
ANNUAL
REPORT
2016



BancoBIC
Growing together





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Growing together

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2016

CONFIDENCE TO GROW

IN THE CONSTANTLY MOVING AND CHANGING WORLD WE LIVE IN, AND FACED WITH THE CURRENT GLOBAL ECONOMIC AND FINANCIAL OUTLOOK, IT IS UNQUESTIONABLE THAT THE SYSTEM'S MOST VALUABLE ASSET IS CONFIDENCE.

Over the course of our journey, it was this same confidence that enabled us to attain what we are today. A sound Bank, which has grown and become strong together with its stakeholders, by including this attitude into its philosophy:

Growing Together



CONFIDENCE



RESILIENCE



COMPETENCE



COLLABORATION



INNOVATION



HUMAN CAPITAL



SUSTAINABILITY

“ Relationships are the basis
of our experience, actions
and attitude. ”

CONTENTS

MESSAGE FROM THE CHAIRMAN	4
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KEY PERFORMANCE INDICATORS	8
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01	BANCO BIC ANGOLA	12	04	RISK MANAGEMENT SYSTEM	78
	Organisational Structure	12		Risk Management	78
	Organisational Chart	17		Compliance	80
	Remuneration Policy	28		Risk Management Policies and Processes	80
	Mission, Vision and Values	29			
02	MACROECONOMIC BACKGROUND	34	05	MONEY LAUNDERING AND TERRORIST FINANCING	90
	World Economy	34			
	Angolan Economy	40			
	Positioning Of Banco Bic in The Banking Sector	50	06	FINANCIAL ANALYSIS	94
03	BUSINESS ENVIRONMENT	56		Financial Analysis	94
	Main Business Lines	56		Balance Sheet	95
	Distribution Network and Geographical Presence	59		Income Statement	105
	Milestones	60		Proposed Appropriation of Net Profit	107
	Marketing and Communication	66	07	FINANCIAL STATEMENTS AND NOTES	110
	Information Technologies	72		Financial Statements	110
	Human Resources	72		Annex to the Financial Statements	114
				Audit Report	174
				Supervisory Board Report	176



FERNANDO MENDES TELES
The Chairman of the Board of Directors



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Sirs,

In 2016, as in 2015, the Angolan economy was negatively affected by a substantial drop in oil prices in the international market, which, due to the country's high dependence on oil revenues, limited its economic growth and raised accumulated annual inflation to levels above 40%.

In this scenario of a marked financial crisis, with sharp declines in tax proceeds and export revenues, a considerable effort has been made by the Government to implement a set of reforms, namely regarding the State's administrative machinery, the regulatory framework applicable to the banking sector and also with regard to the tax administration, with the aim of promoting economic and financial balance and stability in the Country.

The reduction in foreign currency revenue has had a significant impact in terms of exchange rates, particularly regarding Net International Reserves, which decreased by 13% over the previous year, to a stock of 21.4 billion dollars as at 31 December 2016, thus limiting the volume of foreign currency sales to commercial banks by the National Bank of Angola (BNA), which amounted to approximately 11 billion dollars during 2016, a drop of approximately 6 billion dollars over the previous year.

In this scenario of greater restraint, BNA, as a regulator of the foreign exchange market, has sought to allocate the available currencies to the sectors and customers defined as priorities, such as the food distribution industry and the agricultural sector, among others.

In 2016, there was a further depreciation of the Kwanza against the US Dollar by about 23% (32% in 2015) which, together with the removal of state subsidies for domestic fuel prices, caused the acceleration of inflation.

Thus, in 2016, we witnessed the lingering of the crisis that began in the second half of 2014, which has brought even more demanding challenges, constant readjustments to macroeconomic scenarios and much uncertainty regarding the prospects of recovery of oil prices, thereby jeopardising the targets set by the Angolan Government, by companies and by individuals.

WE FURTHER REINFORCED

our investment
in Internal
Control, Risk
and Compliance

Nevertheless, despite the less favourable scenario, Banco BIC maintains its commitment to its customers and to the country, seeking to encourage private domestic investment, especially at the Provincial level, by subsidising interest rates on loans granted to the agriculture, fisheries and construction sectors. In this regard, particularly in the primary sector, we continued to support financing projects carried out under the Angola Investe programme, with the support of the Ministry of Economic Affairs, which are increasingly essential in promoting the diversification of the country's economy.

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

The growth achieved has entailed substantial investments in infrastructure, information technologies and human capital, indispensable pillars of the financial system. We further reinforced our investment in Internal Control, Risk and Compliance, with the aim of making Banco BIC a reference in line with the best international practices in the Angolan banking system in these areas also.

We continued to support financing projects
carried out under the Angola Investe
programme, with the support of the Ministry
of Economic Affairs, which are increasingly
essential in promoting the diversification
of the country's economy

We celebrated our 11th anniversary in May 2016. Eleven years of growth and success that got us a place at the top of the Banking Sector. The reach of a Bank that spans all across Angola, with 226 branches, affecting the lives of 2,069 employees and over 1.3 million customers. This is the scale of the private bank with the largest commercial network in Angola.

Throughout our 11-year history, internationalisation has been another aspect of our growth. With the opening of Bank BIC Namibia in 2016, we extended our presence to 2 continents and 5 different countries: Angola, Portugal, South Africa, Cape Verde and Namibia. And this internationalisation effort will certainly not stop here, as the Bank is always aware of opportunities for expansion in other countries in Africa and Asia.

THE DIRECTION OF OUR GROWTH

has also led
us to new
business
prospects
and innovative
services, as well
as other forms
of participation
in society, other
than banking

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

Since April 2016, we have been a new trading and clearing member at the Angola Debt and Securities Exchange (BODIVA), which allows us to expand the range of products and services we offer to our customers and partners, through the creation of value in the field of financial intermediation in securities trading. In this line of business, the BIC brand will not stop here and, already in 2017, we intend to create an Asset Management Company and launch Investment Funds.

The year 2016 was particularly demanding and intense, but we were able to rely on everyone's commitment and collaboration to overcome our challenges every day. Adding sustainability to the national economy means maintaining a sound, efficient and competitive financial system, which is engaged and committed to the development and well-being of society as a whole.

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



Fernando Mendes Teles

The Chairman
of the Board of Directors

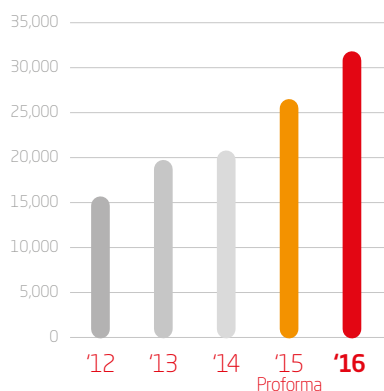
KEY PERFORMANCE INDICATORS

1,027,033 AKZ
NET TOTAL ASSETS (MILLIONS)

1,854,955 AKZ
BUSINESS TURNOVER (MILLIONS)

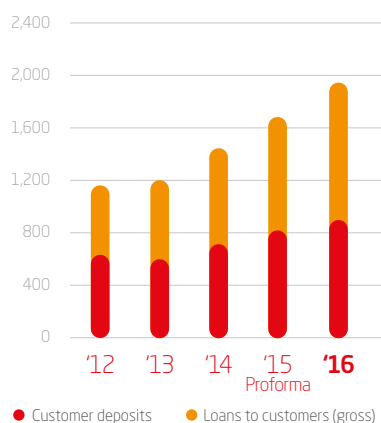
2,069
EMPLOYEES

NET INCOME FOR THE YEAR
(MILLION AKZ)



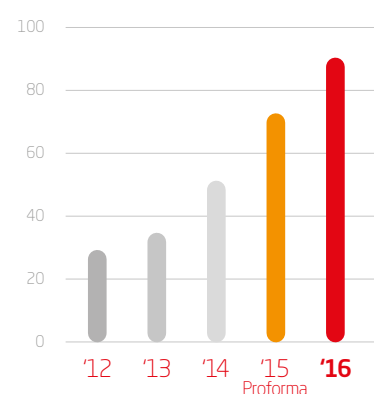
Aumento de 27% face ao exercício de 2015.

CUSTOMER LOANS AND RESOURCES
(MILLION AKZ)

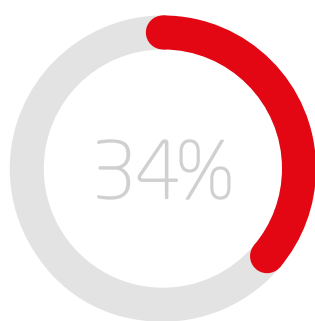


Consolidação do crescimento do crédito concedido e depósitos captados.

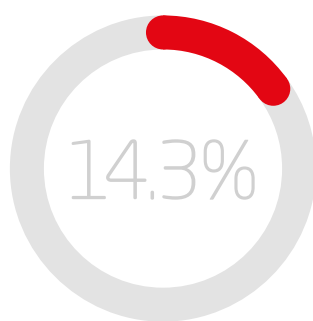
NET OPERATING INCOME
(MILLION AKZ)



Continuidade significativa da tendência de crescimento do Produto bancário.



● Operating costs / net operating income
There was an improvement in the current cost to income ratio



● Regulatory solvency ratio
Ratio higher than the minimum 10% required by the National Bank of Angola



● Loans with default
The hedging level amounted to 204%

Amounts expressed in thousands of Angolan Kwanzas

	'16	'15 PROFORMA	Δ 2016/2015	Δ% 2016/2015
Net total assets	1,027,033	970,663	56,370	6%
Business turnover	1,854,955	1,614,911	240,044	15%
Credit to the Economy	1,004,522	840,515	164,007	20%
Customer loans	379,000	334,329	44,671	13%
Loans to the State	546,556	419,733	126,823	30%
Off balance sheet items	78,966	86,453	(7,487)	-9%
Customer funds	850,433	774,396	76,037	10%
Business turnover per employee	896.5	776.0	120.52	16%
Income from financial brokerage	88,749	70,308	18,441	26%
Income from financial brokerage per employee	42.89	33.79	9.11	27%
Administrative and commercialisation costs / Income from financial brokerage	34.1%	40.4%	(0.06)	16%
Staff costs / Income from financial brokerage	13.2%	16.7%	(0.03)	21%
Net income for the year	33,663	26,517	7,146	27%
Net position	112,969	100,927	12,042	12%
Pre-tax income/average net assets	2.9%	3.2%	(0.00)	-10%
Income from financial brokerage / average net assets	8.9%	7.8%	0.01	14%
Pre-tax income/average shareholders' equity	27.2%	30.3%	(0.03)	-10%
Regulatory solvency ratio	14.3%	13.3%	0.01	7%
Number of branches	226	223	3	1%
Number of employees	2,069	2,081	(12)	-1%
Number of customers	1,320,307	1,208,691	111,616	9%

Amounts expressed in thousands of North-American Dollars

	'16	'15 PROFORMA	Δ 2016/2015	Δ% 2016/2015
Net total assets	6,191	7,173	(982)	-14%
Business turnover	11,180	11,935	(755)	-6%
Credit to the Economy	6,054	6,212	(158)	-3%
Customer loans	2,284	2,471	(187)	-8%
Loans to the State	3,294	3,102	192	6%
Off balance sheet items	476	639	(163)	-26%
Customer funds	5,126	5,723	(597)	-10%
Business turnover per employee	5.4	5.7	(0.33)	-6%
Income from financial brokerage	535	520	15	3%
Income from financial brokerage per employee	0.26	0.25	0.01	3%
Administrative and commercialisation costs / Income from financial brokerage	34.2%	47.1%	(0.13)	27%
Staff costs / Income from financial brokerage	13.3%	16.7%	(0.03)	21%
Net income for the year	203	196	7	4%
Net position	681	746	(65)	-9%
Pre-tax income/average net assets	2.6%	2.8%	(0.00)	-7%
Income from financial brokerage / average net assets	8.0%	6.8%	0.01	18%
Pre-tax income/average shareholders' equity	24.5%	26.4%	(0.02)	-7%
Regulatory solvency ratio	14.3%	13.3%	0.01	7%
Number of branches	226	223	3	1%
Number of employees	2,069	2,081	(12)	-1%
Number of customers	1,320,307	1,208,691	111,616	9%



01

BANCO BIC ANGOLA



CONFIDENCE TO GROW

The most important asset in a relationship is confidence.
A bond that sustains the sense of belonging
and assertiveness in decision-making.
Providing strong roots to a common good is a part of us.

GROWING TOGETHER

01

BANCO BIC ANGOLA

ORGANISATIONAL STRUCTURE

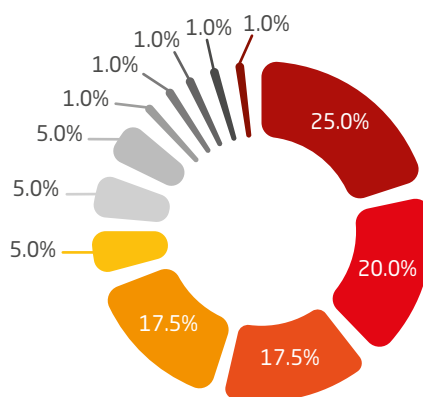
Governance Model

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

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

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

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



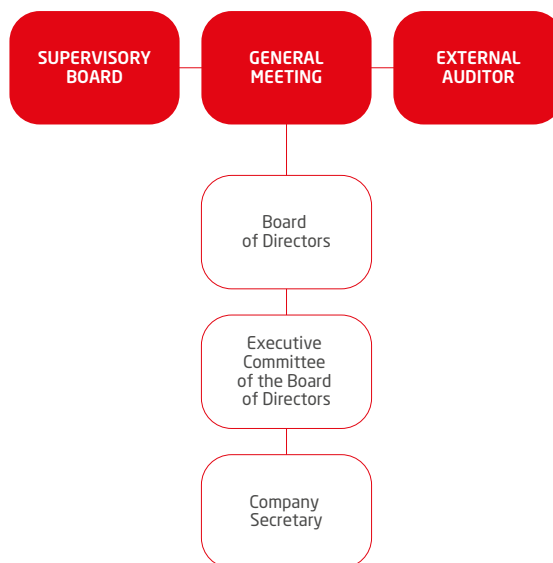
- Sociedade de Participações Financeiras, Lda. ● Fernando Leonídio Mendes Teles
- Finisantoro Holding Limited ● Telesgest B.V. ● Luís Manuel Cortez dos Santos
- Manuel Pinheiro Fernandes ● Sebastião Bastos Lavrador ● Diogo Ramos Barrote
- Fernando Aleixo Duarte ● Graça Santos Pereira ● Graziela Rodrigues Esteves
- José Correia Teles

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

ORGANISATIONAL STRUCTURE

THE MEMBERS

were elected for the 2014/2017 three-year period at the General Meeting of 10 April 2014



General Meeting

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

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

Board of Directors

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



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

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

Executive Committee of the Board of Directors

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

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

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

Company Secretary

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

Supervisory Board

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

External Auditor

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

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

Executive Committee

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



Composition of the Governing Bodies

BOARD OF DIRECTORS

Chairman

Fernando Mendes Teles

Members

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

GENERAL MEETING

Chairman

Manuel Pinheiro Fernandes

Secretary

Luís Manuel Cortês dos Santos

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Chairman

Fernando Mendes Teles

Members

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

COMPANY SECRETARY

Marta Carvalho

SUPERVISORY BOARD

Chairman

Henrique Camões Serra

Member

Maria Ivone dos Santos

EXTERNAL AUDITOR

PKF Angola – Auditores e Consultores, S.A.

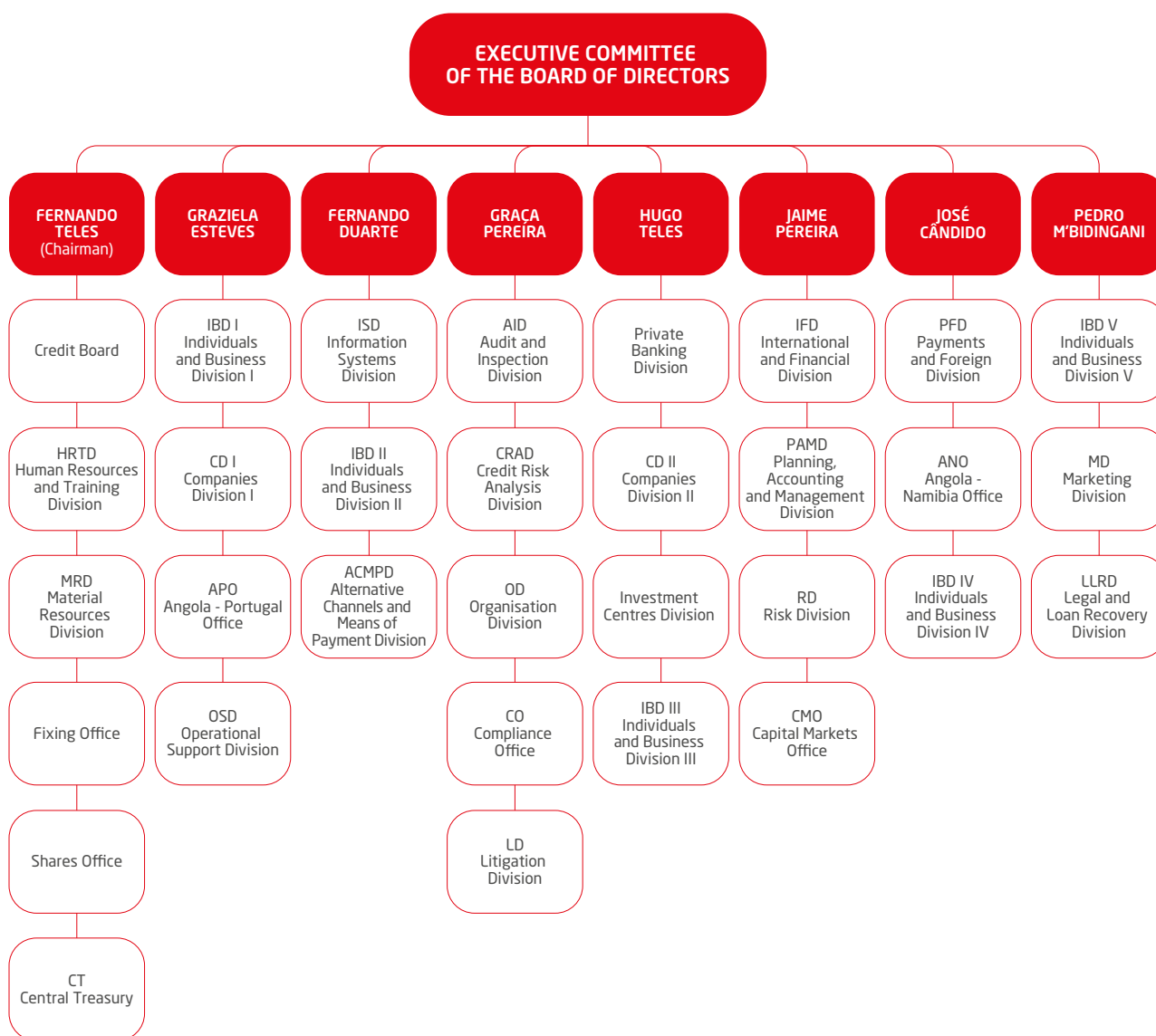
(*) Non Executive Director
 (**) Independent Non Executive Director

The Bank is currently assessing the composition of its governing bodies, particularly regarding the requirements related to the number of members of each body, as well as its composition. This situation, as previously communicated to the National Bank of Angola, shall be resolved at the next elective General Meeting.

ORGANISATIONAL CHART

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

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



Composition of the Structural Units

Fernando Teles

CHAIRMAN

DRHF Human Resources and Training Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Telma Pinheiro

Deputy Director: Sarah Figueiredo

Number of employees: 5

DRM Material Resources Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Alberto Castelo Branco

Number of employees: 43

Fixing Office

MAIN DUTIES:

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

Shares Office

Operational support and accounting department

Senior Director: José Carlos Silva

Deputy Director: Helga Peres

Number of employees: 12

MAIN DUTIES:

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

Operational support and accounting department

Senior Directors: Fátima Monteiro/Joaquim Moutinho

Number of employees: 3

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Inocência Almeida

Number of employees: 20

Graziela Esteves

DPN I Individuals and Business Division I

MAIN DUTIES:

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

DE I Companies Division I

Business Area

Senior Director: Henrique Oliveira

Division Directors: Edna Gaspar / Pedro Marta / Marcília Gonçalves

Number of employees: 238

MAIN DUTIES:

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

Business Area

Senior Director: Pedro Velado

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

Number of employees: 63

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: José Carlos Silva

Number of employees: 1

DSO Operational Support Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Manager: Jerusa Guedes

Number of employees: 11

Fernando Duarte

DSI Information Systems Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Luis Nikolai

Assistant Director: Rui Valente

Deputy Director: Jaime Corte-Real

Number of employees: 29

DPN II Individuals and Business Division II

MAIN DUTIES:

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

Business Area

Senior Directors: Amílcar Aguiar / Francisco Lourenço / António Silva

Coordinating Directors: Maria Fátima Silva / Elizabeth Pina

Division Directors: Edgar Magalhães / Fábio Leitão / Francisco Melo / João Ivungo / Justina Praça / Patricia Faria / Simão Finde / José Antunes

Number of employees: 718

DCAMP Alternative Channels and Means of Payment Division

MAIN DUTIES:

- Ensure the implementation and efficient functioning of the operating processes of the following products and services: Bank Cards (Debit, Credit or other); Point-Of-Sale Terminals (POS); Cash Points / Automatic Teller Machines (ATM); Interactive Services (netBanking - Individuals; netBanking - Companies); and Other Alternative Channels (MobileBanking, TabletBanking, SMS Banking, amongst others);
- Contribute, in collaboration with other Organic Units of the Bank, to the definition of new products and services, promotional campaigns and actions, new features or improvements to those which already exist; and,
- Ensure the proper and permanent operation of POS and ATMs.

Operational support and accounting department

Senior Director: N'Kiniani Rangel

Deputy Director: Márcia Lima

Number of employees: 31

Graça Pereira

DAI Audit and Inspection Division

MAIN DUTIES:

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

Control department

Deputy Directors: Fernanda Pinto / Cristiano Fontoura
Number of employees: 17

DARC Credit Risk Analysis Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Carla Estronca
Deputy Director: Maria Franco
Number of employees: 19

DO Organisation Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Augusto Valente
Deputy Director: Maria Manuela Pereira
Number of employees: 4

GC Compliance Office

MAIN DUTIES:

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

Control department

Senior Director: Filipe Meneses

Deputy Director: Sónia Almeida

Number of employees: 4

DC Litigation Division

MAIN DUTIES:

- Ensure the performance of the Bank's pre-litigation and litigation activities with regard to Customer breach of contract;
- Support all processes allocated to external Lawyers relating to its area of operation.

Business Area

Senior Director: Joaquim Machado

Number of employees: 7

Hugo Teles

Private Banking Division

MAIN DUTIES:

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

Business Area

Senior Director: Stephan Silva

Number of employees: 5

DE II Companies Division II

MAIN DUTIES:

- Define and implement operating policies within the scope of the business strategy established by the Bank's Board of Directors;
- Bolster the attraction of Customers and businesses in its target segment;
- Analyse market conditions;
- Monitor and control the Division's overdue loans and promote loan recovery;

- Monitor and collaborate in the measures to minimise the potential risk of Customers who show warning signs, which may not exclusively be default; and,
- Analyse reports from the Audit and Inspection Division (DAI) on business and administrative activities, control and foster the correction of anomalies and inform the Director of the area of measures taken, in writing.

Business Area

Senior Director: Regina Guimarães

Division Directors: Mauro Rogério / Alfredo Castro

Number of employees: 39

Investment Centres Division

MAIN DUTIES:

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

Business Area

Senior Director: Monalisa Dias

Number of employees: 12

DPN III Individuals and Business Division III

MAIN DUTIES:

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

Business Area

Senior Director: Susana Silva

Division Director: Carlos Santos / Hélio Lopes

Number of employees: 124

Jaime Pereira

MAIN DUTIES:

- Coordinate the Bank's position and exchange rate risk management as well as its liquidity management and compliance with mandatory reserves;
- Monitor compliance with exposure limits to market and Counterparty risks;
- Control and ensure the appropriate entering of all operations carried out into the Bank's systems;

DIF International and Financial Division

- Ensure the handling and entering of operations carried out with Counterparties into the appropriate information systems, in a timely manner and in accordance with the established procedures;
- Collaborate in updating the Bank's price list with regard to Products and Services related to the Division's business;
- Establish the pricing of exchange rate products (spot and term), of the Purchase/Sale of Foreign Currency and monetary market transactions; and,
- Monitor market evolution.

Business Area

Senior Directors: Bruno Bastos / Irene Vezo

Number of employees: 12

DPCG Planning, Accounting and Management Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Alzira Gama

Deputy Directors: Edhylaine Tavares / Soraia Ramos

Number of employees: 16

DR Risk Division

MAIN DUTIES:

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

Control department

Senior Director: Bruno Bastos

Director: Lilia Rangel

Number of employees: 3

GMC Capital Markets Office

MAIN DUTIES:

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

Operational support and accounting department

Person in charge: Bruno Bastos

Number of employees: 1

José Cândido

DPE Payments and Foreign Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Inês Carvalho

Deputy Director: Paulo Brito

Number of employees: 32

GAN Angola Namibia Office

MAIN DUTIES:

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

Operational support and accounting department

Person in charge: José Carlos Silva

Number of employees: 1

DPN IV Individuals and Business Division IV

MAIN DUTIES:

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

Business Area

Senior Director: Paula Sousa

Division Directors: Telmo Bernardo / Felícia Fortes / Paula Cajada

Number of employees: 158

Pedro M'Bidingani

DPN V Individuals and Business Division V

MAIN DUTIES:

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

Business Area

Senior Directors: Anabela Santinho / José Zacarias

Division Directors: Horácio Almeida / Rui Caetano / Armindo Cunha / Solange Martins

Number of employees: 359

DM Marketing Division

MAIN DUTIES:

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

Operational support and accounting department

Senior Director: Mafalda Carvalho

Number of employees: 4

DJRC Legal and Loan Recovery Division

MAIN DUTIES:

- Assess processes submitted by the Business Networks;
- Prepare proposals for debt settlement agreements;
- Support all processes allocated to external Lawyers relating to its area of operation;
- Address queries of a technical and legal nature, submitted by all Bodies of the Bank; and,
- Draw up financial and business contracts.

Operational support and accounting department

Senior Director: Carlos Campos

Deputy Director: Isilda Tavares / Nelson Guilherme

Number of employees: 19

REMUNERATION POLICY

Disclosure of quantitative information

In compliance with the provisions of article 22(3)(d) of Notice No. 01/2013 of 22 March of the National Bank of Angola, we hereby disclose that the remunerations earned in 2016 by the Board of Directors and Supervisory Board of the Bank amounted to approximately 252 million kwanzas (162 million kwanzas in FY 2015).

Annual disclosure on the remuneration policy

1. Remuneration of Corporate Bodies

- 1.1. The Remuneration Policy applicable to the governing bodies of Banco BIC S.A. in force during the financial year 2016 was approved by the General Meeting held on 21 April 2016, following a proposal from the Board of Directors.
- 1.2. No external consultants were involved in the outlining of the Remuneration Policy and there was no Remuneration Committee.
- 1.3. The Remuneration Policy in force in 2016 was compatible with the long-term interests of the Bank and did not encourage excessive risk-taking.
- 1.4. Non-executive directors receive only a fixed remuneration, approved by the General Meeting.
- 1.5. The members of the Supervisory Board receive only a fixed remuneration, approved by the General Meeting.
- 1.6. Remuneration of the Members of the Executive Committee:
 - a) All members of the Executive Committee receive a fixed remuneration, paid 14 times per year;
 - b) The Management is assessed annually by the General Meeting, with regard to the achievement of goals, the quantitative and qualitative results achieved, as well as their source and nature, sustainability or occasional nature, the risk associated with their achievement, compliance with regulations, the added value 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 proposed and approved by this General Meeting.

2. Remuneration of Employees

- 2.1. The Remuneration Policy applicable to the Employees of Banco BIC S.A. during the financial year 2016 was approved by the General Meeting held on 21 April 2016, following a proposal from the Board of Directors.
- 2.2. The Employee Performance Evaluation is conducted at least once a year by each employee's direct supervisor and the variable component of the remuneration is contingent on its results.
- 2.3. Employees in a legal employment relationship with the Bank under an employment contract are not entitled to any other forms of remuneration other than those resulting from the normal application of labour law, and do not benefit from any system of annual premiums or any other non-pecuniary benefits, without prejudice to the possibility of earning a variable remuneration in accordance with the remuneration policy in force.

THE REMUNERATION POLICY

is compatible
with the
long-term
interests of the
Bank and did
not encourage
excessive
risk-taking

MISSION, VISION AND VALUES

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

VISION

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

MISSION

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

VALUES

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

Customer Focus

Establishing lasting relations with our Customers, built on precision, integrity and transparency. Our dedication and commitment to our values assure our Customers that they can count on us to provide excellent services, which help them achieve their personal and professional goals.

Innovation

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

Ambition

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

Continuous Recognition and Appreciation of Employees

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

Teamwork

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

High Integrity Standards

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

Social Responsibility

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

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







RESILIENCE TO GROW

It is the strength of our union that enables us to be resilient and overcome adversity, making us unique and differentiating. The ability to face challenges has been with us from the outset, as our priority lies in our quest for better and more suitable solutions for our stakeholders, partners and customers.

GROWING TOGETHER

02

MACROECONOMIC
BACKGROUNDWORLD
ECONOMY

SIGNIFICANT

overall progress
in the recovery of
macroeconomic
indicators

Advanced economies were at the epicentre of the global financial crisis and, almost a decade after its onset, it is possible to observe significant overall progress in the recovery of macroeconomic indicators, despite noticeable gaps between the different countries. If, on the one hand, several economies are still showing macroeconomic activity levels under those observed before the crisis (including various economies from Southern Europe), in other cases those levels have already been exceeded, but the pre-crisis evolution trend is yet to be resumed (for example, in the USA and in the advanced economies of Southeast Asia). In general, economies whose recovery is at an earlier stage have banking systems with high values of impairment in their balance sheets, a circumstance that has affected the financing of the economic activity and, consequently, the intensity of the macroeconomic recovery process.

Global Activity

According to information already available for the whole of 2016, there was a marginal slowdown in global economic activity compared to the preceding year. The latest International Monetary Fund (IMF) estimates point to a global real GDP growth of 3.1%, following growths of 3.2% in 2015 and 3.4% in 2014. This occurred in a climate of slowdown of economic activity among advanced economies and of stabilisation of the growth rate among emerging economies and developing countries.

In the USA, the economy showed a significant loss of momentum in 2016 as a whole, compared to the preceding year (GDP growth rate of 1.6% in 2016, against 2.6% in 2015), despite irregular behaviour throughout the year. A sharp slowdown in the first semester was mainly a reflection of the trend in inventories and entrepreneurial investment, particularly due to the poor performance of this expenditure aggregate in the energy sector and in the export companies affected by the appreciation of the dollar. However, the momentum of private consumption remained strong, supported by a robust labour market, wage growth and the advanced stage of resolution of financial imbalances in both households and companies, leading to some recovery of economic activity in the second half of 2016.

In the Euro Area, the slowdown in economic activity was less intense, with a GDP growth rate of 1.7% in 2016, compared to 2.0% in the preceding year. Domestic demand and, particularly, investment lost some dynamism after several quarters showing stronger-than-expected behaviour. If, on the one hand, activity remained below the level of potential output, on the other, the outcome of the British European Union membership referendum (Brexit) seems to have had a rather limited impact on the activity and confidence of economic agents in the Euro Area. However, the behaviour of the different Member-States was heterogeneous. In what regards the largest economies, GDP maintained its growth rate in Spain (at 3.2%), increased (slightly) in Germany (to 1.8%) and in Italy (to 1.0%) and slowed down in France (to 1.1%). The year 2016 was also characterised by a slowdown in some of the smaller economies, particularly in Ireland (that, nevertheless, maintained a high growth rate), Belgium and Portugal. Greece, on the other hand, had a marginally positive behaviour, thus interrupting the trend towards recession shown in the preceding year.

In the United Kingdom, there was also some loss of momentum, even if only marginal in the whole of the year (the GDP growth rate came down from 2.2% in 2015 to 2.0% in 2016), and its economic activity continued to be supported by domestic demand. The vote in favour of Brexit had a remarkable short-term negative impact on industrial activity, but its effect on household consumption expenditure indicators was limited.

In Japan, economic activity slowed down, from a growth rate of 1.2% in 2015 to 1.0% in 2016. Its activity was affected by a significant slowdown in exports, which contrasted with the dynamism of household consumption and entrepreneurial investment expenditures. There was also a slowdown in activity in Hong Kong and Taiwan, particularly as a reflection of the financial turbulence that occurred in China early in the year.

As for the group of emerging economies and developing countries, the stabilisation of the growth rate in 2016 occurred after a year that had been characterised by the negative effects of a sharp drop in the prices of commodities and a significant capital outflow in various countries. This circumstance, however, concealed the disparate behaviour of the different economic blocs.

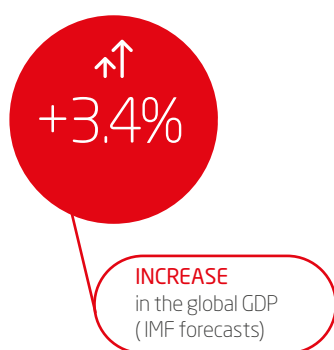
In China, there was a new slowdown in GDP in 2016, this time for a rate of change of 6.7%, minus 0.2 percentage points (p.p.) than in 2015. The ongoing process of structural change, with an increase in the weight of services and declining significance of industry, has been supported by an accommodating monetary policy, which stimulates internal aggregate expenditure (despite the episodes of financial volatility that have characterised this economy). Among emerging Asian economies, the slowdown was slightly more pronounced, from 6.7%, in 2015, to 6.3%, in 2016. A similar pattern was observed in the case of emerging European economies, with a slowdown in GDP, from a growth rate of 3.7% in 2015, to 2.9%, in 2016.

Consistently, Latin American and Caribbean economies as a whole experienced a scenario of contraction in 2016 (GDP growth rate of -0.7%, against 0.1% in the preceding year). However, the largest economies in this economic block maintained a different pace: Brazil remained in recession (variation of -3.5% in 2016, compared to -3.8% in 2015), still as a result of the drop in international oil prices in the preceding year, of the sharp rise in several administered prices and of political uncertainty, while Mexico continued to follow a trend towards expansion, despite a slight slowdown (to 2.2% in 2016, compared to 2.6% in the preceding year).

In Russia, there was a visible and significant slowdown in the pace of contraction of GDP (from a variation of -3.7% in 2015 to -0.6% in 2016), and the country was able to take advantage of the recent context of stabilisation of international oil prices and of the exchange rate of the rouble, as well as of the improvement in the banking system's financial conditions. There was a similar pattern of recovery in the other countries of the Commonwealth of Independent States.

Lastly, the economies of the Middle East and Northern Africa benefited from a significant acceleration in economic activity, reaching a growth rate of 3.8% in 2016, against 2.5% in the preceding year.

For 2017, the IMF forecasts suggest a certain degree of acceleration of global economic activity, with an increase of 3.4% in the global GDP. This acceleration is likely to be the result of increasing momentum both among advanced economies and emerging economies and developing countries (growth of 1.9% and 4.5%, respectively). Among the former group of countries, we highlight the significant acceleration in the USA (growth of 2.3%), against a marginal slowdown in the Euro Area (to 1.6%) and Japan (to 0.8%). As for the latter group, we highlight the recovery expected for Russia and Brazil (to positive GDP growths of 1.1% and 0.2%, respectively), against a new (slight) slowdown in China (to 6.5%).



Labour market

In the Euro Area, the labour market prolonged its trend towards recovery in 2016, as employment continued to grow (average variation rate of 1.3%, against 1.1% in 2015) and the unemployment rate continued to drop (to 10.0%, minus 0.9 p.p. than in 2015). However, the latter is still at a higher level than that observed before the 2008-2009 recession, a fact that, together with the number of working hours per employee, suggests that there is still a substantial gap in the labour market. There was a trend towards the reduction of the unemployment rate in almost all the Member-States.

In the United Kingdom and in the USA, the labour market conditions remained robust in 2016, reflecting a more advanced stage of recovery after the 2008-2009 recession, compared to the Euro Area. Employment recorded a growth rate of 1.7% in the USA (the same as in 2015

and despite the significant slowdown of GDP in 2016) and of 1.3% in the UK (1.8% in 2015), while the unemployment rate declined further in both cases (4.9% in the two countries, minus 0.4 p.p. than in 2015), despite the fact that it was already at record low levels (the long-term average is 6%, also in the two countries).

In Japan, employment accelerated to a growth rate of 0.8% in 2016 (against 0.4% in 2015) and the unemployment rate dropped by 0.3 p.p., to 3.1% (clearly below the long-term average of 4.5%), despite the slowdown in GDP.

International Trade

The volume of international trade of goods and services recorded a new slowdown in 2016 at the global level, this time to a growth rate of 1.9% (against 2.7% in 2015 and 3.4% in 2014). This development, which remained significantly below initially forecast values, was merely a reflection of the loss of momentum in the case of advanced economies, considering that the trade flows associated with emerging economies and developing countries showed a significant acceleration. Given that the international trade growth rate was lower than that of global GDP, 2016 was characterised by a (further) reduction in commercial exchanges at the global level.

Raw material prices and inflation rates

In 2016, the commodity price indices compiled by the IMF fell for the fifth consecutive year, with losses of 15.9% in the oil component and 2.7% in the non-energy component, which were nevertheless attenuated, compared to the rather significant drops occurred in 2015 (average variation of -47.1% and -17.4%, respectively).

16.0%

PRICE DROP

of Brent oil in dollars per barrel
in the whole of 2016

Particularly in what regards oil, the price of Brent oil in dollars per barrel dropped 16.0% in the whole of 2016 (following a drop of 46.0% in the preceding year), but eventually ended the year with a significant rise. In fact, towards the end of the year (on 30 November), and after various breakthroughs and setbacks in negotiations, OPEC agreed to cut production (by 1.2 million barrels/day, to 32.5 million barrels/day), for the first time in eight years. There was also an agreement with countries outside OPEC to reduce production by 600,000 barrels/day, which constitutes the first global cut in 15 years. Following these agreements, the price of Brent crude oil ended December at 55 dollars per barrel (against 46 dollars per barrel in November).

The base metals component also closed the year with a significant rise, reacting, among other factors, to the strong investment activity in China and to the prospects of acceleration in investment in the USA, against a background of fiscal stimulus promoted by the new U.S. presidency.

Among advanced economies, the inflation rate, as measured by the variation in the Consumer Price Index (CPI), remained at fairly low figures in 2016, despite showing an upward trend, compared to the preceding year (average rate of 0.7% in 2016 and 0.3% in 2015) reflecting, specifically, the recent inversion of trends in the prices of various commodities and the recovery of wage costs in several countries.

In the Euro Area, the inflation rate stood at 0.2% in 2016, against 0% in 2015, with a significant contribution of the import component to the price trend (by contrast, the GDP deflator, an aggregated indicator of production prices, rose by 1.0% and 1.1% in 2016 and 2015). In the United Kingdom, the inflation rate rose from 0% in 2015 to 0.7% last year.

In the USA, the acceleration in consumer prices was more intense, as a (delayed) reaction to an economic activity that, overall, was more dynamic than in Europe over the two preceding years. The inflation rate recovered to 1.3% in 2016, against 0.1% in the preceding year.

In Japan, by contrast, the inflation rate decreased from 0.8% in 2015 to -0.1% in 2016, after having peaked at 2.4% in 2014. This development occurred in a context of sharp slowdown in production prices (the GDP deflator dropped from 2.0% in 2015, to 0.2%, in 2016).

Among emerging economies and developing countries, by contrast, the inflation rate remained at relatively high levels (as a reflection of GDP growth rates, which were also overall higher than in advanced economies), but stable (reflecting a context that was also of greater exchange rate stability in various countries). The average inflation rate in this group of countries decreased only slightly compared to 2015 (average rate of 4.5% in 2016, against 4.7% in 2015).

Monetary policy and interest rates

In response to inflation rates (particularly when measured based on underlying indicators) remaining persistently below the inflation targets of the monetary policy and a slow recovery in the economic activity of advanced economies, the respective Central Banks continued to propose expansionist guidelines for their monetary policies.

The key interest rates of the European Central Bank (ECB) remained unchanged (0% in the case of the interest rate applicable to the main refinancing operations), indicating that they will remain at very low levels over a long period of time. At the end of the year, the ECB announced the extension of the non-conventional monetary policy measures programme (asset purchase programme), which was initially expected to end in March 2017. The programme will be extended at least until the end of 2017, but the monthly purchase rate will decrease from 80 to 60 billion euros. However, if the outlook becomes less favourable, the ECB may increase the volume and/or duration of the programme. Simultaneously, to ensure the continuation of its proper implementation, the ECB broadened the eligibility of securities, and is now accepting government debt securities with a minimum residual maturity of one year, instead of two, and with yields below the interest rate on the permanent deposit facility of the BCE (set at -0.4%). However, there were no changes to the limits of debt held by the ECB per issuer and issue, a fact that may place added pressure on the yields of government debt securities from countries in the periphery of the Euro Area, such as Portugal (as it happened with the immediate reaction of the markets to the announcement of the decision).

In the USA, the Federal Reserve raised its main reference interest rate (Fed funds rate) only once in 2016, unlike what had been initially expected. In December, the rate increased by 0.25 p.p., to a range between 0.25% and 0.75%, nearly a year after the first increase in relation to a record low, close to zero (range between 0% and 0.25%), which lasted for seven years. The Federal Reserve expects economic conditions to determine a merely gradual rise in key interest rates, which will remain below the expected long-term levels for some time. The prospects of the Federal Reserve are now suggesting three increases of 0.25 p.p. in the key rate during 2017, instead of two increases, as indicated earlier. The markets reacted to the decision with a rise in stock prices, an appreciation of the dollar (particularly against the euro, which hit nearly 14-year lows for this exchange rate), and an increase in the yields of bond rates in the USA and around the world, including Portugal and other countries in the peripheral Euro Area.

In the United Kingdom, the Central Bank proceeded, in 2016, with a cut in the official interest rate, for the first time in seven years (from 0.5% to 0.25%), and with a new expansion of the non-conventional monetary policy measures programme, with the aim of supporting the confidence of economic agents following the vote in favour of Brexit.

In Japan, the central bank proceeded, in 2016, to reassessing its non-conventional monetary expansion measure programme and introduced new mechanisms that should guarantee the necessary expansionist stance while the inflation rate fails to meet the 2% target consistently.

In the capital market, the longer-term interest rates in the advanced economies showed a downward trend until August, in a context of reduced maturity premiums. September marked the beginning of a period of recovery (both in nominal and in real terms) of these interest rates, with particular emphasis in the US and the United Kingdom, following the Brexit vote and the U.S. presidential elections. This rise was also felt in the Euro area, but in a considerably less intense way. Taking the 10-year government debt securities as reference, the accumulated variation in yields from August 2016 onward was approximately 100 basis points in the USA and 35 basis points in Germany.

ECB

key interest rates remained unchanged indicating that they will remain at very low levels over a long period of time

Among the emerging economies and developing countries, the repercussion of the developments in advanced economies described above was heterogeneous. The Central Banks of Mexico and Turkey raised their key interest rates (following cuts made in the first half of the year), while Brazil and Russia lowered their rates (given the beneficial impact of the recovery in commodity prices on exchange rates and, consequently, the stabilisation of inflation in those countries).

Foreign Exchange Market

In 2016, the main fluctuations in exchange rates in advanced economies were related to the appreciation of the US Dollar (particularly against the Euro), following the significant rise recorded at the end of the year, which was mainly a reflection of the prospects of a divergence in terms of monetary policy guidelines between the USA and the Euro Area, and the depreciation of the British pound, following the outcome of the Brexit referendum in June. The Japanese Yen showed a significant appreciation during 2016, which was partially reverted in the last two months of the year.

In what regards emerging economies and developing countries, the Chinese Yuan showed, in 2016, a trend towards gradual depreciation (following a significant appreciation in 2015), while the currencies of different commodity-exporting economies, particularly the Brazilian Real and the Russian Rouble, showed some signs of recovery, compared to the preceding year, in reaction to the simultaneous recovery in the international prices of commodities and to some improvement of the international financing conditions for these countries. By contrast, Turkey and Mexico witnessed significant currency depreciations in reaction to an adverse geopolitical context (in the latter case, with particular sensitivity to the outcome of the U.S. presidential elections).

Overall, in 2016, the nominal effective exchange rate of the Euro (against the 19 main commercial partners in the Euro area) increased by 2.6%, against a significant drop of 9.2% in the preceding year.

Public accounts

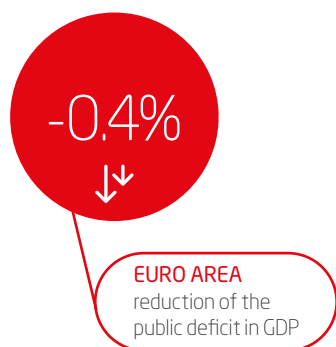
In the Euro Area, 2016 was characterised by a reduction in both the weight of the public deficit in GDP (to 1.7%, 0.4 p.p. less than in 2015) and the public debt to GDP ratio (to 91.5%, less 1.1 p.p. than in 2015), benefiting from a scenario of nominal GDP growth and record low interest rates, on average, in European public debt.

However, the dynamics of these indicators differed among Member-States. We should highlight the significant reduction of the public debt ratio in the countries that received external financial aid, particularly Greece and Portugal, but also Ireland and Cyprus. However, all these countries except for Ireland witnessed an increase in the public debt ratio in 2016 (reflecting the behaviour of the respective public deficits in the preceding year) that, therefore, remained above 100% of GDP. Belgium and Italy also have debt ratios in GDP above 100% and rising, compared to 2015.

In December, the Eurogroup approved, without any pre-conditions, a set of measures to ease Greece's public debt burdens (equivalent to approximately 20% of the GDP until 2060). The country's debt ratio on GDP stood at 179.7% in 2016.

In 2016, the United Kingdom continued its process of fiscal consolidation. There was a significant reduction in the public deficit ratio, which, nevertheless, remained above 3% (drop of 1.1 p.p., to 3.4%), while public debt showed a slight decrease (to 88.6%, 0.4 p.p. less than in 2015).

By contrast, the U.S. witnessed, in 2016, an increase in the weight of the public deficit in GDP (to 4.8%, 0.6 p.p. more than in 2015), thus inverting the decrease observed in the preceding year, while the gross public debt maintained its upward trend (rose by 2.1 p.p., to 107.3%). In the context of the new U.S. presidency and of the announced measures to reduce various taxes and increase public investment, these indicators are expected to continue to rise over the next few years.



In Japan, following a significant trend towards budgetary consolidation between 2013 and 2015, there was a (slight) increase in the budget deficit to GDP ratio in 2016 (3.7% - 0.2 p.p. more than in the preceding year). On the other hand, public debt maintained its upward trend, as a result of the high public deficits of the last few years (rise to 248.8% of GDP in 2016, 0.8 p.p. more than in 2015).

Sub-Saharan Africa

Growth in Sub-Saharan Africa is estimated to have reached only 1.6% in 2016, the lowest rate in over two decades, according to the new half-yearly analysis published by the World Bank in October 2016. Among the causes of the slowdown identified by this financial institution, we can highlight domestic political uncertainties, as well as the prolonging of the regional consequences of the declining prices of raw materials in the world market.

Ethiopia, Tanzania and Rwanda are expected to post a growth rate above 6%. Côte d'Ivoire and Senegal are also expecting figures above the region's average. These are the countries that, according to the World Bank, are managing to maintain resilient economies and find new solutions for development.

According to the latest data from the International Monetary Fund (IMF), South Africa remains, at least for now, the largest economy on the African continent. The latest figures place South Africa's GDP at 301 billion US dollars and Nigeria's GDP at 296 billion US dollars. In this respect, highlight goes to the recent evolution of the South African Rand, which appreciated by 15% over the last quarter of 2016, driven by international liquidity within a scenario of uncertainty in Europe and a postponed interest rate rise in the US.

However, political uncertainty has also been particularly intense in this country. Late last year, South Africa had three different Ministers of Finance in one week. On the other hand, the Nigerian Naira has been depreciating since mid-2014, when the price of oil, the country's main export product, recorded a drop.

Disparities in Sub-Saharan Africa occur due to the fact that some countries have a more diversified economy, not depending so heavily on commodity exports.

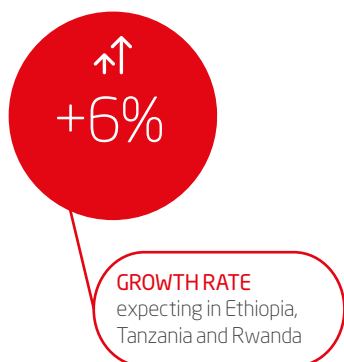
The World Bank forecasts a modest recovery over the next two years, as the growth of the region's real Gross Domestic Product (GDP) is expected to reach 2.9% in 2017 and 3.6% in 2018.

Taking into account the disparities in terms of development among the different sub-Saharan African countries, the World Bank has announced a record funding of 57 billion US dollars, intended to implement development projects over the next three years, including the provision of essential health and nutrition services to nearly 400 million people.

Most of the funding - 45 billion US dollars - will come from the International Development Association (IDA), the World Bank Group fund.

This funding will help African countries to continue to grow, create opportunities for their citizens and strengthen their resilience to shocks and crises.

The eventual increase in funding for sub-Saharan Africa will be based on successful experiments, as well as on the needs of 448 ongoing projects all throughout the African continent.



+2.9%

GROWTH OF THE REGION'S
real GDP is expected in 2017 and 3.6%
in 2018. (World Bank forecasts)

ANGOLAN ECONOMY

The shock in the price of oil, which has persisted since late 2014, has substantially reduced the Angolan economy's tax revenues and net exports, limiting its economic growth in 2015 and 2016 and leading to an acceleration in the accumulated inflation rate to, approximately, 42% in late 2016.

In this scenario of financial crisis faced by the country, there has been a significant effort by the Government to strengthen economic and financial stability, through the implementation of several reforms, namely in the State's administrative machinery, with particular emphasis on Sonangol; in the banking sector, in order to meet international accounting and compliance standards, in line with international best practices, and, last but not least, in the tax administration.

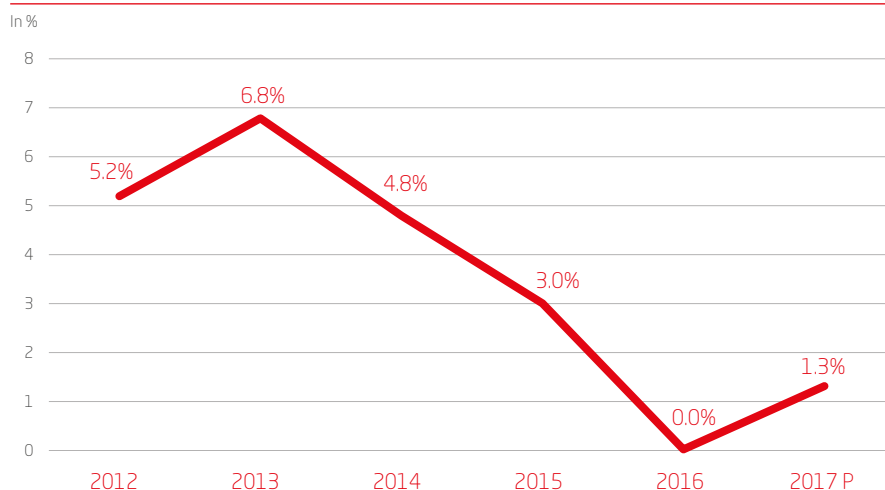
In September 2016, the General State Budget was adjusted to take into account the decline in revenue and maintain the country's growth. Investment expenses increased by 16%, resulting in an increase in the fiscal deficit to 6.8% of GDP, against the 5.5% originally expected. On the other hand, this revision had a negative impact on social sector spending, which decreased by approximately 8%.

According to IMF data, the real growth of GDP is estimated to have stagnated in 2016, with a 0.4% contraction in the non-oil sector, under pressure from the industrial, construction and service sectors. Industrial and agricultural production, despite its potential to replace imports, was limited by the shortage of imported inputs, due to currency constraints.

6.8%

OF GDP
Increase in the
fiscal deficit

REAL GDP



Source: FMI

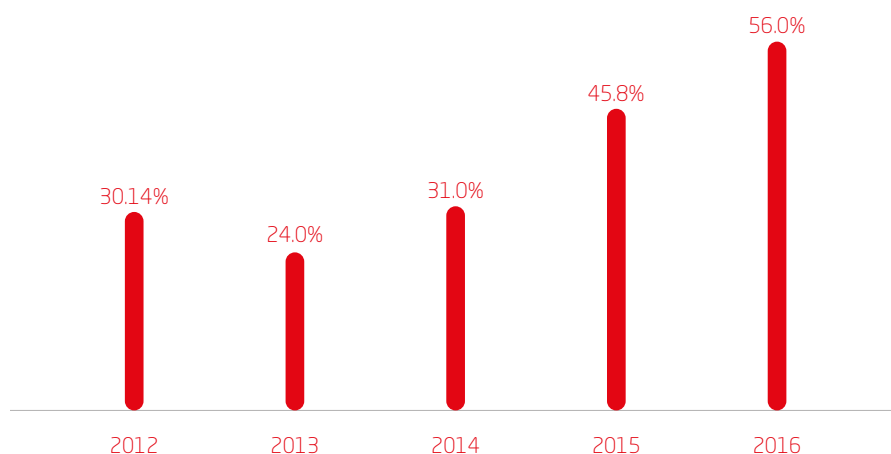
Public Debt

The accumulation of public deficits and the sharp decline in the growth rate have led to an upward trend in the ratio of government debt to GDP, which is estimated to have reached approximately 56% of GDP in 2016, against 46% in the preceding year.

Adding Sonangol's debt to this figure, the ratio of government debt to GDP is estimated to have exceeded 70% in 2016.

PUBLIC BEBT

% of GDP



Source: MINFIN

Gross Domestic Product

According to the IMF, in 2016, there was a flattening of growth in GDP, which corresponded to a slowdown of 3% compared to 2015 and 6.8% compared to the maximum recorded in 2013.

It is estimated that the oil sector was the most affected by the drop in oil prices, with a growth of only 0.8%, compared to 6.4% in 2015. On the other hand, the non-oil sector is estimated to have decreased by 0.4%, compared to a growth of 1.6% in 2015.

	'12	'13	'14	'15	'16
GDP pm	5,2	6,8	4,8	3,0	0,0
Oil sector	4,3	-0,3	-0,8	6,4	0,8
Non-oil sector	5,6	7,2	5,6	1,6	-0,4

Source: IMF

Angola's key economic challenge continues to be its need to diversify its economy, by replacing imports and/or increasing exports. In order to achieve these goals, it needs to reduce costs in the non-oil sector and solve its constraints in terms of physical and human capital.

In this regard, and despite the challenging environment, the Angolan Government is expected to increase investments in projects that contribute to diversifying the economy, while striving to attract private investment, with a view to promoting the diversification of the domestic economy.

International Reserves and Oil Sector

Net international reserves witnessed a sharp decrease, due to the drop in the price of the main raw material, with a decrease of approximately 30% from 2012 to 2016, equivalent to approximately 9 billion dollars.

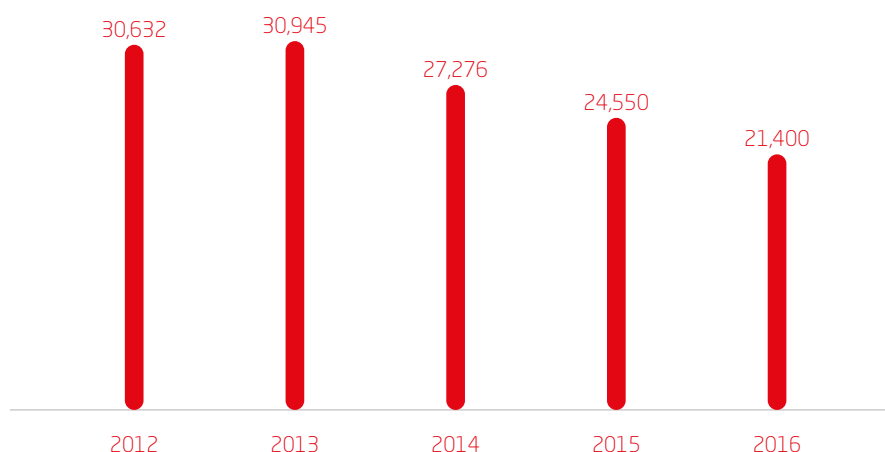
Reserve levels have shown a downward trend, with a stock of 21.4 billion US dollars as at 31 December 2016, which is equivalent to a 13% reduction compared to the previous year's stock, thus limiting the volume of currency sales to commercial banks by the National Bank of Angola (BNA).

As at the end of 2016, net international reserves represent a coverage of about eight months of imports.

In this scenario of greater restraint, BNA, as the regulator of the foreign exchange market, has sought to allocate the available currencies to the sectors and customers defined as priorities, such as, the food distribution industry and the agricultural sector, among others.

NET INTERNATIONAL RESERVES

In million USD



Source: OPEP

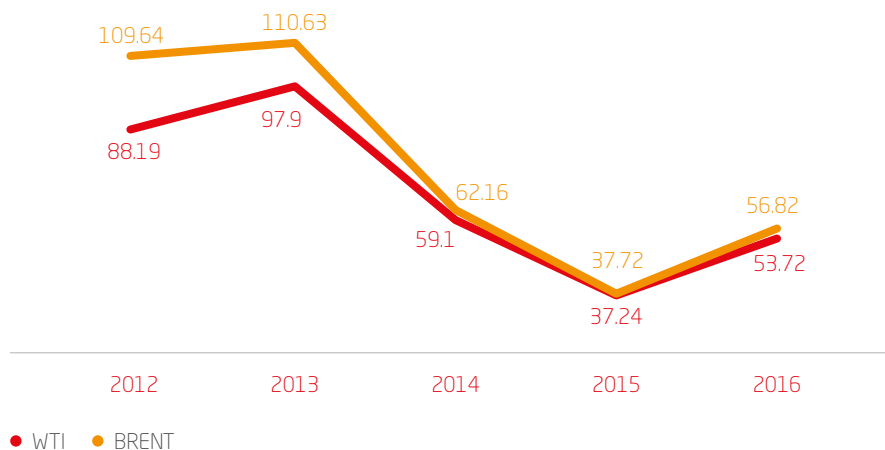
50%
RISE IN SPOT PRICE
of oil in 2016

The current dynamics of oil prices in international markets incorporate a set of uncertainties regarding market forces as well as other speculative factors. In 2016, the spot price of oil rose by approximately 50%, increasing from 37.72 US\$bbbl in December 2015 to 56.82 US\$bbbl in December 2016, despite the fact that, in the first quarter of 2016, it reached a low of 27.10 USD US\$bbbl.

The positive change in the price of a barrel of oil in 2016 and its maintenance at the beginning of 2017 reinforced the positive expectation of an increase in tax revenues for this year, considering also that the price posted in late 2016 is about 20% above the amount considered when preparing the 2017 State Budget.

DEVELOPMENTS IN THE PRICE OF OIL

US\$bbbl



● WTI ● BRENT

Source: BNA

ANGOLA TOOK THE LEAD

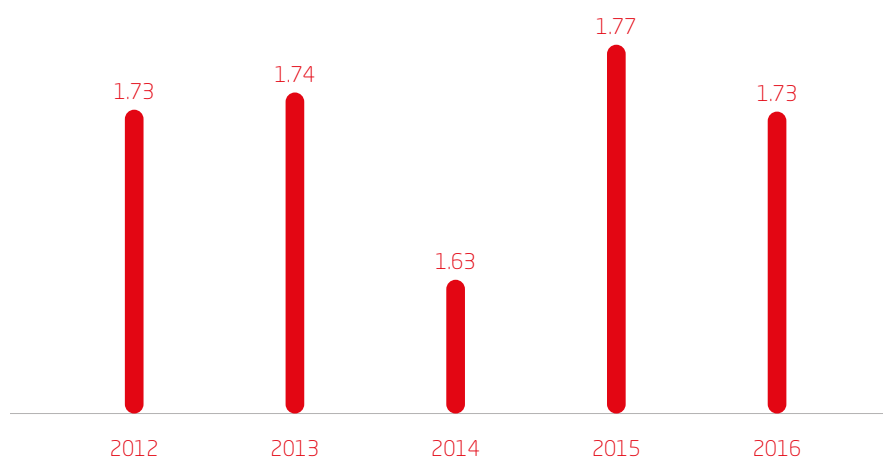
in oil production
in Africa

According to the latest monthly reports from the Organization of Petroleum Exporting Countries (OPEC), Angola took the lead in oil production in Africa, having surpassed Nigeria.

The kick-off of new projects kept the oil production of 2015 and 2016 at record high levels, respectively 1.77 and 1.73 million barrels per day, which mitigated the impact of the price decline on tax revenues.

OIL PRODUCTION

Million barrels/day



Source: OPEP

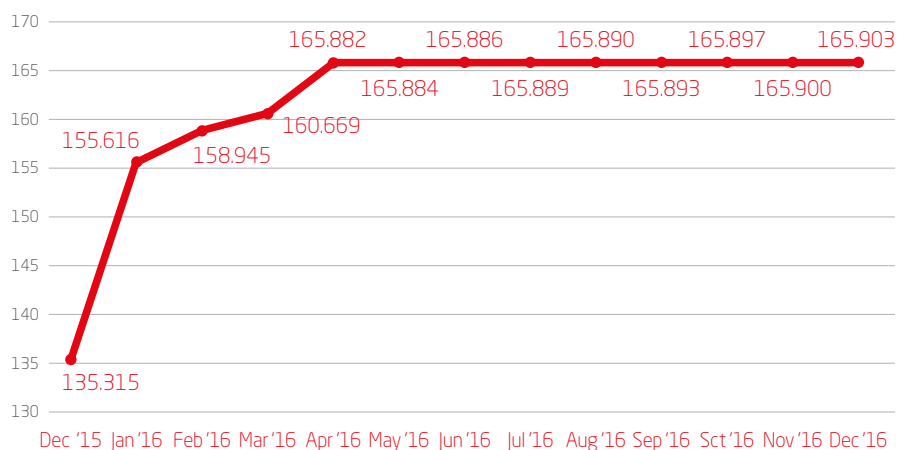
Foreign Exchange Market

The less favourable economic outlook, worsened by the drop in the price of oil, led to a decrease in the flow of foreign currency into the Country and, naturally, to a decreased availability of currencies for settling debts to foreign countries both by the State and by companies and individuals. These facts have significantly contributed to a lingering imbalance in the foreign exchange market, generating a significant exchange rate pressure that culminated in the continuous depreciation of the domestic currency in 2015 and 2016. In addition, the difference in the exchange rates of formal and informal markets increased significantly, having reached spreads above 150% in 2016.

In 2016, BNA proceeded to depreciating the Kwanza against the Dollar by approximately 23% (32% in 2015), which took place mainly over the first four months of the year. This was one of the factors that, together with the elimination of state subsidies to domestic fuel prices, contributed toward accelerating inflation.

37%
REDUCTION
in foreign exchange

DEVELOPMENTS IN FOREIGN EXCHANGE RATES



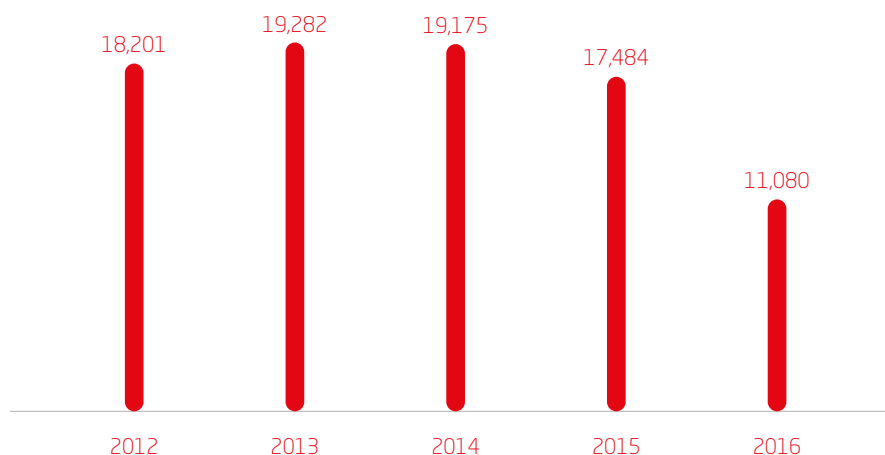
Source: BNA

BNA sold 11.08 billion US dollars to Commercial Banks in 2016, around 6 billion US dollars less than in 2015. This substantial reduction in foreign exchange, of around 37%, associated with a decline in net international reserves, has increasingly called for BNA's actions in the foreign exchange market, through sales directed at sectors and clients considered priorities by the Government.

It should also be noted that, during the year 2014, the purchase of foreign currency from BNA represented 55% of the operations carried out, considering that, in 2015 and 2016, these represented over 95% of operations, thus exposing significant dependence, as, with the exception of the oil sector, which, since November 2014 has started to sell currency directly to BNA, replacing Commercial Banks, export revenues are not relevant in keeping with responsibilities to foreign countries.

SALE OF CURRENCIES BNA

In million USD

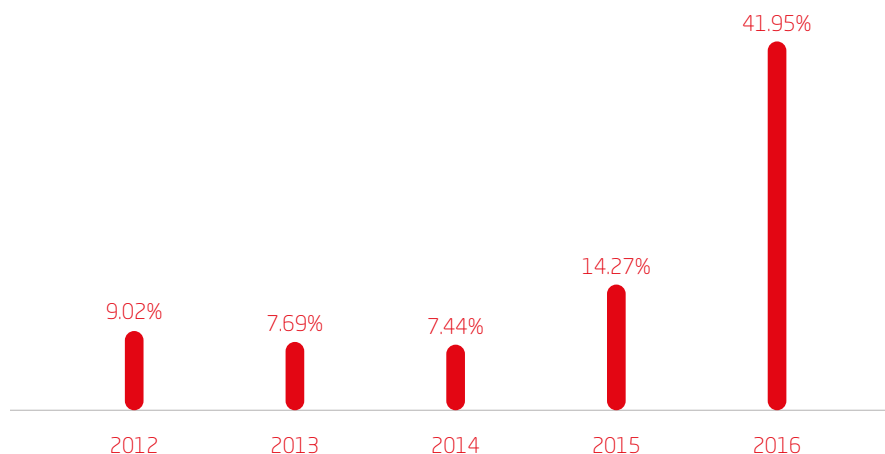


Source: BNA

Inflation and Money Market

In 2016, accumulated annual inflation stood at about 42%, compared to 14% in 2015, which corresponds to an increase of approximately 190%. This inflation was the result of two key factors: the devaluation of the domestic currency against the US dollar and the adjustment of fuel prices that are no longer subsidised by the State.

ACCUMULATED ANNUAL INFLATION

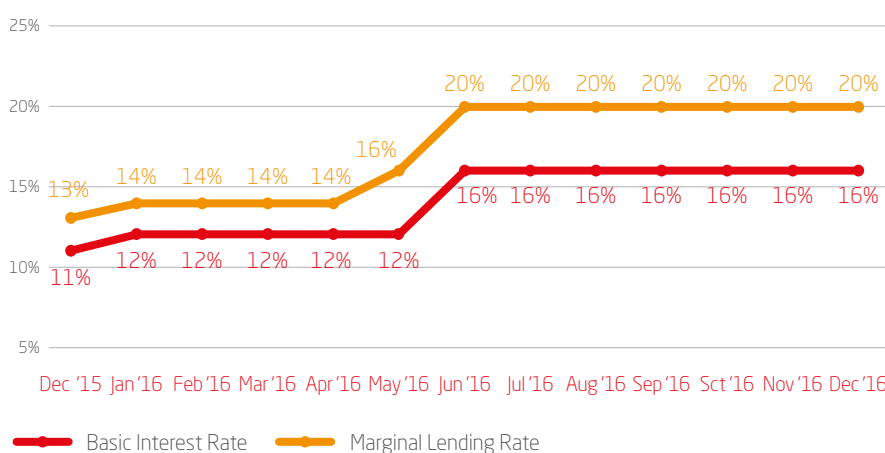


Source: INE / MINFIN

Against the backdrop of increasing price instability witnessed in 2016, the monetary policy had to take a contractionary stance in order to ensure stability in the levels of money supply in circulation, controlling the upward trend of the inflation rate while ensuring the preservation of the economy's external solvency. However, the structural characteristics of the domestic economy of a net exporter of oil that is highly dependent on imports and oil revenues pose limits to a more effective development of the monetary function.

As part of the Monetary Policy Committee, at the end of the first half of 2016, the National Bank of Angola increased the reference rates in the money market, in particular with a rise from 16% to 20% in the marginal lending facility and a rise from 12% to 16% in the basic interest rate, thus seeking to control the money supply in circulation, as well as to encourage greater savings by the various economic agents.

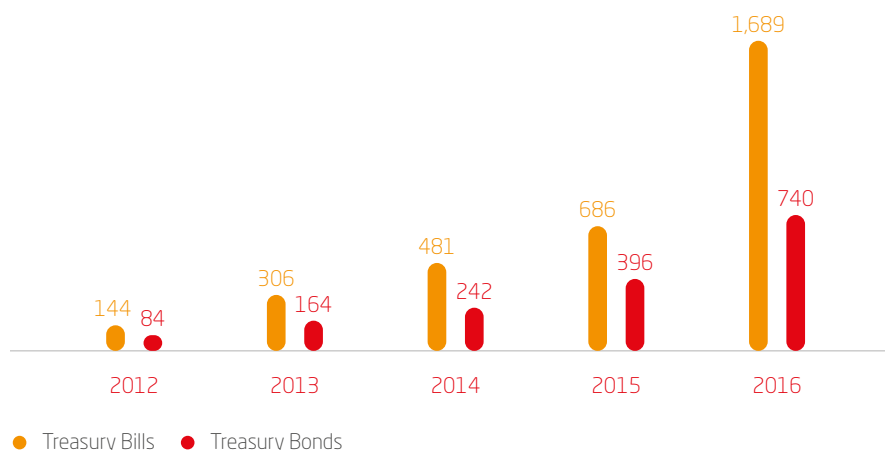
MACROECONOMIC INDICATORS



With the drop in oil prices and in the context of the macroeconomic imbalances observed, the State has turned to issuing debt to guarantee its operation and the realisation of several public projects. Thus, in the market of public debt securities, there was a 124.71% increase in the issue of Treasury Bonds in 2016, compared to the year 2015. In the year 2016, securities amounting to 2,429 billion kwanzas were put into the market, of which 1,689 billion kwanzas corresponded to Treasury Bills (TB) and 740 billion kwanzas to Treasury Bonds (TBo), for the day-to-day management of the National Treasury.

ISSUANCE OF SECURITIES

In billion Kwanzas

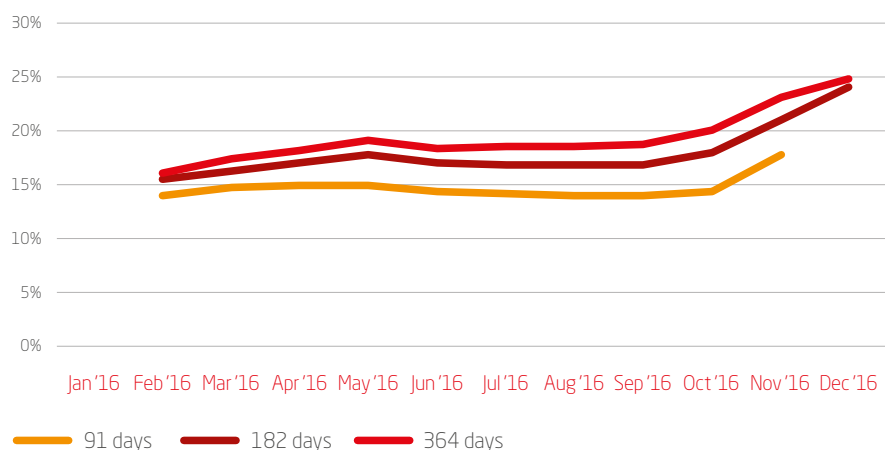


Source: BNA

The average interest rates of TBs were, by September 2016, in the order of 14%, 16% and 16% for maturities of 91, 182 and 364 days, respectively, having increased substantially, for the same maturities, to rates in the order of 19%, 24% and 25%, respectively in December 2016. This behaviour in the cost of public debt reflects a worsening, when compared to that observed in 2015 and early 2016, given the greater need for the Treasury to obtain short-term financing.

In relation to Treasury Bonds with maturities of 2, 3, 4 and 5 years, the respective interest rates remained stable during the year 2016, with rates of 7.00%, 7.25%, 7.50% and 7.75%.

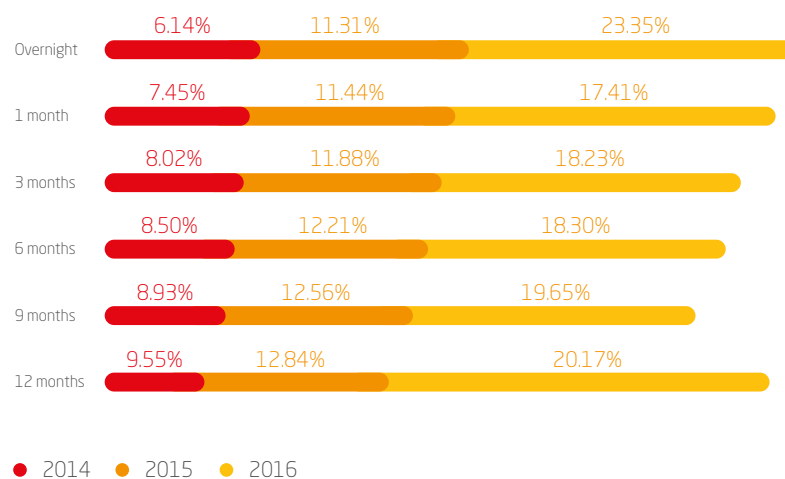
INTEREST RATES - TREASURY BILLS



In view of the macroeconomic imbalances and monetary policy changes made, in 2016, there was a substantial rise in inter-bank money market interest rates, seen as the overnight (O/N) rate, which stood at 11.31% at the end of 2015, closed 2016 at 23.25%.

Three-, 6- and 12-month Luibor rates were 12.21%, 12.56% and 12.84%, respectively, at the end of 2015, closing the year 2016 at 18.30%, 19.65% and 20.17%, respectively. Consequently, these increases made inter-bank loans and credit to the economy more expensive, as these are the reference lending rates.

LUIBOR BNA



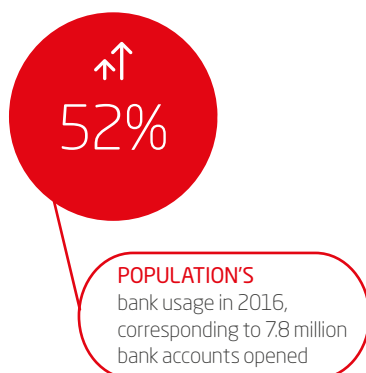
Source: BNA

In general, the evolution of commercial paper interest rates reflected the increase in the Government's financing needs, due to the drop in revenues from the oil sector and the increased risk, as a result of the prospects of economic slowdown. What may arise from this increase in domestic financing through the primary securities market is a restraint on lending to the private sector, which will jeopardise this sector's contribution to the future growth of the economy.

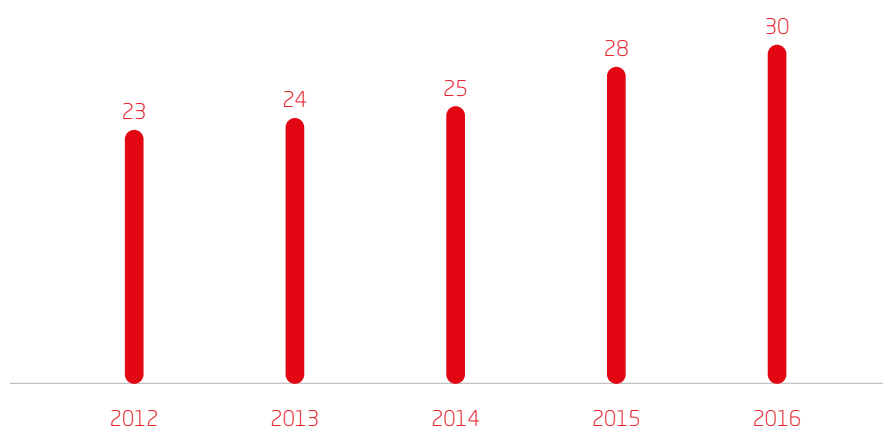
Banking Sector Indicators

The increase in the bank usage rate among the Angolan population continues to be a priority for the banking sector. In 2016, the population's bank usage rate reached 52%, corresponding to 7.8 million bank accounts opened in a universe of 14.8 million adults over 15 years of age, according to BNA. This increase has contributed, among other factors, to the increase in the number of branches opened by Commercial Banks in the different municipalities of the Country, as well as the financial inclusion programme 'Bankita,' which consists of account openings with as little as 100 kwanzas.

According to BNA's Directorate for Education and Financial Inclusion, the process of increasing the population's banking rate, which consists of a strategy that was launched in 2013, is intended to reach, by 2017, about 60% of the adult population, in accordance with international financial inclusion criteria.



DEVELOPMENTS IN AUTHORISED FINANCIAL INSTITUTIONS



+16%

ANNUAL GROWTH

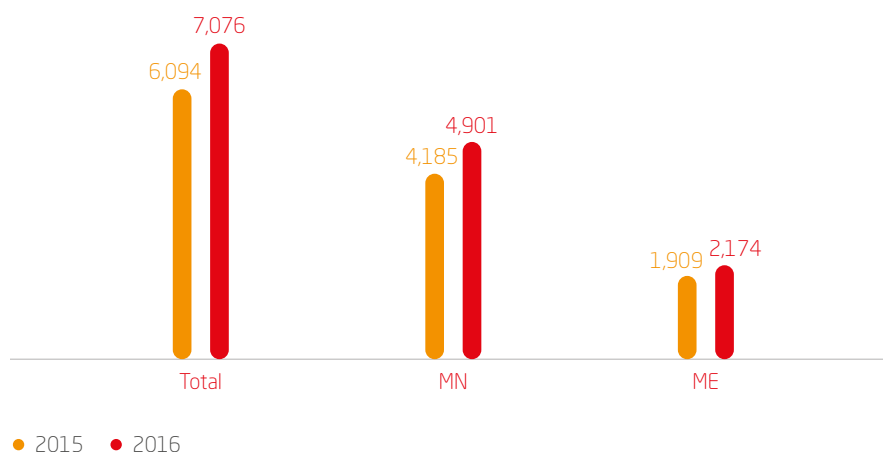
of the aggregate amount of customer deposits in 2016

The growth of the banking sector has been possible through the expansion of the branch network, the providing of alternative distribution channels and electronic media. Also noteworthy is the growth in the levels of banking among the middle class population, the structuring of products and banking services with greater complexity and the return associated with those products, intended for specific market segments. The establishment of agreements between public and private entities for the development of structuring projects for the country has been the driving force leveraging the levels of banking usage among the population in the monetary circuit.

Thus, in 2016, the aggregate amount of customer deposits was 7,075 billion kwanzas, which represented a growth of 16% over 2015. This growth was mainly driven by demand deposits, which represented over 50% of total deposits. In 2016, deposits in local currency accounted for 69% of total deposits, and have maintained the same weight in 2015, reflecting the phenomenon of de-dollarization occurring in the Angolan economy.

TOTAL DEPOSITS

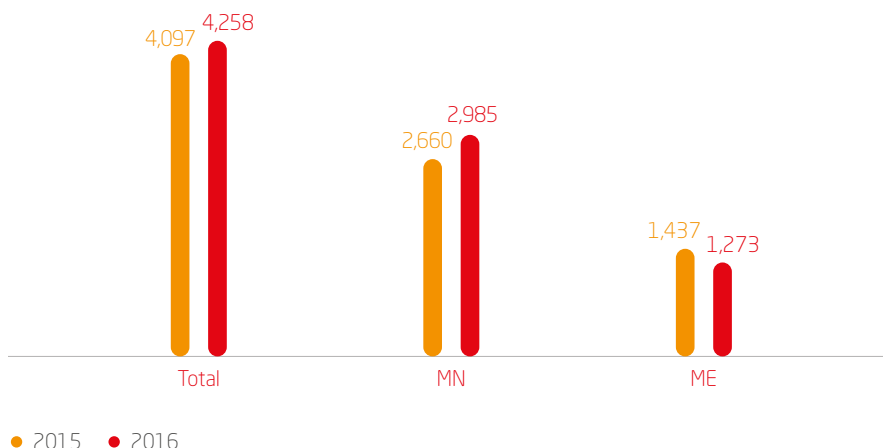
In billion kwanzas



In 2016, credit granted (gross credit) grew by 3.94%, exceeding the growth recorded in 2015 (2.01%). Loans to customers continue to show a growing trend, albeit at a slower pace than in previous years, due to the slowdown in economic activity, with more restrictive concession rules, reflecting the monetary policies adopted by BNA, with the subsequent rise in interest rates, as well as by each Bank in particular. In 2016, its aggregate amount came to 4,258 billion kwanzas, with credit in local currency (with a share of 70% in the portfolio) increasing by 12% and credit in foreign currency decreasing by 11%. The granting of medium- and long-term financing to the business sector for economic development projects, particularly within the framework of the Angola Investe programme, has been one of the strategies implemented to try to reduce external dependence and imports.

TOTAL LOANS

In billion kwanzas



DEVELOPMENTS SHOWN

in the banking sector have boosted the continued growth of the bank user population

The developments in fundraising and lending reflect the crucial role that the banking sector plays in the structural and continuous development of the Angolan economy, by supporting companies and individuals in responding to their investment needs, thus contributing to the structural diversification of the economy.

The developments shown in the banking sector have boosted the continued growth of the Angolan bank user population. Banking institutions continue to implement their growth strategies for urban and rural areas, both for private and for business and institutional customers, by increasing the network of face-to-face channels (branches and business centres) and expanding the access to various means of payment and the operating of electronic channels to carry out the main banking activities, thus reinforcing the trend observed in recent years.

The banking sector's forecast for 2017 reveals a number of challenges, from its adaptation to the standard accounting reporting model, to the control of its operating costs and implementation of an adequate model for profitability and credit impairment and an ever greater adequacy to international Compliance best practices.

POSITIONING OF BANCO BIC IN THE BANKING SECTOR

As in 2015, in 2016, the economic scenario continued to be overshadowed by the substantial drop in oil prices on the international market, which, given the high dependence on revenue from the oil sector, conditioned the performance of the Angolan economy as a whole, which is reflected in the main economic and financial variables.

The impact of these imbalances was felt throughout the entire financial system in the Angolan economy, with particular emphasis on the Foreign Exchange Market, with a sharp drop in the volume of foreign currency sold by BNA, corresponding to 36.6% less than in 2015. Such a substantial reduction, which adds to that which had already taken place from 2014 to 2015, has further delayed and reduced payments to foreign entities, with negative effects on the activity of businesses and on individuals. Naturally, this situation, coupled with the depreciation of the exchange rate, has resulted in lower turnover for businesses and lower purchasing power for individuals, as well as the ability of both to meet the commitments undertaken both externally and in terms of internal credit responsibilities.

In the context of foreign exchange policies, the Government adopted a series of restrictive measures, in force since 2015, intended to maintain price stability, including the obligation of commercial banks to establish a specific reserve in domestic currency at BNA, in an amount corresponding to the exchange value of foreign currency requirements. Simultaneously, BNA, in addition to auctioning foreign currency, began to operate in the foreign exchange market through sales directed to sectors and customers considered to be priorities by the Government.

The national banking system also suffered the effects of the financial and economic crisis, with credit granted to the economy going from about 30 billion to 26 billion US dollars, a contraction of around 15% when analysed in foreign currency. Regarding deposits, despite the growth in deposits denominated in domestic currency, there was a decrease of around 10% when converted to USD. Both indicators were naturally affected by the AKZ/USD exchange rate depreciation, by about 23% over FY 2016.

Given this scenario of a less favourable economic environment, high inflation, higher interest rates and a reduction in money supply, Banco BIC maintained its focus on controlling the costs of its structure, on prudence in the granting and analysis of new financing and on a liquidity management strategy capable of accommodating market maladjustments, as well as, in view of the international environment, on an ever greater adaptation to compliance and accounting reporting requirements.

Despite the nationwide slowdown in economic activity, the year 2016 was relatively positive for Banco BIC, in terms of the evolution of its main business indicators. The positive developments of some indicators were only possible thanks to the existing commercial dynamics, supported by more than 226 commercial units.

The portfolio of loans granted to companies and individuals, in Kwanzas, increased by about 13% compared to December 2015, whereas loans granted to the State showed a growth of 30% over the same period. On the other hand, customer deposits showed a positive development, increasing by 10% against December 2015, when measured in kwanzas.

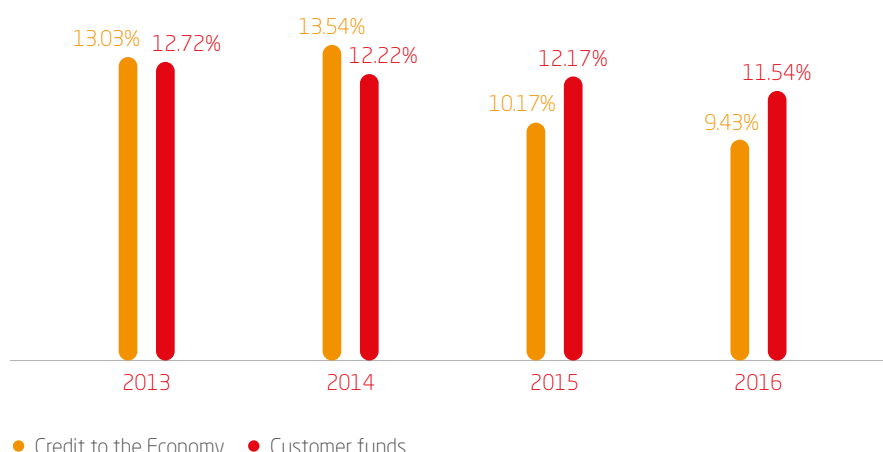


INCREASE
in the portfolio of loans
granted to companies
and individuals, in AKZ

In 2016, in its interventions in the foreign exchange market, BNA provided to commercial banks, through auctions and direct sales carried out in the primary market, foreign exchange assets valued at 11,08 billion dollars, representing a 37% decrease against 2015. Over the course of 2016, Banco BIC bought an approximate amount of 1.19 billion euros.

The volume of credit grew at sustainable and risk-compatible rates, and, on 31 December 2016, the bank reached a market share of around 9%.

MARKET SHARES



Credit activity also plays a vital role in supporting the ongoing efforts to diversify the Angolan economy, by acting as a catalyst for the different economic sectors. It was in this context that Banco BIC joined the Angola Investe programme in 2013 (which includes a subsidised credit line and a public guarantee fund), having approved around 23 billion kwanzas by 31 December 2016, corresponding to a total of 51 Projects, of which 40 are already in progress.

Up to 2016, this line of credit has already disbursed 14 billion kwanzas as part of the Angola Investe program, in benefit of the provinces of Luanda, Kwanza-Sul, Kwanza-Norte, Bengo, Benguela, Uíge, Bié, Huíla and Huambo. The largest tranches went to the Manufacturing Industry and to Agriculture and Fisheries, for a total of 34 and 14 projects, respectively.

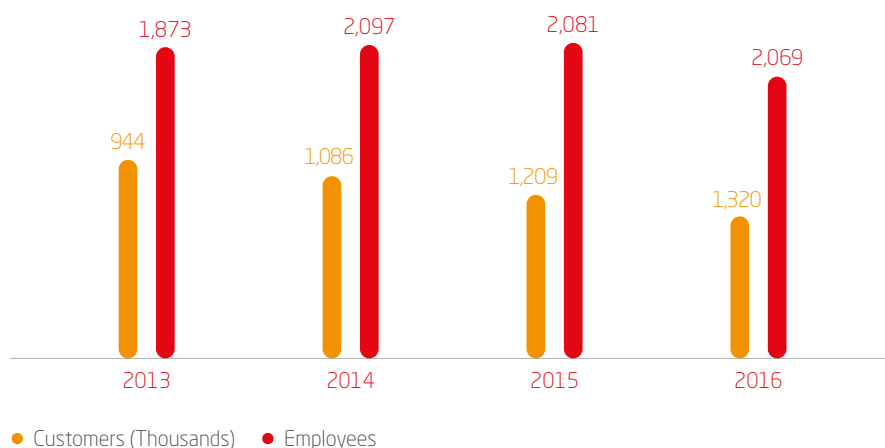
Even in an adverse scenario, in 2016, 13 new Angola Investe projects were approved, for a total amount of 5 billion kwanzas.

The growth that Banco BIC has achieved to date has entailed substantial investments in infrastructure information technologies and human capital, indispensable pillars of the financial system. Along with investment in infrastructure and technology, in the years 2015 and 2016, the Bank increased the investment associated with the strengthening of the Internal Control, Risk and Compliance areas.

Banco BIC also strengthened, albeit more moderately, its network of branches, with the opening of another 3 business units, thus totalling 226 business units nationwide, to serve a diversified customer base and maintain an effective and balanced strategy, which generates value for those customers. The number of employees decreased by 12, to a total of 2,069 employees.

**INCREASED
THE INVESTMENT**
associated
with the
strengthening
of the Internal
Control, Risk
and Compliance
areas

MARKET INDICATORS



111,000

GROWTH

of customer base, to a total of around 1,320,000 customers

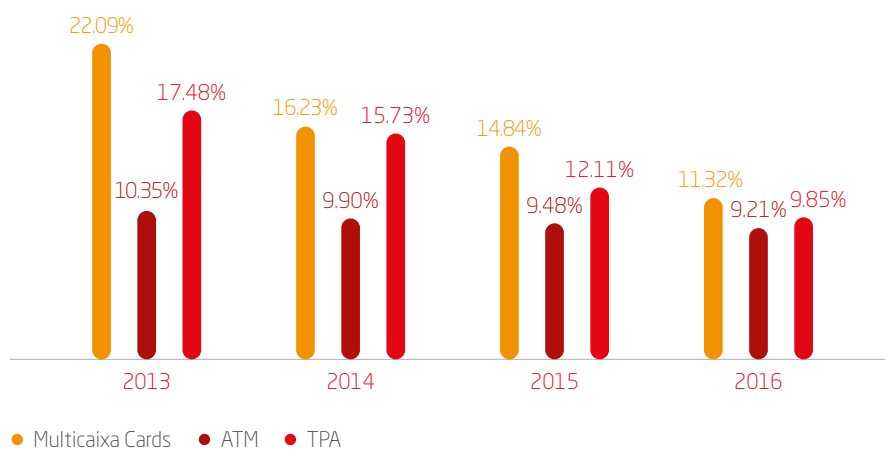
Banco BIC maintains its philosophy of being an open, outreaching bank, always welcoming to those who seek banking products and services. Based on this philosophy, its customer base grew by more than 111,000 customers, to a total of around 1,320,000 institutional, business and private customers.

Its permanent focus on the diversification and quality of its banking service offer is reflected in its ATM network, which includes a total of 262 machines in 2016, representing a 4% increase over the previous year, distributed throughout Angola, thus enabling the population to carry out their transactions at any time of the day.

Regarding TPAs, our customers were served by a total of 3,698 machines in 2016, representing around 10% of the overall number of machines available in the market.

As for cards, one of the segments of our product and service offer, a total of 402,154 cards were issued in 2016.

MARKET SHARES







03

BUSINESS
ENVIRONMENT



COMPETENCE TO GROW

Confidence is earned. Nurturing it with competence is vital for it to take root and grow invigorated. Our commitment hinges on doing things well, better and with subsequent results.

GROWING TOGETHER

03

BUSINESS
ENVIRONMENTMAIN BUSINESS
LINES

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

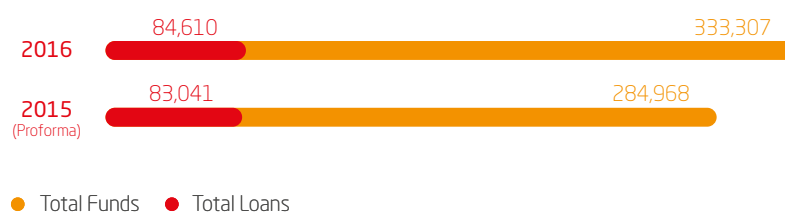
The Bank's commercial structure was defined taking into account a greater focus on customer needs and is, therefore, divided into four main segments, namely Individuals and Businesses, Private Banking, Investment and Companies.

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

Individuals and Business Division

On 31 December 2016, the Individuals and Business Division (hereinafter DPN [Direcção de Particulares e Negócios]) has a total of 199 branches and 6 service stations, distributed throughout Angola's provinces, representing approximately 90% of Banco BIC's entire commercial network.

This Division, which provides support to Banco BIC's branch network, recorded an increase of 48,339 billion kwanzas in the total amount of customer funds as at 31 December 2016 (+17% compared to 31 December 2015), reaching a total of 333,307 billion kwanzas on that date. As regards total credit, the overall amount of DPN's portfolio amounted to 84.61 billion kwanzas as at 31 December 2016 (a 2% increase over 31 December 2015).



TOTAL CREDIT

the overall amount of the Companies Division portfolio amounted to 382,265 million kwanzas

Companies Division

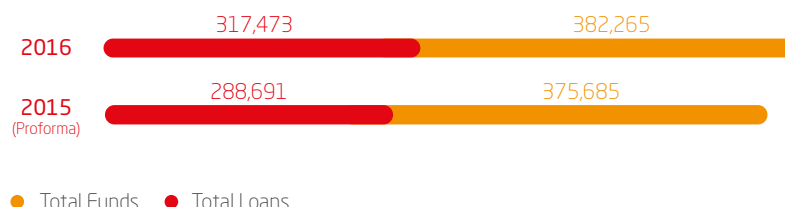
In 2016, the Companies Division (hereinafter DE) continued to pursue its goal of retaining customers by providing a higher-quality service. On 31 December 2016, it had 17 business centres.

In 2016, the DE's efforts, not only to attract new customers but also to strengthen the commercial relationships with current customers, were reflected in the growth in funds raised, by over 6.58 billion kwanzas, from 375,685 billion kwanzas in December 2015 to 382,265 billion kwanzas in December 2016 (growth of 2%).

In terms of loans granted to customers, on 31 December 2016, the total managed by the DE reached 317,473 billion kwanzas, a 10% increase against 31 December 2015. Bearing in mind the Bank's solvency ratios, the soundness of the business and the quality of the loan portfolio, the DE continued to closely monitor its customer portfolio and, for those who showed signs

of greater difficulties, it established a strict policy for credit transaction renewals, in which the increasing of guarantees associated with the credit operations is a key management tool.

As of 31 December 2016, the Companies Division contributed with approximately 69% of the loan portfolio and 45% of the Bank's total funds.



Companies Division - Oil and Gas Department

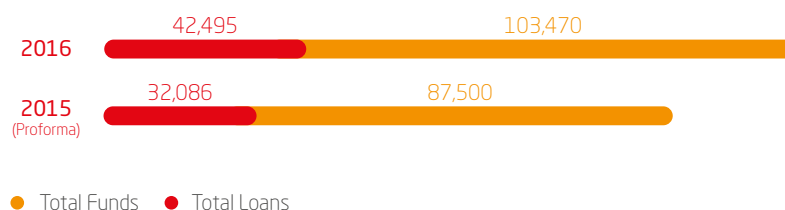
In May 2012, following the approval of the new Foreign Exchange Law applicable to the oil industry, Banco BIC created an Oil and Gas Department, designed from the ground up to meet the specific needs of this segment, by providing exclusive and excellent services.

In its initial phase, the Department focused mainly on front-office activities intended to help companies navigate the different stages of the new Foreign Exchange Law. Subsequently, it started developing back-office activities, namely with the creation of a set of subdivisions in the various departments of the central services, which, together with a set of technological innovations, aim at ensuring speed and efficiency in all processes and a better adaptation to the requirements of this sector.

Private Banking

This Division's activities are carried out by private managers with great technical and relational skills, based on trusting relationships and in real time. As of 31 December 2016, resources amounted to 103.47 billion kwanzas. With regard to credit, on 31 December 2016, the portfolio totalled 42,495 billion kwanzas, an increase of 32% over 31 December 2015.

We are committed to continuously improving the service we provide to our customers, and to offer the highest quality and most differentiated banking service, providing a more personalised structure based on the sale of financial consulting products, in line with the risk profile identified for each customer, maintaining, as the main goal, the sustained preservation of each customer's assets in detriment of performance, in order to maintain growth and consolidate the Business.



**WE ARE
COMMITTED**

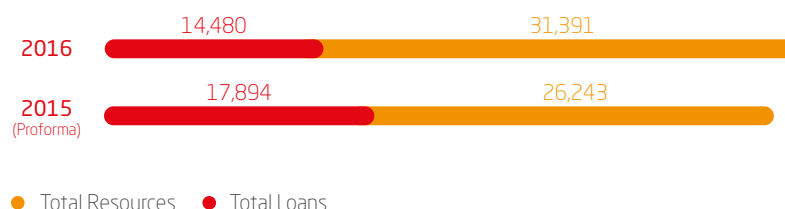
to continuously
improving the
service we
provide to our
customers

Investment Division

The Investment Division is governed by the traditional model of bank segmentation, for each customer's level of investment/income. It aims at increasing customer knowledge, by developing best practices in monitoring and prospecting, in order to materialise our commitment to those who invest, with the aim of ensuring the successful accomplishment of each project, by building strategic partnerships and value synergies.

For investors who are willing to diversify their investment and invest in this segment, Banco BIC offers several investment alternatives that keep abreast of new developments in the business reality, thus streamlining the commercial network of economic agents that maintain financial relations with the Bank.

On 31 December 2016, this division has three Investment Centres, which provide permanent and specialised advice, both for the daily management of the customer portfolio and for investment-related decision making. On 31 December 2016, the balance of the total asset portfolio was 31,391 billion kwanzas and the loan portfolio totalled 14.48 billion kwanzas.



THESE OFFICES AIM

at increasingly strengthening commercial relations between the two countries, ensuring the required levels of excellence

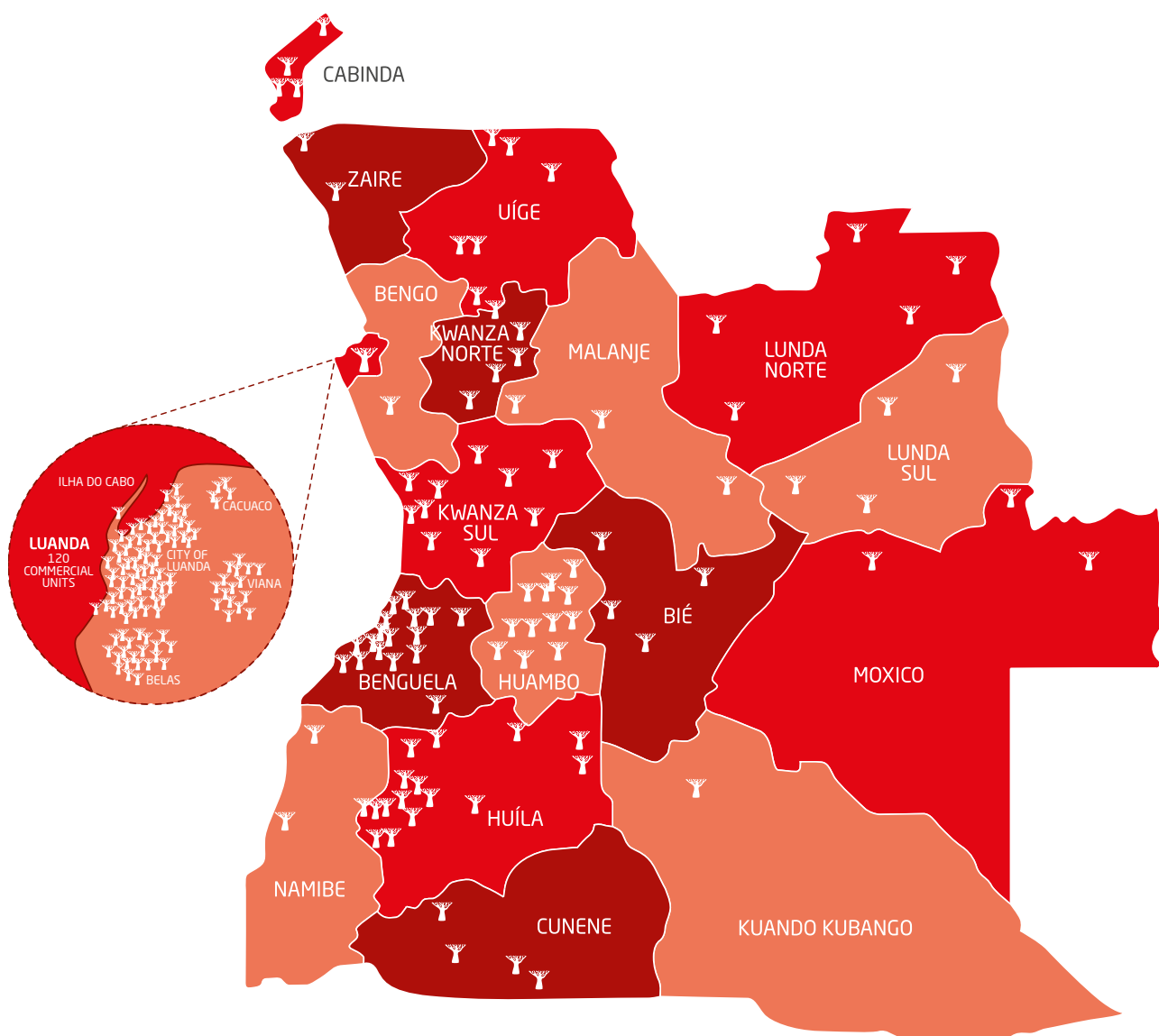
Angola Portugal Office and Angola Namibia Office

In May 2012, the Angola Portugal Office (hereinafter GAP [Gabinete Angola Portugal]) was created to boost the bilateral business relationship between Angola and Portugal, ensuring the management of financial flows between the two countries and supporting Angolan and Portuguese entrepreneurs involved in internationalisation activities. In 2016, the Angola Namibia Office (GAN [Gabinete Angola Namibia]) was created with the same purpose.

In line with the Bank's commercial strategy, these Offices aim at increasingly strengthening commercial relations between the two countries, ensuring the required levels of excellence and professionalism.

The GAP's and GAN's main activities include financial support for the current activity of the companies in both countries, namely export financing services, providing of information on the specificities of each market and monitoring of the flows generated between the various countries, with particular attention to process swiftness and competitiveness of prices charged.

DISTRIBUTION NETWORK AND GEOGRAPHICAL PRESENCE



Network Updated on 31 December 2016

BENGO
Branches - 1

BENGUELA
Branches - 17
Corporate Centres - 2
Service Points - 1

BIÉ
Branches - 4

CABINDA
Branches - 4

CUNENE
Branches - 4

HUAMBO
Branches - 12

HUÍLA
Branches - 15
Corporate Centres - 1

KUANDO KUBANGO
Branches - 1

KWANZA NORTE
Branches - 5

KWANZA SUL
Branches - 10

LUANDA
Branches - 99
Corporate Centres - 14
Investment Centres - 3
Service Points - 4
Private Banking - 1

LUNDA NORTE
Branches - 5

LUNDA SUL
Branches - 4

MALANJE
Branches - 3

MOXICO
Branches - 3

NAMIBE
Branches - 2

UÍGE
Branches - 6
Service Points - 1

ZAIRE
Branches - 2

MILESTONES

THROUGHOUT ITS YEARS OF EXISTENCE, BANCO BIC HAS REMAINED FAITHFUL TO THE BRAND'S VALUES,

which are based around a permanent contribution to the economic, cultural and social development of Angola and all other countries in which it is present.

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

2005

2006



PERFORMANCE CERTIFICATE AWARDED

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

2005

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

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

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

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

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

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

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

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

2006

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

2007

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

THE BANK OF PORTUGAL AUTHORISED THE ESTABLISHMENT OF BANCO BIC PORTUGUÊS S.A.,

with mostly Angolan capital and focusing its activities on supporting Angolan and Portuguese entrepreneurs with interests in Angola;

2007



2008

IN 2008 THE 1,000 EMPLOYEE THRESHOLD WAS EXCEEDED,

of which, approximately 81% were allocated to the commercial network. This growth of the bank's staff numbers, reflecting the expansion of its service network, represents one of the pillars of the Bank's Growth Strategy;



AUNCH OF BANCO BIC'S NEW IMAGE,

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

2009



CONTINUE

2008

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

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

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

EuroMoney recognised Banco BIC with "The Best Bank in Angola" award, for its outstanding performance in all areas, including sales, service quality and consolidated results achieved;

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

Opening of Banco BIC Português. The strengthening of economic relations between Portugal and Angola was one of the factors underpinning this decision, which aims at supporting the Portuguese

business sector in its internationalisation strategy towards Angola, as well as Angolan investors already operating or wanting to operate in Portugal and Europe.

2009

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



2010

LAUNCH OF THE "BIC SALÁRIO,

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



ACQUISITION OF BANCO PORTUGUÊS DE NEGÓCIOS

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

2011

2010

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

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

In 2010, the 500,000-customer threshold was exceeded, including large companies, small businesses and individuals, demonstrating our customer's trust in us;

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

An agreement was signed with multinational company Coca-Cola, for the opening of two lines of credit, to fund private projects in the province of Bengo. The two lines of credit, called

"Bengo Investe I and II," are worth a total amount of 23 million dollars; and

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

2011

Inauguration of the new Banco BIC's head office in Talatona, a ceremony presided over by its Excellency, the Governor of the National Bank of Angola, Dr. José de Lima Massano. The new head office allowed centralising the services, thus contributing to further raise the quality indices of the service provided to our customers.



2012



ACCORDING TO THE AFRICAN BUSINESS MAGAZINE,

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



The 10-storey building houses around 350 employees distributed by central services, a branch, a business centre, an investment centre and a private banking centre;

With just over 6 years of existence and an initial capital of 30 million US dollars, Banco BIC exceeded, as of 31 December 2011, an equity amount of 650 million US Dollars;

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

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

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

Signing of the "Bankita Deposit" cooperation protocol launched by the National Bank of Angola, in conjunction with another seven banks. The product, which reduces the minimum amount required to open an account to 100 kwanzas, aims at extending access to the banking circuit to every citizen.

2012

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

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



2013

**BANCO BIC
WAS DISTINGUISHED**

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

2014

BIC SEGUROS, S.A.

inaugurated its Head Office
on 15 October 2014;



2013

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

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

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

2014

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

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

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

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

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

2015

2016



BANCO BIC COMMEMORATES

10 years of existence,
with many reasons to celebrate.



BANCO BIC IS AN INCREASINGLY

international brand. Not only due
to its presence in Angola and Portugal,
but also in Cape Verde (IFI),
South Africa (Rep. Office) and Namibia;

2015

10 Years later, Banco BIC
is of a different dimension:

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

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

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

In June 2015, Banco BIC is number 805th
in the "TOP 1000 World Banks" ranking,
published annually by The Banker magazine.
As for the Angolan ranking, Banco BIC
places 4th.

2016

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

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

MARKETING AND COMMUNICATION

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

In the course of 2016, Banco BIC's marketing action included several product and service campaigns, improvements in the décor of the commercial network, organisation and participation and sponsorship of cultural and sports events, as well as the affirmation of its commitment to Social Responsibility.

Among the main actions, the following stand out:

01 JANUARY

Image at Branches

In order to improve the image of its business units, a gradual process was initiated to improve the brand's image, through the installation of new interior signage and support structures and the renovation of external print canvases.

02 FEBRUARY

Vaccination Campaign against Yellow Fever

Clube Banco BIC joined the fight against Yellow Fever, having carried out two prevention and vaccination campaigns among its employees and direct family members. The respective campaigns took place at Banco BIC's Head Office Building, where the necessary conditions were created for this purpose. Around 450 vaccines against Yellow Fever were administered as part of BIC's initiative.



1st BIC Mini Marathon

The 1st BIC Mini Marathon, with a course of 8.4 km, was held on 21 February, with the aim of encouraging the practice of sports and fraternization among employees, their families and friends, also extended to professional athletes. The starting line was at Banco BIC's Head Office. 14 participants received prizes.



03 MARCH

Launch of the "BIC Depósitos a Prazo" Campaign

Asserting itself as an available and credible partner, Banco BIC launched the "BIC Depósitos a Prazo" (Term Deposits) campaign, which offers different types of deposits and attractive rates for Individuals and Companies, with the aim of encouraging investment and bank savings.



Donation Campaign in favour of the Pediatric Hospital of Luanda

As part of its social responsibility strategy, on 21 March, the Bank and Clube Banco BIC made the first donation of medicines and hospital material considered a priority to the Pediatric Hospital of Luanda, thus contributing to improving patient care and mitigating the Hospital's main difficulties.

04 APRIL

Adhesion to the Angola Debt and Securities Exchange - BODIVA

With the signing of Banco BIC's integration agreement with BODIVA's regulated markets, BIC became a Negotiation and Settlement member of the Angola Debt and Securities Exchange, ensuring total transparency, efficiency and security in transactions in regulated securities markets, thus contributing to developing the financial system and the capital market in Angola.



05 MAY

2nd Edition of the Clube Banco BIC Rally

As part of the celebrations of Banco BIC's 11th anniversary, and to promote a sense of solidarity, friendship and team spirit among employees, family and friends, Clube Banco BIC held the 2nd Edition of its Rally Paper, on 1 May, in the city of Luanda.

The event was attended by 40 participating teams, which ran a 130-km course divided into 11 stages, with the starting line in the Bay of Luanda and the finish line in Cabo Ledo.



Banco BIC commemorates 11 Years of

The Banco BIC family celebrated its 11th anniversary on 28 May.

In recent years, Banco BIC has grown with great success and stability.

This success is a factor of great relevance, which has added countless advantages to the Bank. As such, this success was highlighted in the concept behind BIC's anniversary celebrations, conveying the idea of the growth achieved between the Bank and its Customers: "11 Years of Success."

With 11 years of existence, Banco BIC has more than One Million Customers, over 2,080 Employees, 220 Branches in Angola and International presence in Portugal, Cape Verde, South Africa and Namibia.



Launch of the Campaign BIC CUSTOMER SERVICE LINE

Following the consolidated partnership between Banco BIC and Ucall (BIC Customer Service Line), a communication campaign was launched, under the concept "Always Linked to You," reflecting the Bank's proximity to its customers.



Payment of Membership Fees - 1º de Agosto

Presenting itself as a credible partner, Banco BIC and the 1º de Agosto Club signed a contract for the Provision of Membership Fee Collection Services, through an account debit authorisation that allows 1º de Agosto fans to pay their fees on a monthly basis.

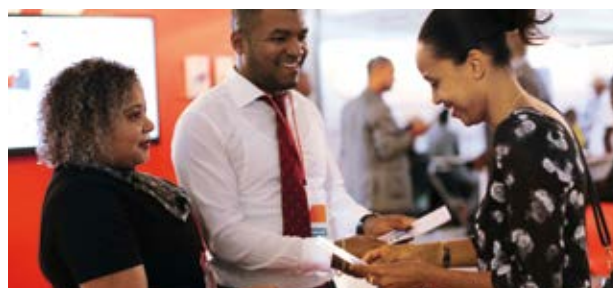
Sponsoring of Financial Literacy Book for Entrepreneurs - CCIA

In May 2016 the Chamber of Commerce and Industry of Angola - CCIA launched the book "How to Access Banks in Angola," in order to increase financial literacy among entrepreneurs. Banco BIC and BIC Seguros sponsored this book, which addresses issues related to banking and the national financial system, with the main goal of bringing businessmen closer to the banking system and contributing to increasing the level of knowledge of commercial banks' financial products and offers.



FIB - Benguela International Trade Show

Participation in the 6th edition of the largest business exchange in Southern Angola - the Benguela International Trade Show, a multisectoral event for national and international companies, under the theme "Heading Towards Diversification."



Opening of the Banco BIC Branch and the BIC Seguros Kiosk at the Avenida Shopping Mall

Banco BIC and BIC Seguros have expanded their offer with the opening of a BIC branch and a BIC Seguros kiosk at the Avenida Shopping Mall, both of which are staffed with a specialised team, capable of providing excellent service and respond to all customer needs.



Campaign to Donate to the National Blood Institute

As part of its commitment to Social Responsibility, the Management of Clube Banco BIC has donated material to support blood drives. This donation allows treating patients affected by malaria and yellow fever epidemics.

The campaign relied on humanitarian support from Bank employees and their family and friends, who jointly contributed to this cause.



06 JUNE

Inauguration of BANK BIC Namibia

The official inauguration of Bank BIC Namibia, on 22 June 2016 was a significant step in the strategic plan for the international expansion of the BIC brand, marking a commitment to various African and European economic agents and entrepreneurs.

Bank BIC Namibia positions itself as an African platform for achieving a favourable environment for growth and investment, as well as a supporter of foreign trade relations, coordinating its offer of products and services with Banco BIC's operations in the various markets where it currently operates – Angola, Portugal, Cape Verde, South Africa and Namibia.



07 JULY

Seminar BIC - Diversificar é Crescer

Aware of its role in revitalising the current economy, Banco BIC organised the Seminar BIC Diversificar é Crescer (To Diversify is to Grow), which aims at fostering partnerships, business opportunities and adequate financing solutions in areas with high potential for development in the Country, namely Agriculture, Livestock and Agro-Industry.

Banco BIC is committed to diversifying the economy, thus contributing toward leveraging and increasing investment in productive sectors.

The Seminar was attended by several Angolan and Portuguese companies, which are considered success cases in the primary sectors.



BIC AGRO - "Vamos Semear o Futuro em Angola" (Let's sow the future of Angola)

On the occasion of BIC's Diversificar é Crescer (To Diversify is to Grow) Seminar, and in order to boost the country's productive capacity and promote innovation and the constant renewal of solutions to support Agriculture and Livestock, Banco BIC launched the BIC AGRO Campaign, to promote the financing of investment and support the treasury of companies and entrepreneurs who invest in these sectors of activity, considered success cases in the primary sectors.



New Insurance Campaign: Pleasure Craft and BIC Seguros Transported Goods

Due to the fact that BIC Seguros has a commercial network comprising 223 BIC branches spread all over the country, and with the recent opening of its own "Quiosque BIC Seguros" point of sale, its wide range of insurance solutions is also growing.

Launch of new insurance modalities, namely BIC Seguros Pleasure Craft, which protects against accidents involving recreational craft on land or at sea, and BIC Seguros Transported Goods, which extends the product portfolio to companies, guaranteeing the protection of their goods during imports/exports, whether by sea, land or air.



08 AUGUST

13th Agricultural Fair of Huíla

Participation in the 13th Edition of the Southern Angola Business Trade Show - Expo Huíla, under the theme "Towards the Diversification of the Economy."

Banco BIC and BIC Seguros keep abreast with the sector's development.

Multisectoral event with exhibits by national and international companies, considered the largest business exchange in Southern Angola.

09 SEPTEMBER

Reinforcement of BIC Seguros' product campaign on TV and radio

In order to disseminate its broad portfolio of available insurance products, BIC Seguros, invested in a large-scale advertising campaign in various media, including local and province radio stations, as well as national and international television channels, for a period of two months.

10 OCTOBER

Launch of product BIC Saúde

BIC Seguros extends its offer to the field of health, with the launch of BIC Seguros Saúde. A health insurance for employees of small, medium and large companies, with four coverage plans available: BIC Saúde Pleno; BIC Saúde Extra; BIC Saúde Total and BIC Saúde Integral, suited to the specific goals and needs of each company.



Renewal of the BIC Basket sponsorship

Banco BIC and the Angolan Basketball Federation (FAB) renewed the sponsorship agreement for the current season, giving Banco BIC the status of Official Sponsor of the National Senior Men's Basketball Championship for the 2016/2017 season.

This agreement allows Banco BIC to associate its business and promotional activities with another sport with a strong nation-wide impact.



Casa das Artes Donation

In support of Culture, Banco BIC joins the Casa das Artes Association to develop a cultural project called BOLSAS, which aims at providing training for disadvantaged children, who can now benefit from training in multiple educational and artistic fields, such as theatre and classical dance.

11 NOVEMBER

AECIPA Donation

Donation for the 1st intervention of the Association of Service Providers of the Angolan Oil Industry (AECIPA), at the orphanage of the Arnaldo Janssen Children Foster Centre (CACAJ). This donation aims at helping improve the current conditions of these orphanages and, consequently, the lives of their children.

12 DECEMBER

BIC AGRO Event in Huambo

Continuing its commitment to stimulating the national productive capacity and encouraging the Agriculture and Livestock Sectors, the Bank participates in another BIC AGRO event, attended by the Governor, Dr. João Baptista Kussumua, which aims at contributing to the development of the sector in the province of Huambo.

Sponsorship for Children's Christmas in Huambo

Within the framework of Social Responsibility to which Banco BIC adheres, during the festive season, it was possible to support and contribute to a better Christmas for children in need in the Huambo Province.



Banco BIC and BIC Seguros Road Safety Campaign

As part of the road safety measures included in the holiday season, Banco BIC and BIC Seguros, in partnership with the National Police, the Central Transit Unit and the Municipal Administration of Belas, carried out various road safety awareness and prevention activities at several locations of the city where there has been a high number of road accidents.

The campaign targeted motorists and pedestrians and was activated through street campaigns, with civic messages on outdoors, billboards, leaflets and stickers placed in several points of Luanda, namely in the areas of Kilamba, Via Expresso, Largo 1º de Maio, Island of Luanda and Ramiros.



Banco BIC Christmas Campaign

Launch of the Christmas holiday campaign during the month of December, under the concept "Banco BIC Brightens Your Christmas," with the desire to create solutions that help customers grow together with Banco BIC.

This campaign was publicised in various media, mainly newspapers and magazines, as well as in all of the Bank's branches.



INFORMATION TECHNOLOGIES

Today, the role of Information Technologies is key in the pursuit and achievement of Banco BIC's business goals, in maximising the value of the organisation and in supporting its mission.

Throughout the year 2016, Banco BIC maintained its investment in Information Systems, as part of its strategy, having continued to develop previous technological initiatives, and having launched new projects to enhance and expand the Bank's Systems. These investments in processing systems, automated and fully adapted to the characteristics of each Customer, have already proven a powerful instrument to create close and solid relationships with Customers.

Banco BIC recognises that the availability of its systems directly affects its ability to carry out its business on a regular basis. In this regard, the Bank's Security and Risk Mitigation policies have been strengthened in terms of its Information Systems, with the development of several initiatives, namely with regard to the processes involved in business security and continuity, in order to ensure the quick resolution of any downtime of information systems, thus increasing security for all operations and transactions made.

**BANCO BIC
MAINTAINED
ITS INVESTMENT**
in Information
Systems,
as part of
its strategy

HUMAN RESOURCES

Banco BIC's Human Resources policy mainly consists of the planning, organisation, coordination and control of techniques that support and promote a healthy, balanced, competitive and result-oriented work environment.

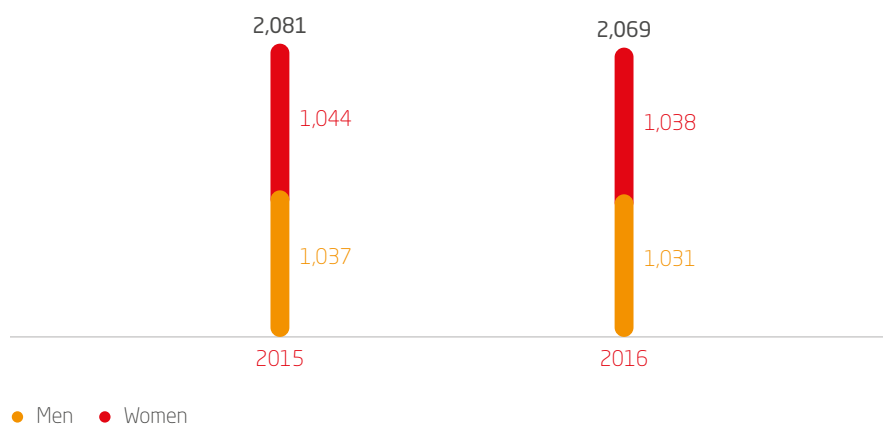
The 2016 business plan maintained its focus on promoting structuring programmes for developing Banco BIC in a sustained manner, of which we highlight the following:

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

Characterisation of our Human Capital

At the end of 2016, the number of employees had a slight decrease, of 0.58%, over 2015.

NUMBER OF EMPLOYEES	'15	'16
Men	1,037	1,031
Women	1,044	1,038
Total	2,081	2,069



Of the total 2,069 Employees, 1,388 are in Luanda and 680 are distributed across the other Provinces of the Country. An additional employee is assigned to the representation office in South Africa.

The number of employees allocated to the commercial area corresponds to 85% of the Bank's total, maintaining the trend recorded in previous years.

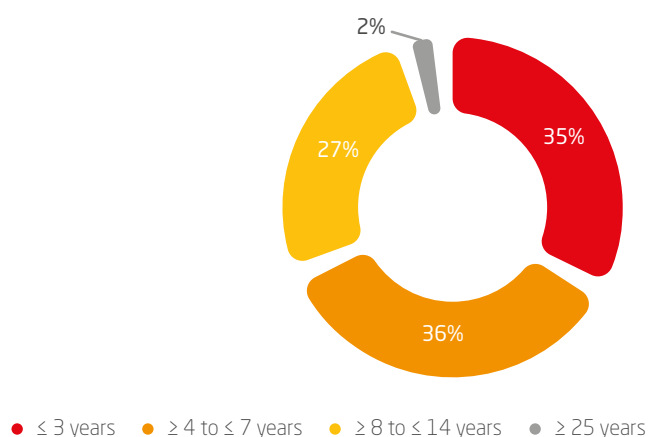
FUNCTIONAL AREA	'15	'16
Central Services	286	318
Commercial Network	1,795	1,751
Average no. per Branch	8	8

77%

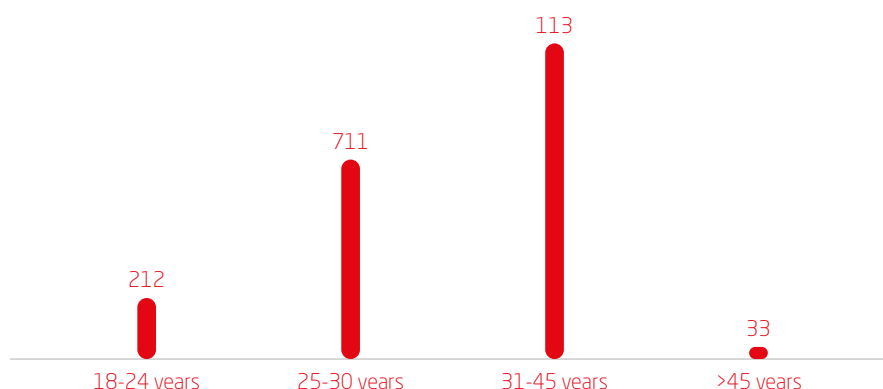
PERCENTAGE OF EMPLOYEES
that completed university education

With regard to banking experience ratios, age and higher education, and after over 11 years of activity, the average age of the Bank's employees is 32 years, where 45% of employees are between the ages of 18 and 30. The percentage of employees that completed university education is 77%.

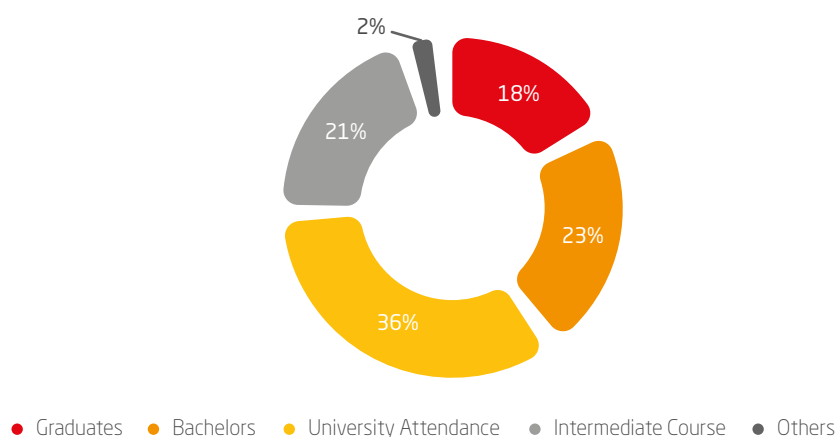
Banking Experience



Age Group



Level of Education



42,000
HOURS OF TRAINING

Talent Training and Retention

Training has always been deemed a priority for developing our Employees' professional and personal skills. Therefore, and in terms of knowledge management, our vocational training efforts remained focused on people and business development, resulting in over 42,000 hours of training, which corresponds to an average of 20 hours per employee.

TRAINING ACTIVITY	'15	'16
Number of Attendants ⁽¹⁾	2,335	5,839
Number of Training Hours	36,759	42,296
Per Employee	15h	20h

(1) The same employees may have attended various training courses.

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

The Annual Training Programme included cross-sectional and specific training courses, both in a classroom and e-learning environment. In terms of cross-sectional training, highlight goes to training in the behavioural area, which is in line with the Bank's values and organisational strategy, namely: "Conduct in Customer Relationships." In terms of specific training, the emphasis was once again placed on technical banking-related matters, with highlight to training in Banking Products and the Capital Market. During the year 2016, Training and literacy on Money Laundering and Terrorist Financing also remained a concern for the Bank which strengthened the skills related to its internal control systems, so that all procedures are in line with international best practices.

Also as part of training, and in partnership with Banco BIC Português, the policy of granting professional training traineeships for several employees was maintained.

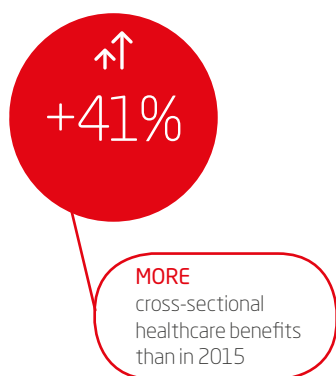
Medical Assistance Benefits

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

In 2016, cross-sectional healthcare benefits accounted for 61,796 clinical acts, 41% more than in 2015, which accounted for a total cost of 958,825,225.34 kwanzas, of which 767,060,180.27 kwanzas represented a direct cost for the Bank.

MEDICAL PROCEDURES IN 2016

SPECIALITY	OVERALL	EMPLOYEES
Complementary Exams	3,555	4,093
General Medicine	5,684	13,996
Dentistry	1,056	3,221
Obstetrics/Gynaecology	5,002	10,032
Surgery	537	347
Paediatrics	10,412	0
Other Specialities	1,509	2,352



**TO ATTRACT,
RETAIN, GENERATE
AND DEVELOP**

professional
talent remains
Banco BIC's
major goal

Performance Assessment

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

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

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





COLLABORATION TO GROW

Together, in the same direction
and with the same goals, we are more.
More coherent, more competent, more resilient,
more confident and more effective.
Together and in collaboration, we outdo ourselves.

GROWING TOGETHER

04

RISK MANAGEMENT
SYSTEMRISK
MANAGEMENTTHROUGHOUT
2016

the Bank's Risk
Management
System
continued to be
strengthened
and consolidated

Throughout 2016, the Bank's Risk Management System continued to be strengthened and consolidated, both in terms of mechanisms for controlling and monitoring the various risks involved in the activities carried out and in terms of their measurement and evaluation.

The Bank has progressively developed a structure for managing and monitoring the different risks, seeking to provide its organic units with technical and human resources that are suitable for the various types of risks incurred in their activity.

In the coming years, and in accordance with the calendar stipulated by the Regulator, priority is given to streamlining the necessary efforts, in terms of human and technological resources, to fulfil the requirements established by the National Bank of Angola in the field of risk management.

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

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

In summary, the main activities carried out and the most relevant Risk Management interventions carried out in 2016 - as well as the relevant achievements to reinforce and improve the risk management system - were as follows:

- Reinforcement of the risk management Governance, through adjustments to the respective model;
- The risk management guidelines for the various organisational structures are set out in the document "Risk Management Principles and Policy," which was revised in 2016.
- Preparation of several regularly defined reports, such as the credit concentration risk report and reports for the Asset and Liability Committee (ALCO);
- Implementation of Interest Rate Risk reporting for the Banking Portfolio, considering a standardised interest rate shock on the economic value of the future cash flows associated with the banking portfolio and interest margin;
- Preparation of action plans based on Supervision recommendations;
- Ongoing development of the Bank's risk management system, and strengthening of internal control mechanisms

Risk Management Governance

The risk management model is being developed internally, and the competencies and attributions of the bodies involved in the Bank's risk management governance - internal management or supervision - as well as of the Board of Directors (CA) and the Executive Committee (CE), are as follows:

Risk Committee

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

The Risk Officer and the heads of the International and Financial Division are part of this committee.

Credit Committee

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

The Committee is integrated by all members of the CE and by the heads of the following Divisions: The Credit Risk Analysis Division, which is tasked with ensuring compliance with and follow-up of the credit risk management policy, the International and Financial Division and any other persons in charge of the Bank's commercial areas.

ALCO Committee

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

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

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

Risk Officer

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

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

COMPLIANCE

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

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

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

The year 2016 was marked as a year of stabilisation for the Compliance function at Banco BIC, following the restructuring carried out during the second half of 2015.

In 2016, following what occurred in previous years, we continued to witness very high pressure with regard to combating money laundering and terrorist financing, both internally, as the BNA issued new Notices and carried out periodic inspections, and externally, through correspondents, with constant requests for information on operations involving Banco BIC and requests for updated documentation and Anti-Money Laundering (AML) policies.

Although the beginning of 2016 was marked by positive news, as Angola was removed from FATF's List of Monitored Countries, following a local inspection by this body (and where Banco BIC's Compliance Division was present), externally, the Angolan financial sector continues to experience difficulties in accessing its correspondents, and so, it is expected that 2017 will continue to be marked by increased regulatory stringency by the National Bank of Angola and by further challenges in relations with international partners.

2016
WAS MARKED AS A YEAR
of stabilisation for the Compliance

RISK MANAGEMENT POLICIES AND PROCESSES

Throughout FY 2016, the BNA issued a set of Notices and Instructions directed at financial institutions, in order to safeguard the national financial system, by establishing a robust framework that considers risk management functions, policies and processes in terms of identification, evaluation, monitoring, control and reporting for the management of credit, market, liquidity and operational risks, as well as their concentration, ensuring that financial institutions comply with credible international corporate values.

Following the development of the Angolan financial system in the designing and implementation of internal control tools, Banco BIC has developed projects in accordance with the Notices and directives issued by the regulator, complying with the deadlines previously indicated.

Credit Risk

Counterparty credit risk represents the possibility of non-compliance, by a given counterparty, with obligations relative to the settlement of transactions involving the trading of financial assets.

Counterparty credit risk is of particular relevance to Banco BIC as regards its credit portfolio, as, in the other financial assets, counterparties generally correspond to the National Bank of Angola, to the Angolan Government or to related entities.

The limits and procedures for granting loans and managing credit operations are set out in the Bank's General Credit Regulations.

Analysis and decisions regarding credit risk are distributed across the various levels involved in credit granting decisions.

The Credit Risk Analysis Division (DARC) is responsible for defining and monitoring the credit risk management policy. A set of manuals and standards are currently in force to enforce the above, outlining levels of competence in the granting of credit, limits by type of operation, customer capacity assessment, monitoring of compliance with financial plans and analysis of the risk of uncollectibility and need for renegotiation of operations.

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

Decision

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

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

Assessment

Credit risk assessment is based on the following weighting criteria:

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

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

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

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

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

Follow-up

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

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

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

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

Central Archive

An archive management area for credit processes involving amounts above 8.3 million kwanzas, equivalent to 50,000 US dollars, is centralised in the Credit Risk Analysis Division.

Balance Sheet Centre - Rating

The main purpose of the Balance Sheet Centre is to contribute to a better understanding of each company's economic and financial situation, by analysing the different ratios, thus allowing for a quantitative and qualitative analysis of loan applications.

**WITH THE
IMPLEMENTATION**
of the Credit
Workflow
application,
the Bank
gained speed
in terms of the
duration of its
credit-granting
process

Credit Workflow

With the implementation of the Credit Workflow application (WFC), the Bank gained speed in terms of the duration of its credit-granting process (Proposal Formulation to Decision).

During the 2016 financial year, about 7,355 operations were recorded in the WFC.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Total	741 100%	446 100%	703 100%	478 100%	544 100%	751 100%	664 100%	680 100%	707 100%	717 100%	526 100%	398 100%	7,355 100%
Approved	573 77.3%	362 81.2%	578 82.2%	403 84.3%	453 83.3%	658 87.6%	588 88.6%	629 92.5%	639 90.4%	625 87.2%	469 89.2%	328 82.4%	6,305 85.7%
Rejected	146 19.7%	77 17.3%	108 15.4%	59 12.3%	77 14.2%	82 10.9%	69 10.4%	46 6.8%	59 8.3%	77 10.7%	45 8.6%	54 13.6%	899 12.2%
Removed	4 0.5%	5 1.1%	7 1.0%	15 3.1%	13 2.4%	11 1.5%	7 1.1%	3 0.4%	6 0.8%	5 0.7%	4 0.8%	6 1.5%	86 1.2%
Under Approval	15 2%	2 0.4%	10 1.4%	-	-	-	-	2 0.3%	2 0.3%	10 1%	7 1.3%	9 2.3%	57 0.8%
Under Removal	3 0.4%	-	-	1 0.2%	1 0.2%	-	-	-	1 0.1%	-	1 0.2%	1 0.3%	8 0.1%

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

SPEED

The time spent on the analysis of credit transactions has been significantly reduced.

DOCUMENT MANAGEMENT

Document support for credit transactions moving automatically across the platform.

STANDARDIZATION

Credit transactions are executed in a standardized manner across the entire structure of the Bank.

AUTOMATION

Collects pre-existing customer-related data in the Bank's central application.

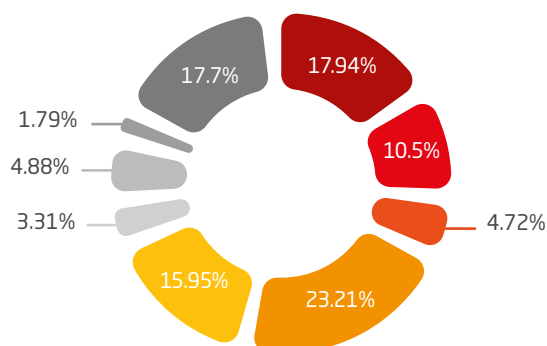
PROCESS CONTROL

WFC allows all the parties involved at each stage of the circuit to see the exact progress of the credit transaction.

Control of restructured operations

During the first half of 2016, a process was implemented to deal with compliance with current regulations. To this end, the WFC application was used to create an inventory of restructured operations, by characterising them as restructured.

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



● Other services ● Agriculture and Fisheries ● Accommodation and Restaurants ● Trade
● Construction ● Education, Healthcare and Welfare ● Industry ● Transport ● Individuals

As part of a prudent risk management policy, the ratio of total credit hedging (excluding unsecured loans) against impairment, as of 31 December 2016 stood at 20% (14% on 31 December 2015).

204%

RATIO OF
hedging of overdue
loans in 2016

Millions of AKZ

	'16	'15 PROFORMA
Impairment for loans	74,681	50,558
Hedging of overdue loans	204%	214%
Hedging of total loans	20%	15%

Market Risk

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

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

Portfolio investments favour assets with adequate levels of profitability and liquidity, and the portfolio mainly comprises public debt securities.

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

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

The specific matter of market risks started to appear in the second half of 2016, as part of regulatory requirements imposed on Financial Institutions, especially Notice No. 04/2016 - Regulatory own funds requirements for market risk and counterparty credit risk in the trading

book; Instructions no. 14/2016 - Regulatory own funds calculation and requirements for market risk and counterparty credit risk in the trading book -, No. 15/2016 - Reporting on regulatory own funds for market risk and counterparty credit risk in the trading portfolio and No. 27/2016 Governance of market risk.

Interest Rate Risk

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

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

Liquidity Risk

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

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

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

Foreign Exchange Risk

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

Operational Risk

Operational risk is materialised in the occurrence of losses resulting from failures or inadequacies of processes, systems or people, as well as from external events.

The management of operational risk is based on a decentralised model, whose scope and dissemination reach all levels of the hierarchical structure. The methodology provides activity- and risk-mapping processes that seek to capture material exposures to operational risk, as well as processes for recording and approving events and self-assessing risks and controls.

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

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

The regulatory approach to the calculation of own funds to cover operational risk is to follow the basic indicator method, as set out in Notice no. 05/2016 and Instruction no. 16/2016 of August 8, with date of reporting to the National Bank of Angola in June 2017.

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

The Risk Division is finalising a methodology for managing and monitoring Operational Risk, which will be implemented during the year 2017.

Concentration Risk

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

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

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

Reputational Risk

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

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

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

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

Compliance Risk

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

**THE BANK MUST
ADEQUATELY
CONSIDER**

the concentration
of risk in its risk
management
strategies,
policies and
processes

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

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



MONEY LAUNDERING
AND TERRORIST FINANCING**INNOVATION**
TO GROW

Innovating is the basis of progress.
Focusing on creating and applying solutions
that contribute toward sustainably developing the business
and the lives of our customers. We have our sights set
on the future and on continuous improvement.

GROWING TOGETHER

05

MONEY LAUNDERING
AND TERRORIST FINANCING

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

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

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

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

LEGAL PROVISIONS

establishes
a set of
preventive
measures

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

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

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

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

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







HUMAN CAPITAL TO GROW

People are the basis of our business
and of the trusting relations on which it rests.
Our results and our success are the product of the universe
of people comprising our most differentiating capital.

GROWING TOGETHER

06

FINANCIAL ANALYSIS

FINANCIAL
ANALYSIS

 +15%

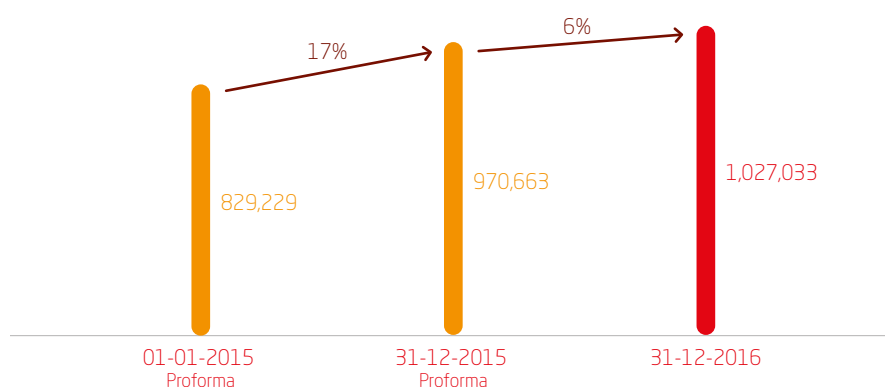
INCREASED
business turnover of
Banco BIC in kwanzas

In FY 2016, Banco BIC's turnover maintained a growth trend, having increased by 15% compared to 31 December 2015, to an amount of 1,854,955,000,000 kwanzas.

The Bank's Net Assets amounts to 1,027,033,000,000 kwanzas as at 31 December 2016, an increase of 56.37 billion kwanzas over 2015, corresponding to a 6% variation. This increase was driven by the heading 'Financial Assets at Fair Value' through Profit and Loss, which went from 22,999 billion kwanzas on 31 December 2015 to 77.71 billion kwanzas, the heading 'Investments Held to Maturity,' which went from 398,183 billion kwanzas in 31 December 2015 to 472,554 billion kwanzas (a growth recorded mainly in the Angolan Public Debt portfolio in both headings), and the heading 'Loans to Customers,' which grew by 20,549 billion kwanzas.

NET ASSETS

Million kwanzas

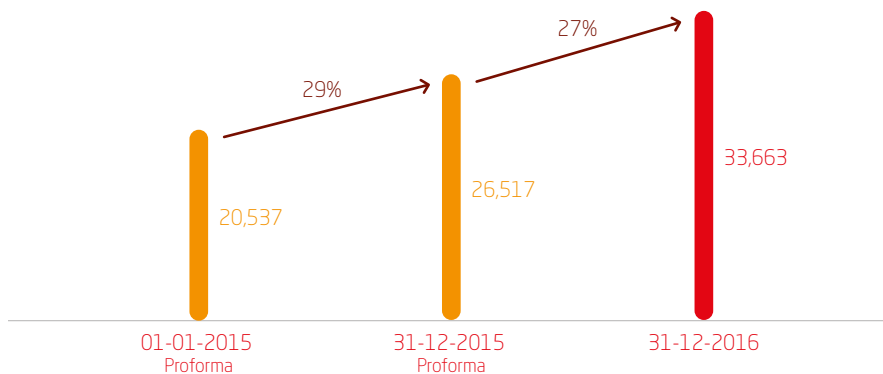


Assets are mainly financed by customer funds and other loans, which increased by 76,037 million kwanzas (10%), when compared to 31 December 2015. On 31 December 2016, customer funds amounted to 850,433 billion kwanzas.

The net profit of Banco BIC in 2016 totalled 33,663 billion kwanzas, compared to that of 2015, of 26,517 billion kwanzas, corresponding to a 27% increase over the same period of the previous year. The variation is mainly explained by the change in Interest on Credit and Securities.

NET RESULT

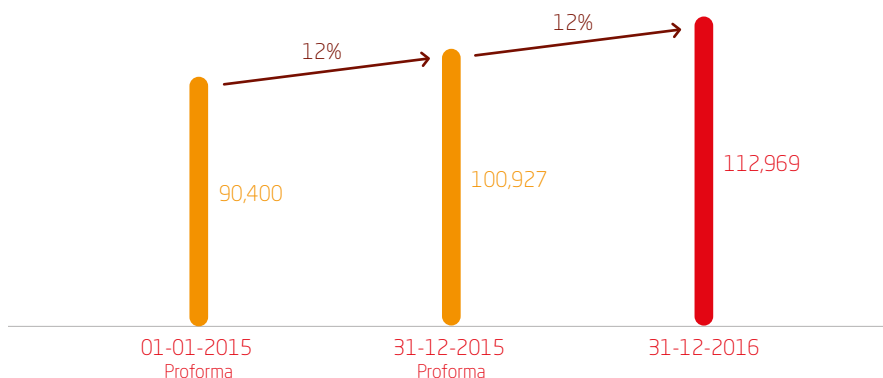
Million kwanzas



On 31 December 2016, the Bank's equity capital amount to 112,969 billion kwanzas, an increase of 12,042 billion kwanzas, compared to 100,927 billion kwanzas on 31 December 2015. This variation is explained, on the one hand, by the net profit for the year (33,633 billion kwanzas) and, on the other, by the distribution of dividends for the year 2015, which took place in 2016, in the amount of 22,125 billion kwanzas.

SHAREHOLDERS' EQUITY

Million kwanzas



↑
+6%

INCREASE
in net assets over the
year 2015 in kwanzas

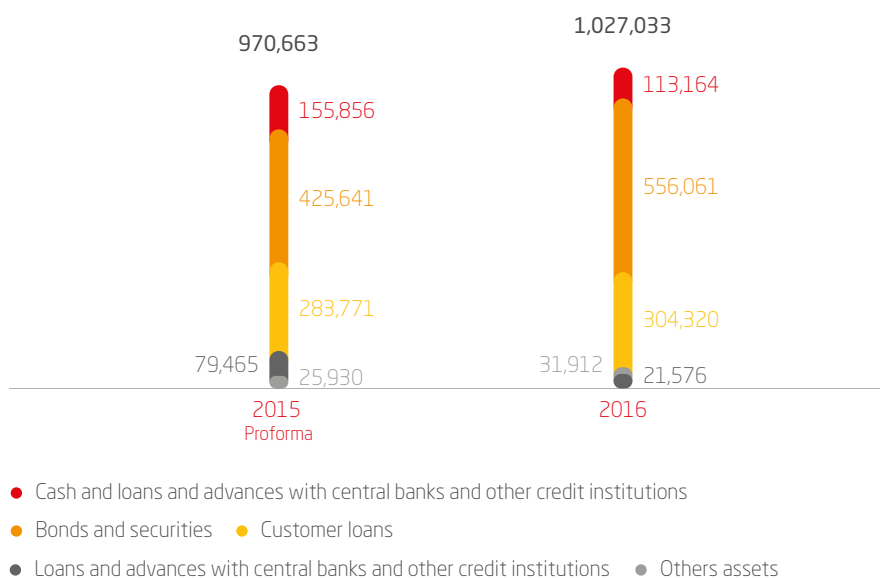
BALANCE SHEET

Assets

On 31 December 2016, Net Assets totalled 1,027,033,000,000 kwanzas, a 6% increase over the year 2015. Highlight should be given to headings 'Financial Assets at Fair Value through Profit and Loss' and 'Investments Held-to-Maturity,' which increased by 54,711 billion kwanzas and 74,371 billion kwanzas, respectively, as compared to 31 December 2015, as a result of the increase in Treasury Bills, of 50,651 billion kwanzas and in Treasury Bonds, of 71,777 billion kwanzas. In addition, 'Loans to Customers' grew by 20,549 billion kwanzas. Moreover, Investments and Deposits at Central Banks and other Credit Institutions decreased by 100,581 billion kwanzas.

ACTIVO LÍQUIDO

Million kwanzas



In millions

	'16		'15 PROFORMA		Δ
ASSETS	AKZ	USD	AKZ	USD	%
Cash and deposits with central banks	104,493	630	151,712	1,121	-31%
Deposits with other credit institutions	8,671	52	4,144	31	109%
Loans and advances with central banks and other credit institutions	21,576	130	79,465	587	-73%
Financial assets at fair value through profit and loss	77,710	468	22,999	170	238%
Financial assets available for sale	5,797	35	4,459	33	30%
Held-to-maturity investments	472,554	2,848	398,183	2,943	19%
Customer loans	304,320	1,834	283,771	2,097	7%
Non-current assets held for sale	13,615	82	9,697	72	40%
Other tangible assets	12,205	74	11,600	86	5%
Intangible assets	26	-	12	-	117%
Investments in subsidiaries, associated companies and joint ventures	340	2	351	2	-3%
Others assets	5,726	36	4,270	31	34%
Total	1,027,033	6,191	970,663	7,173	6%

Loans to Customers

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

The portfolio of loans granted to customers (including unsecured credit) totalled 457,967 billion kwanzas as at 31 December 2016, which corresponds to a 9% increase, when compared to 420,781 billion kwanzas recorded on 31 December 2015.

In millions

	'16		'15 PROFORMA		Δ
	AKZ	USD	AKZ	USD	%
LOANS TO CUSTOMERS					
1. Total Loans	457,967	2,760	420,781	3,109	9%
1.1 Customer Loans	331,826	2,000	305,538	2,258	9%
Domestic currency loans	170,288	1,026	151,996	1,123	12%
Foreign currency loans	161,538	974	153,542	1,135	5%
1.2 Overdue loans and interest	36,572	220	23,639	175	55%
Overdue loans and interest in domestic currency	14,821	89	12,558	93	18%
Overdue loans and interest in foreign currency	21,751	131	11,081	82	96%
1.3 Interest receivable	11,694	71	6,081	44	92%
Interest receivable in domestic currency	6,892	42	3,559	26	94%
Interest receivable in foreign currency	4,802	29	2,522	18	90%
1.4 Bank guarantees	78,966	476	86,453	639	-9%
Guarantees and sureties	75,191	453	78,607	581	-4%
Open documentary credits	3,775	23	7,846	58	-52%
1.5 Commissions associated with amortised cost	(1,091)	(7)	(930)	(7)	17%
2. Impairment and provisions set up for credit risk	76,821	463	51,861	384	48%
Loans granted	74,681	450	50,558	374	48%
Provision of guarantees	2,140	13	1,303	10	64%
3. Loans granted, net of impairment and provisions	381,146	2,297	368,920	2,725	3%
Overdue loans/Total credit	11.82%	11.82%	7.18%	7.18%	

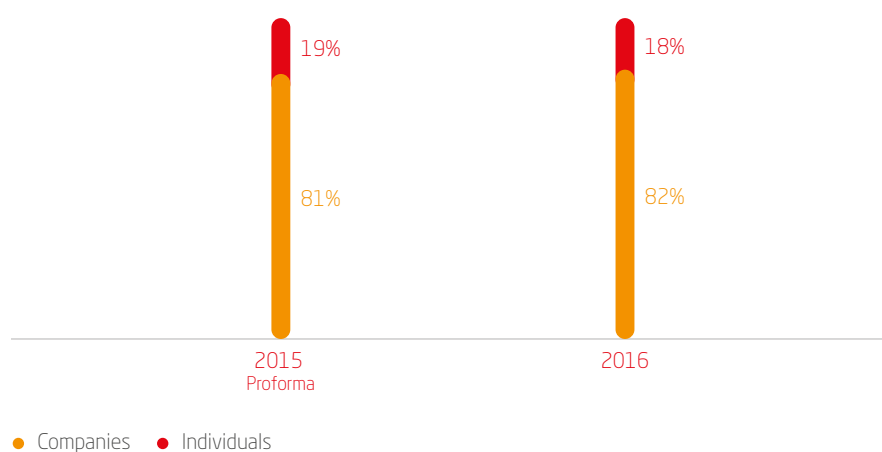
Loans granted to customers at the end of 2016 represent approximately 37% of total assets (35% as at 31 December 2015).

In the year under review, unsecured credit decreased by 7,487 billion kwanzas, which corresponds to a 9% drop, standing at 78,966 billion kwanzas as at 31 December 2016. Guarantees and Guarantees Provided decreased from 78,607 billion kwanzas at the end of 2015 to 75,191 billion kwanzas on 31 December 2016, while Documentary Credits Opened decreased by 4,071 billion kwanzas.

In FY 2016, the Bank maintained its conservative policy regarding the classification of risk in loans granted, reinforcing impairment recorded for credit risks. On 31 December 2016, Banco BIC has an impairment and total provisions of approximately 76,821 billion kwanzas, i.e. a net change of approximately 24,960 billion kwanzas (48%) over 31 December 2015.

On 31 December 2016, coverage for impaired loans stands at 20.27%, compared to 15.36% on 31 December 2015. In turn, hedging for overdue loans is around 204% at the end of FY 2016 (214% in 2015).

DISTRIBUTION OF LOANS GRANTED BY BENEFICIARIES



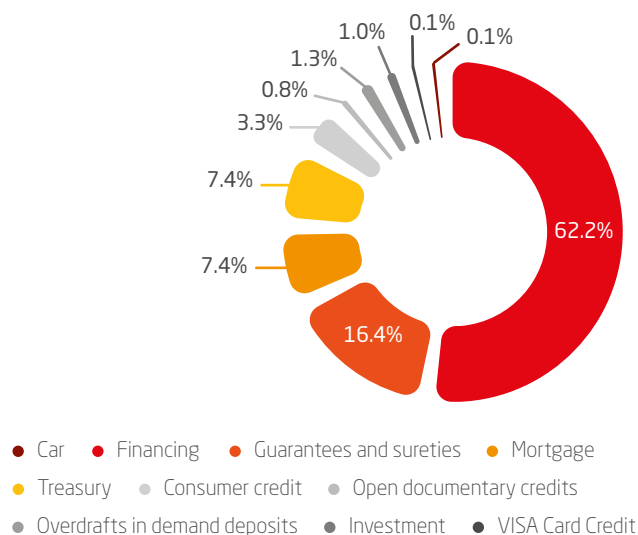
On 31 December 2016, similar to the previous year, about 82% of the loan portfolio corresponded to loans to Companies, while the remaining 18% refer to Private Customers.

On 31 December 2016 and 2015, the credit portfolio can be broken down by product type, as follows:

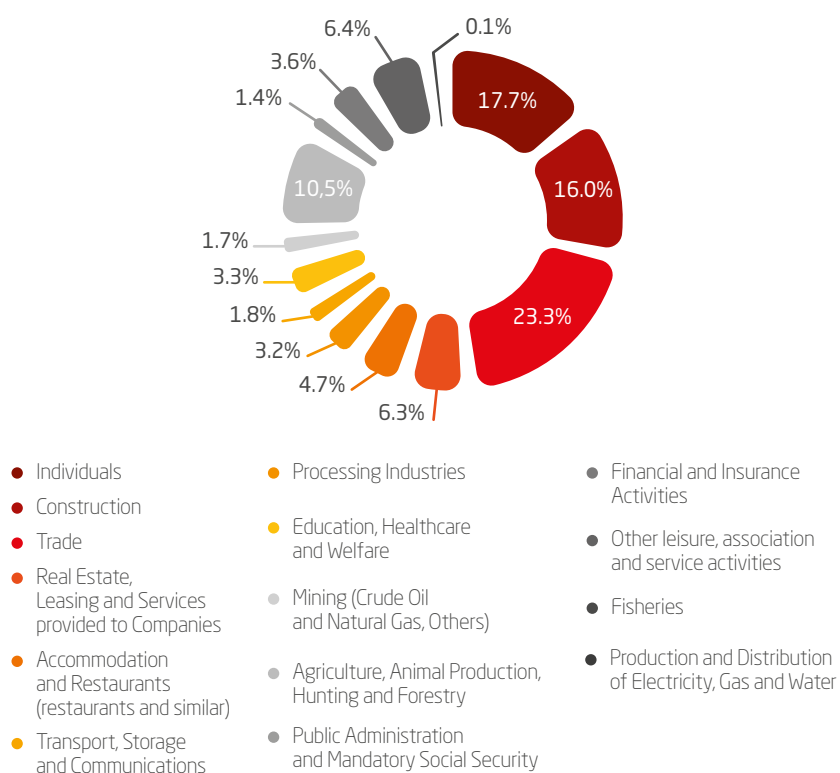
In millions

	'16		'15 PROFORMA		Δ
LOANS BY TYPE OF PRODUCT	AKZ	USD	AKZ	USD	%
Financing	285,322	1,720	246,554	1,823	16%
Guarantees and sureties	75,191	453	78,607	581	-4%
Mortgage	34,183	206	31,309	231	9%
Treasury	34,021	205	29,215	216	16%
Consumer credit	14,963	90	17,420	129	-14%
Open documentary credits	3,775	23	7,846	58	-52%
Overdrafts in demand deposits	5,903	36	3,979	29	48%
Investment	4,539	27	3,984	29	14%
Car	564	3	873	6	-35%
VISA Card Credit	597	4	1,924	14	-69%
Total	459,058	2,767	421,711	3,116	9%

The increase in loans granted is mainly explained by the increase in financing products in FY 2016



The distribution of the loan portfolio by product type reveals great diversity in the activities supported by Banco BIC. The products most sought by the Bank's customers correspond are Financing, with a weight of 62.2%, Guarantees and Sureties Provided, with 16.4%, Housing Loans, with 7.4%, Overdraft Facilities, with 7.4% and Consumer Credit, with a weight of 3.3%.



In FY 2016, Construction and Trade, with 16.0% and 23.3%, respectively, were the sectors that, in terms of loans granted, deserved the greatest support from Banco BIC. Highlight also goes to loans granted to private customers, which absorbed 17.7% of total loans granted.

In FY 2016, despite an increase, compared to the figures presented at the end of 2015, in credit and accrued interest, to 36,572 billion kwanzas, the Bank maintains an adequate hedging of credit risk due to impairment and provisions.

The increase in provisions for loans allowed the ratio of impairment and provisions for loans granted to increase from 15.36% to 20.27% at the end of 2016. On the same date, the hedging for overdue credit by provisions was 204%.

In millions

	'16		'15 PROFORMA		Δ
OVERDUE LOANS	AKZ	USD	AKZ	USD	%
Loans granted	368,398	2,220	329,177	2,433	12%
Overdue loans	36,572	220	23,639	175	55%
Overdue loans/Loans granted	9.93%		7.18%		38%
Hedging of overdue loans by impairment	204%		214%		-5%
Impairment for loans/Granted loans	20.27%		15.36%		32%

Securities Portfolio

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

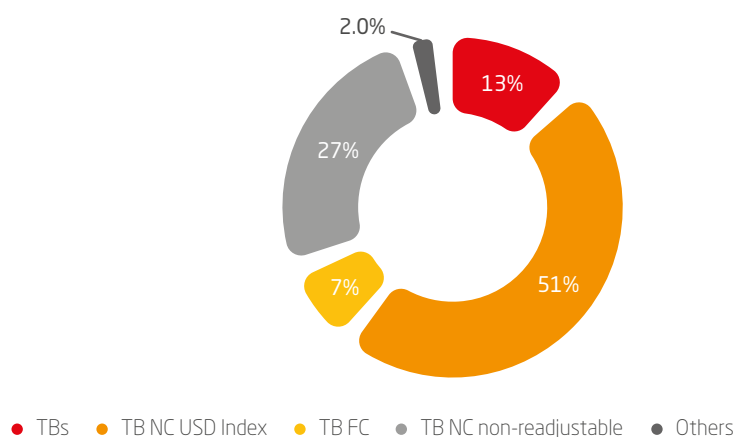
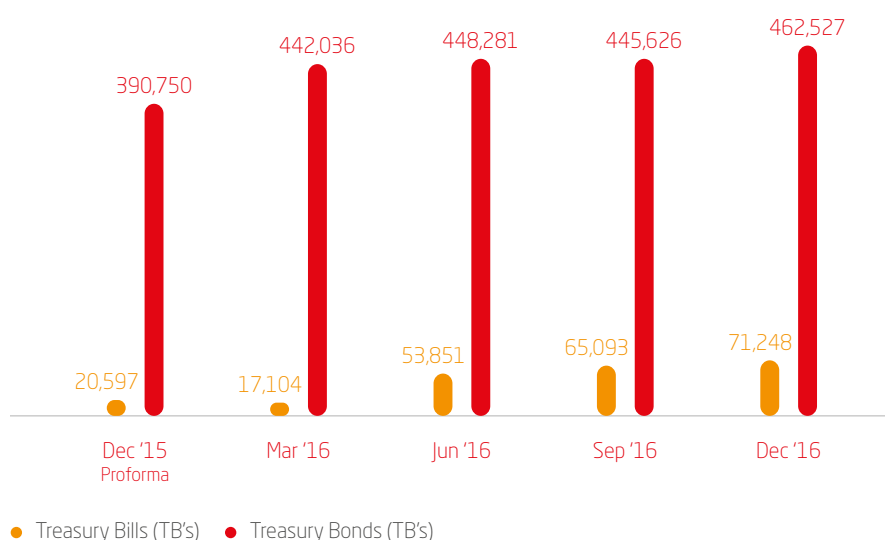
- i) Fair Value Through Profit and Loss:
 - Held for Trading - which include Treasury Bills (TBis), denominated in Kwanza.
- ii) Available for Sale - equity via shares.
- iii) Held to Maturity - including Treasury Bonds (TBs) denominated in or indexed to the US Dollar and Treasury Bonds (TBs) in local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

Em Milhões

	'16		'15 PROFORMA		Δ
SECURITIES PORTFOLIO	AKZ	USD	AKZ	USD	%
Fair Value through profit and loss	77,710	468	22,999	170	238%
Held for trade	77,710	468	22,999	170	238%
Treasury Bills	71,248	429	20,597	152	246%
Other negotiation securities	3,708	22	1,449	11	156%
Interest receivable	2,754	17	953	7	189%
Available for sale	5,797	35	4,459	33	30%
Held to maturity	472,554	2,848	398,183	2,943	19%
Treasury Bonds	462,527	2,788	390,750	2,888	18%
In domestic currency (USD Index)	277,919	1,675	187,397	1,385	48%
In foreign currency (USD)	40,492	244	33,683	249	20%
In domestic currency (non-readjustable)	144,116	869	169,670	1,254	-15%
Interest receivable	10,027	60	7,433	55	35%
Total	556,061	3,351	425,641	3,146	31%

In FY 2016, the Bank's securities portfolio recorded an increase of about 130.42 billion kwanzas (31%) when compared to its position on 31 December 2015. This change was driven by an increase in National Currency Treasury Bonds Indexed to the US Dollar and Treasury Bills, which increased by 90,522 billion kwanzas and 50,651 billion kwanzas, respectively.

Million kwanzas



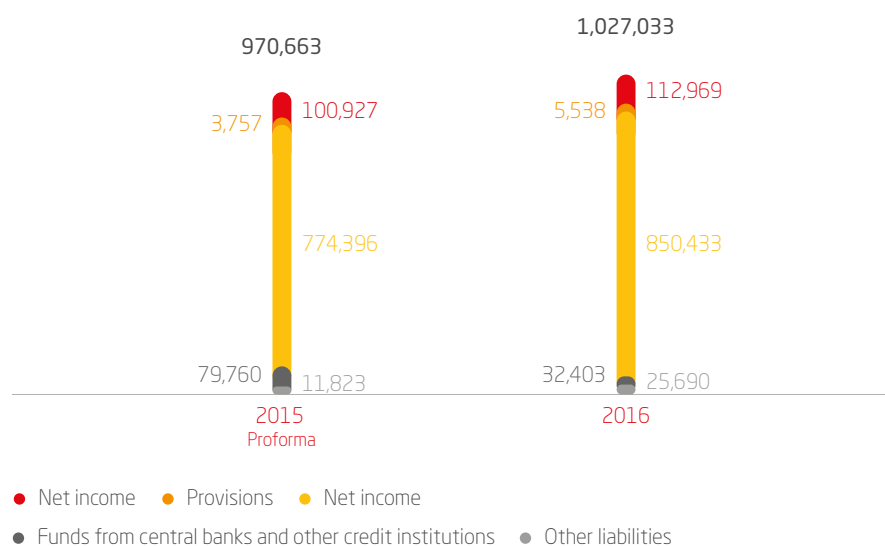
Liabilities and Net Worth

In FY 2016 the bank's liabilities recorded an increase of about 44,328 billion kwanzas, compared to FY 2015, corresponding to a 5% change. This was mainly due to an increase in the heading 'Customer Funds and Other Loans,' of about 76,037 billion kwanzas (10%), compared to the previous year.

In FY 2016, the Bank's equity capital increased by 12,042 billion kwanzas, which was due, on the one hand, to the net income for the year (33,633 billion kwanzas) and, on the other, to the distribution of dividends for the year 2015, which took place in 2016, in the amount of 22,125 billion kwanzas.

LIABILITIES AND NET WORTH

Million kwanzas



In millions

	'16		'15 PROFORMA		Δ
LIABILITIES AND NET WORTH	AKZ	USD	AKZ	USD	%
Funds from central banks and other credit institutions	32,403	195	79,760	589	-59%
Customer funds and other loans	850,433	5,126	774,396	5,723	10%
Provisions	5,538	33	3,757	28	47%
Deferred tax liabilities	798	5	588	4	36%
Other liabilities	24,892	151	11,235	83	122%
Net income	112,969	681	100,927	746	12%
Total	1,027,033	6,191	970,663	7,173	6%

Customer Funds and Other Loans

In 2016, the portfolio of total customer funds and other loans amounted to 850,433 billion kwanzas, corresponding to an increase of 76,037 billion kwanzas and a 10% change over 31 December 2015.

On 31 December 2016, total customer funds and other loans include demand deposits amounting to 428,964 billion kwanzas, term deposits amounting to 381,731 billion kwanzas, linked funds - foreign exchange operations in the amount of 35,368 billion kwanzas and other deposits in the amount of 4.37 billion kwanzas.

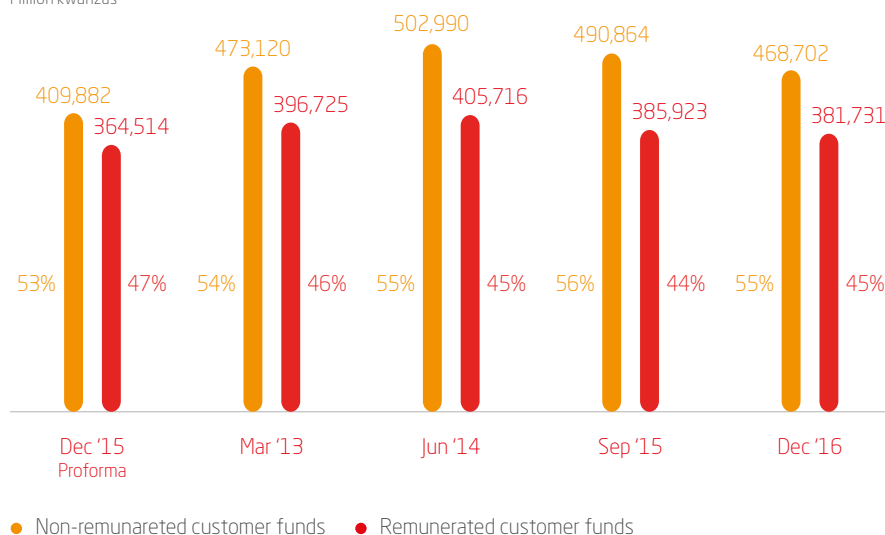
In millions

	'16		'15 PROFORMA		Δ
TOTAL OF CUSTOMER FUNDS AND OTHER LOANS	AKZ	USD	AKZ	USD	%
Customers' Deposits	810,695	4,887	736,254	5,441	10%
Demand Deposits	428,964	2,586	371,740	2,747	15%
Domestic currency	348,913	2,103	289,567	2,140	20%
Foreign currency	80,051	483	82,173	607	-3%
Term Deposits	381,731	2,301	364,514	2,694	5%
Domestic currency	254,794	1,536	251,286	1,857	1%
Foreign currency	126,937	765	113,228	837	12%
Linked funds - Foreign exchange transactions	35,368	213	33,772	250	5%
Other Deposits	4,370	26	4,370	32	0%
Domestic currency	4,370	26	4,370	32	0%
Total	850,433	5,126	774,396	5,723	10%

As of 31 December 2016, approximately 76% of the Customer Fund Portfolio is denominated in domestic currency (75% in 2015), whereas the remaining 24% is denominated in foreign currency.

In FY 2016, interest-earning funds accounted for about 45% (47% in 2015), corresponding to 381,731 billion kwanzas (364,514 billion in 2015) and the remaining 468,702 billion kwanzas correspond to funds not earning interest (409,882 billion kwanzas in 2015).

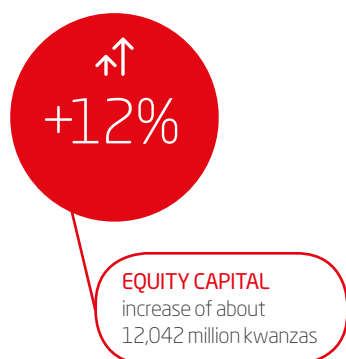
Million kwanzas



The Credit/Funds transformation ratio increased from 97% on 31 December 2015 to 109% on 31 December 2016.

In millions

	'16		'15 PROFORMA	
TRANSFORMATION RATIO	AKZ	USD	AKZ	USD
Customer Funds	850,433	5,126	774,396	5,723
Total loans (including Government Loans)	925,557	5,579	754,061	5,573
Total	109%		97%	



Provisions

On 31 December 2016, the balance of provisions for probable liabilities stood at approximately 5,538 billion kwanzas (3,57 billion kwanzas on 31 December 2015). Of this total, 2.14 billion kwanzas were related to provisions for guarantees, 3,036 billion kwanzas related to provisions for retirement pensions and the remaining 362 million related to provisions to cover potential liabilities resulting from the Bank's activity, as well as to reflect potential losses on the realisation value of other assets and accruals.

Shareholder's Equity

On 31 December 2016, the Bank's equity capital totalled 112,969 million kwanzas, after an increase of about 12,042 million kwanzas, corresponding to about 12% over 31 December 2015.

The net profit for the year, in the amount of 33,663 billion kwanzas contributed decisively to this change in Banco BIC's equity capital.

In millions	'16		'15 PROFORMA	
SHAREHOLDERS' EQUITY	AKZ	USD	AKZ	USD
Share capital	3,000	18	3,000	22
Reserves	76,306	460	71,410	528
Net Income for the Year	33,663	203	26,517	196
Total	112,969	681	100,927	746

The item Reserves increased by 4,896 billion kwanzas in 2016, of which 5,531 billion kwanzas correspond to the allocation of the net income for the year 2015 to reserves, as approved by the General Meeting. As at 31 December 2016, total Reserves, in the amount of 76,306 billion kwanzas comprise the Exchange Translation Reserve, in the amount of 5.81 billion kwanzas, the Legal Reserve, in the amount of 28,984 billion kwanzas, the Fair Value Reserve, in the amount of 1,864 billion kwanzas and other reserves, in the amount of 39,648 billion kwanzas.

On 31 December 2016, the Bank's Regulatory Capital, calculated in accordance with the Instruction 03/2012 of the National Bank of Angola of 08 June, stood at about 113,392 billion kwanzas, which is equivalent to a Statutory Solvency Ratio of 14.29%, compared with 13.32% presented on 31 December, 2015.

INCOME STATEMENT

Banco BIC closed FY 2016 with a net profit of 33,663 billion kwanzas, which corresponds to an YoY increase of 27%.

In millions

	'16		'15 PROFORMA	
	AKZ	USD	AKZ	USD
OPERATING ACCOUNT				
1. Net interest income (NII)	57,867	349	39,699	293
2. Complementary margin (CM)	30,882	186	30,609	226
3. Net operating income from banking activity (NOIBA)=(NII)+(CM)	88,749	535	70,308	520
5. Administrative and commercialisation costs	30,303	183	28,423	210
6. Impairment and provisions (IP)	23,000	139	13,872	103
7. Other revenues and operational costs (OROC)	(46)	0	(40)	0
8. Pre-tax income (PTI) = (NOIBA)-(AMC)-(IP)+(OROC)	35,400	213	27,973	207
9. Income tax (IT)	1,737	10	1,456	11
10. Net Income for the Year (NIFY) = (PTI)-(IT)	33,663	203	26,517	196
11. Cash Flow After Taxes (CF)	57,505	347	38,819	287

In FY 2016, the Bank's net interest income increased by 18,168 billion kwanzas over 2015. This variation in the net interest income was driven by income from Interest on Loans and Securities, which increased by 12.37 billion kwanzas and 11,143 billion kwanzas, respectively.

In millions

	'16		'15 PROFORMA	
	AKZ	USD	AKZ	USD
NET INTEREST INCOME				
Interest from Loans	37,656	227	25,419	188
Interest from Bonds and Securities	42,112	254	30,969	229
Interest from Liquidity Investments	2,218	13	1,209	9
Commissions received associated with amortised cost	658	4	467	3
Interest from Financial Liabilities	(24,777)	(149)	(18,365)	(136)
Total	57,867	349	39,699	293

No exercício de 2016, a Margem Complementar apresenta um aumento de cerca de AKZ 273 milhões face ao exercício de 2015.

In millions

	'16		'15 PROFORMA	
	AKZ	USD	AKZ	USD
COMPLEMENTARY MARGIN				
Income and costs related to services and commissions	5,436	33	4,956	36
Income from foreign exchange transactions	26,853	161	26,158	193
Income from disposal of other assets	125	1	69	1
Other operating income	(1,532)	(9)	(574)	(4)
Total	30,882	186	30,609	226

The results of foreign exchange operations, which essentially correspond to the gains on purchase and sale transactions of foreign currency by the Bank, as well as exchange rate revaluations, stood at 26,853 billion kwanzas in FY 2016, as a result of a drop in the value of the Kwanza against the US Dollar recorded in the financial year.

The bank's administrative burdens, which include payroll costs to the amount of 16,644 billion kwanzas, third-party supplies and services, in the amount of 12,817 billion kwanzas and depreciations and amortisations for the year, of 842 million kwanzas, increased by about 1.88 billion kwanzas (7%) when compared to 2015.

In millions	'16		'15 PROFORMA	
ADMINISTRATIVE AND COMMERCIALISATION COSTS	AKZ	USD	AKZ	USD
Staff	16,644	101	11,725	87
External supplies and services	12,817	77	15,843	117
Depreciations and amortisations	842	5	855	6
Total	30,303	183	28,423	210

Staff Costs totalled 16,644 billion kwanzas, an increase of 4,919 billion when compared to 2015, whereas third-party supplies and services amounted to 12,817 billion kwanzas, a variation of approximately -19% over the same period of the previous year. This variation essentially results from a drop in the costs of a set of commercial, organisational and other services provided by related entities to the Bank.

Depreciation and amortisation for the year stood at 842 million kwanzas, which represents a slight decrease against the level of depreciation of the year 2015.

Although there was a decrease in the number of employees, from 2,081 on 31 December 2015 to 2,069 on 31 December 2016, the increase in personnel costs resulted from updates to remunerations, due to the currency depreciation.

In millions of Angolan Kwanzas	'16	'15 PROFORMA
COST-TO-INCOME		
Administrative and Commercialisation Costs	30,303	28,423
Net operating income from banking activity	88,749	70,308
Cost-to-income	34%	40%

In FY 2016, the cost-to-income ratio decreased from 40% to 34% when compared to the previous year.

In 2016, taxes on recorded profits amounted to 1,737 billion kwanzas (1,456 billion in 2015), corresponding to an effective industrial tax rate of around 5%.

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

IN FY 2016

the cost-to-income ratio decreased from 40% to 34% when compared to the previous year

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

The CGT rate varies between 5% (in the case of income from debt securities admitted to trading in a regulated market and that show a maturity equal to or greater than three years) and 15%. In FY 2016 and 2015, the costs of this tax, which are recorded in the income statement, under 'Other Operating Income,' amounted to 2,172 billion kwanzas and 1.19 billion kwanzas, respectively.

On 31 December 2016 and 2015, based on the amounts calculated for the two taxes, Industrial and CGT, the joint effective rates stand at 11.04% and 9.46%, respectively.

PROPOSED APPROPRIATION OF NET PROFIT

In accordance with the legal provisions relating to the establishment of reserves, the Board of Directors proposes that the net profit for the year ended 31 December, 2016, of 33,663 billion Angolan kwanzas be allocated as follows:

Legal Reserve 20%	6,733 billion kwanzas
Distribution of dividends to shareholders 80%	26,930 billion kwanzas





SUSTAINABILITY TO GROW

Growth happens based on solid roots and on its continuous care. This philosophy is present in everything we do. In the way we forge relations, in the way we design solutions, in the way we are present in our customers' day-to-day operations. This is the way we chart our path: consistent, focused, sustainable.

GROWING TOGETHER

07

FINANCIAL STATEMENTS AND NOTES

FINANCIAL
STATEMENTS

BALANCE SHEETS OF 31 DECEMBER 2016 AND 2015 AND 1 JANUARY 2015 (PROFORMA)

Amounts expressed in thousands of Angolan Kwanzas

				'16	'15 PROFORMA	01 JAN. '15 PROFORMA
ASSETS	NOTES	ASSETS GROSS	PROVISIONS, IMPAIRMENT AND DEPRECIATION	ASSETS NET	ASSETS NET	ASSETS NET
Cash and deposits with central banks	3	104,492,564	-	104,492,564	151,712,253	119,333,139
Deposits with other credit institutions	4	8,671,075	-	8,671,075	4,144,488	19,467,658
Loans and advances with central banks and other credit institutions	5	21,575,883	-	21,575,883	79,464,765	55,246,730
Financial assets at fair value through profit and loss	6	77,710,095	-	77,710,095	22,998,659	80,649,565
Financial assets available for sale	7	5,796,606	-	5,796,606	4,459,067	3,551,284
Held-to-maturity investments	8	472,553,566	-	472,553,566	398,183,134	285,778,862
Customer loans	9	379,000,438	(74,680,868)	304,319,570	283,770,839	240,063,893
Non-current assets held for sale	10	14,061,184	(446,251)	13,614,933	9,696,622	4,618,009
Other tangible assets	11	19,937,529	(7,732,535)	12,204,994	11,599,639	11,080,932
Intangible assets	11	556,519	(530,550)	25,969	12,004	8,725
Investments in subsidiaries, associates and jointly controlled entities	12	340,782	-	340,782	351,787	365,080
Others assets	13	5,727,256	-	5,727,256	4,270,100	9,064,932
Total Assets		1,110,423,497	(83,390,204)	1,027,033,293	970,663,357	829,228,809

Amounts expressed in thousands of Angolan Kwanzas

			'16	'15 PROFORMA	01 JAN. '15 PROFORMA
LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES				
LIABILITIES					
Funds from central banks and other credit institutions	14	32,403,237	79,759,784	44,884,153	
Customer funds and other loans	15	850,432,779	774,395,878	685,186,072	
Provisions	16	5,537,507	3,757,291	2,779,990	
Deferred tax liabilities	17	798,652	587,846	502,060	
Other liabilities	18	24,892,191	11,235,939	5,476,867	
Total Liabilities		914,064,366	869,736,738	738,829,142	
Principal	19	3,000,000	3,000,000	3,000,000	
Share Capital	19	7,673,654	7,169,193	6,729,941	
Revaluation Reserves	19	68,632,523	64,240,511	60,133,207	
Other reserves and retained earnings	19	33,662,750	26,516,915	20,536,519	
Net income for the year		112,968,927	100,926,619	90,399,667	
Total Principal		1,027,033,293	970,663,357	829,228,809	
Total Liabilities and Principal					

The Notes are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015 (PROFORMA)

Amounts expressed in thousands of Angolan Kwanzas

	NOTES	'16	'15 PROFORMA
Interest and similar income	21	82,643,740	58,063,233
Interest and similar expenses	21	(24,776,723)	(18,364,607)
Net interest income		57,867,017	39,698,626
Income from services and commissions	22	6,551,842	5,802,235
Expenses with services and commissions	22	(1,116,098)	(846,080)
Income from foreign exchange transactions	23	26,853,003	26,158,273
Income from disposal of other assets		125,406	68,595
Other operating income	24	(1,531,721)	(573,916)
Net operating income from banking activity		88,749,449	70,307,733
Staff Costs	25	(16,644,495)	(11,725,128)
External supplies and services	26	(12,817,331)	(15,842,995)
Depreciation and amortisation for the year	11	(841,911)	(855,171)
Provisions net of cancellations	16	(686,296)	(696,157)
Impairment for customer loans net of reversals and recoveries	16	(22,314,006)	(13,175,545)
Income from subsidiaries, associated companies and jointly controlled entities	12	(32,988)	(40,236)
Results on net monetary position	19	(12,570)	-
Pre-tax income		35,399,852	27,972,501
Income tax			
Current	17	(1,737,102)	(1,455,586)
Results after tax		33,662,750	26,516,915
Net income for the year		33,662,750	26,516,915
Average number of ordinary shares issued		3,000,000	3,000,000
Income per basic share (in Kwanzas)		11,22	8,84

The Notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015 AND 2016 (PROFORMA)

Amounts expressed
in thousands of Angolan Kwanzas

	SHARE CAPITAL	REVALUATION RESERVES			OTHER RESERVES AND RETAINED EARNINGS			INCOME NET FINANCIAL YEAR	PRINCIPAL EQUITY
		RESERVES FAIR VALUE	RESERVES FOREIGN EXCHANGE TRANSLATION	TOTAL	RESERVE LEGAL	OTHER RESERVES	TOTAL		
Balance on 31 December 2014	3,000,000	932,434	5,797,507	6,729,941	19,345,162	41,443,684	60,788,846	20,536,519	91,055,306
IAS / IFRS transition adjustments	-	-	-	-	-	(655,639)	(655,639)	-	(655,639)
Balance on 1 January 2015 (Proforma)	3,000,000	932,434	5,797,507	6,729,941	19,345,162	40,788,045	60,133,207	20,536,519	90,399,667
Appropriation of net income from 2014 financial year									
Transfer to legal reserve	-	-	-	-	4,107,304	-	4,107,304	(4,107,304)	-
Distribution of dividends	-	-	-	-	-	-	-	(16,429,215)	(16,429,215)
Comprehensive income for the year	-	439,252	-	439,252	-	-	-	26,516,915	26,956,167
Balance on 31 December 2015	3,000,000	1,371,686	5,797,507	7,169,193	23,452,466	40,788,045	64,240,511	26,516,915	100,926,619
Appropriation of net income from 2015 financial year									
Transfer to legal reserve	-	-	-	-	5,531,226	(1,139,214)	4,392,012	(4,392,012)	-
Distribution of dividends	-	-	-	-	-	-	-	(22,124,903)	(22,124,903)
Update to own funds	-	-	12,570	12,570	-	-	-		12,570
Comprehensive income for the year	-	491,891	-	491,891	-	-	-	33,662,750	34,154,641
Balance at 31 December 2016	3,000,000	1,863,577	5,810,077	7,673,654	28,983,692	39,648,831	68,632,523	33,662,750	112,968,927

The Notes are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015 (PROFORMA)

Amounts expressed in thousands of Angolan Kwanzas

	'16	'15 PROFORMA
Net income for the year	33,662,750	26,516,915
OTHER COMPREHENSIVE INCOME		
Items that will be subsequently reclassified to profit or loss for the year:		
Financial assets available for sale		
Changes in fair value	702,697	525,038
Tax effect	(210,806)	(85,786)
	491,891	439,252
Comprehensive income for the year	34,154,641	26,956,167

The Notes are an integral part of these financial statements.

CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2015 (PROFORMA)

Amounts expressed in thousands of Angolan Kwanzas

	'16	'15 PROFORMA
CASH FLOW FROM OPERATING ACTIVITIES		
Interest, fees and similar income received	75,210,152	48,642,884
Interest, fees and similar expenses paid	(23,600,364)	(17,147,545)
Payments to staff and suppliers	(23,789,727)	(27,558,694)
Other profits or losses	(13,381,126)	(6,101,384)
Cash flow before changes in operating assets and liabilities	14,438,935	(2,164,739)
(Increases) / decreases in operating assets:		
Loans and advances with central banks and other credit institutions	75,872,570	(24,189,825)
Financial assets at fair value through profit and loss	(52,542,364)	-
Held-to-maturity investments	(20,897,593)	(6,613,732)
Customer loans	(16,577,605)	(52,790,966)
Other assets	(800,981)	333,696
Cash flow from operating assets	(14,945,973)	(83,260,827)
Increases / (decreases) in operating liabilities:		
Funds from central banks and other credit institutions	(66,037,221)	29,282,351
Customer funds and other loans	34,271,091	77,830,115
Other liabilities	12,900,747	(3,389,546)
Cash flow from operating liabilities	(18,865,383)	103,722,920
Net cash from operating activities before corporate income taxes	(19,372,421)	18,297,354
Corporate income taxes paid	(36,420)	(249,677)
Net cash from operating activities	(19,408,841)	18,047,677
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of other tangible assets, net of disposals	(1,437,106)	(1,354,101)
Acquisition of intangible assets, net of disposals	(21,729)	(11,042)
Sale of participations in subsidiaries, associated companies and jointly controlled entities, net of disposals	14,255	-
Net cash from investment activities	(1,444,580)	(1,365,143)
CASH FLOW FROM FINANCING ACTIVITIES		
Distribution of dividends	(22,124,903)	(16,429,215)
Net cash from financing activities	(22,124,903)	(16,429,215)
CHANGES IN CASH AND CASH EQUIVALENTS	(42,978,324)	253,319
Cash and cash equivalents at the beginning of the financial year	155,839,355	138,997,119
Effects of exchange rate differences on cash and cash equivalents	3,553	16,588,917
Cash and cash equivalents at the end of the financial year	112,864,584	155,839,355

The Notes are an integral part of these financial statements.

ANNEX TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2016 AND 2015

Amounts expressed in thousands of Angolan Kwanzas - mAKZ, except when otherwise indicated

1. INTRODUCTION

Banco BIC, S.A. (hereinafter referred to as "Banco BIC" or "Bank") was established by the Public Deed of 22 April 2005, following the communication issued by the National Bank of Angola of 19 April 2005, which authorised its incorporation, and its registered office is located at Edifício Banco BIC, in the Borough of Talatona, Municipality of Samba, Luanda.

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

To carry out its operations, the Bank currently holds, in Angola, a national network of 205 branches and banking service points, 17 corporate centres, three investment centres and a private banking unit (202 branches and banking service points, 17 corporate centres, three investment centres and private banking unit, on 31 December 2015).

2. BASIS OF PRESENTATION, COMPARABILITY OF INFORMATION AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

2.1. Bases of Presentation

Banco BIC's financial statements were prepared under the assumption of business continuity, based on the books and accounting records kept according to the principles enshrined in the International Financial Reporting Standards (IAS/IFRS), pursuant to Notice no. 6/2016 of the Bank of Angola, of 16 May 2016.

On 31 December 2015, Banco BIC's financial statements were prepared according to the accounting principles laid down in the Chart of Accounts for Financial Institutions - CONTIF, as defined in Instruction no. 09/07, of 19 September, of the National Bank of Angola and subsequent updates.

Following that change, Banco BIC proceeded to the restatement of its statutory financial statements from 2015, as described in Note 2.3 - Comparability of the Information.

The Bank's financial statements as at 31 December 2016 and 2015 are expressed in Angolan Kwanzas and the assets and liabilities in foreign currency have been converted into domestic currency, based on the indicative average exchange rate published by the National Bank of Angola on those dates.

As at 31 December 2016 and 2015, the exchange rate for the Angolan Kwanza (AKZ) against the American Dollar (USD) and the Euro (EUR) was as follows:

	'16	'15
1 USD	165,903	135,315
1 EUR	185,379	147,832

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

The following standards, interpretations, amendments and revisions must be applied for the first time at the end of the fiscal year ended on 31 December 2016:

- Improvement to the International Financial Reporting Standards (cycle 2012-2014) applicable in the fiscal years beginning on or after 1 January 2016. These improvements involve the clarification of some aspects related to:
 - IFRS 5 - Non-current assets held for sale and discontinued operations: establishes guidelines on how to proceed in the event of changes in the method used for that purpose (sale or distribution to shareholders);
 - IFRS 7 - Financial instruments: disclosures: clarifies the impacts of servicing contracts of assets for the purpose of determining the disclosures required relating to the continued involvement of derecognised assets and exempts condensed interim financial statements from disclosures regarding the compensation of financial assets and liabilities;
 - IAS 19 - Employee benefits: clarifies that the high-quality corporate bonds used in estimating the discount rate to be used for post-employment benefits should be in the same currency as the benefits to be paid;
 - IAS 34 - Interim financial report: clarification on the procedures to be adopted when the information is available in other documents issued with the interim financial statements
- Amendment to IFRS 11 - "Joint arrangements - Accounting for acquisitions of interests in joint arrangements" - This amendment is related to the acquisition of interests in joint arrangements. It establishes the mandatory application of IFRS 3 when the joint operation acquired constitutes a business combination in accordance with IFRS 3. When the joint operation in question is not a business activity, the transaction should be recorded as an acquisition of assets. This amendment is applied prospectively for new acquisitions of interests.
- Amendment to IAS 1 - "Presentation of financial statements - Disclosure Initiative" Applicable in the fiscal years beginning on or after 1 January 2016, this amendment clarifies some aspects related to the disclosure initiative, namely:
 - (i) the entity should not make it difficult to understand financial statements by aggregating material items with immaterial items or by aggregating material items of different natures;
 - (ii) the specific disclosures required by IFRS need only be made if the information in question is material;
 - (iii) the line items to be presented in the financial statements specified in IAS 1 can be aggregated or segregated, as is most significant for the purposes of the financial report;
 - (iv) other comprehensive income resulting from the application of the equity method in associates and joint arrangements must be presented separately from the other components of other comprehensive income, also by segregating the items that are likely to be reclassified to net results from those that will not be reclassified;
 - (v) the structure of the notes should be flexible, respecting the following order:
 - A statement of compliance with IFRSs in the first section of the notes;
 - A description of the significant accounting policies in the second section;
 - Supporting information for items in the financial statements in the third section;
 - Other information on the fourth section.
- Amendment to IAS 16 - "Tangible fixed assets" and IAS 38 - "Intangible assets - Acceptable depreciation methods" - This amendment establishes an assumption (which may be rebutted) that revenue is not an appropriate basis for amortizing an intangible asset and prohibits the use of revenue as a basis for depreciating tangible fixed assets. The assumption established for the amortization of intangible assets can only be rebutted if the intangible asset is expressed in terms of revenue generated or when the use of economic benefits is highly related to the revenue generated. This amendment is applicable to the fiscal years beginning on or after 1 January 2016.

- Amendment to IAS 27 - “Application of the equity method in separate financial statements” - This amendment introduces the possibility of measuring interests in subsidiaries, joint arrangements and associates in financial statements separated by the equity method, in addition to the existing measurement methods. This amendment applies retrospectively. Applicable to the fiscal years beginning on or after 1 January 2016.
- Amendment to IFRS10 - “Consolidated financial statements, IFRS 12 - Disclosures of shareholdings in other entities and IAS 28 - Investment in associates and jointly controlled entities” - These amendments include the clarification of many aspects related to the application of the consolidation exception from investment entities and are applicable in fiscal years beginning on or after 1 January 2016.
- IFRS 14 - “Regulated assets” - This standard establishes the reporting requirements for entities that adopt the IFRS applicable to regulated assets for the first time.

No significant effects were reflected in the financial statements of the Bank for the fiscal year ended 31 December 2016, resulting from the adoption of the afore-mentioned standards, interpretations, amendments and revisions.

The application of the following standards, interpretations, amendments and revisions is mandatory in future financial years:

- IFRS 9 - “Financial instruments (2009) and subsequent amendments” - This standard is included in the project for the revision of IAS 39 and establishes the new classification and measuring rules for financial assets and liabilities, namely:
 - It defines a new methodology for recognising impairment losses of financial assets based on expected losses (“expected loss model” or “ECL”). According to this new methodology, the entities shall recognise the expected losses before the loss events occur. There is also the need to include prospective information (forward looking) in the expected loss estimates, by including trends and future backgrounds, namely the macroeconomic backgrounds. In the ECL model, the assets that are subject to impairment calculation shall be categorised into three categories, according to the credit risk since the initial recognition of the asset and not according to the credit risk on the reporting date;
 - It establishes new classification and measuring requirements for financial instruments and for certain types of agreements for the purchase or sale of non-financial items;
 - It presents new possibilities for the application of hedging accounting rules through a greater number of hedge relationships between the items subject to hedging and the hedged instruments.

This standard is applicable to the fiscal years beginning on or after 1 January 2018.

- IFRS 15 - “Revenue arising from agreements with customers” - This standard introduces a structure for the recognition of revenue based on principles and on a model to be applied to all agreements concluded with customers, thus replacing standards IAS 18 - Revenue, IAS 11 - Construction agreements; IFRIC 13 - Retention programmes; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfer of Assets from Customers SIC 31 - Revenue - Direct exchange transactions involving advertising services. It is applicable to the fiscal years beginning on or after 1 January 2018.
- IFRS 16 - “Leases” - This standard introduces the principles of recognition and measurement of leases, thus replacing the IAS 17 - Leases. The standard sets a unique accounting model for lease contracts that results in the lessee's recognition of assets and liabilities for all lease contracts, except for leases with a period of less than 12 months or for leases involving low-value assets. The lessors shall continue to classify the leases between operational and financial, as the IFRS 16 shall not imply significant changes for such entities compared to what was defined in IAS 17. It is applicable to the fiscal years beginning on or after 1 January 2019.
- Amendments to IFRS 10 - “Consolidated financial statements” and IAS 28 - “Investments in associates and joint ventures” - These amendments eliminate the conflict between the standards mentioned above, which is related to the sale or contribution of assets between the investor and the associate or between the investor and the joint venture. No mandatory application date has been set.
- Amendments to IAS 12 - “Income tax” - These amendments clarify the conditions for recognising and measuring assets through taxes resulting from unrealised losses. It is applicable to the fiscal years beginning on or after 1 January 2017.
- Amendments to IAS 7 - “Cash flow statements” - These amendments introduce additional disclosures related to the cash flow of financing activities. It is applicable to the fiscal years beginning on or after 1 January 2017.

- Amendments to IFRS 15 - “Revenue from contracts concluded with customers” - These amendments introduce various clarifications related to the standard, with the aim of avoiding different interpretations of various topics. It is applicable to the fiscal years beginning on or after 1 January 2018.
- Amendments to IFRS 2 - “Share-based payments” - These amendments introduce various clarifications in the standard related to: (i) the record of share-based payment transactions that are settled with cash; (ii) the record of changes in share-based payment transactions (from settled with cash into settled with equity instruments); (iii) the classification of transactions with cleared settlement characteristics. It is applicable to the fiscal years beginning on or after 1 January 2018.
- Amendments to IFRS 4 - “Insurance contracts” - These amendments provide guidelines on the application of IFRS 4 together with IFRS 9. It is applicable in the fiscal years beginning on or after 1 January 2018 and is valid for the 3 years following that date.
- Amendments to IAS 40 - “Investment properties” - These amendments clarify that the classification change, from or to investment property, can only be performed when there is evidence of a change in the use of the asset. It is applicable to the fiscal years beginning on or after 1 January 2018.
- Improvements to the international financial reporting standards (2014-2016 cycle) - These improvements involve the clarification of some aspects related to:
 - IFRS 1 - First-time adoption of the international financial reporting standards: eliminates some short-term exemptions;
 - IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the standard with relation to its application to interests classified as held for sale or held for distribution under IFRS 5;
 - IAS 28 - Investments in associates and joint ventures: introduces clarifications on the fair value measurement of income from investments in associates or joint ventures held by venture capital companies or investment funds.

The improvements to IFRS 1 and IAS 28 are applicable to the fiscal years beginning on or after 1 January 2018. The improvement to IFRS 12 is applicable to the fiscal years beginning on or after 1 January 2017.

- IFRIC 22 - “Foreign currency transactions and advances” - This interpretation establishes the initial recognition date of the advance or deferred income, such as the transaction date for the purposes of determining the exchange rate of the revenue recognition. It is applicable to the fiscal years beginning on or after 1 January 2018.

No significant impact is expected on the Bank’s financial statements, following the adoption of the aforementioned standards, interpretations, amendments and revisions.

2.3. Comparability of the information

On 31 December 2015, inclusive, the Bank’s financial statements were prepared and presented in compliance with the accounting principles set in the Chart of Accounts for Financial Institutions - CONTIF.

Notice no. 6/2016, of 16 May, from the National Bank of Angola, established that the Financial Institutions that comply with one of the criteria recommended by that Notice shall adopt the International Accounting and Financial Reporting Standards (IAS/IFRS) as issued by the International Accounting Standards Board (IASB).

Therefore, on 31 December 2016, the Banco BIC’s financial statements were prepared in accordance to the International Accounting and Financial Reporting Standards (IAS/IFRS).

Aiming at ensuring the comparability with the preceding year, the financial statements from 31 December 2015 were converted into IAS/IFRS (proforma financial statements), as outlined by IFRS 1 - First-time adoption of the international financial reporting standards.

Following this change, the main changes comprise:

Accrual of fees (IAS 39)

The complete adoption of IAS 39, concerning the measurement of Financial Instruments, determined the application of the amortised cost to loans and receivables and to financial liabilities. In this respect, the fees associated with financial assets and liabilities recorded at the amortised cost became acknowledged throughout the operation life cycle. As part of CONTIF, the fees and other costs or earnings were generally recognised when received or paid.

Impairment of loans granted (IAS 39)

The results determined through the impairment model developed according to what is established by IAS 39 did not differ from the amount of provisions recorded on 31 December 2015. Consequently, there was no need to record any adjustment concerning the impairment losses of loans granted.

Additionally, as at 1 January and 31 December 2015, the Bank carried out the reclassification of interest from restructured loans that were recorded under the heading "Other liabilities" into "Impairment for customer loans," in the amounts of mAZK 2,489,675 and mAZK 3,564,411, respectively.

The retrospective application of the aforementioned changes led to the following impact:

NOTES	SHAREHOLDERS' EQUITY		INCOME NET INCOME FROM 2015
	31/12/15	01/01/15	
Balance according to the CONTIF accounting plan	102,721,472	91,055,306	27,656,129
Accrual of fees (IAS 39)	(1,794,853)	(655,639)	(1,139,214)
Impairment of loans (IAS 39)	-	-	-
Total adjustments	(1,794,853)	(655,639)	(1,139,214)
Balance in accordance with IAS / IFRS	100,926,619	90,399,667	26,516,915
Balance per FS	100,926,619	90,399,667	26,516,915

No physical impact has been recognised in association with the transition adjustments, as, in the fiscal years of 2014, 2015 and 2016, the Bank has ascertained tax losses carried forward, which it has not recorded due to the non-existence of properly justified expectations that taxable income may be ascertained in the following three fiscal years. The impact found as a result of the periodic calculation of fees (IAS 39) would imply a higher tax loss concerning the fiscal year 2015.

2.4. Accounting Policies

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

a) Accrual accounting

The earnings and costs are recognised according to the term of the operations, in accordance with the accounting principle of the accrual accounting, and are recorded as they are generated, regardless of when they are received or paid.

b) Transactions in foreign currency

The foreign currency operations are recorded according to the principles of the "multi-currency" system and each operation is recorded according to the respective denomination currencies. The assets and liabilities expressed in foreign currency are converted into Angolan Kwanzas at the average exchange rate published by the National Bank of Angola on the balance sheet date.

On the date of the agreement, foreign currency spot and forward purchases are posted to the foreign exchange position.

The costs and earnings concerning the exchange rate differences, whether realised or potential, are recorded in the income statement of the fiscal year in which they occur, under the heading "Income from foreign exchange transactions."

c) Financial instruments

i) Loans and advances to customers and accounts receivable from other debtors

Measurement

The loans and accounts receivable cover the loans granted by the Bank to customers and credit institutions.

Initially, the loans and accounts receivable are recorded at fair value. Generally, the initial fair value corresponds to the amount of the transaction and includes fees, rates and other costs and earnings associated with the credit transactions.

Later, the loans and accounts receivable are valued at amortised cost, based on the effective interest rate method and subject to impairment tests.

Where applicable, the interest, fees and other costs and earnings associated with credit transactions are accrued over the life of the transactions, in the cases when the transactions generate revenue flows over a period of more than one month, regardless of the moment they are charged or paid. The fees received due to loan commitments are recognised linearly and at different times during the term of the commitment.

De-recognition

Pursuant to IAS 39, loans are only removed from the balance sheet ("derecognition") when the Bank substantially transfers all the risks and benefits associated with their holding.

Guarantees given

Guarantees given are recorded in off-balance sheet accounts by the amount at risk, while interest, fees and other income are recorded in the statement of income over the period of the operations.

Interest written-off

The Bank shall proceed with the write-off of interest overdue for more than 60 days and does not recognise interest after that date, up until the moment the customer regularises the situation.

Impairment

The loans granted to customers, guarantees and irrevocable commitments are subject to periodic impairment tests. The identified impairment losses are booked against income for the year. In future periods, should there occur a reduction of the estimated loss, the initially recorded impairment is also reversed through the income statement.

To this end, the Bank analyses the portfolio of loans granted to customers, guarantees and irrevocable commitments, on an individual basis, by means of a case-by-case analysis, and on a collective basis, by means of a model for calculating impairment losses.

The Bank carries out an individual analysis of all customers with overall responsibilities (including off balance sheet commitments) equal to or greater than 0.5% of own funds, as well as of customers with an exposure equal to or greater than 0.1% of own funds and that show signs of impairment.

All customers pertaining to an Economic Group that includes a customer eligible for an individual analysis, are also individually analysed.

For customers that are not subject to an individual analysis and the customers for which no impairment losses are determined, the Bank determines the loans' realisable value based on a model for calculating collective impairment losses.

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

- Corporate segment:
 - Industry;
 - Commerce and repair;
 - Construction;
 - Services and others;
 - Guarantees given.

- Individuals segment:
 - Mortgage;
 - Loans to employees;
 - Revolving (Pledge Current Accounts, Credit Cards and Bank Overdrafts);
 - Other loans;
 - Guarantees given.

Taking the defined segments into account, risk factors are calculated in order to determine the calculation of expected cash flow: Probability of default (PD); Probability of Default (PD); e Loss Given Default (LGD). These risk factors were obtained by means of an historical analysis of the behaviour of transactions between January 2011 and December 2016.

Finally, the operations are categorised into three classes which differ in how the expected cash flow is determined:

- i. For non-defaulting customers, the expected cash flows consider the probability of these operations exceeding 90 days of default. Should the transactions exceed 90 days of default, the expected cash flow corresponds to the amount due on that moment multiplied by the expectation of future recovery (1- Loss Given Default "LGD"). Should the loan not exceed 90 days of default, the expected cash flow corresponds to the contractual cash flow of the operation. In both cases, the cash flows are discounted at the nominal interest rate of the contracts on the date of reference.

At a later stage, the differential between the balance sheet value and the expected cash flow is multiplied by the probability of default (PD).

The PD corresponds to the probability of an operation or customer being in default during a given emergency period. This period corresponds to the time between the occurrence of an event originating losses and moment in which this event is perceived and incorporated by the Bank (Incurred but not reported). The Bank considers a 6-month emergency period for all the portfolio segments.

- ii. For customers in default for less than 90 days, the expected cash flows result from the application of the method described in i) and the PD corresponds to 100%. The individual customers are included in this class, in the event of a delay of over 15 days in the payment of the loan (30 days for companies).
- iii. For customers in default for over 90 days, the expected cash flow corresponds to the amount due multiplied by the expectation of future recovery (1-LGD).

ii) Other financial assets and liabilities

Other financial assets and liabilities are recognised and valued pursuant to IAS 32 and IAS 39, and recorded on their contracting date at their fair value.

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

The financial assets and liabilities held for trading include Treasury Bills and other debt instruments acquired with the intention of selling.

The financial assets and liabilities held for trading and the assets and liabilities at fair value through profit or loss are initially recognised at fair value. The gains and losses arising from subsequent measurement at fair value are recognised in the income statement.

Interest inherent to financial assets and differences between purchase cost and nominal value (premium or discount) are calculated on the basis of the effective rate method and recognised under the income statement heading "Interest and similar income - of bonds and securities." The effective rate is that which, when used to discount the estimated future cash flow associated with the financial instrument, enables its present value to be equal to the value of the financial instrument on the date of its initial recognition.

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

When discounted cash flow techniques are used, future financial flows are estimated in accordance with management expectations, and the discount rate used corresponds to the market rate for financial instruments with similar characteristics. In the price assessment models, the data used corresponds to the information on market prices.

b) Financial assets available for sale

This category corresponds to the actions that are measured at fair value, with the exception of capital instruments not listed in an active market and whose fair value cannot be reliably measured which remain carried at cost. Gains and losses arising from revaluation are recorded directly in equity, under "Revaluation reserves."

At the time of sale, or in the case of impairment, the accumulated changes in fair value are transferred to income or costs for the year, and recorded under the headings "Results of financial assets available for sale" or "Impairment of other financial assets net of reversals and recoveries," respectively. Foreign exchange gains or losses of monetary assets are directly recognised in the income statement.

For the purpose of determining the earnings of sale, sold assets are valued at weighted average purchase cost.

Fair Value

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

Pursuant to IFRS13, fair value corresponds to the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. On the date of acquisition, or at the beginning of an operation, the fair value is generally the value of the transaction.

The fair value of financial assets is determined on the basis of:

- Closing market prices on the reporting date, for instruments traded on active markets;
- Bid-prices disclosed through financial information dissemination means, namely Bloomberg.

Impairment

As mentioned above, the financial assets available for sale are recorded at fair value, whereby fair value changes are reflected in the equity, under the heading "Revaluation reserves."

Whenever there is objective evidence of impairment, the accumulated capital losses, already recognised in the reserves, are transferred to costs for the year in the form of impairment losses, falling under the heading "Impairment of other financial assets net of reversals and recoveries."

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

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

For listed equity instruments, objective evidence of impairment is considered to exist when there is a prolonged or significant devaluation in the security prices. For the remaining securities, objective evidence of impairment corresponds to a negative impact on the estimated amount of future cash flows from the financial asset, as long as it can be reliably estimated.

Impairment losses in equity instruments cannot be reversed; therefore, any potential capital gains arising after the recognition of impairment losses are reflected in "Revaluation reserves." Should any additional capital losses be determined at a later date, impairment shall still be deemed existent; therefore, such losses shall be reflected through profit or loss for the year.

The impairment losses recorded in fixed-income securities can be reversed through profit or loss, should there be a positive change in its fair value resulting from an event occurred after determining the impairment.

iii) Financial assets held to maturity

This heading includes non-derivative financial assets, namely Treasury Bonds, with fixed or determinable payments and defined maturities, which the Bank intends and is able to withhold until maturity.

These investments are valued at amortised cost, based on the effective interest rate method, and are subject to impairment tests. Impairment losses are recognised through profit or loss for the year. If, in a subsequent period, the amount of the impairment loss decreases, and this reduction may be objectively related to an event that occurred after recognising the impairment, it is reversed against profit or loss for the year.

The Treasury Bonds issued in national currency, indexed to the exchange rate of the American dollar and the Treasury Bonds issued in foreign currency are subject to exchange rate adjustments. This way, the result of the exchange rate adjustments to the nominal value of securities is reflected in the income statement for the year in which it occurs under the heading "Income from exchange rate transactions" (Note 23), and the discount and accrued interest are reflected under the heading "Interest and similar income from bonds and securities" (Note 21).

Order no. 159/12 of 20 February was published in 2012 and authorizes the regular issue of non-readjustable Treasury Bonds in domestic currency with coupon interest rates predefined by maturity. The interest incurred corresponding to these bonds is reflected in the income statement for the year in which it occurs, under the heading "Interest and similar income from bonds and securities" (Note 21).

Third-Party Debt Securities Purchased with Resale Agreements

In the years 2016 and 2015, the Bank carried out transactions of temporary liquidity purchase in the interbank market with the National Bank of Angola, in which it applied funds and received Treasury Bonds as guarantee. These transactions are based on an agreement for reselling the debt securities at a future date, for a price previously established by the parties (Note 5).

The securities acquired with a resale agreement are not recorded in the securities portfolio. The funds delivered are recorded, on the settlement date, on the asset under the heading "Liquidity investments - Third-Party Debt Securities Purchased with Resale Agreements" and the interest amount is recorded under the same heading.

The profits from third-party debt securities purchase with resale agreements corresponds to the difference between the resale value and the value from the purchase of securities. The recognition of the profit occurred according to the principle of specialisation in the transaction period under the heading "Interest and similar income of liquidity transactions - Third-Party Debt Securities Purchased with Resale Agreements" (Note 21).

iv) Loans and accounts receivable

These are financial assets with fixed or determinable payments, not listed on an active market and not included in any other financial asset category.

These assets are initially recognised at their fair value, minus any fees included in the effective rate, plus all incremental costs directly attributable to the transaction. Subsequently, these assets are recognised in the balance sheet at amortised cost, net of impairment losses.

Interest is recognised on the basis of the effective rate method, which allows for the calculation of the amortised cost and distribution of the interest over the period of the transactions.

v) Other financial liabilities

Other financial liabilities correspond to funds from other credit institutions and customers and liabilities incurred for the payment of services rendered or the purchase of assets, falling under the heading "Other liabilities."

Other financial liabilities are recorded on the contracting date at their respective fair value, net of costs directly attributable to the transaction.

Subsequently, they are valued at amortised cost and the interest, when applicable, is recognised in accordance with the effective rate method.

d) Non-current assets held for sale

The Bank records in the heading "Non-current assets held for sale - Properties received as settlement of debts" the assets received as settlement of debts arising from overdue loans, when these are available for immediate sale in their present condition and there is a likelihood of their disposal within the period of one year (Note 10).

These assets are recorded by the amount calculated during their evaluation, against the amount of recovered credit and the respective specific provisions made.

Additionally, this heading also includes the real estate projects that are under construction and that are intended to be sold to Bank employees, which shall also be subject to periodic evaluations to cover possible impairment losses.

Assets recorded under this heading are not amortised and are stated at the lower value between their book value and fair value, less foreseen costs through their sale. The fair value of these assets is determined on the basis of periodic evaluations conducted by independent expert assessors. Whenever the value stemming from these evaluations (net of selling costs) is less than their book value, impairment losses are recorded under "Impairment of other assets net of reversals and recoveries."

When the legal 2-year term expires before the assets are sold (extendable with the authorization of BNA), a new evaluation is made, in order to determine the updated market value and to calculate the corresponding impairment.

e) Other tangible assets

The tangible fixed assets are recorded at the acquisition cost, less the amortisations and accumulated impairment losses.

The amortisations are calculated on a systematic basis over the estimated useful life of the asset, corresponding to the period during which the asset will be available for use, namely:

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

Notwithstanding the above-mentioned interval, the general computer equipment is being amortised over three years.

f) Intangible assets

The intangible fixed assets correspond mainly to software and sale of business. This expenditure is recorded at the cost of acquisition and amortised on a straight-line basis over a period of three years.

Expenses related to software maintenance are stated as costs for the year in which they are incurred.

g) Investments in subsidiaries, associates and joint ventures

The financial holdings in which the Banks directly or indirectly holds a percentage equal to or greater than 10% of the respective equity are recorded through the equity equivalence method. According to this method, the holdings are initially valued at acquisition cost, which is later adjusted on the basis of the effective percentage held by the Bank in the own equity changes (including income) of the subsidiaries. These changes are reflected in the income statement under the heading "Income from subsidiaries, associates and joint ventures."

The financial holdings in which the Bank directly or indirectly holds a percentage lower than 10% of the respective equity are recorded at the acquisition cost. When it is expressed in a foreign currency, it is reflected for accounting purposes at the exchange rate on the transaction date. Whenever permanent losses are estimated for its realisation value, the respective provisions are made.

h) Income taxes

Industrial Tax

The Bank is subject to an Industrial Tax and is considered a taxpayer of Group A, subject to a tax rate of 30%.

The current tax includes the Industrial Tax, which is calculated based on the taxable income for the year, and it can be different from the accounting result due to the adjustments made in the terms of the Industrial Tax Code.

On 1 January 2015, the new Industrial Tax Code came into force and was approved by Law no. 10/14, of 22 October, which established that the profits subject to the Capital Gains Tax (CGT) are deductible for the purposes of determining the taxable profit, as the CGT does not constitute a tax-deductible cost (Note 17).

On the other hand, during a meeting with ABANC, the General Tax Authority confirmed that the income from public debt securities (including possible exchange rate revaluations) issued until 31 December 2012 is exempt from all taxes pursuant to the issuing diplomas of the securities mentioned above and that the exchange rate revaluations of public debt securities issued after that date, in domestic currency, but indexed to an external currency, are subject to the Industrial Tax, until the BNA is in a position that allows it to withhold the CGT on that income.

Additionally, pursuant to the new Industrial Tax Code, the taxpayers whose activity is within the scope of the supervisory powers of National Bank of Angola, such as Banco BIC, shall perform, by the end of August of each year, the provisional settlement of the Industrial Tax concerning that same year, and the tax shall be calculated over 2% of the income derived from the financial intermediation transactions, calculated in the first six months of the preceding fiscal year, excluding the profits subject to CGT.

Note 17 shows the reconciliation between the taxable income and the accounting income.

Capital Gains Tax (CGT)

Presidential Legislative Decree no. 5/11, of 30 December, introduced various legislative changes to the Capital Gains Tax Code, which was then amended by Presidential Legislative Decree no. 2/14. The CGT is generically charged on the income from the Bank's financial investments, namely income derived from investments and income from securities. The rate ranges from 5% (in the case of income from debt securities admitted to trading in a regulated market and that show a maturity equal to or greater than three years) to 15%.

A letter from the BNA to ABANC, of 26 September 2013, reaffirmed that the interest on Treasury Bonds, Treasury Bills and Central Bank Securities are only subject to CGT, if the bonds have been issued after 1 January 2013.

Urban Property Tax (UPT)

The UPT at the rate of 0.5% is charged on the estate value of own properties that are used for the Bank to carry on its normal business when their estate value exceeds mAKZ 5,000.

Deferred taxes

Deferred taxes correspond to the impact on tax recoverable / payable in future periods arising from deductible or taxable temporary differences between the book value of the assets and liabilities and their tax base, used in determining taxable profit.

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

The current taxes and the deferred taxes are reflected on the income, with the exception of taxes referring to transactions that are directly recorded in shareholder's equity, name the potential income from securities listed in the available for sale portfolio.

On 31 December 2016 and 2015, the Bank had no record of deferred tax assets. On those same dates, the deferred tax liabilities recorded refer to changes in the fair value of securities listed on the available for sale portfolio (Notes 7, 17 and 19).

In addition, there were no records of deferred tax assets on taxation losses calculated in the fiscal years of 2014, 2015 and 2016, since there were no properly justified expectations of the calculation of taxable income for the next three fiscal years.

i) Reserve for monetary correction of own funds

Pursuant to IAS 29 - Financial Reporting in Hyperinflationary Economies, the hyperinflationary economies are characterised by many situations, which include:

- a. The overall population would rather keep its wealth in non-monetary assets or in a relatively stable foreign currency. The amounts of local currency held are immediately invested to maintain the purchasing power; and
- b. The overall population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency.

In the fiscal year 2016, due to the changes in the Angolan Kwanza exchange rate compared to the international reference currencies and, subsequently, its impact on the inflation rate measured in domestic currency, the Bank requested the BNA, through a letter of 14 April 2016, to authorise the adoption of the monetary correction procedure of its own funds, which began in May 2016.

The amount resulting from the monetary correction is reflected, on a monthly basis, on the debit on an income account, as opposed to the reserve for monetary correction of own funds.

j) Provisions and contingent liabilities

A provision is constituted when there is a present liability (legal or constructive) arising from past events which are likely to imply the future disbursement of funds, and which may be reliably determined. The amount of the provision corresponds to the best estimate of the value to be disbursed in order to settle the liability as at the reporting date.

If the future disbursement of funds is not probable, this is classified as a contingent liability. Contingent liabilities are merely disclosed, unless the possibility of their materialisation is remote.

The amounts recorded under the heading "Other provisions" are intended to cover the Bank's contingencies, namely ongoing legal cases, frauds and other specific risks arising from its activity (Note 16).

k) Retirement pensions

Law no. 07/04, of 15 October, which regulates Angola's Social Security system, covers the assignment of retirement pensions to all Angolan employees registered with Social Security. The amount of those pensions is calculated on the basis of a table proportional to the number of working years, applied to the average of monthly net wages earned during the period immediately before the date the employees terminate their activity. Pursuant to Decree no. 7/99, of 28 May, contribution rates for this system are of 8% for the employer and of 3% for the employee.

Law no. 02/00, of 15 October, established the assignment of a retirement compensation, determined by multiplying 25% of the monthly gross wage earned on the date the employee reached the legal age for retirement, by the number of years of service completed on that date

The new General Employment Law (Law no. 07/2015, of 15 June), which came into force in September 2015, does not establish the payment of retirement compensations to the employees that reach the legal retirement age. However, the Bank is currently in the process of implementing a complementary retirement and survivor's pension programme and has, therefore, decided to maintain the provision for this purpose, calculated according to the previous fiscal years.

In this regard, the liabilities that the Bank may assume with this programme were calculated through an actuarial valuation performed by an independent expert, based on the Bank's population to be covered and the following assumptions:

	'16	'15 PROFORMA
Actuarial technical rate (discount)	2%	2%
Total wage growth	8%	8%
Mortality	SA 85-90 (Light)	SA 85-90 (Light)
Normal retirement age	60 years or 35 working years	60 years or 35 working years

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

l) Fees

Fees relative to credit operations and other financial instruments, namely fees charged or paid at the origin of the operations, are recognised throughout the period of the operations by means of the effective rate method under "Interest and similar income" and "Interest and similar charges."

Fees for services rendered are normally recognised as income over the period of provision of the services or once only, if they correspond to compensation for the execution of single acts.

m) Investments and liquidity intake

The investments and liquidity intake, among financial institutions, in the case of regular systemic operations, which aim at distributing the liquidity in an adequate manner among the entire financial system, whether national or international, are not considered mutual.

n) Cash and cash equivalents

For the purposes of preparing the cash flow statement, the Bank considers as "Available balance at the end of the fiscal year" the total of balances from the headings "Liabilities" and "Funds from credit institutions - Overdrafts in demand deposits" (Notes 3, 4 and 14).

2.5. Critical accounting estimates and most relevant judgemental aspects in the application of accounting policies

Upon application of the foregoing accounting policies, estimates on the part of the Bank's Board of Directors are required. The estimates with the greatest impact on the Bank's financial statements include those presented below.

Determination of impairment losses for customer loans

The impairment losses are determined based on the expected cash flows and the estimates of the amount to be recovered, according to the method defined in Note 2.4. c) i). The impairment is determined for the significant exposures through an individual analysis, based on the Bank's judgement on the economic and financial situation of its customers and the estimate of the value of the guarantees received as collateral. The impairment for the remaining transactions is determined through an impairment losses calculation model which is based on historical parameters for comparable types of transactions, taking into account the estimates for default and recovery.

The Bank considers that the impairment losses for loans determined on the basis of the methodology referred to in Note 2.4 c) i) adequately reflect the risk associated with its portfolio of granted loans.

Valuation of financial instruments not traded on active markets

Pursuant to IAS 39, the Bank assesses the fair value of all the financial instruments, except those recorded at amortised cost. For the valuation of financial instruments that are not traded on liquid markets, valuation techniques are used based on purchase and sale offers disseminated by specialised entities. The obtained valuation corresponds to the best estimate of the fair value of these instruments as at the reporting date.

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

As described in Note 2.4. c) ii) b), the potential losses arising from the valuation of assets available for sale are recognised in the heading "Revaluation reserves". However, whenever there is objective evidence of impairment, potential losses accumulated in that reserve are appropriated to costs for the year.

In the case of equity instruments, impairment losses may be determined with some degree of subjectivity. The Bank determines whether or not there is impairment in these assets by means of a specific analysis on each balance sheet date and by considering the indications specified in IAS 39.

In the case of debt instruments classified into held-to-maturity investments, the impairment is recorded whenever there is evidence that a contractual cash flows default may occur, namely due to financial difficulties from the issuer, when other financial responsibilities are not fulfilled or when there is a significant deterioration in the issuer's rating or the issuances held by the Bank.

Employee benefits

As mentioned in Note 2.4. k), the Bank is currently considering the implementation of a complementary programme of retirement and survivor's pensions, and for that reason it has decided to maintain the provision recorded within the obligations imposed by the legislation which has since been repealed. In this regard, the responsibilities that the Bank may bear with this programme were calculated on the basis of an actuarial assessment carried out by an independent expert. These actuarial assessments incorporate actuarial assumptions relative to situations such as mortality, disability, salary and pension growth, and discount rates. The adopted assumptions correspond to the best estimate of the Bank and its actuaries of the future behaviour of the respective variables.

3. CASH AND DEPOSITS WITH CENTRAL BANKS

This heading may be broken down as follows:

	'16		'15 PROFORMA	
	CURRENCY FOREIGN	CURRENCY DOMESTIC	CURRENCY FOREIGN	CURRENCY DOMESTIC
CASH:				
National banknotes and coins:				
In vault		4,725,114		6,568,062
In ATM		4,387,355		3,547,503
Foreign banknote and coins:				
In EUR	1,163,735	215,732	11,564,283	1,709,571
In USD	356,851	59,203	26,205,590	3,546,009
In other currencies		5,908		109,278
		9,393,312		15,480,423
DEMAND DEPOSITS AT THE NATIONAL BANK OF ANGOLA (BNA):				
In domestic currency		93,280,955		129,972,159
In foreign currency – USD	10,960,000	1,818,297	46,260,000	6,259,671
		95,099,252		136,231,830
		104,492,564		151,712,253

The heading related to demand deposits at the National Bank of Angola includes the deposits made to meet the requirements for the creation and maintenance of mandatory reserves.

On 31 December 2016, the mandatory reserves were calculated pursuant to Instructions no. 02/2016, of 11 April, and 04/2016, of 13 May. On 31 December 2015, they were calculated pursuant to Instruction no. 19/2015, of 2 December. The mandatory reserves are denominated in national and foreign currencies, according to the respective denomination of the liabilities that constitute their tax base.

As at 31 December 2016, the requirement for the maintenance of mandatory reserves is calculated by applying a ratio of 30% on the eligible liabilities in domestic currency, and the Bank may comply with up to 20% (twenty percent) of the requirement with Treasury Bonds, pertaining to the Bank's own portfolio, and/or medium- and long-term Financing Contracts concluded with the Ministry of Finance, by weighting the respective maturities, provided that they are issued or disbursed from 1 January 2015, or a ratio of 15% on the eligible liabilities in foreign currency. On 31 December 2015, the requirement for the maintenance of mandatory reserves was calculated by applying a ratio of 25% on the eligible liabilities in domestic currency and 15% on foreign currency.

The amount of up to 5% of the weekly arithmetic average of the final daily balance sheets calculated in the domestic currency Cash account can be deducted from the requirement in domestic currency, as well as the amount of 80% of the assets representing the amount of the disbursement of loans granted in domestic currency, calculated on the last day of the week in which the credit portfolio was established, in the sectors of Agriculture, Fisheries and Food Production, provided that the maturity is greater than or equal to 36 months.

The demand deposits at the National Bank of Angola do not bear interest.

4. DEPOSITS WITH OTHER CREDIT INSTITUTIONS

This heading may be broken down as follows:

	'16	'15 PROFORMA
DEMAND DEPOSITS AT FOREIGN CORRESPONDENTS:		
Banco BIC Português, S.A.	7,226,823	2,706,944
Others	1,017,241	1,274,988
	8,244,064	3,981,932
Clearing of cheques	427,011	162,556
	8,671,075	4,144,488

As at 31 December 2016 and 2015, the balance sheet for the heading "Clearing of cheques" concerns the cheques submitted for clearing in the sessions of the business days following the end of the respective years.

5. DEPOSITS AT CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

This heading may be broken down as follows:

	'16	'15 PROFORMA
Transactions in the interbank money market	16,004,633	79,266,898
Interest receivable	44,671	197,867
	16,049,304	79,464,765
Third-Party Debt Securities Purchased with resale agreements	5,500,000	-
Interest receivable	26,579	-
	5,526,579	-
	21,575,883	79,464,765

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

		'16		'15 PROFORMA	
	CURRENCY	CURRENCY FOREIGN	CURRENCY DOMESTIC	CURRENCY FOREIGN	CURRENCY DOMESTIC
WITH CREDIT INSTITUTIONS IN THE COUNTRY:					
National Bank of Angola (BNA - Banco Nacional de Angola)	AKZ	-	7,000,000	-	-
		-	7,000,000	-	-
WITH CREDIT INSTITUTIONS ABROAD:					
Banco BIC Cape Verde IFI	USD	23,000,000	3,815,769	23,000,000	3,112,245
Banco BIC Cape Verde IFI	EUR	10,000,000	1,853,790	180,878,589	26,739,644
Banco BIC Português, S.A.	EUR	17,990,572	3,335,074	2,000,000	295,664
Banco BIC Português, S.A.	USD	-	-	253,000,000	34,234,695
Commerzbank	USD	-	-	75,000,000	10,148,625
Byblos Bank Europe	USD	-	-	35,000,000	4,736,025
		-	9,004,633	-	79,266,898
Interest receivable		-	44,671	-	197,867
		-	16,049,304	-	79,464,765

A significant part of the above mentioned term deposits at credit institutions abroad are intended to collateralise the opening of documentary credit and other transactions, within the contracted credit lines and other agreements concluded with these financial institutions.

As at 31 December 2016 and 2015, term deposits at credit institutions, except for interest receivable, were structured by residual maturity as follows:

	'16	'15 PROFORMA
Up to a month	9,037,421	36,940,995
Between one and three months	3,815,769	9,877,995
Between three and six months	370,758	29,065,033
Between six months and one year	1,853,790	3,382,875
Over a year	926,895	-
	16,004,633	79,266,898

As at 31 December 2016 and 2015, term deposits at credit institutions earned interest at the following average annual rates, weighted by the respective nominal value of the investments:

	'16	'15 PROFORMA
In Angolan Kwanzas	7.00%	-
In American dollars	3.70%	0.62%
In Euros	0.01%	2.73%

The Third-Party Debt Securities Purchased with Resale Agreements correspond to Treasury Bonds purchased by the National Bank of Angola, with a resale agreement for a future date, for a previously set price, which has been agreed by the parties.

The income earned by Banco BIC in relation to these transactions corresponds, solely and exclusively, to the positive difference between the resale price of these Treasury Bonds, which has been set and agreed by the parties in advance, and their original purchase price.

As at 31 December 2016, the Third-Party Debt Securities Purchased with Resale Agreements had their maturity in the first quarter of 2017.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

This heading may be broken down as follows:

	'16		'15 PROFORMA	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
FINANCIAL ASSETS HELD FOR TRADE:				
Treasury Bills	18.01%	71,248,268	8.25%	20,596,770
Other securities (Commercial Paper)		3,707,580		1,448,754
Income receivable		2,754,247		953,135
		77,710,095		22,998,659

As at 31 December 2016 and 2015, as there was no evidence of impairment and since they were issued by the Angolan Government and the National Bank of Angola, the Bank classifies the securities recorded in the portfolios of "Held for trade - Treasury Bills" as risk level A - Minimum.

As at 31 December 2016 and 2015, the Treasury Bills in the portfolio were structured as follows, according to the residual maturity periods:

	'16	'15 PROFORMA
Up to three months	45,705,182	15,972,429
From three to six months	18,664,241	4,624,341
From six months to a year	6,878,845	-
	71,248,268	20,596,770

As at 31 December 2016 and 2015, the other securities were due in January 2017.

7. FINANCIAL ASSETS AVAILABLE FOR SALE

As at 31 December 2016 and 2015, the heading "Financial assets available for sale" corresponds to equity instruments issued by non-resident entities:

			'16			'15 PROFORMA		
NATURE	CURRENCY	QUANTITY	VALUE MARKET	BOOK VALUE		VALUE MARKET	VALOR DE BALANÇO	
				CURRENCY	mAKZ		CURRENCY	mAKZ
Shares	EUR	27,646,900	1.13	31,268,945	5,796,606	27,646,900	1.09	30,163,068
					5,796,606			4,459,067

As at 31 December 2016 and 2015, the fair value reserve is broken down as follows (Note 19):

	'16	'15 PROFORMA
Adjustments to the fair value in financial assets available for sale	2,662,229	1,959,532
Tax burdens on potential income	(798,652)	(587,846)
	1,863,577	1,371,686

8. HELD-TO-MATURITY INVESTMENTS

	'16		'15 PROFORMA	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
TREASURY BONDS				
In domestic currency:				
Non-readjustable	7.63%	144,115,641	7.60%	169,670,468
Index USD	7.11%	277,919,088	7.18%	187,397,015
In foreign currency (USD)	4.88%	40,491,887	4.65%	33,683,012
Income receivable		10,026,950		7,432,639
		472,553,566		398,183,134

As at 31 December 2016 and 2015, as there was no evidence of impairment and since they were issued by the Angolan Government and the National Bank of Angola, the Bank classifies the securities recorded under "Held-to-maturity" as risk level A - Minimum.

On 31 December 2016 and 2015, the distribution of debt securities by indexing, except for income receivable, is as follows:

	'16			'15 PROFORMA		
	RATE FIXED	6-MONTH LIBOR	TOTAL	RATE FIXED	6-MONTH LIBOR	TOTAL
TREASURY BONDS						
In domestic currency (non-readjustable)	144,115,641	-	144,115,641	169,670,468	-	169,670,468
In domestic currency (USD Index)	277,919,088	-	277,919,088	187,397,015	-	187,397,015
In foreign currency (USD)	-	40,491,887	40,491,887	-	33,683,012	33,683,012
	442,034,729	40,491,887	462,526,616	357,067,483	33,683,012	390,750,495

As at 31 December 2016 and 2015, the Treasury Bonds in the portfolio were structured as follows, according to the residual maturity periods:

	'16	'15 PROFORMA
Up to three months	19,907,973	3,498,726
From three to six months	32,612,680	13,795,979
From six months to a year	103,422,471	43,605,831
Over a year	306,583,492	329,849,959
	462,526,616	390,750,495

9. CUSTOMER LOANS

This heading may be broken down as follows:

	'16	'15 PROFORMA
DOMESTIC CURRENCY		
Overdrafts in demand deposits	1,918,304	776,797
Loans	146,586,664	126,887,933
Loans in current account	19,965,240	19,557,624
Employee loans	1,817,806	4,773,357
	170,288,014	151,995,711
FOREIGN CURRENCY		
Overdrafts in demand deposits	58,116	732,043
Loans	151,501,912	147,578,362
Loans in current account	953,710	915,522
Employee loans	9,024,171	4,316,652
	161,537,909	153,542,579
Total performing loans	331,825,923	305,538,290
Overdue loans and interest:		
.Domestic currency	14,821,020	12,558,065
.Foreign currency	21,750,621	11,080,908
Total overdue loans and interest	36,571,641	23,638,973
Total loans granted	368,397,564	329,177,263
Income receivable – domestic currency	6,892,387	3,559,013
Income receivable – foreign currency	4,801,565	2,522,271
Total income receivable	11,693,952	6,081,284
Fees associated with amortised cost	(1,091,078)	(930,022)
	379,000,438	334,328,525
Impairment for customer loans (Note 16)	(74,680,868)	(50,557,686)
	304,319,570	283,770,839

As at 31 December 2016 and 2015, the residual maturities of customer loans, excluding overdue loans, were broken down as follows:

	'16	'15 PROFORMA
Up to three months	33,861,915	30,119,535
From three to six months	44,561,742	9,035,519
From six months to a year	23,255,099	42,867,091
From one to three years	45,190,799	58,677,428
From three to five years	39,149,353	51,452,763
From five to ten years	111,691,537	77,326,739
More than ten years	34,115,478	36,059,215
	331,825,923	305,538,290

As at 31 December 2016 and 2015, the distribution of customer loans, excluding income receivable, between companies and individuals was as follows:

	'16			'15 PROFORMA		
	PERFORMING	OVERDUE	TOTAL	PERFORMING	OVERDUE	TOTAL
Companies	274,199,129	28,853,294	303,052,423	248,921,083	17,780,823	266,701,906
Individuals	57,626,794	7,718,347	65,345,141	56,617,207	5,858,150	62,475,357
	331,825,923	36,571,641	368,397,564	305,538,290	23,638,973	329,177,263

As at 31 December 2016 and 2015, the distribution by indexing of customer loans, excluding income receivable, was as follows:

DATE	FIXED RATE	3-MONTH EURIBOR	6-MONTH EURIBOR	1-MONTH LIBOR	3-MONTH LIBOR	6-MONTH LIBOR	12-MONTH LIBOR	3-MONTH LUIBOR	6-MONTH LUIBOR	12-MONTH LUIBOR	TOTAL
2016	261,465,077	4,634,475	2,543,400	116,995	999,456	1,672,520	4,518,495	5,420,741	46,980,028	40,046,377	368,399,580
2015 Proforma	260,568,615	3,695,800	2,028,255	124,760	879,424	2,240,248	4,145,938	3,682,369	18,498,857	33,312,997	329,177,263

The increase of the customer loans in foreign currency in 2016 essentially follows the effects of the exchange rate change occurred over the same period.

The impairment for customer loans was determined according to the methodology described in Note 2.4. c) i). As at 31 December 2016 and 2015, the recorded impairment and provisions were broken down as follows:

	'16	'15 PROFORMA
Individual analysis	69,811,896	40,019,530
Collective analysis	7,008,673	11,840,979
	76,820,569	51,860,509

As at 31 December 2016 and 2015, the impairment and provisions were reflected as follows:

	'16	'15 PROFORMA
Impairment for customer loans	74,680,868	50,557,686
Impairment and provisions for guarantees provided and documentary credit (Note 16)	2,139,701	1,302,823
	76,820,569	51,860,509

In the fiscal years ended in 2016 and 2015, the Bank wrote off the loans from assets in the amounts of mAKZ 2,078 and mAKZ 14,826, respectively.

10. NON-CURRENT ASSETS HELD FOR SALE

This heading may be broken down as follows:

	'16	'15 PROFORMA
REAL ESTATE		
Properties received as settlement of debts	10,327,353	5,411,457
Real estate projects – Employees	3,733,831	4,375,987
	14,061,184	9,787,444
Impairment – Assets not intended for own use (Note 16)	(446,251)	(90,822)
	13,614,933	9,696,622

As at 31 December 2016 and 2015, the balance of the heading “Properties received as settlement of debts” corresponds to the properties received as payments for debts related to loans. As at 31 December 2016 and 2015, the impairment amount includes the estimated losses for the realisation of these assets.

As at 31 December 2016 and 2015, the balance of the heading “Real estate projects - Employees” refers to real estate projects that are under construction and are intended to be sold to the Bank employees.

11. OTHER TANGIBLE AND INTANGIBLE ASSETS

The operation in these assets during 2016 and 2015 was as follows:

GROSS ASSETS											
	BALANCE AT 01/01/2015 PROFORMA	INCREASES	WRITE- OFFS	TRANS- FERS	SETTLE- MENTS	BALANCE AT 31/12/2015 PROFORMA	INCREASES	WRITE- OFFS	TRANS- FERS	SETTLE- MENTS	BALANCE AT 31/12/2016
INTANGIBLE ASSETS											
Sale of Business	149,815	-	-	-	-	149,815	-	-	-	-	149,815
Incorporation and start-up expenses	4,383	-	-	-	-	4,383	-	-	-	-	4,383
Pluri-annual expenses	35,289	-	-	-	-	35,289	-	-	-	-	35,289
data-processing system software	333,582	11,042	-	-	-	344,624	21,729	-	-	-	366,353
Other intangible assets	679	-	-	-	-	679	-	-	-	-	679
	523,748	11,042	-	-	-	534,790	21,729	-	-	-	556,519
OTHER TANGIBLE ASSETS											
Properties for own use	8,167,917	192,286	-	196,630	-	8,556,833	596,302	(2,031)	150,228	-	9,301,332
Improvements to leased buildings	1,709,597	1,672	-	-	-	1,711,269	28,050	-	37,384	-	1,776,703
Equipment	6,588,179	391,232	(16,431)	61,120	-	7,024,100	301,516	(21,501)	500,636	-	7,804,751
Artistic assets	4,217	-	-	-	-	4,217	-	-	-	-	4,217
	16,469,910	585,190	(16,431)	257,750	-	17,296,419	925,868	(23,532)	688,248	-	18,887,003
ONGOING FIXED ASSETS											
	683,963	850,497	-	(257,750)	(65,155)	1,211,555	527,234	-	(688,248)	(15)	1,050,526
	17,677,621	1,446,729	(16,431)	-	(65,155)	19,042,764	1,474,831	(23,532)	-	(15)	20,494,048

ACCUMULATED DEPRECIATION

	BALANCE AT 01/01/2015 PROFORMA	INCREASES	WRITE- OFFS	BALANCE AT 31/12/2015 PROFORMA	INCREASES	WRITE- OFFS	SETTLEMENTS	BALANCE AT 31/12/2016
INTANGIBLE ASSETS								
Sale of Business	149,814	-	-	149,814	-	-	1	149,815
Incorporation and start-up expenses	4,383	-	-	4,383	-	-	-	4,383
Pluri-annual expenses	35,289	-	-	35,289	-	-	-	35,289
Automated								
data-processing system software	324,859	7,763	-	332,622	7,762	-	-	340,384
Other intangible assets	678	-	-	678	-	-	1	679
	515,023	7,763	-	522,786	7,762	-	2	530,550
OTHER TANGIBLE ASSETS								
Properties for own use	784,912	166,305	-	951,217	182,002	(16)	-	1,133,203
Improvements to leased buildings	1,493,437	64,082	-	1,557,519	40,673	-	-	1,598,192
Equipment	3,794,592	617,021	(12,014)	4,411,613	611,474	(9,933)	-	5,013,154
	6,072,941	847,408	(12,014)	6,920,349	834,149	(9,949)	-	7,744,549
	6,587,964	855,171	(12,014)	7,443,135	841,911	(9,949)	2	8,275,099

In the fiscal year 2015, the properties under construction which were intended to be sold to Bank employees were reclassified into the heading "Non-current assets held for sale" (Note 10) and, for the purposes of being submitted to the level of operation from the fixed assets, were included in the column "Settlements."

As at 31 December 2016 and 2015, the heading "Equipment" can be detailed as follows:

	'16			'15 PROFORMA		
	VALUE GROSS	DEPRECIATION ACCUMULATED	VALUE NET	VALUE GROSS	DEPRECIATION ACCUMULATED	VALUE NET
Indoor facilities	2,018,278	(1,154,065)	864,213	1,889,643	(976,137)	913,506
Furniture and fixtures	1,462,191	(905,388)	556,803	1,393,912	(775,730)	618,182
Machinery and tools	1,483,440	(834,476)	648,964	1,407,302	(700,023)	707,279
Computer equipment	1,846,711	(1,332,288)	514,423	1,363,495	(1,235,365)	128,130
Vehicles	631,345	(603,924)	27,421	623,957	(575,718)	48,239
Other equipment	362,786	(170,999)	191,787	345,791	(136,626)	209,165
	7,804,751	(5,001,140)	2,803,611	7,024,100	(4,399,599)	2,624,501

As at 31 December 2016 and 2015, the heading of assets under construction corresponds, mainly, to costs incurred for the acquisition of the space and to the payments to suppliers for the works that are being carried out on the Bank's facilities, whether bought or rented, particularly in a building intended for the installation of administrative services, new branches and other facilities, whose opening is set to happen in the years following the balance sheet date.

12. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

This heading may be detailed as follows:

	'16		'15 PROFORMA	
	SHARE HOLDING %	DOMESTIC CURRENCY	SHARE HOLDING %	DOMESTIC CURRENCY
GI10				
Financial holding	30.00	145,931	30.00	142,681
EMIS				
Equity stake	4.63	47,706	4.63	47,706
Supplies		122,921		122,921
ABANC				
Supplies		24,224		24,224
BVDA				
Financial holding			0.95	14,255
		340,782		351,787

As at 31 December 2016 and 2015, the Bank holds an equity stake of 30% at GI10 - Investimentos e Gestão, SGPS, S.A., a company with head offices in Portugal, and whose main activity is the management of shares from other companies mainly related to insurance brokerage. In the fiscal years 2016 and 2015, following the assessment of that stake, the Bank recognised a loss in the amount of EUR 177,957 (mAKZ 32,988) EUR 280,668 (mAKZ 40,236) for the heading "Income from subsidiaries, associates and ventures," respectively. As at 31 December 2016 and 2015, the amount of the stake in foreign currency corresponds to EUR 787,199 and EUR 965,156, respectively.

As at 31 December 2016 and 2015, the Bank holds an equity stake of 4.63% at EMIS - Empresa Interbancária de Serviços, S.A.R.L. (EMIS). EMIS was incorporated in Angola and is dedicated to the management of electronic means of payment and complementary services.

Following the EMIS General Meeting, held in December 2011, it was decided to increase the capital by USD 4,800,000, being Banco BIC responsible for the amount of USD 338,291, which was settled in January 2012. In addition to that, the General Meeting determined the payment of additional supplementary capital, being Banco BIC responsible for the amount of USD 1,182,480, paid in two equal parts of USD 591,240 in August and September 2012.

The plan for the investment in fixed assets was approved in the extraordinary General Meeting of the Angolan Banks Association (ABANC), of which the Bank is an associate, held on 28 July 2009. The share corresponding to Banco BIC's holding at this Association amounts to a total of USD 146,015 on 31 December 2016.

As at 31 December 2015, the Bank held an equity stake of 0.95% at BVDA - Bolsa de Valores e Derivados de Angola, S.A. (BVDA), which was settled in the fiscal year 2016.

13. OTHER ASSETS

This heading may be broken down as follows:

	'16	'15 PROFORMA
Foreign exchange transactions	360,682	34,051
OTHER ASSETS		
VISA Collateral	3,158,413	2,564,581
Angola Investe Bonuses	596,368	38,781
Collection fee receivable	518,817	221,155
Recoverable tax	286,097	249,677
Rentals and leases	118,381	99,071
Advance – cheques	62,855	51,266
Cash shortages	40,255	48,103
Economat	39,919	54,234
Advance – Angolan Kwanzas	1,858	134,093
Operations to be settled	-	320,246
Others	543,611	454,842
	5,366,574	4,236,049
	5,727,256	4,270,100

As at 31 December 2016 and 2015, the heading “Foreign exchange transactions” corresponds to the Profits Receivable from the Purchase and Sale of Foreign Currencies.

As at 31 December 2016 and 2015, the net amount between the currencies sold and currencies purchased, converted to the exchange rate against the Kwanza on the balance sheet date, can be broken down as follows:

'16						
CURRENCY PURCHASED			CURRENCY SOLD			
BOOK VALUE			BOOK VALUE			
CURRENCY	AMOUNT	mAKZ	CURRENCY	AMOUNT	mAKZ	VALUE NET
CHF	2,212,000	360,682	USD	(2,168,415)	(359,747)	935
		360,682			(359,747)	935

'15 PROFORMA						
CURRENCY PURCHASED			CURRENCY SOLD			
BOOK VALUE			BOOK VALUE			
CURRENCY	AMOUNT	mAKZ	CURRENCY	AMOUNT	mAKZ	VALUE NET
GBP	170,000	34,051	USD	(253,606)	(34,317)	(266)
		34,051			(34,317)	(266)

Pursuant to the contract concluded between Banco BIC and Visa International, the Bank undertakes to keep a collateral deposit at Visa's custodian bank (Barclays Bank London), whose amount shall be calculated according to the number of transactions performed. As at 31 December 2016 and 2015, this collateral deposit amounted to approximately USD 19,037,710 and USD 18,952,670 (mAKZ 3,158,413 and mAKZ 2,564,581, respectively) and was remunerated at the annual interest rate of 0.15%. In addition to that, as at 31 December 2016 and 2015, the balance of the collateral deposit includes amounts from Banco Sol, S.A., resulting from the acquiring service, in the amount of USD 16,923,013 (mAKZ 2,807,579 and mAKZ 2,289,938 on 31 December 2016 and 2015, respectively) (Note 14).

As at 31 December 2016 and 2015, the balance sheet for the heading "Recoverable tax" corresponds to the provisional settlement of the industrial tax carried out in the fiscal years of 2016 and 2015, respectively.

As at 31 December 2016 and 2015, the heading "Advance - Angolan Kwanzas" refers to AKZ banknotes that were consigned to Banco BIC Português, following the Kwanzas trading process that was being carried out at the branches of this financial institution.

As at 31 December 2016 and 2015, the balance sheet for the heading "Advance - cheques" corresponds to advances made by the Bank to customers, related to the purchase of cheques on foreign banks, which had not yet been cashed on that date. These accounts receivable are charged at the correspondent bank at the beginning of the next fiscal year.

The cash shortages are provisioned within the heading "Other provisions" (Note 16).

As at 31 December 2016 and 2015, the balance of the heading "Others" includes the amounts of mAKZ 82,050 and mAKZ 39,661, respectively, referring to assets of doubtful realisation, which are totally provisioned within the heading "Other provisions" (Note 16).

14. FUNDS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

These headings are broken down as follows:

	'16	'15 PROFORMA
DEMAND DEPOSITS FROM CREDIT INSTITUTIONS		
Funds from domestic credit institutions		
Demand deposits		
Banco de Desenvolvimento de Angola	829,515	676,575
Interest payable	433,817	309,614
	1,263,332	986,189
FUNDS FROM FOREIGN CREDIT INSTITUTIONS		
Overdrafts in demand deposits:		
Banco BIC Português	295,629	-
Firststrand Bank LTD	2,478	-
Montepio Geral	948	-
Byblos Bank Europe	-	17,386
	299,055	17,386
FUNDS LINKED		
To imports – foreign currencies	4,916,725	7,484,138
Other cash funds	3,632,502	720,710
	8,549,227	8,204,848
Banco Sol - VISA Collateral (Note 13)	2,807,579	2,289,938
Certified cheques – Domestic currency	1,159,722	1,602,110
	12,516,528	12,096,896
FUNDS FROM FOREIGN CREDIT INSTITUTIONS		
Banco BIC Cabo Verde IFI – USD	14,599,464	37,008,653
Banco BIC Cabo Verde IFI – EUR	3,707,580	5,883,714
Banco BIC Português, S.A. – EUR	-	23,653,120
Interest payable	17,278	113,826
	18,324,322	66,659,313
	32,403,237	79,759,784

During the fiscal year 2017, Banco BIC and Banco de Desenvolvimento de Angola (BDA) concluded a financial agreement whereby the BDA finances the Bank, so that it can grant loans for projects related to promoting private economic activities related to the production of goods and services.

The heading "Funds linked to imports - foreign currency" refers to the amounts deposited by customers that are captive for the settlement of import documentary credit in other credit institutions.

As at 31 December 2016 and 2015, the funds from foreign credit institutions earned interest at the following annual average rates, calculated by the respective nominal value of the investments:

	'16	'15 PROFORMA
In American dollars	3.50%	2.64%
In Euros	3.00%	2.25%

As at 31 December 2016 and 2015, the funds from foreign credit institutions, excluding interest payable, were structured by residual maturity as follows:

	'16	'15 PROFORMA
Up to one month	18,307,044	60,632,207
Between one and three months	-	5,913,280
	18,307,044	66,545,487

15. CUSTOMER FUNDS AND OTHER LOANS

These headings are broken down as follows:

	'16	'15 PROFORMA
DEMAND DEPOSITS FROM RESIDENTS		
In domestic currency		
General government sector	9,990,392	1,869,138
Public corporate sector	1,644,515	1,881,881
Companies	216,358,725	182,682,977
Individuals	113,685,883	98,585,220
	341,679,515	285,019,216
Funds linked:		
To foreign exchange transactions	35,368,008	33,772,299
	377,047,523	318,791,515
In foreign currency		
General government sector	1,346,330	506,358
Public corporate sector	351,933	303,658
Companies	51,383,864	53,416,225
Individuals	26,591,592	27,649,159
	79,673,719	81,875,400
DEMAND DEPOSITS FROM NON-RESIDENTS		
In domestic currency	7,233,595	4,547,604
In foreign currency	377,384	297,188
	7,610,979	4,844,792
Total demand deposits	464,332,221	405,511,707

As at 31 December 2016 and 2015, the customer demand deposits are not remunerated, except under very special circumstances, established according to the guidelines from the Bank's Board of Directors.

The heading "Funds linked to foreign exchange transactions" refers to the amounts deposited by customers that are captive for the settlement of payment transactions in foreign currencies.

	'16	'15 PROFORMA
TERM DEPOSITS FROM RESIDENTS		
In domestic currency		
General government sector	6,843,839	7,891,280
Public corporate sector	1,435,605	1,419,382
Companies	213,795,894	207,218,255
Individuals	27,754,742	31,521,277
Interest payable	4,389,166	3,193,778
	254,219,246	251,243,972
In foreign currency		
Public corporate sector	5,716,907	3,462,871
Companies	38,778,051	40,176,276
Individuals	80,762,456	68,230,781
Interest payable	1,333,003	1,052,002
	126,590,417	112,921,930
TERM DEPOSITS FROM NON-RESIDENTS		
In domestic currency	566,664	40,481
Interest payable	7,955	1,445
In foreign currency	344,220	304,693
Interest payable	2,202	1,796
	921,041	348,415
Total term deposits	381,730,704	364,514,317
Other deposits	4,369,854	4,369,854
	850,432,779	774,395,878

As at 31 December 2016 and 2015, term deposits from customers, excluding interest payable, were structured by currency and average interest rate as follows:

	'16			'15 PROFORMA		
	INTEREST RATE	AMOUNT IN FOREIGN CURRENCY	AMOUNT IN MAKZ	INTEREST RATE	AMOUNT IN FOREIGN CURRENCY	AMOUNT IN MAKZ
In millions of Angolan Kwanzas	7.84%		250,396,744	5.88%		248,090,675
In US dollars	4.89%	726,216,275	120,481,459	4.73%	806,502,751	109,131,920
In Euros	2.83%	27,620,041	5,120,175	2.35%	20,582,153	3,042,701
			375,998,378			360,265,296

As at 31 December 2016 and 2015, the term deposits from customers, excluding interest payable, were structured as follows, according to the residual maturity:

	'16	'15 PROFORMA
Up to three months	217,892,549	193,956,319
From three to six months	108,312,599	131,339,461
From six months to a year	49,775,817	34,904,365
From one to three years	17,169	64,754
More than three years	244	397
	375,998,378	360,265,296

As at 31 December 2016 and 2015, the heading “Other deposits” refers to withdrawal transactions which were not settled in the Banco BIC’s customer accounts.

16. PROVISIONS AND IMPAIRMENT

The operation which occurred in the Bank’s provisions and impairment during 2016 and 2015 was as follows:

‘16

	BALANCE AT 31/12/2015 PROFORMA	INCREASES	WRITE-BACKS AND CANCEL- LATIONS	DIFFERENCE EXCHANGE	USES	TRANSFERS	SETTLEMENTS	BALANCE AT 31/12/2016
Customer loans	50,557,686	65,984,799	(43,670,793)	2,144,168	(2,078)	(679,527)	346,613	74,680,868
Provision of guarantees	1,302,823	900,694	(771,414)	209,828	-	497,770	-	2,139,701
Retirement pensions	2,151,509	393,651	-	490,866	-	-	-	3,036,026
Non-current assets held for sale	90,822	-	-	-	(2,774)	181,757	176,446	446,251
Other provisions	302,959	163,365	-	70,351	(174,895)	-	-	361,780
	54,405,799	67,442,509	(44,442,207)	2,915,213	(179,747)	-	523,059	80,664,626

‘15

	BALANCE AT 31/12/2015 PROFORMA	INCREASES	WRITE-BACKS AND CANCEL- LATIONS	DIFFERENCE EXCHANGE	USES	TRANSFERS	SETTLEMENTS	BALANCE AT 31/12/2015 PROFORMA
Customer loans	32,026,483	60,904,540	(47,728,995)	3,277,454	(648,727)	237,256	2,489,675	50,557,686
Provision of guarantees	1,111,330	655,434	(370,252)	186,470	-	(280,159)	-	1,302,823
Retirement pensions	1,388,651	290,442	-	472,416	-	-	-	2,151,509
Non-current assets held for sale	44,805	-	-	3,114	-	42,903	-	90,822
Other provisions	280,009	120,533	-	76,771	(174,354)	-	-	302,959
	34,851,278	61,970,949	(48,099,247)	4,016,225	(823,081)	-	2,489,675	54,405,799

The Bank holds a provision for retirement pensions, whose balance on 31 December 2015 and 2015 amounts to mAKZ 3,036,026 and mAKZ 2,151,509, an amount that is approximately equivalent to mUSD 18,300 and mUSD 15,900, respectively (Note 2.4. k)).

In the fiscal years 2016 and 2015, the balance of the heading “Other provisions” is intended to cover any contingencies resulting from the Bank’s activity, as well as to reflect potential losses concerning the amount payable for accounts receivable and other assets (Note 13).

In the fiscal year of 2015, the revaluation amount concerns the impairments for restructured loans interest that were classified as other assets.

The impact of the exchange rate differences on provisions is reflected in the heading “Income from foreign exchange transactions” (Note 23).

17. INCOME TAXES

As at 31 December 2016 and 2015, the heading "Deferred tax liabilities" concerns the deferred tax liability calculated on the potential gains from securities recorded in the "Available for sale" portfolio.

As at 31 December 2016 and 2015, the expenditure related to taxes on profits recorded, as well as the tax burden, measured by the relation between the income tax allocation and the pre-tax profit for the fiscal year, can be represented as follows:

	'16	'15 PROFORMA
Total industry tax recognised in the income statement	1,737,102	1,455,586
Pre-tax profit	35,399,852	27,972,501
Effective industrial tax rate	4.91%	5.20%

As at 31 December 2016 and 2015, the reconciliation between the nominal and the effective tax rate may be demonstrated as follows:

	'16		'15 PROFORMA	
	RATE	TAX	RATE	TAX
Pre-tax income		35,399,852		27,972,501
Income tax calculated based on nominal tax rate	30.00%	10,619,956	30.00%	8,391,750
TAX BENEFITS ON EARNINGS FROM PUBLIC DEBT OR EQUIVALENT:				
Interest and similar income (Note 21)	-35.58%	(12,596,337)	-32.70%	(9,146,574)
Net profit from financial transactions:				
Net income on debt securities (Note 21)	-12.06%	(4,270,616)	-18.65%	(5,217,460)
Tax benefits on real estate earnings	-1.79%	(632,659)	0.00%	(220)
COSTS NOT ACCEPTED FOR TAX PURPOSES:				
Positive asset changes	0.58%	204,646	0.56%	157,511
Taxes	1.85%	656,454	1.31%	365,364
Provisions	0.95%	335,470	1.08%	301,854
Others	1.54%	543,980	0.91%	254,088
	-14.52%	(5,139,106)	-17.49%	(4,893,687)
Estimated industrial tax	4.91%	1,737,102	5.20%	1,455,586

In the fiscal years 2016 and 2015, the Bank recorded tax losses; however, it did not recognise the respective deferred tax assets. In addition, the Bank recognised a tax estimate corresponding to 5% of the pre-tax income (historical average effective tax rate) which is recorded under "Other liabilities" (Note 18).

In the financial years of 2016 and 2015, the CGT expenses are recorded in the income statement, under the heading "Other operating income - Taxes and rates non-imposed on income" and stand at mKAZ 2,172,246 and mKAZ 1,190,033, respectively (Note 24).

On 31 December 2016 and 2015, based on the amounts calculated for the two taxes, Industrial and CGT, the joint effective rates correspond to 11.04% and 9.46%, respectively.

In addition, the Bank recorded, during the financial years 2016 and 2015, the amounts of mKAZ 210,806 and mKAZ 85,786 in equity concerning the Current Tax on the potential valuations of the available-for-sale portfolio.

The tax authorities may review the Bank's tax situation for a five-year period, which may lead to possible corrections to the calculated taxes, due to different interpretations of tax legislation.

In view of the tax amnesty scheme, the tax authorities can only review the Bank's tax situation for the years 2013 to 2016 in relation to the Industrial Tax, CGT, Tax on Labour Income, Stamp Duty and Urban Property Tax. The Bank's Board of Directors understands that the possible correction that may result from those reviews shall not have a significant impact on the annexed financial statements.

18. OTHER LIABILITIES

This heading can be broken down as follows:

	'16	'15 PROFORMA
FOREIGN EXCHANGE TRANSACTIONS		
Costs payable for buying and selling foreign currencies (Note 13)	359,747	34,317
TAX DUTIES		
Industrial tax – Article	1,262,852	972,477
Capital gains tax	821,983	423,478
Special levy on bank transactions	288,404	-
Stamp duty	56,355	76,029
Taxation on remunerations	87,860	62,551
Other taxes	2,564	4,647
	2,520,018	1,539,182
CIVIL DUTIES		
Deferred revenue – Guarantees	114,488	100,328
ADMINISTRATIVE/BUSINESS DUTIES		
Restructured loan interest	4,306,927	3,450,532
Deferred fees	665,943	864,831
Amounts pending settlement – Properties received as settlement of debts	241,619	483,239
Staff – Wages and other remunerations		
Staff costs (Note 25)	309,090	200,466
Holidays and holiday bonuses	1,140,179	823,912
Healthcare services	226,711	66,947
VISA Cards	574,346	433,227
Compensation on ATMs	843,699	500,780
Communications and forwarding costs		
Data circuit	177,892	108,635
Communications	40,355	33,139
Others	6,069	5,010
Security and surveillance	3,215	20,100
Specialised services	235,080	46,101
Commercial and industrial suppliers	213,132	37,612
Maintenance and repair	29,019	35,451
Other administrative expenses	12,884,662	2,452,130
	21,897,938	9,562,112
	24,892,191	11,235,939

As at 31 December 2016 and 2015, the balance for the heading “Restructured loan interest” refers to loan interest that has been subject to restructuring operations and that shall only be recognised in the income statement after being received.

As at 31 December 2016 and 2015, the heading “Amounts pending settlement - Properties received as settlement of debts” refers to advances received from the sale of properties received as settlement of debts.

As at 31 December 2016 and 2015, the balance of the heading “Compensation on ATMs” refers to the operations carried out in Banco BIC’s ATMs/POS and TPAs over the last days of the period and that are still awaiting compensation from EMIS.

The balance of the heading “Staff costs” refers to the estimate made by the Bank in relation to performance bonuses assigned to its employees in the financial years 2016 and 2015 and that shall be settled in 2017 and 2016, respectively.

As at 31 December 2016 and 2015, the heading “Other administrative expenses” includes the enhancement of the tax estimate in the amounts of mAKZ 3,532,665 and mAKZ 2,080,875, respectively (Note 17).

As at 31 December 2016, the balance of the heading "Other administrative expenses" includes approximately mAKZ 4,906,427 concerning the payable amount related to the set of commercial and organisational support services and other services provided by entities related to the Bank during the financial year ended on 31 December 2016.

In addition, on that same date, this heading includes approximately mAKZ 4,016,936 concerning the amount to be recognised related to a financing operation expressed in Kwanzas, whose contract requires the update of the amount of credit granted according to the depreciation of the domestic currency against the American dollar and that is still waiting to be formalised.

19. OWN FUNDS OPERATIONS

The operation recorded in the own funds heading in the years ended on 31 December 2016 and 2015 were as follows:

	PRINCIPAL	UPDATE OWN FUNDS	RESERVE LEGAL	OTHER RESERVES	RESERVES FAIR VALUE	INCOME FOR THE YEAR	TOTAL NET
Balance on 31 December 2014	3,000,000	5,797,507	19,345,162	41,443,684	932,434	20,536,519	91,055,306
IAS / IFRS transition adjustments	-	-	-	(655,639)	-	-	(655,639)
Balance on 1 January 2015 (Proforma)	3,000,000	5,797,507	19,345,162	40,788,045	932,434	20,536,519	90,399,667
Appropriation of 2014 net income	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	4,107,304	-	-	(4,107,304)	-
Distribution of dividends	-	-	-	-	-	(16,429,215)	(16,429,215)
Comprehensive income for the year	-	-	-	-	439,252	26,516,915	26,956,167
Balance on 31 December 2015	3,000,000	5,797,507	23,452,466	40,788,045	1,371,686	26,516,915	100,926,619
Appropriation of 2015 net income	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	5,531,226	(1,139,214)	-	(4,392,012)	-
Distribution of dividends	-	-	-	-	-	(22,124,903)	(22,124,903)
Update to own funds	-	12,570	-	-	-	-	12,570
Comprehensive income for the year	-	-	-	-	491,891	33,662,750	34,154,641
Balance on 31 December 2016	3,000,000	5,810,077	28,983,692	39,648,831	1,863,577	33,662,750	112,968,927

Capital

The Bank was incorporated with a share capital of mAKZ 522,926 (corresponding to the exchange value of 6,000,000 USD on the date of incorporation), represented by 522,926 nominal shares at the individual price of a thousand Angolan Kwanzas each and which has been subscribed and fully paid in cash.

During the financial year of 2016, the Bank increased its share capital by mAKZ 1,088,751 (corresponding to 14,000,000 USD) and, later, the General Meeting, held on 1 December 2006, approved a new increase of the share capital from 20,000,000 to 30,000,000 USD, fully paid in cash and represented by 2,414,511 nominal shares at the price of a thousand Angolan Kwanzas each.

During the first semester of 2014, the Bank increased its share capital through the incorporation of free reserves in the amount of mAKZ 585,498, being represented by 3,000,000 shares with a nominal value of a thousand Angolan Kwanzas each. The share capital increase aimed at complying with the provisions of Notice no. 14/2013, of 15 November, from the National Bank of Angola, which sets the minimum amount of share capital from financial institutions at mAKZ 2,500,000.

As at 31 December 2016 and 2015, the Bank's shareholder structure was as follows:

SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE
Sociedade de Participações Financeiras, Lda.	750,000	25.0%
Fernando Leonídio Mendes Teles	600,000	20.0%
Finisantor Holding Limited	525,000	17.5%
Telesgest B.V.	525,000	17.5%
Luís Manuel Cortez dos Santos	150,000	5.0%
Manuel Pinheiro Fernandes	150,000	5.0%
Sebastião Bastos Lavrador	150,000	5.0%
Other shareholders	150,000	5.0%
	3,000,000	100.0%

In compliance with the provisions of article 446(3) of Law no. 1/2004, of 13 February, which covers the Companies Act, the number of shares held by the members of the Bank's management and supervisory bodies, as well as the percentage of shares held are as follows:

SHAREHOLDERS	POSITION	ACQUISITION	Nº SHARES	% PARTICIPATION
Isabel José dos Santos	Non-Executive Director	Nominal Value	1,275,000	42.50%
Fernando Leonídio Mendes Teles	Chairman of the Board	Nominal Value	1,125,000	37.50%
Fernando José Aleixo Duarte	Director	Nominal Value	30,000	1.00%
Graziela do Céu Rodrigues Esteves	Director	Nominal Value	30,000	1.00%
Graça Maria dos Santos Pereira	Director	Nominal Value	30,000	1.00%

Appropriation of net profit

The General Meeting held on 21 April 2016 approved the proposal for the appropriation of net profit submitted by the Board of Directors and that is part of the Management Report. Therefore, from the positive net profit calculated at the end of the financial year of 2015, in the amount of mAKZ 27,656,129 (approximately 204 million USD), 20%, which corresponds to the amount of mAKZ 5,531,226 (approximately 41 million USD) was transferred to the legal reserve heading and 80%, which corresponds to the amount of mAKZ 22,124,903 (corresponding to nearly 164 million USD) was distributed to the shareholders.

The General Meeting held on 9 April 2015 approved the proposal for the appropriation of net profit submitted by the Board of Directors and that is part of the Management Report. Therefore, from the positive net profit calculated at the end of the financial year 2014, in the amount of mAKZ 20,536,519 (approximately 20 million USD), 20%, which corresponds to the amount of mAKZ 4,107,304 (approximately 4 million USD) was transferred to the legal reserve heading and 80%, which corresponds to the amount of mAKZ 16,429,215 (corresponding to nearly 16 million USD) was distributed to the shareholders.

Legal reserve

According to the provisions of the current legislation, the Bank shall establish a legal reserve fund that is equal to its share capital. To that end, every year a minimum of 10% of the net profits from the previous year are transferred to this reserve (20% until Law no. 12/2015 - Basic Law on Financial Institutions was published on 17 June 2015). This reserve can only be used to cover accumulated capital losses, when all other established reserves are exhausted.

Reassessment Reserves

The reassessment reserves represent the potential capital gains and losses, net of deferred taxes, relating to the portfolio of securities classified as "Financial assets available for sale," including also the own funds update reserves.

20. OFF BALANCE SHEET ITEMS

These headings are broken down as follows:

	'16	'15 PROFORMA
GUARANTEES PROVIDED AND OTHER CONTINGENT LIABILITIES		
Guarantees and sureties	75,191,329	78,607,165
Irrevocable commitments	9,088,290	47,842,987
Open documentary credits	3,774,770	7,845,751
	88,054,389	134,295,903
LIABILITIES BY PROVISION OF SERVICES		
Services rendered by third parties		
Collection of values	(16,126)	-
Services rendered by the Institution		
Securities custody	94,483,985	66,558,618
Collection of amounts - on the Country	10,265,002	5,681,678
Collection of amounts - abroad	284,954	252,128
	105,017,815	72,492,424

As at 31 December 2015, the balance of the heading "Irrevocable commitments" includes a line of credit to the opening and confirmation of documentary credits and bank guarantees agreed with Banco BIC Português, S.A., in the amount of 300 million USD.

21. NET INTEREST INCOME

This heading may be broken down as follows:

	'16	'15 PROFORMA
INTEREST AND SIMILAR INCOME		
From loans		
Interest	37,656,364	25,418,837
Fees	657,810	467,420
	38,314,174	25,886,257
From bonds and securities		
Treasury Bonds	34,701,423	27,903,108
Treasury Bills	7,271,047	3,049,032
Others	140,005	16,019
	42,112,475	30,968,159
From liquidity investments		
Foreign	1,154,498	1,018,247
Domestic	165,898	148,697
Securities from Third-Parties with Resale Agreement	896,695	41,873
	2,217,091	1,208,817
Total interest and similar income	82,643,740	58,063,233
INTEREST AND SIMILAR COSTS		
From deposits		
Current	57,638	51,354
Term	22,580,759	16,543,298
	22,638,397	16,594,652
From liquidity intake		
Securities sold with resale agreement	-	246,471
Funds from other credit institutions	2,138,326	1,523,484
	2,138,326	1,769,955
Total interest and similar costs	24,776,723	18,364,607
Net interest income	57,867,017	39,698,626

22. INCOME AND COSTS RELATED TO SERVICES AND FEES

This heading may be broken down as follows:

	'16	'15 PROFORMA
REVENUES		
Fees on guarantees and sureties	2,297,296	1,692,000
Fees on EMIS transactions	1,837,625	1,278,332
Visa Fees	740,851	801,618
Fees for payment orders issued	630,562	759,668
Fees - Ministry of Finance	333,111	446,122
Fees for loans and documentary remittances	237,743	181,399
Fees on automatic payment terminals	137,740	128,705
Fees for opening, management and renewal of pledge current account	99,080	239,291
Other fees	237,834	275,100
	6,551,842	5,802,235
COSTS		
Fees on EMIS transactions	(989,414)	(647,641)
Visa Fees	(81,560)	(143,340)
Other fees	(45,124)	(55,099)
	(1,116,098)	(846,080)
	5,435,744	4,956,155

23. INCOME FROM FOREIGN EXCHANGE TRANSACTIONS

In the financial years ended on 31 December 2016 and 2015, this heading corresponds, mainly, to the exchange gains and losses obtained at the portfolio of securities issued or indexed to foreign currencies and at the domestic currency deposits indexed to foreign currencies, in the transactions of purchase and sale of foreign currencies made by the Bank, as well as at the reassessment of the foreign currency position as described in Note 2.4. b) and is broken down as follows:

	'16			'15 PROFORMA		
	PROFITS	LOSSES	NET	PROFITS	LOSSES	NET
Net income on Treasury Bonds USD Index	43,264,472	-	43,264,472	45,437,772	(463,113)	44,974,659
Net income on notes and coins	3,257,412	(12,635)	3,244,777	1,274,353	(138,250)	1,136,103
Net income on foreign currency	43,892,958	(45,547,347)	(1,654,389)	43,894,170	(48,804,692)	(4,910,522)
Net income on indexed deposits	-	(18,001,857)	(18,001,857)	-	(15,041,967)	(15,041,967)
	90,414,842	(63,561,839)	26,853,003	90,606,295	(64,448,022)	26,158,273

24. OTHER OPERATING RESULTS

This heading may be broken down as follows:

	'16	'15 PROFORMA
Revenue from a variety of services rendered		
Currency sale/withdrawals	310,505	472,014
Cheque issuance	65,898	82,333
Others	98,882	89,527
Office allowance	328,373	86,034
Reimbursement of expenses:		
On payment orders	280,761	277,502
Others	31,939	19,072
Others	55,095	160,329
	1,171,453	1,186,811
Tax and rates not imposed on income		
Capital gains tax (Note 17)	(2,172,246)	(1,190,033)
Other taxes and rates	(263,421)	(170,611)
	(2,435,667)	(1,360,644)
Settlement of debtor balances	(46,483)	(37,764)
Other costs and losses	(221,024)	(362,319)
	(267,507)	(400,083)
	(1,531,721)	(573,916)

25. STAFF COSTS

These headings may be broken down as follows:

	'16	'15 PROFORMA
Remunerations	9,912,818	6,934,036
Variable compensation - Performance bonus		
Settled in the financial year	4,863,023	3,502,576
To be settled (Note 18)	309,090	200,466
Mandatory social contributions	415,770	306,307
Optional social contributions	993,522	671,029
Others	150,272	110,714
	16,644,495	11,725,128

26. FORNECIMENTOS E SERVIÇOS DE TERCEIROS

These headings may be broken down as follows:

	'16	'15 PROFORMA
Security and surveillance	1,725,290	1,336,312
Communication and forwarding costs	1,394,897	1,317,086
Forms and office consumables	773,099	503,831
Specialised services		
IT	349,783	138,380
Consulting	155,929	145,780
Others	154,983	126,992
Maintenance and repair	597,776	523,603
Rentals and leases	511,699	375,775
Water, energy and fuels	509,642	281,483
Advertising	211,319	219,651
Cleaning services	195,171	143,592
Travel and accommodation	174,610	199,404
Levies and donations	101,286	107,413
Insurance	58,771	40,863
Staff training	18,811	13,737
Others	5,884,265	10,369,093
	12,817,331	15,842,995

In the financial years ended on 31 December 2016 and 2015, the balance of the heading "Others" includes approximately mAKZ 5,311,985 and mAKZ 9,707,777, respectively, concerning the costs of a set of commercial and organisational support services and other services rendered by entities related to the Bank during the financial years of 2016 and 2015.

27. RELATED ENTITIES

As at 31 December 2016 and 2015, the main balances kept by the Bank with related entities are as follows:

'16

	BANCO BIC PORTUGUÊS, S.A.	BANCO BIC CABO VERDE IFI	SHAREHOLDERS AND SHAREHOLDER- HELD ENTITIES	MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD	TOTAL
ASSETS	50,557,686	(2,078)	(679,527)	346,613	74,680,868
Deposits at other credit institutions (Note 4)	7,226,823	9,269	-	-	7,236,092
Loans and advances at other credit institutions (Note 5)	3,335,006	5,707,582	-	-	9,042,588
Financial assets at fair value through profit and loss (Note 6)	-	-	3,707,580	-	3,707,580
Customer loans (Note 9)	-	-	92,797,612	151,211	92,948,823
Others assets (Note 13)	4,459	-	27,728	-	32,187
LIABILITIES					
Resources of other credit institutions (Note 14)	295,629	18,324,321	-	-	18,619,950
Customer resources (Note 15)	-	-	24,278,352	317,692	24,596,044
Other liabilities (Note 18)	-	-	3,944,312	-	3,944,312
OFF-BALANCE SHEET ITEMS					
Guarantees and sureties (Note 20)	-	-	12,696,454	-	12,696,454
Open documentary credits (Note 20)	-	-	441,292	-	441,292
INCOME STATEMENT					
Interest from Liquidity and Credit Investments	92,833	1,054,033	6,368,804	9,311	7,524,981
Interest on Liquidity and Deposit Resources	638,934	1,445,789	641,522	9,404	2,735,649
Fees for guarantees and sureties	-	-	248,602	-	248,602
Third-party supplies and services (Note 26)	-	-	5,311,985	-	5,311,985

**'15
PROFORMA**

	BANCO BIC PORTUGUÊS, S.A.	BANCO BIC CABO VERDE IFI	SHAREHOLDERS AND SHAREHOLDER- HELD ENTITIES	MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD	TOTAL
ASSETS					
Deposits at other credit institutions (Note 4)	2,706,944	7,392	-	-	2,714,336
Loans and advances at other credit institutions (Note 5)	34,568,665	30,006,498	-	-	64,575,163
Financial assets at fair value through profit and loss (Note 6)	-	-	1,448,754	-	1,448,754
Customer loans (Note 9)	-	-	55,686,336	161,898	55,848,234
Others assets (Note 13)	150,961	-	122,190	-	273,151
LIABILITIES					
Resources of other credit institutions (Note 14)	23,670,860	42,988,453	-	-	66,659,313
Customer resources (Note 15)	-	-	19,587,405	305,177	19,892,582
Other liabilities (Note 18)	2,042	-	483,239	-	485,281
OFF-BALANCE SHEET ITEMS					
Guarantees and sureties (Note 20)	-	-	9,827,050	-	9,827,050
Open documentary credits (Note 20)	-	-	3,535,788	-	3,535,788
INCOME STATEMENT					
Interest from Liquidity and Credit Investments	239,973	768,533	3,395,933	9,515	4,413,954
Interest on Liquidity and Deposit Resources	768,743	568,907	317,988	5,490	1,661,128
Fees for guarantees and sureties	-	-	134,111	-	134,111
Third-party supplies and services (Note 26)	-	-	9,707,777	-	9,707,777

Part of the liquidity investments granted to related entities are guaranteed by shares of a financial institution domiciled in the Eurozone.

28. DISCLOSURES RELATIVE TO FINANCIAL INSTRUMENTS

Risk management policies

The Bank has established a set of principles, strategies, policies, systems, processes, rules and procedures in order to ensure an effective and profitable performance of its activity, in the medium and long term, that ensures the effective use of assets and funds, as well as business continuity, through an appropriate management and control of the activity's risks, the careful and correct assessment of assets and liabilities, as well as through the implementation of mechanisms aimed at preventing and protecting it against errors and frauds.

Interest Rate Risk

As part of the interest rate risk, the International and Financial Division and the Risk Division regularly monitor the structural risk of the interest rate, based on the net interest income and economic value sensitivity analyses compared to the differences on the interest rate curves.

By including the follow-up of the Interest Rate Risk in the Banking Portfolio, pursuant to Notice no. 08/2016 from the National Bank of Angola, the Bank is adopting internal measures that will allow it to continuously identify the exposure to interest rate risk in the economic value of cash flows associated with the banking portfolio. The impact may not be equal to or greater than 20% of the Bank's regulatory own funds, in which case the National Bank of Angola may need to adopt corrective measures.

Liquidity Risk

The Liquidity Risk consists of the potential inability from the Bank to fulfill its obligations related to the reimbursement of financing without incurring a significant loss, whether due to difficult financing conditions (financing risk), or to the sale of assets for a price lower than the market price (market liquidity risk).

The short-term investments from the Bank's own portfolio, with a maturity of up to 12 months, aim at making profit from the liquidity surpluses together with the investments in the Interbank Money Market, thus contributing to the Bank's positive net interest income. This includes investments in Treasury Bills and the acquisition of Repurchase Agreements (Repos).

The monitoring and report of liquidity risk to the National Bank of Angola is made according to the provisions of Instruction no. 19/2016 - Liquidity Risk and no. 26/2016 - Governance of the Liquidity Risk. The observation and liquidity ratios shall be reported on a fortnightly or monthly basis.

Market Risk

The market risks consist of the potential losses that may be recorded by a certain portfolio, as the result of rate (interest or foreign exchange rate) changes and/or the prices of the different financial instruments that comprise it, by taking into account not only the correlations that exist between them, but also the respective fluctuations.

Market risk is constantly managed by the Bank, which provides daily information on the valuation of the financial instruments in portfolio.

Exchange Rate Risk

In order to monitor the exchange rate risk, the Bank pursues a prudent policy of management of assets and liabilities in foreign currency, which strongly mitigates the associated exchange rate risk. The goal is to permanently avoid the exposure of the foreign currency positions to the foreign exchange rate risk and to outline the procedures for the daily reconciliation of the foreign currency position between the Market Room and Accounting.

Counterparty Credit Risk

In relation to the loan concentration risk, Banco BIC adopts a policy aiming at reducing the sectorial and individual concentration indexes, by increasing and diversifying the customer and counterparty portfolio.

Balance sheet

Categorias de instrumentos financeiros

Em 31 de Dezembro de 2016 e 2015, as diferentes categorias de instrumentos financeiros apresentam o seguinte detalhe:

'16

	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	VALUE NET
ASSETS					
Cash and deposits with central banks	-	104,492,564	-	-	104,492,564
Deposits at other credit institutions	-	8,671,075	-	-	8,671,075
Loans and advances with central banks and other credit institutions	-	21,575,883	-	-	21,575,883
Financial assets at fair value through profit and loss	77,710,095	-	-	-	77,710,095
Financial assets available for sale	5,796,606	-	-	-	5,796,606
Held-to-maturity investments	-	472,553,566	-	-	472,553,566
Customer loans	-	379,000,438	-	(74,680,868)	304,319,570
Other assets	-	5,727,256	-	-	5,727,256
	83,506,701	992,020,782	-	(74,680,868)	1,000,846,615
LIABILITIES					
Funds from central banks and other credit institutions	-	(32,403,237)	-	-	(32,403,237)
Customer funds and other loans	-	(850,432,779)	-	-	(850,432,779)
Other liabilities	-	(24,892,191)	-	-	(24,892,191)
	-	(907,728,207)	-	-	(907,728,207)
	83,506,701	84,292,575	-	(74,680,868)	93,118,408

'15
PROFORMA

	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	VALUE NET
ASSETS					
Cash and deposits with central banks	-	151,712,253	-	-	151,712,253
Deposits at other credit institutions	-	4,144,488	-	-	4,144,488
Loans and advances with central banks and other credit institutions	-	79,464,765	-	-	79,464,765
Financial assets at fair value through profit and loss	22,998,659	-	-	-	22,998,659
Financial assets available for sale	4,459,067	-	-	-	4,459,067
Held-to-maturity investments	-	398,183,134	-	-	398,183,134
Customer loans	-	334,328,525	-	(50,557,686)	283,770,839
Other assets	-	4,270,100	-	-	4,270,100
	27,457,726	972,103,265	-	(50,557,686)	949,003,305
LIABILITIES					
Funds from central banks and other credit institutions	-	(79,759,784)	-	-	(79,759,784)
Customer funds and other loans	-	(774,395,878)	-	-	(774,395,878)
Other liabilities	-	(11,235,939)	-	-	(11,235,939)
	-	(865,391,601)	-	-	(865,391,601)
	27,457,726	106,711,664	-	(50,557,686)	83,611,704

Financial statements of profit or loss and other comprehensive income

Earnings, expense, gain or loss headings

In the financial years 2016 and 2015, the net gains or net losses on financial instruments were as follows:

				'16	
	BOOKED AGAINST INCOME			BOOKED AGAINST SHAREHOLDERS' EQUITY	
	GAINS	LOSSES	NET	GAINS	NET
ASSETS					
Loans and advances with central banks and other credit institutions	2,217,091	-	2,217,091	-	-
Financial assets at fair value through profit and loss	7,411,052	-	7,411,052	-	-
Financial assets available for sale	-	-	-	491,891	491,891
Held-to-maturity investments	34,701,423	-	34,701,423	-	-
Customer loans	38,413,254	(22,314,006)	16,099,248	-	-
	82,742,820	(22,314,006)	60,428,814	491,891	491,891
LIABILITIES					
Funds from central banks and other credit institutions	-	(2,138,326)	(2,138,326)	-	-
Customer funds and other loans	-	(22,638,397)	(22,638,397)	-	-
	-	(24,776,723)	(24,776,723)	-	-
	82,742,820	(47,090,729)	35,652,091	491,891	491,891
OFF BALANCE SHEET ITEMS					
Guarantees provided	2,297,296	-	2,297,296	-	-
Documentary credit	237,743	-	237,743	-	-
	2,535,039	-	2,535,039	-	-

				'15	
	BOOKED AGAINST INCOME			BOOKED AGAINST SHAREHOLDERS' EQUITY	
	GAINS	LOSSES	NET	GAINS	NET
ASSETS					
Loans and advances with central banks and other credit institutions	1,208,817	-	1,208,817	-	-
Financial assets at fair value through profit and loss	3,065,051	-	3,065,051	-	-
Financial assets available for sale	-	-	-	439,252	439,252
Held-to-maturity investments	27,903,108	-	27,903,108	-	-
Customer loans	26,125,548	(13,175,545)	12,950,003	-	-
	58,302,524	(13,175,545)	45,126,979	439,252	439,252
LIABILITIES					
Funds from central banks and other credit institutions	-	(1,769,955)	(1,769,955)	-	-
Customer funds and other loans	-	(16,594,652)	(16,594,652)	-	-
Other liabilities	-	-	-	-	-
	-	(18,364,607)	(18,364,607)	-	-
	58,302,524	(31,540,152)	26,762,372	439,252	439,252
OFF BALANCE SHEET ITEMS					
Guarantees provided	1,692,000	-	1,692,000	-	-
Documentary credit	181,399	-	181,399	-	-
	1,873,399	-	1,873,399	-	-

In the financial years 2016 and 2015, the income and expenses related to the interest from financial instruments not measured at fair value through profit and loss were detailed as follows:

	'16			'15 PROFORMA		
	EARNINGS	EXPENSES	NET	GAINS	LOSSES	NET
ASSETS						
Loans and advances with central banks and other credit institutions	2,217,091	-	2,217,091	1,208,817	-	1,208,817
Held-to-maturity investments	34,701,423	-	34,701,423	27,903,108	-	27,903,108
Customer loans	37,656,364	-	37,656,364	25,418,837	-	25,418,837
	74,574,878	-	74,574,878	54,530,762	-	54,530,762
LIABILITIES						
Funds from central banks and other credit institutions	-	(2,138,326)	(2,138,326)	-	(1,769,955)	(1,769,955)
Customer funds and other loans	-	(22,638,397)	(22,638,397)	-	(16,594,652)	(16,594,652)
	-	(24,776,723)	(24,776,723)	-	(18,364,607)	(18,364,607)
	74,574,878	(24,776,723)	49,798,155	54,530,762	(18,364,607)	36,166,155

In the financial years ended on 31 December 2016 and 2015, the amounts related to profit and loss and expenses with fees not included in the calculation of the effective rate of instruments not measured at fair value through profit and loss are immaterial

Other disclosures

Fair Value

Comparison between fair value and the balance sheet value of the main assets and liabilities, as at 31 December 2016 and 2015, is as follows:

				'16		
	BOOK VALUE (NET)	FAIR VALUE OF FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET		TOTAL	DIFFERENCE	BOOK VALUE TOTAL
		AT FAIR VALUE	AT AMORTISED COST			
ASSETS						
Cash and deposits with central banks	104,492,564	-	104,492,564	104,492,564	-	104,492,564
Deposits at other credit institutions	8,671,075	-	8,671,075	8,671,075	-	8,671,075
Loans and advances with central banks and other credit institutions	21,575,883	-	21,575,883	21,575,883	-	21,575,883
Financial assets at fair value through profit and loss	77,710,095	77,710,095	-	77,710,095	-	77,710,095
Financial assets available for sale	5,796,606	5,796,606	-	5,796,606	-	5,796,606
Held-to-maturity investments	472,553,566	-	472,553,566	472,553,566	-	472,553,566
Customer loans	304,319,570	-	304,319,570	304,319,570	-	304,319,570
	995,119,359	83,506,701	911,612,658	995,119,359	-	995,119,359
LIABILITIES						
Funds from central banks and other credit institutions	(32,403,237)	-	(32,403,237)	(32,403,237)	-	(32,403,237)
Customer funds and other loans	(850,432,779)	-	(850,432,779)	(850,432,779)	-	(850,432,779)
	(882,836,016)	-	(882,836,016)	(882,836,016)	-	(882,836,016)
	112,283,343	83,506,701	28,776,642	112,283,343	-	112,283,343

'15
PROFORMA

	BOOK VALUE (NET)	FAIR VALUE OF FINANCIAL INSTRUMENTS RECORDED IN THE BALANCE SHEET		TOTAL	DIFFERENCE	BOOK VALUE TOTAL
		AT FAIR VALUE	AT AMORTISED COST			
ASSETS						
Cash and deposits with central banks	151,712,253	-	151,712,253	151,712,253	-	151,712,253
Deposits at other credit institutions	4,144,488	-	4,144,488	4,144,488	-	4,144,488
Loans and advances with central banks and other credit institutions	79,464,765	-	79,464,765	79,464,765	-	79,464,765
Financial assets at fair value through profit and loss	22,998,659	22,998,659	-	22,998,659	-	22,998,659
Financial assets available for sale	4,459,067	4,459,067	-	4,459,067	-	4,459,067
Held-to-maturity investments	398,183,134	-	398,183,134	398,183,134	-	398,183,134
Customer loans	283,770,839	-	283,770,839	283,770,839	-	283,770,839
	944,733,205	27,457,726	917,275,479	944,733,205	-	944,733,205
LIABILITIES						
Funds from central banks and other credit institutions	(79,759,784)	-	(79,759,784)	(79,759,784)	-	(79,759,784)
Customer funds and other loans	(774,395,878)	-	(774,395,878)	(774,395,878)	-	(774,395,878)
	(854,155,662)	-	(854,155,662)	(854,155,662)	-	(854,155,662)
	90,577,543	27,457,726	63,119,817	90,577,543	-	90,577,543

The assumptions used in preparing this table were as follows:

- For the headings "Cash and deposits with central banks" and "Deposits with other credit institutions," since these are sight or very short-term investments, the Bank considers the book value to be a reasonable approximation of their fair value. The same rationale was applied to "Loans and advances with central banks and other credit institutions."
- For "Investments held to maturity" and taking into account i) that there is no active transactional market that can support the fair value of the financial asset; ii) that there are no transactions that can represent the fair value of the assets; and iii) the assumption that the Treasury Bonds rates correspond to the market rates; we consider that the fair value corresponds to the asset's recovery value, that is, the respective balance sheet value.
- With respect to "Loans to customers," the fair value was deemed equal to the balance sheet value.
- For "Funds from central banks and other credit institutions," since they are sight or very short-term resources, the Bank considers the book value to be a reasonable approximation of the fair value.
- The fair value of "Customer funds and other loans" was considered to be equal to the balance sheet value.

On 31 December 2016 and 2015, the fair value calculation method of the financial instruments reflected in the financial statements may be summarised as follows:

'16

	LEVEL 1 PRICE IN ACTIVE MARKET	LEVEL 2 OBSERVABLE DATA MARKET	LEVEL 3 OTHER TECHNIQUES VALUATION	TOTAL
ASSETS				
Financial assets at fair value through profit and loss	-	-	77,710,095	77,710,095
Financial assets available for sale	5,796,606	-	-	5,796,606
	5,796,606	-	77,710,095	83,506,701

'15
PROFORMA

	LEVEL 1 PRICE IN ACTIVE MARKET	LEVEL 2 OBSERVABLE DATA MARKET	LEVEL 3 OTHER TECHNIQUES VALUATION	TOTAL
ASSETS				
Financial assets at fair value through profit and loss	-	-	22,998,659	22,998,659
Financial assets available for sale	4,459,067	-	-	4,459,067
	4,459,067	-	22,998,659	27,457,726

The "Financial assets at fair value through profit and loss," since they correspond mainly to Treasury Bills issued by the Angolan Government, for periods below one year, were valued at the acquisition cost, plus accrued interest.

The operation carried out for the financial instruments measured at fair value and classified as level 3 - Other valuation techniques in the financial years 2015 and 2016 was as follows:

**HELD FOR TRADE AND AT FAIR VALUE
THROUGH PROFIT AND LOSS**

Book value on 1 January 2015 (Proforma)	80,649,565
Net purchases / sales	(56,579,574)
Accrued interest	(1,071,332)
Book value on 31 December 2015 (Proforma)	22,998,659
Net purchases / sales	52,910,325
Accrued interest	1,801,111
Book value on 31 December 2016 (Proforma)	77,710,095

Nature and extent of the risks arising from financial instruments

Credit risk

As at 31 December 2016 and 2015, the maximum exposure to credit risk by type of financial instrument, can be summarised as follows:

	'16			'15 PROFORMA		
	BOOK VALUE GROSS	IMPAIRMENT	BOOK VALUE NET	BOOK VALUE GROSS	IMPAIRMENT	BOOK VALUE NET
BALANCE SHEET ITEMS						
Cash and deposits with central banks	104,492,564	-	104,492,564	151,712,253	-	151,712,253
Deposits at other credit institutions	8,671,075	-	8,671,075	4,144,488	-	4,144,488
Loans and advances with central banks and other credit institutions	21,575,883	-	21,575,883	79,464,765	-	79,464,765
Financial assets at fair value through profit and loss	77,710,095	-	77,710,095	22,998,659	-	22,998,659
Financial assets available for sale	5,796,606	-	5,796,606	4,459,067	-	4,459,067
Held-to-maturity investments	472,553,566	-	472,553,566	398,183,134	-	398,183,134
Customer loans	379,000,438	(74,680,868)	304,319,570	334,328,525	(50,557,686)	283,770,839
	1,069,800,227	(74,680,868)	995,119,359	995,290,891	(50,557,686)	944,733,205
OFF BALANCE SHEET ITEMS						
Guarantees provided and documentary credit	78,966,099	(2,139,701)	76,826,398	86,452,916	(1,302,823)	85,150,093
	1,148,766,326	(76,820,569)	1,071,945,757	1,081,743,807	(51,860,509)	1,029,883,298

Em 31 de Dezembro de 2016 e 2015, os activos financeiros apresentam a seguinte composição de acordo com o rating de referência utilizado pelo Banco:

'16

	ORIGIN OF RATING	RATING LEVEL	EXPOSURE GROSS	IMPAIRMENT	EXPOSURE NET
Cash and deposits with central banks	Internal rating	Minimum	104,492,564	-	104,492,564
Deposits at other credit institutions	Internal rating	Very low	8,671,075	-	8,671,075
Loans and advances with central banks and other credit institutions	Internal rating	Minimum	12,526,579	-	12,526,579
		Very low	9,049,304	-	9,049,304
			21,575,883	-	21,575,883
Financial assets at fair value through profit and loss	Internal rating	Minimum	74,002,515	-	74,002,515
		Very low	3,707,580	-	3,707,580
			77,710,095	-	77,710,095
Financial assets available for sale	Internal rating	Very low	5,796,606	-	5,796,606
Held-to-maturity investments	Internal rating	Minimum	472,553,566	-	472,553,566
Customer loans	Internal rating	Minimum	46,154,503	(22,235)	46,132,268
		Very low	170,790,541	(3,441,604)	167,348,937
		Low	89,046,436	(11,255,805)	77,790,631
		Moderate	8,679,470	(2,721,216)	5,958,254
		High	27,321,041	(20,231,561)	7,089,480
		Very high	8,495,124	(8,495,124)	-
		Maximum	28,513,323	(28,513,323)	-
			379,000,438	(74,680,868)	304,319,570
			1,069,800,227	(74,680,868)	995,119,359

'15
PROFORMA

	ORIGIN OF RATING	RATING LEVEL	EXPOSURE GROSS	IMPAIRMENT	EXPOSURE NET
Cash and deposits with central banks	Internal rating	Minimum	151,712,253	-	151,712,253
Deposits at other credit institutions	Internal rating	Very low	4,144,488	-	4,144,488
Loans and advances with central banks and other credit institutions	Internal rating	Minimum	79,464,765	-	79,464,765
Financial assets at fair value through profit and loss	Internal rating	Minimum	21,549,905	-	21,549,905
		Very low	1,448,754	-	1,448,754
			22,998,659	-	22,998,659
Financial assets available for sale	Internal rating	Minimum	4,459,067	-	4,459,067
Held-to-maturity investments	Internal rating	Minimum	398,183,134	-	398,183,134
Customer loans	Internal rating	Minimum	35,156,670	(20,268)	35,136,402
		Very low	135,838,771	(3,306,034)	132,532,737
		Low	87,631,383	(5,257,819)	82,373,564
		Moderate	16,830,326	(2,386,685)	14,443,641
		High	20,396,748	(5,680,302)	14,716,446
		Very high	17,545,140	(12,977,091)	4,568,049
		Maximum	20,929,487	(20,929,487)	-
			334,328,525	(50,557,686)	283,770,839
			995,290,891	(50,557,686)	944,733,205

The Bank used internal ratings, according to the risk levels suggested by Notice no. 11/2014, of 17 December, issued by the BNA and the main assumptions for their assignment were:

- The risk positions recorded in the headings “Cash and deposits with central banks,” “Financial assets at fair value through profit and loss” and “Held-to-maturity investments” are mainly assumed by the National Bank of Angola and the Government of Angola and, subsequently, classified as being of minimum risk level;
- The “Deposits with other credit institutions” and “Financial assets available for sale” have the related entities as counterparty and do not show any signs of impairment.
- The “Customer loans” heading was classified according to the operation and borrower characteristics and risks.

As at 31 December 2016 and 2015, the geographical concentration of risk credit can be represented as follows:

'16

	ANGOLA	OTHER COUNTRIES IN AFRICA	EUROPE	OTHER	TOTAL
Cash and deposits with central banks	104,492,564	-	-	-	104,492,564
Deposits at other credit institutions	427,011	56,661	8,142,974	44,429	8,671,075
Loans and advances with central banks and other credit institutions	12,533,217	5,707,582	3,335,084	-	21,575,883
Financial assets at fair value through profit and loss	74,002,515	-	3,707,580	-	77,710,095
Financial assets available for sale	-	-	5,796,606	-	5,796,606
Held-to-maturity investments	472,553,566	-	-	-	472,553,566
Customer loans	379,000,438	-	-	-	379,000,438
	1,043,009,311	5,764,243	20,982,244	44,429	1,069,800,227

'15
PROFORMA

	ANGOLA	OTHER COUNTRIES IN AFRICA	EUROPE	OTHER	TOTAL
Cash and deposits with central banks	151,712,253	-	-	-	151,712,253
Deposits at other credit institutions	162,556	31,740	3,877,548	72,644	4,144,488
Loans and advances with central banks and other credit institutions	-	30,715,818	48,748,947	-	79,464,765
Financial assets at fair value through profit and loss	21,549,905	-	1,448,754	-	22,998,659
Financial assets available for sale	-	-	4,459,067	-	4,459,067
Held-to-maturity investments	398,183,134	-	-	-	398,183,134
Customer loans	334,328,525	-	-	-	334,328,525
	905,936,373	30,747,558	58,534,316	72,644	995,290,891

As at 31 December 2016 and 2015, the sectoral concentration of customer loans can be represented as follows:

							'16	
	CUSTOMER LOANS			GUARANTEES PROVIDED AND DOCUMENTARY CREDIT	EXPOSURE TOTAL	WEIGHT RELATIVE	IMPAIRMENT	
	PERFOR- MING	INTEREST RECEIVA- BLE	OVERDUE				VALUE	IMPAIRMENT /TOTAL EXPOSURE
COMPANIES								
Trade	75,873,168	2,802,301	9,781,005	20,082,856	108,539,330	24%	20,518,820	19%
Construction	52,601,149	3,331,259	6,286,297	25,565,108	87,783,813	19%	14,914,958	17%
Agriculture, Animal Production, Hunting and Forestry	36,219,027	2,429,383	2,342,317	41,885	41,032,612	9%	2,875,936	7%
Real Estate, Leasing and Services provided to Companies	20,373,487	609,906	3,081,613	5,981,402	30,046,408	7%	3,729,944	12%
Other leisure, association and service activities	23,112,491	484,431	533,230	3,624,453	27,754,605	6%	1,204,251	4%
Accommodation and Restaurants (restaurants and similar)	16,547,463	1,158,844	886,381	-	18,592,688	4%	7,285,406	39%
Financial and Insurance Activities	13,141,011	74,013	43	-	13,215,067	3%	26,932	0%
Education, Healthcare and Welfare	12,070,288	147,926	137,954	1,502,059	13,858,227	3%	1,873,803	14%
Processing Industries	9,992,571	226,260	1,872,487	1,817,662	13,908,980	3%	4,100,190	29%
Transport, Storage and Communications	2,972,910	21,653	3,625,145	4,320,886	10,940,594	2%	3,682,111	34%
Mining (Crude Oil and Natural Gas, Other)	5,847,720	24,034	281,567	1,515,941	7,669,262	2%	845,761	11%
Public Administration and Mandatory Social Security	5,260,364	4,855	-	6,272	5,271,491	1%	1,304,809	25%
Fisheries	179,319	1,068	67	-	180,454	0%	1,790	1%
Production and Distribution of Electricity, Gas and Water	8,161	-	25,188	-	33,349	0%	25,210	76%
	274,199,129	11,315,933	28,853,294	64,458,524	378,826,880	83%	62,389,921	16%
INDIVIDUALS								
Consumption	11,459,294	26,393	1,266,338	-	12,752,025	3%	3,205,273	25%
Mortgage	33,515,199	106,760	529,036	-	34,150,995	7%	4,523,087	13%
Other purposes	12,652,301	244,866	5,922,973	14,507,575	33,327,715	7%	6,702,288	20%
	57,626,794	378,019	7,718,347	14,507,575	80,230,735	17%	14,430,648	18%
	331,825,923	11,693,952	36,571,641	78,966,099	459,057,615	100%	76,820,569	17%

'15
PROFORMA

	CUSTOMER LOANS			GUARANTEES PROVIDED AND DOCUMENTARY CREDIT	EXPOSURE TOTAL	WEIGHT RELATIVE	IMPAIRMENT	
	PERFOR- MING	INTEREST RECEIVA- BLE	OVERDUE				VALUE	IMPAIRMENT /TOTAL EXPOSURE
COMPANIES								
Trade	59,245,553	1,448,033	6,198,666	21,335,704	88,227,956	21%	14,484,052	16%
Construction	67,678,037	1,695,282	2,945,704	35,380,648	107,699,671	26%	6,264,796	6%
Agriculture, Animal Production, Hunting and Forestry	29,870,696	1,006,066	641,715	602,168	32,120,645	8%	2,314,964	7%
Real Estate, Leasing and Services provided to Companies	14,435,374	163,676	1,978,907	855,961	17,433,918	4%	2,686,959	15%
Other leisure, association and service activities	14,259,386	178,591	561,081	6,064,616	21,063,674	5%	569,708	3%
Accommodation and Restaurants (restaurants and similar)	15,241,627	292,574	240,890	305,447	16,080,538	4%	5,471,557	34%
Financial and Insurance Activities	9,601,246	22,262	-	-	9,623,508	2%	28,712	0%
Education, Healthcare and Welfare	9,676,527	97,861	59,996	1,223,511	11,057,895	3%	453,240	4%
Processing Industries	13,340,161	287,180	1,261,561	2,753,624	17,642,526	4%	3,152,728	18%
Transport, Storage and Communications	3,410,309	13,029	3,649,588	3,605,754	10,678,680	3%	3,850,549	36%
Mining (Crude Oil and Natural Gas, Other)	7,763,454	26,886	133,498	1,387,977	9,311,815	2%	224,712	2%
Public Administration and Mandatory Social Security	4,389,845	6,809	88,639	6,272	4,491,565	1%	638,310	14%
Fisheries	4,488	14	34	-	4,536	0%	2,409	53%
Production and Distribution of Electricity, Gas and Water	4,380	-	20,544	-	24,924	0%	112	0%
	248,921,083	5,238,263	17,780,823	73,521,682	345,461,851	82%	40,142,808	12%
INDIVIDUALS								
Consumption	14,265,206	32,258	1,213,048	-	15,510,512	4%	3,431,658	22%
Mortgage	30,966,197	59,944	217,008	-	31,243,149	7%	3,930,080	13%
Other purposes	11,385,804	750,819	4,428,094	12,931,234	29,495,951	7%	4,355,963	15%
	56,617,207	843,021	5,858,150	12,931,234	76,249,612	18%	11,717,701	15%
	305,538,290	6,081,284	23,638,973	86,452,916	421,711,463	100%	51,860,509	12%

As at 31 December 2016 and 2015, the credit is broken down as follows:

'16

	PERFORM- ING LOANS AND INTEREST RECEIVABLE	DEFAULT CLASS					TOTAL
		UP TO 1 MONTH	1 MONTH UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	
CUSTOMER LOANS							
Loans without impairment	57,789,905	1,350,644	470	3,547	27,284	33,458	59,205,308
With impairment determined based on individual analysis							
Loans and interest	226,665,713	173,461	317,581	8,647,381	23,219,415	960,105	259,983,656
Impairment	(44,662,635)	(6,520)	(42,246)	(2,171,973)	(19,939,954)	(960,105)	(67,783,433)
	182,003,078	166,941	275,335	6,475,408	3,279,461	-	192,200,223
With impairment determined based on collective analysis							
Overdue loans and interest	59,064,257	12,382	78,067	150,722	1,085,239	511,885	60,902,552
Impairment	(5,217,517)	(1,533)	(25,865)	(123,460)	(1,044,806)	(484,254)	(6,897,435)
	53,846,740	10,849	52,202	27,262	40,433	27,631	54,005,117
Fees associated with amortised cost	(1,091,078)	-	-	-	-	-	(1,091,078)
	292,548,645	1,528,434	328,007	6,506,217	3,347,178	61,089	304,319,570

'15
PROFORMA

	PERFORM- ING LOANS AND INTEREST RECEIVABLE	DEFAULT CLASS					TOTAL
		UP TO 1 MONTH	1 MONTH UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	
CUSTOMER LOANS							
Loans without impairment	41,675,643	5,230	88,752	24,322	81,355	20,353	41,895,655
With impairment determined based on individual analysis							
Loans and interest	184,981,453	1,040,158	801,703	3,129,900	15,196,935	27,254	205,177,403
Impairment	(22,911,766)	(627,389)	(55,998)	(1,222,443)	(13,938,624)	(27,254)	(38,783,474)
	162,069,687	412,769	745,705	1,907,457	1,258,311	-	166,393,929
With impairment determined based on collective analysis							
Loans and interest	84,962,478	29,632	102,822	651,256	1,834,634	604,667	88,185,489
Impairment	(9,104,657)	(5,567)	(50,426)	(498,422)	(1,570,757)	(544,383)	(11,774,212)
	75,857,821	24,065	52,396	152,834	263,877	60,284	76,411,277
Fees associated with amortised cost	(930,022)	-	-	-	-	-	(930,022)
	278,673,129	442,064	886,853	2,084,613	1,603,543	80,637	283,770,839

As at 31 December 2016 and 2015, the breakdown of overdue loans with no impairment can be detailed as follows:

'16

	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	DEFAULT CLASS				TOTAL
		OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	
CUSTOMER LOANS						
Overdue loans and interest						
Without impairment determined based on collective analysis	39,644	1,350,644	470	3,209	61,080	1,455,047
	39,644	1,350,644	470	3,209	61,080	1,455,047

'15

PROFORMA

	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	DEFAULT CLASS				TOTAL
		OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	
CUSTOMER LOANS						
Overdue loans and interest						
Without impairment determined based on individual analysis	754,436	-	88,639	-	-	843,075
Without impairment determined based on collective analysis	141,952	5,230	113	4,665	121,365	273,325
	896,388	5,230	88,752	4,665	121,365	1,116,400

As at 31 December 2016 and 2015, the breakdown of overdue loans with impairment can be detailed as follows:

'16

	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	DEFAULT CLASS				TOTAL
		OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	
CUSTOMER LOANS						
Overdue loans and interest						
With impairment determined based on individual analysis	37,336,810	173,461	317,581	1,160,247	31,666,654	70,654,753
With impairment determined based on collective analysis	1,293,702	12,382	78,067	55,643	1,692,203	3,131,997
	38,630,512	185,843	395,648	1,215,890	33,358,857	73,786,750

'15

PROFORMA

	PERFORMING LOANS ASSOCIATED WITH OVERDUE LOANS	DEFAULT CLASS				TOTAL
		OVERDUE LOANS UP TO 30 DAYS	OVERDUE LOANS BETWEEN 30 AND 90 DAYS	OVERDUE LOANS BETWEEN 90 AND 180 DAYS	OVERDUE LOANS FOR MORE THAN 180 DAYS	
CUSTOMER LOANS						
Overdue loans and interest						
With impairment determined based on individual analysis	23,013,597	1,040,158	801,703	759,779	17,594,310	43,209,547
With impairment determined based on collective analysis	5,888,869	29,632	102,822	169,162	2,921,395	9,111,880
	28,902,466	1,069,790	904,525	928,941	20,515,705	52,321,427

Currently, the Bank does not have the automatic means to capture the credit transactions that are subject to restructuring, namely the transactions whose conditions and guarantees have been renegotiated due to the worsening of credit risk and default. Nonetheless, the renegotiated credit transactions have been identified during the continuous development of information and credit risk analysis systems. In the years ended on 31 December 2016 and 2015, the Bank renegotiated the transactions due to the worsening of credit risk and default.

As at 31 December 2016 and 2015, the amount corresponding to the renegotiated credit stands at:

'16

	LOANS			IMPAIRMENT
	PERFORMING	OVERDUE	TOTAL	
COMPANIES	120,925,973	8,258,363	129,184,336	24,952,710
INDIVIDUALS				
Consumption	331,153	36,952	368,105	188,549
Mortgage	1,523,415	80,216	1,603,631	614,541
Other purposes	4,987,237	811,604	5,798,841	1,154,172
	6,841,805	928,772	7,770,577	1,957,262
	127,767,778	9,187,135	136,954,913	26,909,972

'15
PROFORMA

	LOANS			IMPAIRMENT
	PERFORMING	OVERDUE	TOTAL	
COMPANIES	110,640,675	500,114	111,140,789	13,191,610
INDIVIDUALS				
Consumption	121,799	5,253	127,052	63,024
Mortgage	275,561	2551	278,112	63,854
Other purposes	103,515	635,464	738,979	641,049
	500,875	643,268	1,144,143	767,927
	111,141,550	1,143,382	112,284,932	13,959,537

As at 31 December 2016 and 2015, the guarantees or other collateral executed as part of loans granted are detailed as follows:

	'16			'15 PROFORMA		
	GROSS ASSETS	IMPAIRMENT	NET ASSETS	GROSS ASSETS	IMPAIRMENT	NET ASSETS
NON-CURRENT ASSETS HELD FOR SALE						
Properties received as settlement of debts	10,327,353	(446,251)	9,881,102	5,411,457	(90,822)	5,320,635
	10,327,353	(446,251)	9,881,102	5,411,457	(90,822)	5,320,635



Liquidity risk

As at 31 December 2016 and 2015, the share capital associated with the financial instruments, according to the respective loan maturity, was detailed as follows:

	SPOT	UP TO 1 MONTH	BETWEEN 1 TO 3 MONTHS	BETWEEN 3 TO 6 MONTHS
ASSETS				
Cash and deposits with central banks	104,492,564	-	-	-
Deposits with other credit institutions	8,671,075	-	-	-
Loans and advances with central banks and other credit institutions	-	11,537,421	6,815,769	370,758
Financial assets at fair value through profit and loss	-	16,844,274	32,568,488	18,664,241
Financial assets available for sale	-	-	-	-
Held-to-maturity investments	-	5,846,034	14,061,939	32,612,680
Customer loans	-	24,122,247	9,787,223	44,561,742
Other assets	5,727,256	-	-	-
	118,890,895	58,349,976	63,233,419	96,209,421
LIABILITIES				
Funds from central banks and other credit institutions	13,645,098	18,307,044	-	-
Customer funds and other loans	468,702,075	72,725,550	145,166,999	108,312,599
Other liabilities	24,892,192	-	-	-
	507,239,365	91,032,594	145,166,999	108,312,599
	(388,348,470)	(32,682,618)	(81,933,580)	(12,103,178)

	SPOT	UP TO 1 MONTH	BETWEEN 1 TO 3 MONTHS	BETWEEN 3 TO 6 MONTHS
ASSETS				
Cash and deposits with central banks	151,712,253	-	-	-
Deposits with other credit institutions	4,144,488	-	-	-
Loans and advances with central banks and other credit institutions	-	36,940,995	9,877,995	29,065,033
Financial assets at fair value through profit and loss	-	2,235,286	15,185,897	4,624,341
Financial assets available for sale	-	-	-	-
Held-to-maturity investments	-	-	3,498,726	13,795,979
Customer loans	-	10,852,606	18,635,067	9,035,519
Other assets	4,270,100	-	-	-
	160,126,841	50,028,887	47,197,685	56,520,872
LIABILITIES				
Funds from central banks and other credit institutions	12,790,857	60,632,207	5,913,280	-
Customer funds and other loans	409,881,561	74,020,578	119,935,741	131,339,461
Other liabilities	11,235,938	-	-	-
	433,908,356	134,652,785	125,849,021	131,339,461
	(273,781,515)	(84,623,898)	(78,651,336)	(74,818,589)

'16

CONTRACTUAL RESIDUAL PERIODS TO MATURITY

BETWEEN 6 MONTHS TO 1 YEAR	BETWEEN 1 TO 3 YEARS	BETWEEN 3 TO 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
-	-	-	-	-	104,492,564
-	-	-	-	-	8,671,075
1,853,790	926,895	-	-	-	21,504,633
6,878,845	-	-	-	-	74,955,848
-	-	-	-	5,796,606	5,796,606
103,422,471	188,314,231	84,229,909	34,039,352	-	462,526,616
23,255,099	45,190,800	39,149,353	145,759,459	36,571,641	368,397,564
-	-	-	-	-	5,727,256
135,410,205	234,431,926	123,379,262	179,798,811	42,368,247	1,052,072,162
-	-	-	-	-	31,952,142
49,775,817	17,169	-	244	-	844,700,453
-	-	-	-	-	24,892,192
49,775,817	17,169	-	244	-	901,544,787
85,634,388	234,414,757	123,379,262	179,798,567	42,368,247	150,527,375

'15

PROFORMA

CONTRACTUAL RESIDUAL PERIODS TO MATURITY

BETWEEN 6 MONTHS TO 1 YEAR	BETWEEN 1 TO 3 YEARS	BETWEEN 3 TO 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
-	-	-	-	-	151,712,253
-	-	-	-	-	4,144,488
3,382,875	-	-	-	-	79,266,898
-	-	-	-	-	22,045,524
-	-	-	-	4,459,067	4,459,067
43,605,831	232,275,100	65,803,305	31,771,554	-	390,750,495
43,498,954	58,677,428	51,452,764	113,385,952	23,638,973	329,177,263
-	-	-	-	-	4,270,100
90,487,660	290,952,528	117,256,069	145,157,506	28,098,040	985,826,088
-	-	-	-	-	79,336,344
34,904,365	64,754	10	387	-	770,146,857
-	-	-	-	-	11,235,938
34,904,365	64,754	10	387	-	860,719,139
55,583,295	290,887,774	117,256,059	145,157,119	28,098,040	125,106,949

Interest rate risk

As at 31 December 2016 and 2015, the details of the financial instruments exposed to interest rate risk are as follows:

				'16
	EXPOSURE TO		NOT SUBJECT TO INTEREST RATE RISK	TOTAL
	FIXED RATE	VARIABLE RATE		
ASSETS				
Cash and deposits with central banks	-	-	104,492,564	104,492,564
Deposits with other credit institutions	-	-	8,671,075	8,671,075
Loans and advances with central banks and other credit institutions	21,504,633	-	-	21,504,633
Financial assets at fair value through profit and loss	74,955,848	-	-	74,955,848
Financial assets available for sale	-	-	5,796,606	5,796,606
Held-to-maturity investments	422,034,729	40,491,887	-	462,526,616
Customer loans	228,260,157	103,565,766	-	331,825,923
Other assets	-	-	5,727,256	5,727,256
	746,755,367	144,057,653	124,687,501	1,015,500,521
LIABILITIES				
Funds from central banks and other credit institutions	19,136,559	-	12,815,583	31,952,142
Customer funds and other loans	844,700,453	-	-	844,700,453
Other liabilities	-	-	24,892,192	24,892,192
	863,837,012	-	37,707,775	901,544,787
	(117,081,645)	144,057,653	86,979,726	113,955,734

				'15 PROFORMA
	EXPOSURE TO		NOT SUBJECT TO INTEREST RATE RISK	TOTAL
	FIXED RATE	VARIABLE RATE		
ASSETS				
Cash and deposits with central banks	-	-	151,712,253	151,712,253
Deposits with other credit institutions	-	-	4,144,488	4,144,488
Loans and advances with central banks and other credit institutions	79,266,898	-	-	79,266,898
Financial assets at fair value through profit and loss	22,045,524	-	-	22,045,524
Financial assets available for sale	-	-	4,459,067	4,459,067
Held-to-maturity investments	357,067,483	33,683,012	-	390,750,495
Customer loans	238,283,792	67,254,498	-	305,538,290
Other assets	-	-	4,270,100	4,270,100
	696,663,697	100,937,510	164,585,908	962,187,115
LIABILITIES				
Funds from central banks and other credit institutions	67,222,062	-	12,114,281	79,336,343
Customer funds and other loans	770,146,857	-	-	770,146,857
Other liabilities	-	-	11,235,938	11,235,938
	837,368,919	-	23,350,219	860,719,138
	(140,705,222)	100,937,510	141,235,689	101,467,977

As at 31 December 2016 and 2015, the development of the nominal value of financial instruments exposed to interest rate risk, according to its maturity or next settlement date, is detailed in the following table:

'16

	CONTRACTUAL RESIDUAL PERIODS TO MATURITY								TOTAL
	UP TO 1 MONTH	BETWEEN 1 TO 3 MONTHS	BETWEEN 3 TO 6 MONTHS	BETWEEN 6 MONTHS TO 1 YEAR	BETWEEN 1 TO 3 YEARS	BETWEEN 3 TO 5 YEARS	MORE THAN 5 YEARS	UNDE- TER- MINED	
ASSETS									
Loans and advances with central banks and other credit institutions	11,537,421	6,815,769	370,758	1,853,790	926,895	-	-	-	21,504,633
Financial assets at fair value through profit and loss	16,844,274	32,568,488	18,664,241	6,878,845	-	-	-	-	74,955,848
Held-to-maturity investments	6,358,122	22,946,567	63,707,851	102,832,993	178,405,425	84,229,909	4,045,749	-	462,526,616
Customer loans	169,939,687	59,819,084	47,783,722	41,717,349	12,566,081	-	-	-	331,825,923
	204,679,504	122,149,908	130,526,572	153,282,977	191,898,401	84,229,909	4,045,749	-	890,813,020
LIABILITIES									
Funds from central banks and other credit institutions	19,136,559	-	-	-	-	-	-	-	19,136,559
Customer funds and other loans	540,967,514	145,627,344	108,281,988	49,806,772	16,835	-	-	-	844,700,453
	560,104,073	145,627,344	108,281,988	49,806,772	16,835	-	-	-	863,837,012
	(355,424,569)	(23,477,436)	22,244,584	103,476,205	191,881,566	84,229,909	4,045,749	-	26,976,008

'15
PROFORMA

	CONTRACTUAL RESIDUAL PERIODS TO MATURITY								TOTAL
	UP TO 1 MONTH	BETWEEN 1 TO 3 MONTHS	BETWEEN 3 TO 6 MONTHS	BETWEEN 6 MONTHS TO 1 YEAR	BETWEEN 1 TO 3 YEARS	BETWEEN 3 TO 5 YEARS	MORE THAN 5 YEARS	UNDE- TER- MINED	
ASSETS									
Loans and advances with central banks and other credit institutions	36,940,995	9,877,995	29,065,033	3,382,875	-	-	-	-	79,266,898
Financial assets at fair value through profit and loss	2,235,285	15,185,897	4,624,341	-	-	-	-	-	22,045,523
Held-to-maturity investments	417,673	10,745,270	39,333,980	43,429,898	224,370,485	65,145,234	7,307,955	-	390,750,495
Customer loans	152,046,713	37,276,961	35,331,200	57,505,101	11,318,323	8,358,515	3,701,477	-	305,538,290
	191,640,666	73,086,123	108,354,554	104,317,874	235,688,808	73,503,749	11,009,432	-	797,601,206
LIABILITIES									
Funds from central banks and other credit institutions	67,222,062	-	-	-	-	-	-	-	67,222,062
Customer funds and other loans	483,902,140	119,935,876	131,193,241	35,050,941	64,659	-	-	-	770,146,857
	551,124,202	119,935,876	131,193,241	35,050,941	64,659	-	-	-	837,368,919
	(359,483,536)	(46,849,753)	(22,838,687)	69,266,933	235,624,149	73,503,749	11,009,432	-	(39,767,713)

Market risk

Market risk corresponds to the risk of variance of the fair value or cash flows of the financial instruments due to changes in market prices, including the following risks: interest, exchange and price rate.

Exchange rate risk

As at 31 December 2016 and 2015, the financial instruments were detailed as follows per currency:

	KWAZAS	INDEXED TO US DOLLARS	US DOLLARS	EUROS	OTHER CURRENCY	'16 TOTAL
ASSETS						
Cash and deposits with central banks	102,393,424	-	1,877,500	215,732	5,908	104,492,564
Deposits with other credit institutions	427,011	-	1,419,094	6,790,179	34,791	8,671,075
Loans and advances with central banks and other credit institutions	12,533,296	-	3,853,787	5,188,800	-	21,575,883
Financial assets at fair value through profit and loss	74,002,515	-	-	3,707,580	-	77,710,095
Financial assets available for sale	-	-	-	5,796,606	-	5,796,606
Held-to-maturity investments	153,877,080	277,919,088	40,757,398	-	-	472,553,566
Customer loans	153,409,637	-	144,138,060	6,771,859	14	304,319,570
Non-current assets held for sale	13,614,933	-	-	-	-	13,614,933
Other tangible assets	12,204,994	-	-	-	-	12,204,994
Intangible assets	25,969	-	-	-	-	25,969
Investments in subsidiaries, associated companies and joint ventures	194,851	-	-	145,931	-	340,782
Other assets	2,016,493	-	3,340,097	4,898	365,768	5,727,256
	524,699,339	277,919,088	195,385,936	28,621,649	406,481	1,027,033,293
LIABILITIES						
Funds from central banks and other credit institutions	1,759,972	-	24,737,282	5,582,477	323,506	32,403,237
Customer funds and other loans	533,194,845	110,249,992	196,939,549	9,991,413	56,980	850,432,779
Provisions	267,108	-	4,078,273	1,192,109	17	5,537,507
Deferred tax liabilities	-	-	-	798,652	-	798,652
Other liabilities	19,905,859	-	4,980,536	-	5,796	24,892,191
	555,127,784	110,249,992	230,735,640	17,564,651	386,299	914,064,366
	(30,428,445)	167,669,096	(35,349,704)	11,056,998	20,182	112,968,927

'15
PROFORMA

	KWANZAS	INDEXED TO US DOLLARS	US DOLLARS	EUROS	OTHER CURRENCY	TOTAL
ASSETS						
Cash and deposits with central banks	140,087,723	-	9,805,681	1,709,571	109,278	151,712,253
Deposits with other credit institutions	162,556	-	3,209,100	718,105	54,727	4,144,488
Loans and advances with central banks and other credit institutions	-	-	52,300,542	27,164,223	-	79,464,765
Financial assets at fair value through profit and loss	21,549,905	-	-	1,448,754	-	22,998,659
Financial assets available for sale	-	-	-	4,459,067	-	4,459,067
Held-to-maturity investments	176,896,418	187,397,015	33,889,701	-	-	398,183,134
Customer loans	127,158,712	-	150,141,661	6,470,466	-	283,770,839
Non-current assets held for sale	9,696,622	-	-	-	-	9,696,622
Other tangible assets	11,599,639	-	-	-	-	11,599,639
Intangible assets	12,004	-	-	-	-	12,004
Investments in subsidiaries, associated companies and joint ventures	209,106	-	-	142,681	-	351,787
Other assets	1,435,913	-	2,762,489	31,668	40,030	4,270,100
	488,808,598	187,397,015	252,109,174	42,144,535	204,035	970,663,357
LIABILITIES						
Funds from central banks and other credit institutions	1,634,812	-	48,134,615	29,886,382	103,975	79,759,784
Customer funds and other loans	499,909,342	79,085,528	190,741,768	4,608,210	51,030	774,395,878
Provisions	387,134	-	3,135,209	234,074	874	3,757,291
Deferred tax liabilities	-	-	-	587,846	-	587,846
Other liabilities	7,411,286	-	3,702,138	122,515	-	11,235,939
	509,342,574	79,085,528	245,713,730	35,439,027	155,879	869,736,738
	(20,533,976)	108,311,487	6,395,444	6,705,508	48,156	100,926,619

As at 31 December 2016 and 2015, the balance of the heading "Bonds and securities - Held to Maturity" includes the amounts of mAKZ 277,919,088 and mAKZ 187,397,015, respectively, concerning the Treasury Bonds in domestic currency indexed to the U.S. Dollar.

As at 31 December 2016 and 2015, the balance of the heading "Deposits - Term Deposits" includes the amounts of mAKZ 110,249,992 and mAKZ 79,085,528, respectively, concerning the Term Deposits, from customers, in domestic currency, indexed to the U.S. Dollar.

Both transactions mentioned above are indexed to BNA's sale AKZ/USD exchange rate and, thus, subject to foreign exchange variations.

As at 31 December 2016 and 2015, the impact on the fair value of financial instruments sensitive to exchange rate risk of parallel shifts in the reference foreign exchange rate curve by 10%, 20% and 40%, respectively, can be observed in the following tables:

'16

	-20%	-10%	-5%	+5%	+10%	+20%
CURRENCY						
US dollars	26,463,878	13,231,939	6,615,970	(6,615,970)	(13,231,939)	(26,463,878)
Euros	2,210,228	1,105,114	552,557	(552,557)	(1,105,114)	(2,210,228)
Other currency	5,196	2,598	1,299	(1,299)	(2,598)	(5,196)
	28,679,302	14,339,651	7,169,826	(7,169,826)	(14,339,651)	(28,679,302)

'15
PROFORMA

	-20%	-10%	-5%	+5%	+10%	+20%
CURRENCY						
US dollars	22,938,790	11,469,395	5,734,697	(5,734,697)	(11,469,395)	(22,938,790)
Euros	1,341,101	670,551	335,275	(335,275)	(670,551)	(1,341,101)
Other currency	9,628	4,814	2,407	(2,407)	(4,814)	(9,628)
	24,289,519	12,144,760	6,072,379	(6,072,379)	(12,144,760)	(24,289,519)

The impact of the exchange rate changes on Treasury Bonds and Term Deposits indexed to the U.S. Dollar is reflected on the line corresponding to "U.S. Dollars."

Interest rate risk

At 31 December 2016 and 2015, the impact on the fair value of financial instruments sensitive to the interest rate risk of parallel shifts in the reference interest rate curve by 100, 200 and 400 basis points (bp), respectively, may be observed in the following tables:

'16

	INTEREST RATE DIFFERENCES					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
ASSETS						
Loans and advances with central banks and other credit institutions	85,894	42,947	21,474	(21,474)	(42,947)	(85,894)
Financial assets at fair value through profit and loss	350,445	175,222	87,611	(87,611)	(175,222)	(350,445)
Financial assets available for sale	4,637	2,319	1,159	(1,159)	(2,319)	(4,637)
Held-to-maturity investments	14,495,578	7,247,789	3,623,894	(3,623,894)	(7,247,789)	(14,495,578)
Customer loans	1,616,605	808,303	404,151	(404,151)	(808,303)	(1,616,605)
	16,553,159	8,276,580	4,138,289	(4,138,289)	(8,276,580)	(16,553,159)
LIABILITIES						
Funds from central banks and other credit institutions	(15,309)	(7,655)	(3,827)	3,827	7,655	15,309
Customer funds and other loans	(2,391,115)	(1,195,557)	(597,779)	597,779	1,195,557	2,391,115
	(2,406,424)	(1,203,212)	(601,606)	601,606	1,203,212	2,406,424
	14,146,735	7,073,368	3,536,683	(3,536,683)	(7,073,368)	(14,146,735)

'15
PROFORMA

	INTEREST RATE DIFFERENCES					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
ASSETS						
Loans and advances with central banks and other credit institutions	318,806	159,403	79,701	(79,701)	(159,403)	(318,806)
Financial assets at fair value through profit and loss	83,678	41,839	20,920	(20,920)	(41,839)	(83,678)
Financial assets available for sale	3,567	1,784	892	(892)	(1,784)	(3,567)
Held-to-maturity investments	13,677,763	6,838,882	3,419,441	(3,419,441)	(6,838,882)	(13,677,763)
Customer loans	2,233,717	1,116,858	558,429	(558,429)	(1,116,858)	(2,233,717)
	16,317,531	8,158,766	4,079,383	(4,079,383)	(8,158,766)	(16,317,531)
LIABILITIES						
Funds from central banks and other credit institutions	(53,237)	(26,618)	(13,309)	13,309	26,618	53,237
Customer funds and other loans	(2,218,527)	(1,109,264)	(554,632)	554,632	1,109,264	2,218,527
	(2,271,764)	(1,135,882)	(567,941)	567,941	1,135,882	2,271,764
	14,045,767	7,022,884	3,511,442	(3,511,442)	(7,022,884)	(14,045,767)

To prepare these charts, the Bank used the methodology and the assumptions described in Notice no. 08/2016, of 22 may, on the interest rate risk in the banking portfolio.

29. SUBSEQUENT EVENTS

There are no subsequent events to highlight.

AUDIT REPORT



REPORT OF THE INDEPENDENT AUDITOR

Introduction

1. We examined the financial statements of Banco BIC Português, S.A. (Bank) attached hereto, which comprise the balance sheet as at 31 December 2016, showing a total of 1,027,033,293 thousand Angolan kwanzas and a total principal of 112,968,927 thousand Angolan kwanzas, including a net income of 33,662,750 thousand Angolan kwanzas, the statements of income, profit or loss and other comprehensive income, changes in shareholders' equity and the cash flows statement for the year ended on said date and the corresponding Notes.

Responsibility of the Board of Directors for the Financial Statements

2. The Board of Directors is responsible for the suitable preparation and presentation of these financial statements, pursuant to the International Financial Reporting Standards issued by the IASB - International Accounting Standards Board, and for the internal control it deems necessary to enable the preparation of the financial statements, free from any material misstatements due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with auditing standards for accountants and chartered accountants in Angola [Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola]. These Standards require us to comply with ethical requirements and to plan and carry out the audit in order to obtain a reasonable assurance as to whether the Financial Statements are free from material misstatements.
4. An audit entails performing procedures to obtain audit evidence regarding the amounts and disclosures included in the financial statements. The procedures that are chosen depend on the auditor's judgement, including an assessment of the risks of material misstatements in the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the suitable preparation and presentation of the financial statements by the entity, in order to design audit procedures that are appropriate under the circumstances in question, but not with the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Furthermore, an audit includes an assessment of whether the accounting policies that were adopted are appropriate and whether the accounting estimates made by the Board of Directors are reasonable, as well as an overall assessment of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and adequate to provide a basis for our audit opinion.

PKF Angola, S.A. is a member of PKF International Limited, a network of legally independent corporations, which does not accept any responsibility for the acts or omissions of any corporation or member corporation.

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Opinion

6. In our opinion, the aforementioned financial statements truthfully and adequately portray, in all materially relevant aspects, the financial position of Banco BIC, S.A. at 31 December 2016, the results and comprehensive income of its operations, the changes in shareholders' equity and its cash flows for the year ended on said date, in accordance with the International Financial Reporting Standards issued by the IASB - International Accounting Standards Board (Note 2).

Luanda, 3 April 2017



PKF Angola, S.A.
Represented by
Eurico César Gomes da Silva
(Chartered Accountant no. 20120074)

SUPERVISORY BOARD REPORT

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders of Banco BIC, S.A.

1. Pursuant to the Law and the Articles of Association, we submit the report on the supervisory activity we carried out, as well as the opinion on the financial statements presented by Banco BIC, S.A.'s (Bank) Board of Directors for the financial year ended 31 December 2016.
2. During the financial year for which we were appointed, we monitored, with the frequency and to the extent deemed appropriate, the evolution of the Bank's activity, the regularity of book-keeping and compliance with the applicable legal and statutory rules. The Board of Directors and the Bank's various departments also provided us with the information and explanations that were requested, necessary for us to issue our opinion.
3. We have analysed and agreed with the content of the Auditors' Report, issued by PKF Angola, S.A., the content of which is deemed to have been reproduced in full.
4. Within the scope of our duties, we examined the Balance Sheet as at 31 December 2016, the statements of income, profit or loss and other comprehensive income, changes in shareholders' equity and the cash flow statement for the year ended on said date and the corresponding Notes, including the accounting policies and the valuation criteria adopted.
5. Furthermore, we examined the Management Report of the 2016 financial year, drawn up by the Board of Directors and the proposed appropriation of income included therein.
6. In view of the above, and taking into account the work that was performed, we believe that the General Meeting should:
 - a. Approve the Management Report relative to the year ended 31 December 2016,
 - b. Approve the Accounts relative to that year, and
 - c. Approve the Proposed Appropriation of Income.



7. We would like to express our gratitude to the Board of Directors and the Bank's departments for their cooperation.

Angola, 3 April 2017

The Supervisory Board,



Henrique Manuel Camões Serra
Chairman



Maria Ivone de Freitas Pereira dos Santos
Member



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