and any other liabilities		
> Guarantees and sureties provided (Note 7)	38,417,664	35,780,933
> Irrevocable commitments	19,523,800	28,749,487
> Open documentary credit	8,480,311	10,233,636
	66,421,775	74,764,056
Liabilities due to services rendered		
> Custody of securities	12,846,615	152,112
> Collection of values - receivable in Angola	3,083,732	1,884,869
> Collection of values - receivable from abroad	177,324	155,817
	16,107,671	2,192,798

As at 31 December 2013 and 2012, the balance of the heading “Irrevocable commitments” refers to a credit line to be opened and confirmation of documentary credit and bank guarantees concluded with BIC Português, S.A., of the value of USD 200 million and USD 300 million, respectively.

NOTE 19
TAXES

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

As at 31 December 2013 and 2012, the reconciliation between the book value profit and profit for the purpose of determination of the industrial contribution may be detailed as follows:

NOTE 20
BALANCE SHEET BY CURRENCY

As at 31 December 2013 and 2012, the Bank's balance sheet by currency presents the following structure:

	2013	2012
Earnings before taxes	20,233,786	18,328,537
Adjustment:		
> Tax benefits for income from public debt securities or equivalent:		
- Interest and equivalent income (Note 21)	(16,202,040)	(11,289,360)
- Net gains from financial transactions		
- Earnings from securities (Note 22)	(2,605,052)	(677,704)
> Tax benefits for income from properties	(2,749)	-
> Cost not accepted for tax purposes:		
- Taxes	189,287	-
- Provisions	99,441	-
- Other	3,842	-
> Other adjustments	-	(11,178)
	(18,517,271)	(11,978,242)
Taxable profit	1,716,515	6,350,295
Nominal tax rate	35%	35%
Tax base	600,780	2,222,603
Basic abatements:		
> Capital investment tax	(13,015)	-
Income tax payable (Note 15)	587,765	2,222,603

The income from public debt securities, obtained from Treasury Bonds and Treasury Bills issued by the Angolan State are exempt from payment of Industrial Tax, under the terms of subparagraph c) of number 1 of article 23 of the Industrial Tax Code.

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

The tax authorities are entitled to review the Bank's tax situation during a period of five years, which may lead, due to different interpretations of the tax legislation, to possible correction to the basis of assessment of tax for 2009 to 2013. However, the Bank's Board of Directors believes that any corrections which might arise from these reviews will not be significant to the financial statements attached herewith.

	2013			2012		
	National Currency	Foreign Currency	Total	National Currency	Foreign Currency	Total
Disposable assets	76,160,581	46,607,660	122,768,241	77,517,410	47,377,957	124,895,367
Liquidity Investments						
> Inter-financial Money Market Transactions	-	64,048,464	64,048,464	2,001,359	36,709,557	38,710,916
> Purchase of Third Party Securities with Reverse Repurchase Agreement	22,542,607	-	22,542,607	51,054,532	-	51,054,532
> Investments in Gold and Other Precious Metals	9,777	-	9,777	9,777	-	9,777
Securities						
> Held for Trading	61,511,521	-	61,511,521	21,632,976	-	21,632,976
> Available for Sale	-	4,517,873	4,517,873	-	2,693,516	2,693,516
> Held to Maturity	240,978,011	12,677,897	253,655,908	170,195,025	12,426,541	182,621,566
Loans in the Payment System	-	-	-	5,480	26,578	32,058
Foreign Exchange Transactions	-	2,497,815	2,497,815	-	-	-
Loans						
> Loans to Customers	121,611,540	101,602,724	223,214,264	123,509,936	124,188,478	247,698,414
> (-) Provision for Bad Debt	(3,895,415)	(20,704,253)	(24,599,668)	(6,505,308)	(15,381,031)	(21,886,339)
Other Values	4,478,082	4,810,314	9,288,396	3,625,365	2,351,980	5,977,345
Fixed assets						
> Financial Fixed Assets	209,107	201,579	410,686	209,107	-	209,107
> Tangible Fixed Assets	11,438,580	-	11,438,580	10,522,889	-	10,522,889
> Intangible Fixed Assets	19,816	-	19,816	18,672	-	18,672
Total Assets	535,064,207	216,260,073	751,324,280	453,797,220	210,393,576	664,190,796
Deposits						
> Demand Deposits	210,267,704	70,565,002	280,832,706	159,063,994	90,707,033	249,771,027
> Term Deposits	186,926,015	133,083,035	320,009,050	151,822,243	124,192,102	276,014,345
> Other Deposits	14,636,015	-	14,636,015	-	-	-
Liquidity Funding						
> Inter-financial Money Market Transactions	1,000,274	-	1,000,274	-	-	-
> Sale of Own Securities with Repurchase Agreement	-	-	-	26,259,171	-	26,259,171
Liabilities in the Payment System	3,144,044	5,602,983	8,747,027	1,346,466	5,199,489	6,545,955
Foreign Exchange Transactions	543,342	1,966,813	2,510,155	-	-	-
Other Funding	-	27,710,194	27,710,194	-	24,981,849	24,981,849
Other Liabilities	5,448,422	1,790,265	7,238,687	4,401,989	1,822,901	6,224,890
Commercial and Industrial Suppliers	35,984	2,627	38,611	-	-	-
Provisions for Probable Liabilities	85,632	1,753,065	1,838,697	82,471	1,437,915	1,520,386
Total Liabilities	422,087,432	242,473,984	664,561,416	342,976,334	248,341,289	591,317,623
Net Assets/(Liabilities)	112,976,775	(26,213,911)	86,762,864	110,820,886	(37,947,713)	72,873,173

NOTE 21
INCOME AND COSTS
OF FINANCIAL INSTRUMENTS

These headings are broken down as follows:

	2013	2012
INCOME FROM FINANCIAL ASSET INSTRUMENTS:		
From loans	22,373,724	24,070,706
From securities and stocks:		
> Treasury Bonds	13,753,580	7,098,321
> Treasury Bills	1,047,057	2,625,203
> Central Bank Securities	166,074	1,430,186
	14,966,711	11,153,710
From liquidity investments		
> Third Party Securities with Reverse Repurchase Agreement	1,401,403	1,568,159
> Abroad	430,003	442,219
> In Angola	317,263	399,427
	2,148,669	2,409,805
Total income of financial asset instruments	39,489,104	37,634,221
COSTS OF FINANCIAL LIABILITY INSTRUMENTS:		
Of deposits:		
> Demand deposits	60,598	56,091
> Term deposits	11,532,849	12,082,935
	11,593,447	12,139,026
Of liquidity funding:		
> Securities sold with repurchase agreement	777,816	1,099,308
> Amounts owed to other credit institutions	860,451	725,016
	1,638,267	1,824,324
Total costs of financial liabilities instruments	13,231,714	13,963,350
Net interest income	26,257,390	23,670,871

NOTE 22
EARNINGS FROM TRADING
AND FAIR VALUE ADJUSTMENTS

For the years ended on 31 December 2013 and 2012, this heading essentially corresponds to exchange rate gains obtained in the portfolio of securities issued in or indexed to foreign currency, as well as the appreciation of any other securities indexed to their respective indexer, and presents the following details:

	2013	2012
Capital gains	12,845,681	920,966
Capital losses	(139,932)	(139,932)
	1,690,567	781,034

In 2012, the balance of this heading also includes the capital gains realised with the redemption of participation units in the equity investment funds of Banco BIC Brazil and Nevafund Global Fixed Income, of the value of AKZ 103,330 thousand.

NOTE 23
EARNINGS FROM FOREIGN
EXCHANGE TRANSACTIONS

For the years ended on 31 December 2013 and 2012, this heading essentially corresponds to gains in the purchase and sale of foreign currency carried out by the Bank, as well as the revaluation of its foreign exchange position as described in Note 2. b), and is broken down as follows:

	2013			2012		
	Profit	Losses	Net	Profit	Losses	Net
Result in Currency	12,701,347	(5,630,786)	7,070,561	8,970,016	(1,777,789)	7,192,227
Result in Notes and Coins	558,283	(76,527)	481,756	455,132	(194,029)	261,103
Result in indexed deposits	-	(439,766)	(439,766)	-	-	-
	13,259,630	(6,147,079)	7,112,551	9,425,148	(1,971,818)	7,453,330

NOTE 24
EARNINGS FROM FINANCIAL SERVICES RENDERED

This heading is broken down as follows:

	2013	2012
Income:		
Commissions on guarantees and sureties	1,327,067	1,081,936
Commissions on payment orders issued	1,001,921	1,034,889
Commissions on EMIS transactions	743,110	479,801
VISA commissions	559,802	525,987
Commissions on loans and documentary remittances	350,299	429,208
Commissions – Ministry of Finance	302,927	292,458
Commissions on the opening, management or renewal of pledged current accounts	135,373	225,065
Other commissions	543,492	264,331
	4,963,991	4,333,675
Costs:		
Commissions on EMIS transactions	(420,049)	(291,110)
VISA commissions	(175,508)	(113,038)
Other commissions	(91,237)	(85,259)
	(686,794)	(489,407)
	4,277,197	3,844,268

NOTE 25
STAFF COSTS

These headings are broken down as follows:

	2013	2012
Remunerations	4,891,686	4,064,648
Variable retribution – Performance bonus:		
> Paid during the year	2,873,107	2,414,223
> Payable (Note 15)	145,999	7,182
Mandatory social security charges	199,286	221,286
Voluntary social security charges	373,496	293,454
Other	147,428	146,221
	8,631,002	7,147,014

NOTE 26
EXTERNAL SUPPLIES

These headings are broken down as follows:

	2013	2012
Communication and dispatch costs	1,023,500	990,576
Security and surveillance	874,560	820,380
Maintenance and repair	541,688	403,116
Advertising	395,576	402,196
Hire and rental charges	377,815	350,600
Forms and consumables	342,920	348,109
Specialised services		
> Specialises IT services	131,009	165,701
> Other	122,664	143,724
Travel costs	226,487	165,637
Water, electricity and fuel	167,823	174,531
Cleaning services	143,836	110,820
Levies and donations	66,022	24,258
Insurance	20,124	23,616
Staff training	17,563	11,483
Other	1,611,265	1,326,397
	6,062,852	5,461,144

For the years ended on 31 December 2013 and 2012, the balance of the heading “Other” includes approximately EUR 10,000,000 and EUR 8,700,000 (close to AKZ 1,300,000 thousand and AKZ 1,100,000 thousand), respectively, relative to the cost derived from a series of commercial, organisational and other support services provided by the Bank’s shareholders during 2013 and 2012 (Note 15).

NOTE 27
OTHER OPERATING INCOME AND COSTS

This heading is broken down as follows:


	2013	2012
Income from miscellaneous services rendered:		
> Sale of currency/withdrawals	936,866	1,131,772
> Issue of cheques	46,115	215,184
> Other	26,788	20,114
Reimbursement of expenses:		
> On payment orders	352,264	320,343
> Other	26,953	37,341
Administrative costs	81,604	325,342
Other	193,150	339,637
	1,663,740	2,389,733
Miscellaneous costs and losses	(269,255)	(113,771)
	1,394,485	2,275,962

NOTE 28
NON-OPERATING EARNINGS

These heading are broken down as follows:

	2013	2012
Exceptional gains:		
> Collection of moratory interest, net of annulments	337,166	1,371,223
> Other	279	22,931
	337,445	1,394,154
Exceptional losses:		
> Losses related to tax	(272,154)	-
> Other exceptional losses	(5,705)	(25,441)
	(277,859)	(25,441)
	59,586	1,368,713

05.3
AUDIT REPORT



Accountants &
business advisers

AUDIT REPORT

Introduction

1. We have examined the financial statements of Banco BIC, S.A. attached herewith, which consist of the Balance Sheet as at 31 December 2013 (showing a total of 751,324,280 thousand Angolan kwanzas and total equity of 86,762,864 thousand Angolan kwanzas, including a net income of 19,646,021 thousand Angolan kwanzas), the Statements of income, changes in equity and cash flow for the financial year ended on that date and the corresponding Notes.

Responsibilities

2. The Board of Directors is responsible for preparing financial statements that present a true and fair view of the Bank's financial position, the result of its operations, the changes in its equity and cash flow, as well as the adoption of suitable accounting principles and criteria and the maintenance of an appropriate internal control system.

3. Our responsibility is to express a professional and independent opinion, based on our examination of these financial statements.

Scope

4. Our examination was conducted in accordance with generally accepted auditing standards, which require that the examination be planned and performed with the objective of obtaining reasonable assurance as to whether the financial statements are free of materiality relevant misstatement. For this purpose, our examination included:

- verification, on a sample basis, of the evidence supporting the amounts and disclosures presented in the financial statements and the assessment of estimates, based on judgements and criteria defined by the Bank's Board of Directors, used in their preparation;
- appraisal as to whether the adopted accounting policies and their disclosure are appropriate, in view of the circumstances;
- verification of the applicability of the going concern principle; and
- appraisal as to whether, in overall terms, the presentation of the financial statements is appropriate.

5. We believe that our examination provides a reasonable basis for expressing our opinion.

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Opinion

4. In our opinion, the aforesaid financial statements present a true and appropriate view, in all materially relevant aspects, of the financial position of Banco BIC, S.A. at 31 December 2013, the result of its operations, the changes in its equity and cash flow for the year ended on that date, in conformity with the accounting principles generally accepted in Angola (Note 2).

Luanda, 11 March 2014



PKF ANGOLA — Auditores e Consultores, S.A.

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05.4

OPINION OF THE
SUPERVISORY BOARD

REPORT AND OPINION OF THE SUPERVISORY BOARD

To the Shareholders of Banco BIC, S.A.,

1. Under the terms of the Law and Articles of Association, we submit the report on our supervisory activity and our opinion on the documents presenting the accounts submitted by the Board of Directors of Banco BIC, S.A. (hereinafter Bank) relative to the financial year ended on 31 December 2013.
2. During the year we monitored, with the frequency and to the extent deemed appropriate, the evolution of the Bank's activity, the regularity of the book-keeping and compliance with the applicable legal and statutory rules. We also received from the Board of Directors and different divisions of the Bank the requested information and clarifications, as required for the issue of our opinion.
3. We analysed and agreed with the content of the Audit Report, issued by PKF Angola - Auditores e Consultores, S.A., which is fully reproduced and attached herewith.
4. Under our duties, we examined the Balance Sheet as at 31 December 2013, the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the financial year ended on this date, as well as the respective Notes, including the adopted accounting policies and valuation criteria.
5. Furthermore, we analysed the Management Report for the financial year of 2013 drawn up by the Board of Directors and the proposed appropriation of net income, included therein.
6. In view of the above, and taking into account the work that was carried out, we are of the opinion that the General Meeting should:
 - a) Approve the Management Report relative to the financial year ended on 31 December 2013;
 - b) Approve the accounts relative to this financial year; and
 - c) Approve the Proposed Appropriation of Net Income.

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

Angola, 11 March 2014

The Supervisory Board



Henrique Manuel Camões Serra



Ana Sofia Almeida



Maria Ivone de Freitas Pereira dos Santos

"Our ultimate goal is to continue to grow and it is with this spirit that we envisage 2014. Aware of the challenges, but very motivated and dedicated to continue along the path of success, with quality and credibility, continuously supporting our customers who, as at 31 December 2013, reached a total of close to 944,000"

FERNANDO MENDES TELES



