


Together we grow

# 2012

Annual Report







«DURING THE 2012 FINANCIAL  
YEAR BANCO BIC CELEBRATED  
ITS SEVENTH BIRTHDAY AND IT  
IS WITH GREAT SATISFACTION  
THAT WE RECEIVED PUBLIC  
RECOGNITION FOR BEING THE  
32<sup>ND</sup> LARGEST BANK IN AFRICA,  
IN TERMS OF EQUITY CAPITAL,  
COMPETING WITH OTHER  
INSTITUTIONS WITH MORE THAN  
50 YEARS OF HISTORY WITHIN THE  
AFRICAN FINANCIAL SYSTEM.»

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MAIN INDICATORS OF ACTIVITY

(figures expressed in Millions of U.S. Dollars)

	DEC. 2012	DEC. 2011	Var. %
Total net assets	6,931	5,513	26%
Turnover	8,820	7,134	24%
> Customer loans	2,585	2,104	23%
> Off-balance-sheet	480	393	22%
> Customer funds	5,755	4,637	24%
Turnover per employee	5.2	4.9	5%
Financial intermediation results	295	270	9%
Financial intermediation results per employee	0.17	0.19	-7%
Admin. & marketing costs / Financial intermediation results	48%	45%	6%
Staff-related costs / Financial intermediation results	25%	26%	-1%
Net result for the year	168	156	7%
Net worth	760	650	17%
Pre-tax profit/average net assets	3.1%	3.4%	-9%
Financial intermediation results / Average net assets	4.7%	5.2%	-9%
Pre-tax profit / Average equity capital	27.1%	28.9%	-6%
Statutory solvency ratio	18.6%	18.4%	1%
Number of commercial network	184	167	10%
Number of employees	1,705	1,454	17%
Number of customers	810,721	663,525	22%

MAIN INDICATORS OF ACTIVITY







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

## MESSAGE FROM THE CHAIRMAN

«OUR AIM IS TO CONTINUE TO GROW AND  
IT IS IN THIS SPIRIT THAT WE VIEW 2013»

Dear Sirs,

During the 2012 financial year Banco BIC celebrated its seventh birthday and it is with great satisfaction that we received public recognition for being the 32<sup>nd</sup> largest bank in Africa, in terms of equity capital, competing with other institutions with more than 50 years of history within the African financial system.

We are a young bank, but we have not let this stop us from being a major player in the Angolan banking sector, an achievement acknowledged by our customers and peers.

As in previous years, we closed the 2012 financial year as number one in foreign exchange transactions, with a market share of about 14% in terms of the primary currency market and we can say without any doubt that we are the importers' bank, despite increasingly fierce competition in this market.

We have strengthened our position among local banks, having maintained fourth place with regard to customer deposits, with a share of 12.9% (11.5% in 2011), and we have risen from fourth to third place with regard to lending to the economy, with a market share of 12.4% (10.8% in 2011).

During 2012 we opened 19 more retail units and ended the financial year with a total number of 184, of which 109 in Luanda and 75 distributed throughout the different provinces of the country, which means that we are the private bank with Angola's largest commercial network.

2012 was a particularly demanding year for the Angolan banking sector in general and for Banco BIC in particular, where a revival in economic activity was experienced, along with restoring balance to the market that has become critical in some sectors.

It was also the year in which there was a need to restructure and/or reschedule loan operations as a result of the difficulties experienced by some customers, particularly those who have money to receive from the state, as well as others working in the real estate and construction sectors.

In the economic field, a word about the efforts made by the National Bank of Angola (BNA), in particular through the implementation of a series of monetary and exchange policies that allowed, among other things, the Kwanza to experience devaluation of less than 1% against the US Dollar throughout 2012, as well as the significant strengthening of net international reserves, which rose from 26 billion dollars in 2011 to about 30.6 billion dollars in 2012.

In light of these challenges Banco BIC has responded by strengthening its focus on service excellence to its customers, through the effort and commitment of its employees, in an unerring attitude of total availability, along with a rigorous process of cost control, which has allowed us to end 2012 with a net profit of USD 168 million and equity capital of USD 760 million, a year on year increase of 7% and 17% respectively.

To strengthen the strategic stance of Banco BIC, the partnership with Banco BIC Portuguese plays an increasingly important role, which, following the merger with the former BPN – Banco Português de Negócios, has a commercial network comprising 197 branches, 11 ‘business offices’ and a private banking service. This partnership allows, in an even more active and pronounced manner, a key role in supporting shared customers, companies and individuals, operating in the Angolan and Portuguese markets.

In 2013, the sale of BPN – IFI in Cape Verde to Banco BIC has been authorised by the Portuguese state, the process of which is currently pending the necessary authorisations from the relevant authorities.

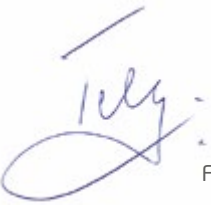
But the internationalisation effort does not stop there, with Banco BIC attentive to expansion opportunities in Brazil. It has also made an application for authorisation to open a representative office in Johannesburg (South Africa), as well as a branch in Namibia, while expansion into other African countries such as Gabon and both Congos is also under consideration.

Our aim is to continue to grow and it is in this spirit that we view 2013. Aware of the difficulties, but highly motivated and committed to continuing down the path of success, in a vein of quality and credibility, continually supporting our customers.

A word of praise also for the dedication and quality of our employees, who, at the end of the year totalled 1,705 members, with an average age of 29 years, which also shows the youth and strength of Banco BIC.

Finally, I would like to thank the trust and support of our shareholders, of our customers, as well as all other partners that represent the foundation of our growth, which, in all certainty, will not stop here.

The Chairman of the Board of Directors



Fernando Mendes Teles



**EXECUTIVE BOARD**

Standing (from left to right):  
Executive Director Pedro Nunes M'Bidingani  
Executive Director Fernando Aleixo Duarte  
Executive Director José Manuel Cândido  
Executive Director Hugo Silva Teles

Seated (from left to right):  
Executive Director Graziela Rodrigues Esteves  
Chairman Fernando Mendes Teles  
Executive Director Graça Maria dos Santos Pereira



BOARD OF DIRECTORS

Chairman – Fernando Mendes Teles

Graziela Rodrigues Esteves  
Fernando Aleixo Duarte  
Graça Maria dos Santos Pereira  
Hugo Silva Teles  
José Manuel Cândido  
Pedro Nunes M'Bidingani  
Américo Ferreira de Amorim  
Isabel dos Santos

EXECUTIVE BOARD

Chairman – Fernando Mendes Teles

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

ADVISORS TO THE BOARD OF DIRECTORS

Jaime Galhoz Pereira  
Diogo Vasco Barrote

MANAGEMENT

AUDIT AND INSPECTION DEPARTMENT

Central Director – Augusto Silva  
Director – Jerusa Guedes  
Deputy Directors – Cristiano Dias / Fernanda Pinto

INVESTMENT CENTRE DEPARTMENT

Central Director – Monalisa Dias

ACCOUNTING DEPARTMENT

Central Director – Alzira Gama  
Deputy Directors – Edhylaine Tavares / Soraia Ramos

CREDIT CONTROL AND FOLLOW-UP DEPARTMENT

Central Director – Aleixo Afonso  
Deputy Directors – Pedro Marta / Nelson Guilherme

CAR FINANCE DEPARTMENT

Central Director – José Carlos Silva

MORTGAGE DEPARTMENT

Central Director – José Carlos Silva

REAL ESTATE LOAN DEPARTMENT

Central Director – José Carlos Silva  
Deputy Director – Alfredo Castro

BUSINESS DEPARTMENT I, II, III

Central Director – Henrique Oliveira / Nkiniani Rangel / António Silva  
Centre Directors – Dinamene Monteiro / Essoco Batista / Isabel Lopes / Fátima Silva / Ricardo Cortez / Susana Silva

FIXING DEPARTMENT

Central Director – José Carlos Silva

MARKETING DEPARTMENT

Central Director – Mafalda Carvalho

OPERATIONS AND FOREIGN DEPARTMENT

Central Director – Paula Sousa  
Assistant Director – Inês Carvalho  
Deputy Directors – Paulo Brito / Manuela Pereira

ORGANISATION DEPARTMENT

Deputy Director – Sónia Lilita

PERSONAL AND BUSINESS DEPARTMENT I, II

Central Directors – Anabela Santinho / António Silva / Carlos Amilcar Aguiar / Francisco Lourenço / Henrique Oliveira / José Silva Zacarias / Nkiniani Rangel  
Coordinating Directors – Elizabeth Pina / Fátima Silva / Susana Silva  
Area Directors – Ana Paula Cajada / Carlos Fragoso / Edgar Magalhães / Edna Gaspar / Fábio Leitão / Francisco Melo / Horácio Almeida / João Ivungo / José Assis / Paulo Jorge Manuel / Rui Caetano / Simão Finde / Solange Martins / Telmo Bernardo

PRIVATE BANKING DEPARTMENT

Central Director – Stephan Silva

HUMAN RESOURCES AND TRAINING DEPARTMENT

Central Director – Fátima Monteiro  
Deputy Director – Telma Pinheiro

MATERIAL RESOURCES DEPARTMENT

Central Director – Alberto Castelo Branco

CREDIT RISK DEPARTMENT

Central Director – Jorge Veiga  
Assistant Director – Emília Calohombo  
Deputy Directors – Maria Franco / Regina do Vale

INFORMATION SYSTEMS DEPARTMENT

Central Director – Luís Nikolai  
Assistant Director – Rui Valente

FINANCIAL DEPARTMENT

Central Director – Bruno Bastos  
Assistant Directors – Lília Cunha / Irene Vezo / Mário Nicodemos

LEGAL DEPARTMENT

Central Director – Joaquim Moutinho  
Deputy Director – Isilda Tavares

CENTRAL TREASURY DEPARTMENT

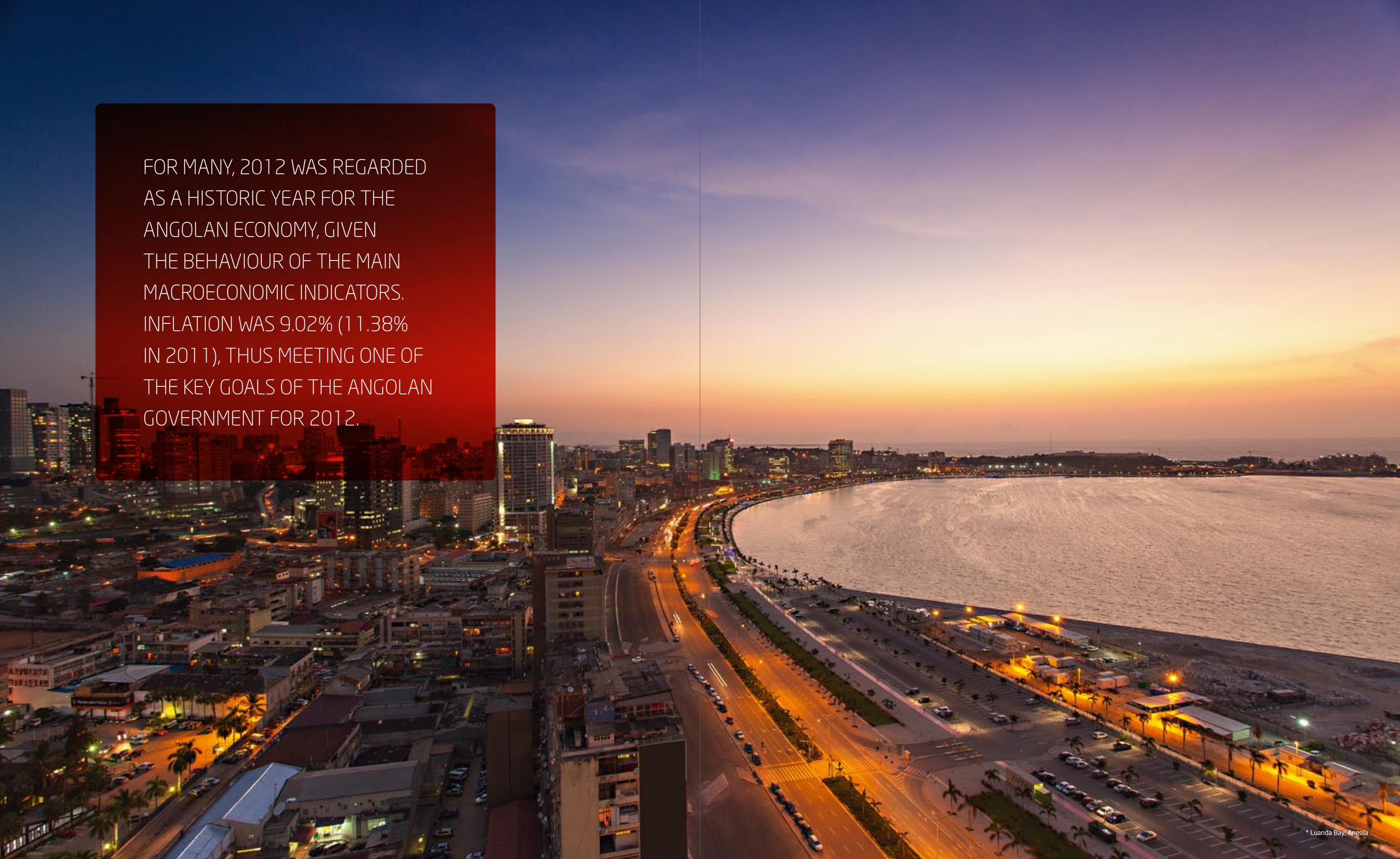
Central Director – Inocência Almeida

COMPLIANCE DEPARTMENT

Central Director – Vítor Fonseca



FOR MANY, 2012 WAS REGARDED AS A HISTORIC YEAR FOR THE ANGOLAN ECONOMY, GIVEN THE BEHAVIOUR OF THE MAIN MACROECONOMIC INDICATORS. INFLATION WAS 9.02% (11.38% IN 2011), THUS MEETING ONE OF THE KEY GOALS OF THE ANGOLAN GOVERNMENT FOR 2012.





# 1

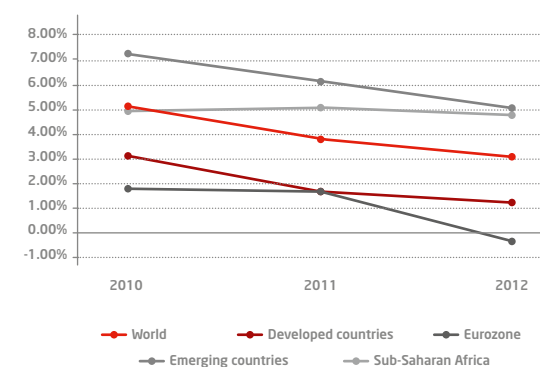
## MANAGEMENT REPORT MACROECONOMIC FRAMEWORK

### 1.1 WORLD ECONOMY

2012 was a very difficult year for the world economy, with recession in several Eurozone countries, which spread to other zones and with unforeseeable intensity.

In 2012, the GDP of the world economy grew by 3.2%, below the value registered in 2011 (3.9%).

#### » Annual GDP Development (%)



In fact – under pressure from the accumulation of imbalances of balance of payments – the Euro crisis has developed into areas beyond the spheres of sovereign debt and of banking sectors.

The recovery of the world economy that seemed to be in motion in 2011 has been slowed down by the Euro crisis, forcing major adjustments in broad areas of the world economy and a huge reversal of international capital movements.

In advanced economies, the uncertainties and risks hindering growth are primarily to do with the need for fiscal consolidation and with the need to reform the financial sector.

In 2012, private capital flows to periphery countries continued to be replaced by public funds from the ECB, IMF and European Union. Contraction in the crisis countries influenced the world by reducing imports and increasing uncertainty, which led to a decline in private capital flows not only to these countries but also to the emerging economies of Eastern Europe, Latin America and Asia and its diversion to safe destinations such as the USA, Germany, Switzerland and Japan.

The ongoing uncertainty in the Eurozone has delayed many private investments, leading to the sharp drop in demand for durable goods. International trade in 2012 experienced a considerable slowdown in its growth. World trade grew by 2.8% compared to 5.9% in 2011. The greatest loss of momentum was registered in imports from developed countries, a fact which, combined with the dynamics of exports, led to an improvement in the trade balance of these countries and a deterioration of the trade balance in emerging countries. In fact, the fall in import growth in the developed countries went from 4.6% in 2011 to 1.2% in 2012; in emerging economies it went from 8.4% in 2011 to 6.1% in 2012. In the case of exports, developed countries experienced a slowdown in growth from 5.6% to 2.1% in 2012, while in emerging economies it went from 6.6% in 2011 to 3.6% in 2012.

The expansive monetary policy adhered to in the USA and the Eurozone since the beginning of the crisis received a new boost in the two regions in 2012 with the announcement of unlimited bond purchases in late summer. This liquidity may cause the appearance of bubbles in several asset markets, having aroused the feeling of lowered independence of central banks and reduced confidence in pursuing the target of 2% inflation rates.

Globally, sovereign interest rates stagnated at historically low levels in developed countries but, as a result of decisions made by the ECB, the Eurozone experienced a considerable fall. Because of this fact, and general monetary expansion, a reallocation of funds took place, abandoning low incomes and causing share prices to rise in stock markets around the world. The major stock exchanges experienced increases of between 8.1% (FTSE 100) and 15.8% (Nikkei 225).

In the USA the recovery from the financial crisis of 2007-2008 has been steady but very slow. GDP grew by 2.3% following the growth of 1.8% recorded in 2011. There has been a turnaround in the housing market, an improvement in household balance sheets and a clear improvement in consumption. However, while fiscal consolidation has been delayed, future defence and education cuts have created negative perspectives that may be realised in 2013. Many families are still reducing their debts to more comfortable levels. The slowness and difficulty of recovery from the crisis has led President Obama to announce a firm commitment to the implementation of a free trade area between the USA and the European Union (TAFTA). Inflation fell from 3.9% in 2011 to 2.2% in 2012.

Japan has not yet been able to escape the long-term stagnation that it has experienced since 1997. Japan's

GDP grew 2.0% in 2012 after, in 2011, having registered a drop in activity of 0.6%. The recent recessionary pressures of the end of 2012 have been countered with subsidies to the automobile industry, tax incentives and expansive monetary policy. Although the drop in 2011 can be attributed to the earthquake, the cooling down at the end of 2012 is due to the fall in global demand and the problems caused by the territorial dispute with China and resulting boycotts experienced. Inflation was negative in 2012 (-0.1% compared with -0.3% in 2011).

In emerging and developing countries, an overall increase in GDP of 5.1% was recorded in 2012, following strong growth of 6.3% in 2011. The growth experienced was supported by state incentives, possible due to the margin still permitted by relatively low public debt. However, the incentives are unable to compensate enough for the weakness of foreign demand from developed countries.

According to the IMF, growth in real terms of 4.8% is estimated in 2012 in Sub-Saharan Africa. Although a general slowdown in exports has been observed, increased domestic demand has allowed economic activity to be supported. Even with a reduction in the volume of exports of commodities, keeping oil revenues at high levels has benefited oil exporters. Maintaining high levels in oil prices, coupled with increases in production capacity, has enabled this group of countries to enjoy positive budget balances, as well as strengthening of international reserves. Inflation will be around 6.9%, according to the IMF, which represents a fall compared to the 8.0% recorded in 2011.



## 1.2 ANGOLAN ECONOMY

For many, 2012 was regarded as a historic year for the Angolan economy, given the behaviour of the main macroeconomic indicators. Inflation was 9.02% (11.38% in 2011) thus meeting one of the key goals of the Angolan government for 2012. The Kwanza remained practically stable against the US dollar with a decrease in value in 2012 of only 0.54% (depreciations of more than 2% in 2011 and 2010); net international reserves were considerably strengthened, reaching approximately USD 30.6 billion on 31 December, 2012 (USD 25 billion on 31 December, 2011);

and, by no means of less relevance, GDP increased by 7.4%, placing Angola among the group of countries with the highest growth over the past five years.

### GROSS DOMESTIC PRODUCT

In 2012 Angola grew by 7.4%, with a contribution from the oil industry of about 4.3%, along with a contribution of 9.1% from non-oil sectors. This trend was started in 2006; while boosting GDP growth with greater contribution from non-oil sectors was a focal intention of the government.

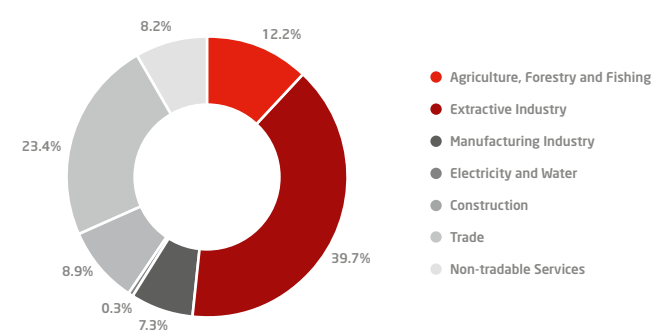


GROSS DOMESTIC PRODUCT (%)	2012	2011	2010
Agriculture, Forestry and Fishing	12.2%	10.0%	11.0%
Extractive Industry	39.7%	48.0%	48.5%
> Crude Oil and Gas	38.8%	47.2%	47.4%
> Others	0.9%	0.8%	1.1%
Manufacturing Industry	7.3%	5.8%	6.5%
Electricity and Water	0.3%	0.1%	0.1%
Construction	8.9%	7.7%	6.2%
Trade	23.4%	21.2%	20.3%
Non-tradable Services	8.2%	7.2%	7.4%

In terms of the different sectors, highlights included the increase in relative share of sectors such as Agriculture, Forestry and Fishing (12.2% in 2012 and 10.0% in 2011), Construction (8.9% in 2012 and 7.7% in 2011), Trade (23.4% in 2012 and 21.2% in 2011), and Manufacturing Industry (7.3% in 2012 and 5.8% in 2011).

In the oil industry the cycle of contraction experienced in recent years was broken, with real growth of 4.3% registered in 2012. According to the International Energy Agency, oil production in Angola increased in 2012 to 1.75 million barrels/day, compared to 1.66 million barrels/day in 2011, as a result of the exploration of new oil wells.

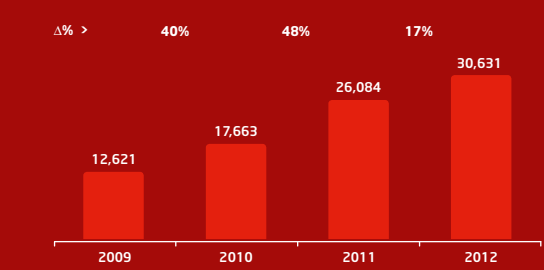
» Composition of GDP (%) 2012



INTERNATIONAL RESERVES AND OIL INDUSTRY

Angola's net international reserves (NIR) grew significantly in 2012. The growth of NIR has been mainly supported by incoming foreign currency as part of foreign direct investment in the oil industry, as well as revenues from oil exports.

» Net International Reserves (Millions USD)

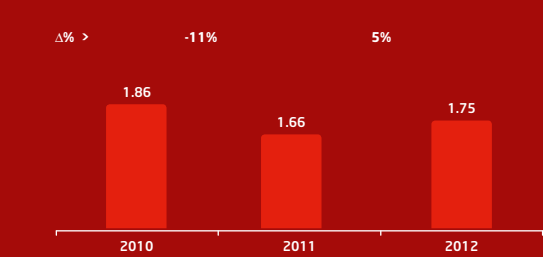


In the past three years, Angola's net international reserves have grown very significantly, averaging over 30%/year. NIR in 2011 were valued at about USD 26,084 million and, in 2012, they increased by over USD 4,500 million, reaching USD 30,631 million. It should be

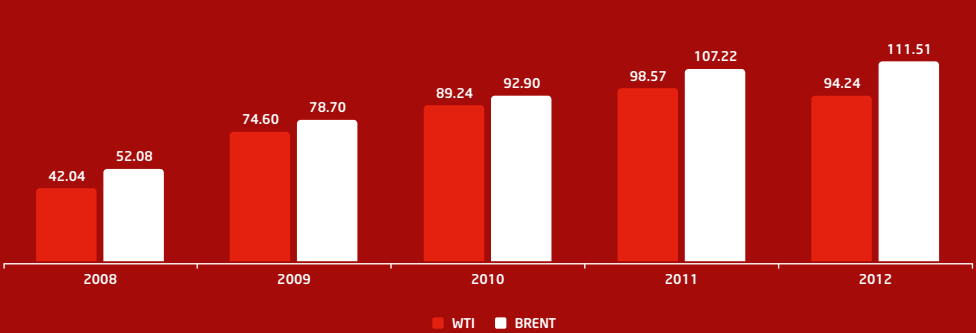
noted that NIR figures in late 2012, correspond to about 8.6 months of imports, compared to 7.6 months in the previous year, which provides greater resilience for the Angolan economy. Oil prices staying high, the inflow of funds associated with the agreement with the IMF, the stability of the Kwanza and a conservative policy by the government with regard to reserve management, have allowed this marked strengthening of NIR, thus alleviating the risk of possible oil shocks.

The oil industry, with a contribution of about 39% to the GDP of 2012, recorded an average production of 1.75 million barrels/day in the same year, compared to 1.66 million barrels/day recorded in 2011.

» Oil Production (Millions of barrels/day)



» Annual Change in Oil Price (in USD)

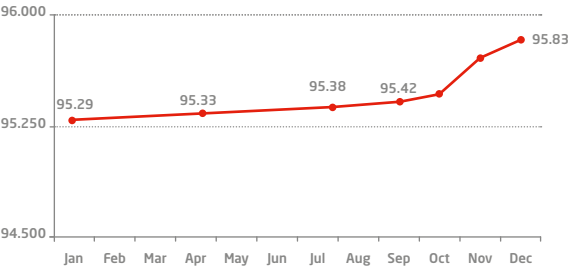


According to estimates from the Angolan government, the expectation that the average daily production will exceed 2.0 million barrels/day by 2014 is reiterated, which, in the event that oil prices in international markets remain high, will represent an important driver for further growth of the Angolan economy in the years that follow.

FOREIGN EXCHANGE MARKET

The foreign exchange market remained stable throughout 2012, with a depreciation of the Kwanza against the U.S. Dollar of about 0.54%. 2012 began with an exchange rate of 95.282 AKZ/USD and closed at a rate of 95.826 AKZ/USD.

» Evolution of the Kwanza Against the US Dollar



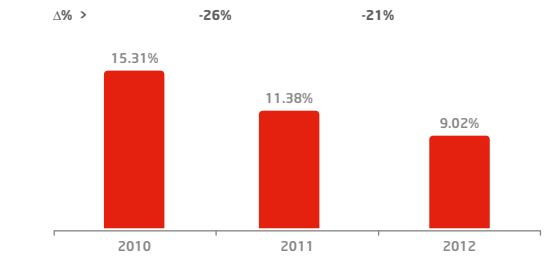
A full allotment of currencies by the BNA, of USD 18 billion until December 31, 2012, USD 3.4 billion more than the amount allotted during the same period in 2011, contributed to the stability of the exchange rate, thus allowing market demand to be satisfied.

Given that Angola is a country whose economy is very open to abroad, importing a major portion of its consumer goods, the stability of the exchange rate is a key element to ensure price stability.

INFLATION AND MONEY MARKET

The inflation rate continued its downward trend, reaching an historic single-digit low at the end of 2012 (9.02%), representing a reduction of about 21% when compared to 2011. For a country that in the recent past reached inflation rates of around 3,000%, this rally is a remarkable feat.

» Annual Rate of Inflation



The stability of the exchange rate, prudent management of public finances and a more vulnerable foreign environment, thus reducing pressure on imported inflation, were determining factors for price stability in the Angolan economy.

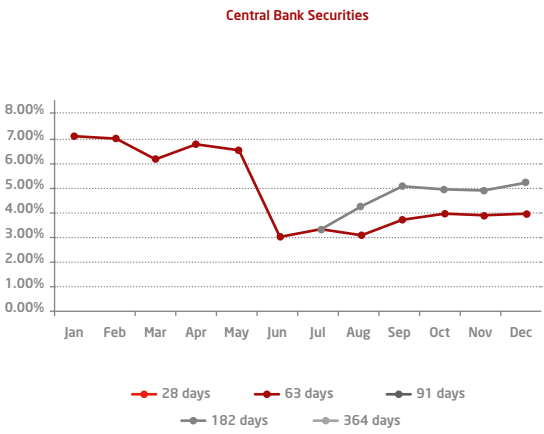
Throughout 2012 the monthly inflation rate recorded marginal changes, with a monthly inflation below 0.8%, except for the last quarter of the year, given higher demand for food associated with the festive season.

The Angolan government has defined its aim for the next two years to maintain this rate of inflation at 9%. However, a possible scenario of fuel subsidy reduction could represent a risk factor for this aim, as was already the case in September 2010.

Additionally, factors such as the high cost of refined oil products and food products and, on the other hand, increasing domestic demand also coupled with inadequate logistics for the supply of goods and services remain challenges to consider when controlling inflation.

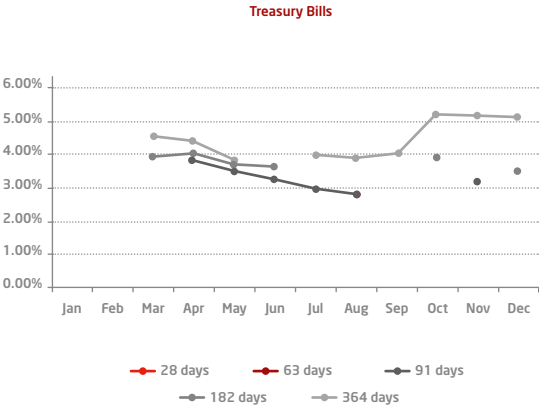
In the money market, the increased use of Central Bank Securities as a tool to absorb liquidity from the financial system during 2012, should be noted. Issues totalled about AKZ 760,837 million, equivalent to almost three times the amount issued in 2011. Of these issues the majority occurred in the first five months of the year and essentially maturing at 63 days. With regards to nominal rates, for the period of 63 days, they range between 6% to 7% in the first five months of the year and the subsequent period in the range of 3 to 4%.

» Evolution of Nominal Interest Rates (Primary Market)



In 2012, Treasury Bills (TBs) remained the favoured means of financing of the Angolan government, especially with a 364-day maturity (about 62% of the total allotted). At the end of 2012, the balance of TBs amounted to about AKZ 104 billion, nonetheless a reduction of AKZ 130 billion when compared to the balance of 2011. Nominal rates of 364-day TBs, showed a mean rate of 4.43% and a range of between about 3.8% and 5.2%.

» Evolution of Nominal Interest Rates (Primary Market)

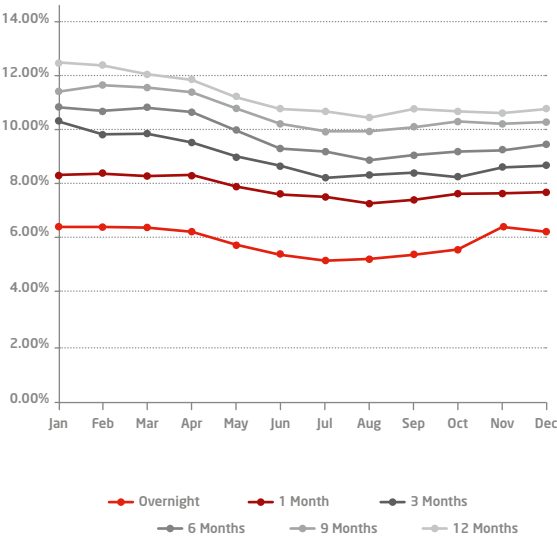


The Monetary Policy Committee of the National Bank of Angola (MPC) decided to keep the base interest rate (BNA) at 10.25% throughout 2012 with the good behaviour of inflation contributing decisively to this decision.

In 2012, there was a general decline in Luibor rates. The rates for overnight and one-month periods ended the year close to 6.2% and 7.7%, respectively, equivalent to reductions of 30 and 80 basis points when compared to the beginning of 2012. On longer terms, the reductions were more pronounced, with falls of more than 1% to 8.65%, 9.43% and 10.66% (3 months, 6 months and one year, respectively).



» Monthly Evolution of BNA Luibor Rate (2012)

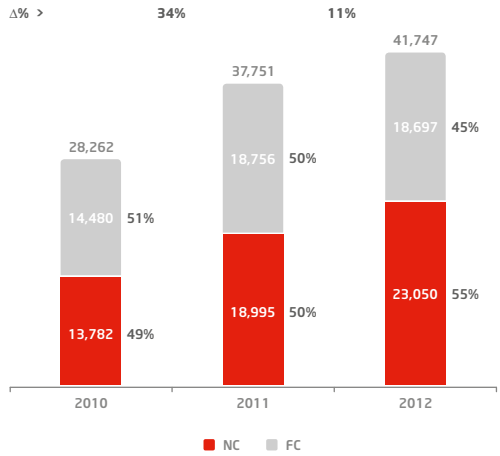


INDICATORS OF THE BANKING SECTOR

In general the banking sector grew as a whole, particularly in terms of its commercial network, which reached about 1,160 branches, in terms of customer funds, in terms of total credit to the economy, as well as the bank usage rate, which reached about 23% of the population.

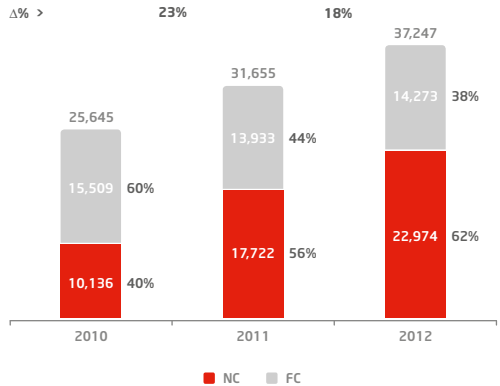
In 2012, the total deposits of the banking sector in Angola grew by 11%, from USD 37,751 million on 31 December, 2011 to USD 41,747 million in 2012. Deposits denominated in national currency (NC) took on a greater relative share in 2012, representing about 55% of total deposits, compared to 50% recorded in 2011. 'Dedollarisation' measures that have been recommended by the BNA contribute decisively to this trend, which has become more apparent since 2010.

» Customer Funds (in Millions USD)



During the period in question, there was also the growth in lending to the economy, reaching a stock of USD 37,247 million on December 31, 2012, thus representing an increase of around 18% with relation to the same period. A highlight of this was the significant growth of loans denominated in national currency, with a relative share of 62% in 2012 compared to the 56% they represented in 2011.

» Loans to the Economy (in Millions USD)



# 1.3 BANCO BIC'S POSITION WITHIN THE BANKING SECTOR

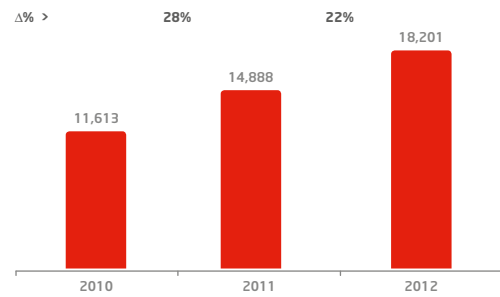
In 2012, as in 2011, there was a widespread growth of the main indicators of the Angolan banking sector, particularly in terms of the commercial network that reached some 1,160 branches, in terms of funds raised from customers, which grew by 11% (USD 3,996 million) to USD 41,747 million, in terms of total loans to the economy, which grew by about 18% (USD 5,591 million) to reach USD 37,247 million, as well as in terms of bank usage rates, which reached about 23% of the population.

Against this background of marked growth of the banking sector, Banco BIC has maintained its aggressive growth plan, either through the expansion of its commercial network, with the opening of 19 new commercial units and ever wider coverage of the Angolan territory, or through the growth of its turnover, substantially strengthening its relative position in credit

market share and funds raised from customers, while continuing to monitor interest income, credit risk, and also a strict control of the bank's overheads. Additionally, the substantial increase in the amount of foreign currency purchased, in the primary market, has also allowed Banco BIC to remain, as in previous years, a major player for national importers.

It should be further noted that, with the successive reinvestment of profits in the activity, year after year, **Banco BIC was considered by *African Business* magazine as the 32<sup>nd</sup> largest bank in Africa, based on capital on 31 December 2011.** This remarkable fact becomes even more impressive when you consider Banco BIC has only existed for seven years, compared to other institutions with more than 50 years of history in the African financial system.

» Primary Foreign Exchange Market (in Millions USD)



In the primary foreign exchange market, until the end of 2012 the Central Bank released the total amount of USD 18,201 million, representing an increase of approximately 22% when compared to 2011. Of the amount released by the National Bank of Angola until December 2012, Banco BIC bought USD 2,531 million, USD 350 million than in 2011, thus representing a market share of 14%.

In 2012, the banking sector continued to support the economy and the state, with loans this year totalling approximately USD 37,246 million.

Banco BIC strengthened its relative position among the key players in the market, despite the significant competition it faces. On December 31, 2012 it reached a market share of 12.38% in loans to the economy (10.78% in 2011) and a market share of 12.91% in customer funds (11.50% in 2011).

The total loan portfolio of Banco BIC (including bank guarantees and loans to the state via public debt securities), on December 31, 2012, amounted to USD 4,971 million, representing an increase of about USD 1,985 million (equivalent to 66%) compared to the balance on December 31, 2011.

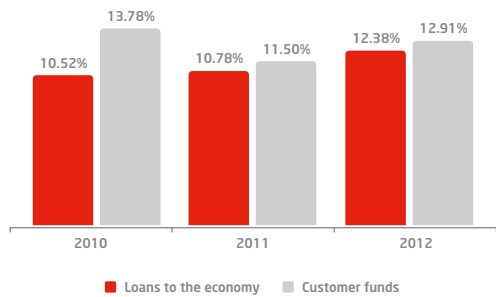
Collaboration with the Angolan government contributed decisively to this growth, through the purchase of treasury bonds, in the process of settlement of debt in arrears to companies providing goods and services.

With regard to funds raised from customers, in the financial sector as a whole, there was a growth of 10.76% in 2012 compared to 2011, with this amounting to USD 41,747 million. Banco BIC's customer funds, on December 31, 2012, amounted to USD 5,755 million, representing an increase of approximately USD 1,118 million (equivalent to 24%) compared to the balance on December 31, 2011.

With growth registered, whether in terms of loan portfolio, or in terms of total customer funds, we can say that Banco BIC was the Private Bank to grow the most, in these two areas, in absolute terms, in 2012.

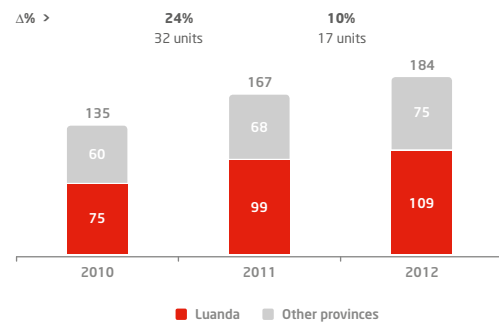
This trend is also reflected in the success of a single business approach, which relies on the overall satisfaction of the financial needs of our customers and strong positioning in the different business areas.

» Market



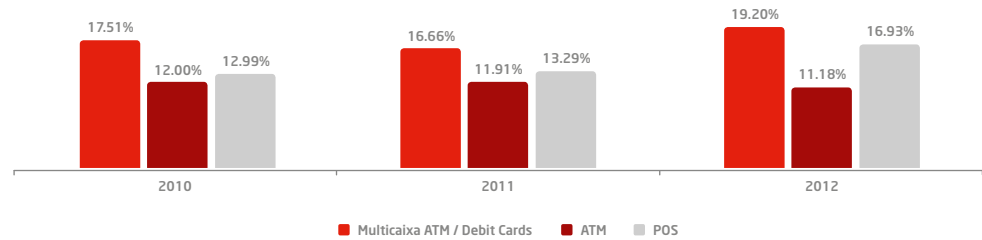
In 2012, Banco BIC strengthened its position as the Private Bank with the largest network of Commercial Units in Angola. A further 19 Commerical Units were opened, while two units were closed, making a total of 184 on 31 December, 2012, of which 109 are in Luanda and 75 are distributed throughout the remaining provinces of Angola. In this way, year after year, we become closer to every Angolan, and also in municipalities where before we arrived, there were no banking services.

» Commercial Units



The ATM (cashpoint) network was also the target of significant investment, totalling 207 ATMs on 31 December, 2012, corresponding to an increase of 28 ATMs in 2012, which, thus also increased the coverage ratio of ATMs per branch, a fundamental situation in a market, which has increased ATM use steadily, year after year.

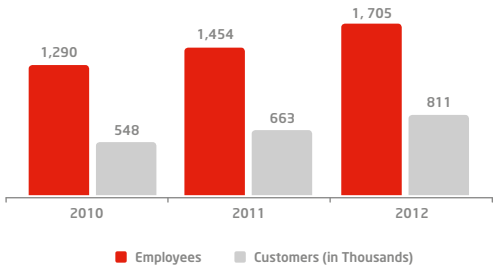
» Market Share



Banco BIC increased its customer portfolio in 2012 by about 22% when compared to 2011, having surpassed the threshold of 800,000 customers.


Employee numbers at the end of 2011 reached 1,454, and increased to 1,705 by the end of 2012. The increase is due primarily to the growth of the commercial network.

» Market Indicators



In 2012, Banco BIC increased its market share of 'Multicaixa' ATM/debit cards to 19.20% (16.66% in 2011) and of POS terminals to 16.93% (13.29% in 2011). On December 31, 2012, the bank issued 392,051 'Multicaixa' ATM/debit cards, an increase of 119,890 compared to existing cards in 2011. An additional 642 POS terminals were also set up with our customers throughout 2012, resulting in a total of 2,289 POS terminals at the end of 2012.





BANCO BIC HAS MAINTAINED  
ITS AGGRESSIVE GROWTH  
PLAN, EITHER THROUGH THE  
EXPANSION OF ITS COMMERCIAL  
NETWORK, WITH THE OPENING  
OF 19 NEW COMMERCIAL UNITS  
AND EVER WIDER COVERAGE OF  
THE ANGOLAN TERRITORY, OR  
THROUGH THE GROWTH OF  
ITS TURNOVER.



# 2

## BUSINESS ENVIRONMENT

### 2.1 HISTORIC LANDMARKS

Since 2005 there have been many milestones in the bank's activity, over these past seven years, thus deepening the roots of this baobab tree that never stops growing.

#### 2012

- According to *African Business* magazine, which each year publishes a list of Africa's 100 largest banks based on the institution's capital, **Banco BIC was listed as the 32<sup>nd</sup> largest bank in Africa**. This remarkable fact becomes even more impressive when you consider Banco BIC has only existed for seven years, compared to other institutions with more than 50 years of history in the African financial system;
- BIC ended 2012 with **customer figures exceeding 800,000**, thus demonstrating the faith that customers have in this bank and the effort of its employees;
- The **Department of Oil and Gas** was created to meet the specific needs of this sector. Given that Angola is one of the largest oil producers and that the government is imposing conditions for greater involvement of companies in this sector in the national financial market, there is an urgent need for banks to adapt to the specific requirements of these companies.

#### 2011

- Acquisition of Banco Português de Negócios from the Portuguese state, thus enhancing the expansion of Banco BIC's presence in the Portuguese and European market (formally implemented on 29 March 2012);
- Opening of the new Banco BIC headquarters in Talatona, in a ceremony presided over by His Excellency the Governor of the National Bank of Angola, Dr José de Lima Massano. The new headquarters enables the centralisation of services, thus helping to raise even further service quality provision levels for our customers. The building, with 10 floors, accommodates around 350 employees, working in areas that include central services, a banking branch, a business centre, an investment centre and a private banking service;
- After a little over six years in existence and an initial capital of USD 30 million, by December 31, 2011, Banco BIC has surpassed USD 650 million in equity capital;

- Banco BIC became the largest Angolan private bank in terms of commercial coverage in Angola – 167 commercial units of which 99 are in Luanda and the remaining 68 are distributed across the different provinces of the country;
- Launch of *BIC Mais* magazine, a new form of internal communication and information sharing, which creates yet another asset and sets itself up as a differentiating factor;
- Launch of the “*BIC Moneybox Safe*” account, an account designed for children and children’s parents, encouraging saving from an early age, to allow the realisation of future projects;
- Signing of the “Bankita Deposit” cooperation protocol launched by the National Bank of Angola, in conjunction with seven banks. The product, which reduces the minimum amount required to open an account to 100 Kwanza, aims to increase access to banking circuit to every citizen.



2010

- Launch of the “*BIC Salary – Civil Service*” campaign. Now civil servants can receive their wages through Banco BIC. And they get more advantages: personal Loans, car loans, mortgage and advance of up to 100% of their salary;
- Launch of the *CAN 2010 Awards*, with the theme – “*the Palancas* (Sable Antelopes – name for the Angolan football squad) have the support of the grandstand and of the bank”, with a prize of USD 1,000,000 for the Angolan squad if they win the Africa Cup of Nations (CAN) and also for wins, goals scored and for the performance of the best players;
- Launch of the “5 YEARS making Angola grow” campaign, referring to the 5<sup>th</sup> anniversary of Banco BIC. The main purpose was to tell Angolans that we are present throughout the country, in all 18 provincial capitals and major cities. This is the same as saying that the Banco BIC is increasingly closer to Angolans, their families and businesses, as a strong partner in common development;

• In 2010 the 500,000-customer threshold was surpassed, in categories that include large companies, small businesses and individuals, demonstrating the faith customers have in us;

• *African Business* magazine named Banco BIC the 42<sup>nd</sup> Largest Bank in Africa, in a list containing banks that have been operating for more than half a century. The financial dependability of the bank, as well as the quality of service provided to customers, were crucial factors behind such recognition;

• An agreement is signed with multinational Coca-Cola to open two lines of credit with the purpose of financing

private projects in the province of Bengo. Called “*Bengo Invests I and II*”, the two lines of credit have a total value of 23 million dollars;

• Banco BIC has become 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.

2009

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

• Presence at *Filda 2009*, where the campaign “*We Invest Together*” – “*Together we grow*” was strengthened, highlighting the connection with Banco BIC Português thus reinforcing the main motivating factors of its formation.

2008

• In 2008 the 1,000-employee threshold was surpassed, of which approximately 81% work in the commercial network. This growth of the bank’s staff levels, reflecting the expansion of its service network, represents one of the pillars of the bank’s growth strategy;

• *EuroMoney* recognises Banco BIC with “The Best Bank in Angola” award for its outstanding performance in all areas including commercial, service quality and consolidated results achieved;

- Launch at *Filda 2008*, and Huíla Expo 2008 of the new BIC Multicaixa campaign – “a personalised debit card that allows you to use your current account in Angola through the *Multicaixa* network”;
- Opening of Banco BIC Português. The increase in economic relations between Portugal and Angola was one of the motivating factors in this decision, thus bridging the gap with the Portuguese business sector in its internationalisation strategy for Angola, as well as Angolan investors already operating or wanting to operate in Portugal and Europe.



2007

• Authorisation from the Bank of Portugal to form the Banco BIC Português S.A. with mostly Angolan capital, focusing its activities on supporting Angolan and Portuguese businesspeople with interests in Angola;

- Agreement signed with the Ministry of Finance for funding the Uíge province reconstruction project, valued at approximately 150 million dollars;
- Establishment of the Real Estate Loan Department with the aim of streamlining and better managing this credit segment;
- Marketing of Visa Gold and Visa Premium VISA credit cards and launch of a campaign for the sale thereof;
- Launch at *Filda* of “*Easy Credit*”, a new general credit product for the purchase of consumer goods, the main characteristic of which is the speed at which it is granted at a very attractive interest rate, reducing the red tape existing in getting loans.

2006

- Launch of the *BIC Salary* account, a new personal loan product, which allows the customer to access Automatic Credit, up to a maximum amount of one net salary and the possibility of access to a line of credit;
- Launch of the *BIC Housing* and *BIC Automobile* campaigns;
- Expansion of the bank’s branch network to almost every province in the country, with only three provinces remaining, where works are already underway;
- Determination of a new capital increase from USD 20,000,000.00 to USD 30,000,000.00 following the authorisation of the National Bank of Angola;
- Signing of an agreement with the Banco Popular de Portugal, with a view to establishing lines of credit

aimed at fostering relations between economic agents in Angola and Portugal through financing and export promotion;

- 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 selected by VISA;
- Increase in capital of USD 14,000,000.00, fully paid in cash, thus totalling USD 20,000,000.00.

2005

- Awarded a performance certificate by American Express, for the processing quality of foreign transactions, which, after just months in existence, placed Banco BIC among the best international banks in this segment;
- Promotion of the Banco BIC brand using the “*Together We Grow*” slogan to thus declare ourselves partners in the growth of our customers and of the country;
- Opening of the first branch Luanda (Maianga branch);
- Banco BIC, S.A., incorporated by public deed following authorisation from the National Bank of Angola, with a capital of USD 6,000,000.00.

2.2 MARKETING AND COMMUNICATION

In 2012, the main focus of Banco BIC’s Marketing and Communication Strategy was the consolidation of the brand in the market, positioning the bank as a leading name in the development and growth of Angola, over its seven years of history.

Several strategic actions were undertaken throughout the year, including launching promotional campaigns for the brand and its products, in addition to supporting and sponsoring various social, cultural and sporting events. Highlights of the major activities include:

CAMPAIGNS

• BIC EMPRESAS (BIC COMPANIES) – Growing together with Angola

Launched in early January 2012, the new institutional campaign portrays the bank’s contribution to the country’s growth, as a key financial driving force behind Angola’s economy, businesspeople and individuals, with the aim of consolidating Banco BIC’s position in the market and attracting new business.

The bank’s tagline serves as a motto underlining the development of the message to be conveyed – *BANCO BIC. Together We Grow*. The concept is developed in this context of togetherness, in the achievement of a common goal: growing is... having a bank that is by the side of everyone that makes Angola grow; building new roads, developing education, building houses and offices, raising production, building tower blocks and bridges, broadening horizons and having Angola at heart. With a strong investment in media, the campaign includes, in addition to television, print media, store posters, billboards and building wraps.







7 YEARS

In May 2012, BIC launched the campaign referring to the celebration of seven years of the institution; the campaign highlights the reasons why year after year it continues to grow along with its customers.



BIC NET EMPRESAS (BIC NET BUSINESSES)

Launched in August 2012, the new Internet Banking Service, under the concept “Don’t interrupt business by going to the bank”. This service allows companies to manage their accounts and perform a wide range of banking transactions quickly, comfortably and with maximum security.



ANGOLA INVESTS PROGRAMME

Banco BIC has joined the ‘Angola Invests Programme’, an initiative launched by the Ministry of Economy with the aim of facilitating the financing of key sectors for the development of Angola, which involves thinking about the growth of Micro, Small and Medium Enterprises, as well as supporting Micro, Small and Medium-sized entrepreneurs.

In October 2012, as part of this programme, Banco BIC launched a press campaign in line with the Ministry of Economy, called “BANCO BIC INVEST – Make your business grow and Angola too”.



A UNIQUE BANK

In October 2012 *The Banker* magazine, part of the Financial Times Group, recognised Banco BIC as one of the strongest and most stable banks in Angola, and throughout Africa. The distinction was made through the magazine’s annual list – Top 300 African Banks – which featured 15 Angolan Banks, and on which Banco BIC was placed 3<sup>rd</sup> in Angola and 36<sup>th</sup> in Africa.

To communicate this recognition, BIC launched a press campaign, called, “A UNIQUE BANK – In just seven years we are no. 3 in Angola”. More proof that we are increasingly closer to our customers, with a continually growing branch network in Angola and also in Portugal. It is therefore with great pride that we dedicate this recognition to our customers, employees and partners, who in just seven years stretched themselves to get us to no. 3.



ART JEWELLERY By BANCO BIC

Launch of the new prestige product, the *ART Jewellery* jewellery range, designed exclusively for Banco BIC customers, and featuring limited and exclusive editions, which can be purchased through BIC credit solutions.



CHRISTMAS CAMPAIGN

Launch of the Christmas campaign at the beginning of the month of December 2012, under the creative concept, Banco BIC, wishes festive greetings to all its family of customers (and beyond), not least because this is precisely the time for family and of being all together. We can thus say with all the warmth that the season demands, “We sing together – We celebrate together”.

FAIRS

» Participation in the 29<sup>th</sup> edition of the Filda International Fair 2012

Considered the most important exhibition nationally, Banco BIC was present for the seventh consecutive year running in July 2012, with a stand alluding to the concept “7 Years Growing with Angola”.

» Participation in the 20<sup>th</sup> edition of the Expo Huíla Fair 2012

Held during the month of August 2012, as part of the celebrations of the city of Lubango, Banco BIC brand attends the fair as in previous years, supporting local entrepreneurs and potential investors from Huíla.

» Participation in the Entrepreneurialism Conference and Fair 2012

BIC attended the Entrepreneurialism Conference and Fair, which took place at the Hotel Epic Sana in Luanda, between 16 and 17 November, 2012. An initiative determined by the *Angola Invests Programme*, with the aim of creating Credit Guarantee Funds for issuing Public Guarantees, which brought together the various banks affected by the mechanisms promoted by the Government of Angola, INAPEM, Association of Entrepreneurs in Angola and the Ministry of Economy.

EVENTS AND SPONSORING

» JANUARY 2012

Support to the Provincial Handball Association of Luanda, sponsoring various initiatives related to this sport and to improving sports training. On 20 January, 2012, the National Team became champions in the African Senior Ladies Handball Cup.

Sports sponsorship for the *Clube Sport Luanda e Benfica*, for the current sports season, with the Banco BIC logo appearing on strips and other sports equipment.

» FEBRUARY 2012

Sponsoring the International Basketball Tournament, “February 04 Cup”, in Benguela.

Sponsorship of a cultural nature to the *União Sagrada Esperança* carnival groups and the *União Mundo da Ilha* Carnival Group.

» MARCH 2012

Sponsoring the Government of the Province of Namibe, in the organisation of the traditional *Festas do Mare* event.

Sponsorship of the Dançarte Company, in the production of five Children Dance Shows, called *Charms in Forest*, at the Cine Teatro Nacional.

Sponsoring the Provincial Government of Huíla, in the production of the MISS – MATALA 2012 event.

» APRIL 2012

Banco BIC Angola together with Banco BIC Português, once again sponsor the Portuguese League Cup Final, held in Coimbra City Stadium, on 14 April, 2012

» MAY 2012

Celebration of the 7<sup>th</sup> Anniversary of Banco BIC, at a gala dinner, gathering more than 700 employees within the Palmeiras Club venue, on 25 May, 2012. Entertainment for the event was provided by singer Matias Damázio.

Sport sponsorship, for the holding of the 21<sup>st</sup> International Veteran Football Tournament – Clube de Amigos da Rádio.

Sponsoring the Municipal Administration of Benguela, in holding the Benguela City Festivities as it celebrates its 395<sup>th</sup> anniversary.

» JUNE 2012

Sponsoring the Portuguese Embassy in Luanda, in the celebrations of the Day of Portugal, Camões and the Portuguese Communities, commemorated on 11 June, 2012.

Sponsorship for the Ministry of Agriculture and of Rural Development and Fisheries, the National Coffee Institute, of the Province of Kwanza Sul, in the holding of the 1<sup>st</sup> Coffee Fair.

Sponsorship of Eusébio Championship CUP, a highlight in the international sporting calendar, which includes major international football clubs and in Portugal.

» JULY 2012

Sponsorship of the 1<sup>st</sup> edition of the “*Taça Palanquinhos Super Cuia*” children’s tournament, said to be the largest competition nationally, organised by Refriango and the Angolan Football Federation (FAF), held in 10 provinces of the country and involving about 3,200 children.

» AUGUST 2012

Banco BIC together with Banco BIC Português, joined forces as official sponsors of the 74<sup>th</sup> *Volta a Portugal* bike race, present in various locations the cyclists passed through, which with separate actions intensified the sponsorship, bringing the bank and its customers into closer contact.

Sponsorship of the Miss Huíla 2012 Election Gala, an event held as part of the traditional festivities of Nossa Senhora do Monte, in Lubango.

Sponsorship of the José Eduardo dos Santos Tournament, the biggest national roller hockey event, held in Huambo province between 15 and 19 August.

» SEPTEMBER 2012

Official Sponsor of the 50<sup>th</sup> European Roller Hockey Championship, held in Paredes, Portugal, 09 to 15 September.

» NOVEMBER 2012

Official sponsor of the Angola Cup Final, the greatest national football competition, which marks the 37<sup>th</sup> anniversary of the independence of Angola, which took place in the Estádio 11 de Novembro stadium.

Once again sponsors the Red Cross of Angola Gala Charity, on 24 November at the Hotel de Convenções de Talatona (HCTA), as a clear act of solidarity.

» DECEMBER 2012

After completing one year of existence, internal magazine *BIC Mais*, published every quarter, reaches four issues during 2012.



## 2.3 MAIN BUSINESS AREAS

Banco BIC sees service provision characterised by excellence and constant focus on the needs of every customer as one of its key strategic differentiators. This clear and consistent growth strategy in the national market reflects a strong commercial dynamism within customer segments, individuals and businesses, which has allowed the achievement of significant values in terms of total assets. Operations in the national market should be noted, complemented by the progressive strengthening of international operations, in particular with Portugal and with Banco BIC Português, focusing on efficiency levels between institutions, which represent a very important source of growth and added value to our customers.

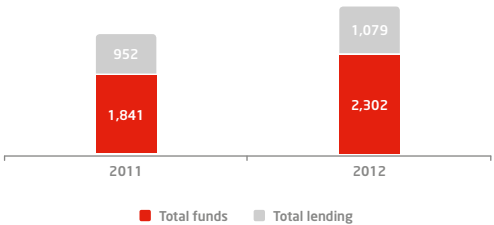
The results obtained by the different business areas, reflect the principles of the bank's management, which are organised into four segments: Personal and Business, Corporate, Private Banking and Investment. The

creation of the Department of Oil and Gas, within the corporate segment, is a highlight.

### INDIVIDUALS AND BUSINESS DEPARTMENT

At the end of 2012, the Individuals and (Small) Business Department (hereinafter IBD), had a total of 159 branches and six service centres spread throughout every province in Angola, representing about 86% of Banco BIC's total commercial network.

This department, which supports the Banco BIC branch network, reported an increase of USD 461 million in terms of total customer funds (+25% compared to 31 December, 2011), reaching a total amount of about USD 2,302 million in 31 December, 2012. With reference to total loans, the overall value of the IBD portfolio amounted to about USD 1,079 million in 31 December, 2012, representing an increase of approximately USD 127 million (+13% compared to 31 December, 2011).



Through its network of branches that showed particularly strong growth, and in particular in terms of the provinces, during the year 2012 the IBD developed its activity with particular focus on the following: strengthening the portfolios of funds obtained from customers and of total lending; strengthening its business relationship with customers through the placement of bank products, including *Multicaixa* and Visa cards, POS terminals, BIC NET and BIC SMS; "*Depósito Bankita*" product launched by the National Bank of Angola in 2011 and which aims to broaden access to banking to all citizens; and, just as important, control and monitoring of overdue loans.

### CORPORATE DEPARTMENT

Following its action of providing improved quality service to its customers, the Corporate Department (CD) has maintained the structure of 2011, i.e. it has 14 business centres at the end of 2012, and had opened 675 new accounts.

As part of a process of customer reallocation, undertaken in 2012, accounts that were previously allocated to the IBD were transferred to the business centres, in order to be able to provide a more personalised and distinct service to customers.

In light of the foreign exchange law No. 2/12, published on 13 January, 2012 in the *Diário da República* official gazette on the exchange rate regime applicable to the

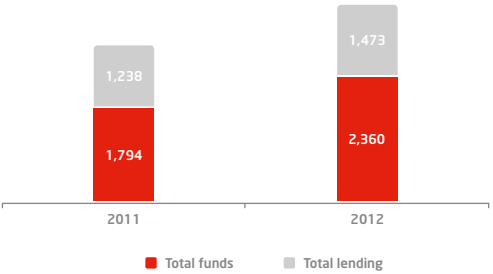
### BUSINESS ENVIRONMENT

oil industry, defined by the Central Bank, Banco BIC created the Department of Oil and Gas with the aim of supporting the various companies associated with that sector.

The Department of Oil and Gas stands out for the fact that it has been conceived and designed exclusively to meet the needs of companies within the oil industry. Thus, in addition to all the facilities in terms of technology and access to the department, it offers special conditions to them, including transaction costs below those practiced on the market, i.e. foreign transfer costs, attractive interest rates on financing and investments.

In 2012, the CD presented considerable figures both in terms of funds raised from customers, and in terms of lending. Growth in terms of funds was 32%, from USD 1,794 million at the end of 2011 to USD 2,360 million at the end of 2012, representing an absolute increase of USD 566 million. Lending increased from USD 1,238 million at the end of 2011 to USD 1,473 million at the end of 2012 (19% growth).

The Corporate Department, contributed about 48% to the lending portfolio and 41% to the bank's total fund portfolio.





PRIVATE BANKING

The structure of this department has remained centralised in the business unit in Bairro Alvalade. In 2012, 59 new accounts were opened, funds raised from customers increased by 11% from USD 657 million to USD 748 million. Lending increased USD 260 million, reaching USD 485 million at the end of 2012, compared to USD 225 million which registered at the end of 2011.

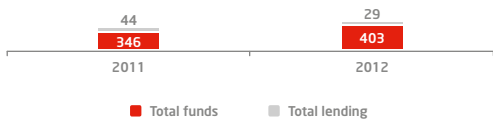


Commercial activity continues to be guided by proactivity in the gradual diversification of investments, to which the availability of new investment solutions throughout the year contributed greatly. This movement ended up translating into an 18% increase in the customer funds portfolio, 43% in the lending portfolio and 11% in attracting new customers, compared to 31 December, 2011.

INVESTMENT DEPARTMENT

The Investment Department develops the best practices for monitoring and prospecting, to realise the commitment to those who invest, with the aim of achieving the successful completion of each project, building strategic partnerships and valuable synergies. The Investment Department is present throughout the entire process of the investment project, alongside the investor, from its conception to the moment of its full activity.

For investors who are willing to diversify their investments and put their faith in this segment, Banco BIC offers a choice of investment alternatives that accompany the evolution of the business reality, boosting the commercial network of economic agents that maintain financial relationships with the bank. To this end the department has four investment centres.



The strategy implemented by this business area has allowed the portfolio of funds raised from customers to strengthen by USD 57 million, from USD 346 million in 2011 to USD 403 million in 2012. At the same time there was a slight reduction in the lending portfolio of USD 44 million on 31 December 2011 to USD 29 million at the end of 2012.

2.4 CREDIT RISK MANAGEMENT

Credit risk can be defined as the greater or lesser probability of a customer not being able to pay the interest on credit and borrowed capital, on the agreed dates. In an increasingly developed industry, for the survival of any credit institution, credit risk management must assume vital importance.

Banco BIC has adopted and developed risk management methodologies, particularly with regard to lending, monitoring and recovery of loans. It should be noted that the Central Office for Intelligence and Credit Risk, an information platform on credit exposure of private and corporate customers in the banking sector, has been an increasingly used tool, contributing to the better management of credit risk.

With regard to the organisation of Banco BIC, it should be noted that loans of up to USD 250,000 are analyzed and decided within the sphere of the respective business areas, according to their area of authority. The remaining operations are sent for analysis at Credit Risk Department level or, in the case of specialised credit, to the respective Credit Department.

CREDIT RISK DEPARTMENT

This department analyses all manner of credit, except specialised credit and credit from the provinces, to individuals or companies above USD 250,000.00. To this end the department has five risk analysis centres, the scope of which is divided by Central Directors. The Credit Risk Department plays a key role in credit risk management and control through the analysis of the banks most important credit processes, for final decision by the Credit Committee.

MORTGAGE DEPARTMENT

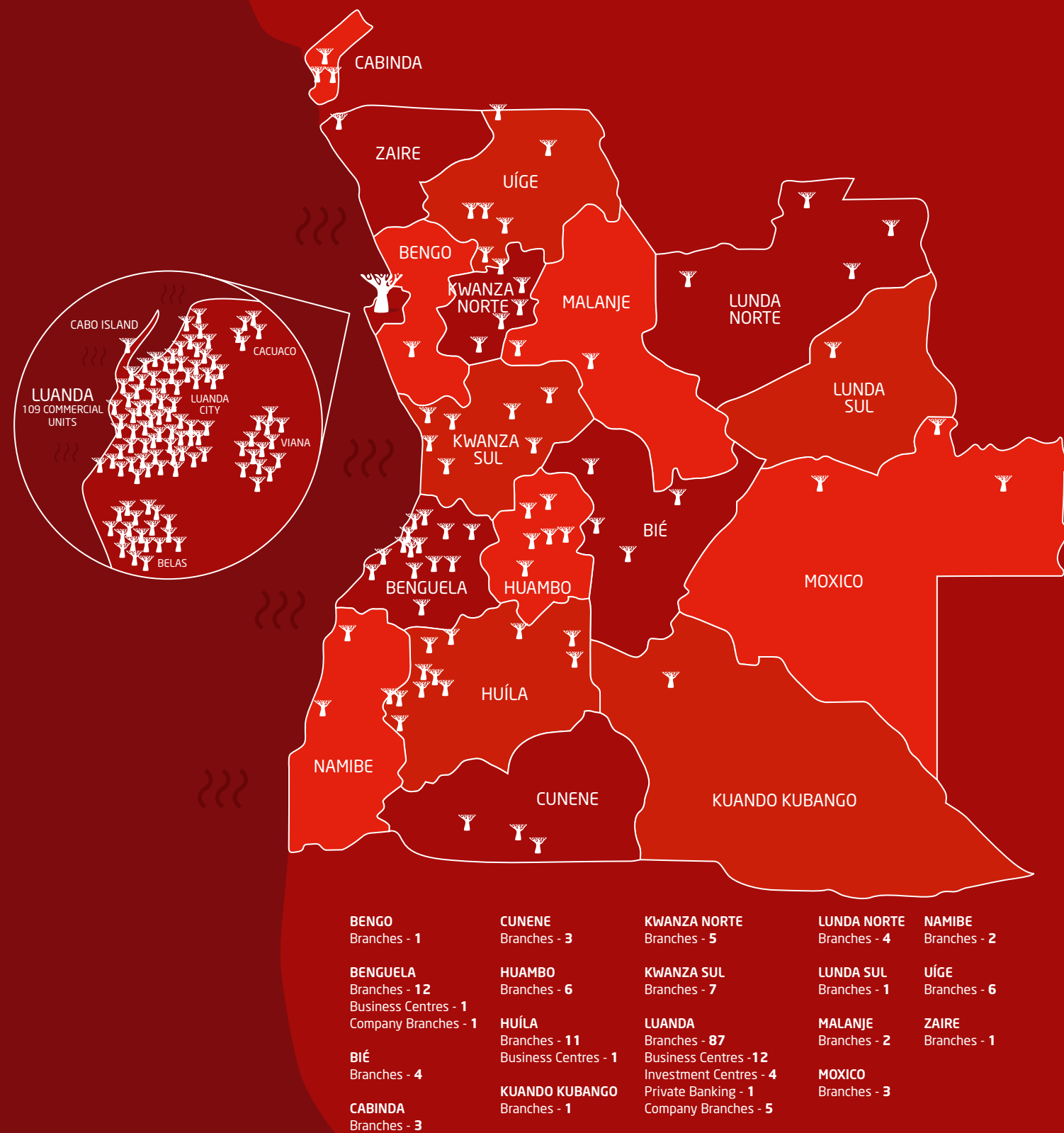
Analyses financing operations for the acquisition or construction of buildings intended for permanent residence, up to USD 500,000.

CAR FINANCE DEPARTMENT

Analyses financing operations for the acquisition of new cars, for personal use, up to USD 100,000.

REAL ESTATE LOAN DEPARTMENT

Analyses financing operations for construction projects and property development of amounts greater than USD 250,000.



\*Commercial Network upgraded in December 2012

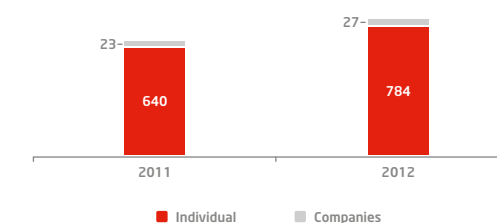
## 2.5 DISTRIBUTION NETWORK AND GEOGRAPHICAL PRESENCE

Banco BIC, in compliance with the slogan *"Together We Grow"* has intensified its presence across the nation. By the end of 2012 it had 184 commercial units composed of branches, business centres, investment centres, private banking and other branches with several companies, thus strengthening its position as the largest private bank in terms of geographical coverage.

BIC's aim is to expand its service channels to the whole country and thus promote banking inclusion to all Angolans. As part of this process a detailed assessment of market potential is carried out and mappings by region are made, based on socio-geographical information, so as to identify new business opportunities and the specific needs of each province and municipality.

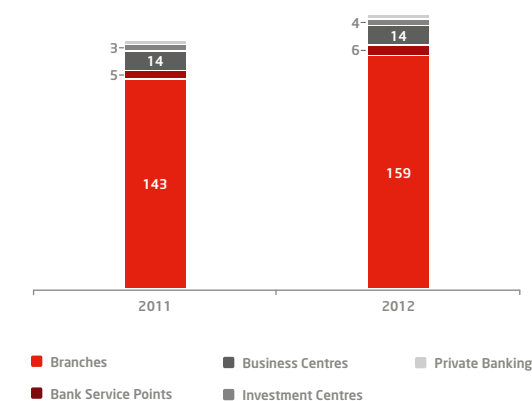
centres, four investment centres, one Private Banking branch and five service points, while in the remaining provinces of the country it has 71 branches, three business centres and one service point.

### » Customers (in thousands)



By the end of 2012, Banco BIC recorded a 22% increase in its customer base when compared to 2011, from a total of 663,000 to 811,000 customers. In absolute terms, 148,000 new customers were captured, of which 144,000 are individual customers and about 4,000 companies.

### » Commercial Network



In 2012, Banco BIC maintained its growth trend and positioning as one of the main operators in the financial sector of the national market. On December 31, 2012 in Luanda the bank has 87 branches, 12 business



## 2.6 INFORMATION TECHNOLOGY

### CHANGES TO INFORMATION TECHNOLOGY (IT) INFRASTRUCTURE IN 2012

The Information Systems Department represents one of the pillars of Banco BIC’s strategy, providing it with sustainability and driving the growth of the entire institution, which is reflected in the business specific to customers with access to innovative quality services of certified security.

This rapid growth, of sustained development, based on the challenges imposed on it, has allowed the Information Systems Department, to reorganise and subdivide into six different areas, including: Central Systems and Distributed Systems with responsibility for data and voice communications, Maintenance, Processing, Operation and the Helpdesk, first line support for Branches,

Business Centres and Central Services, strengthening its number of employees and allowing autonomy and interaction, taking into account the rapid growth of the bank.

In 2012 this department and Banco BIC developed the support structure to its central services, with its new data processing centre at its headquarters in Talatona now fully operational.

Within this context, making the most of the many synergies provided by the planned move, Banco BIC implemented several changes to its technical infrastructure, enhancing its capacity.

» Areas Affected

Primary Data Centre

This is the group of architectural and active infrastructure (machines) that constitute the main location where all Banco BIC data are processed.

Secondary Data Centre

This is the group of architectural and active infrastructure (machines) that constitute the secondary site supporting the primary site and the capacity to process part or in whole, all Banco BIC data.

VOIP

Voice over Internet Protocol. This is an increasingly common technology that allows audio communication through computer networks using phones designed for this purpose.

WAAS

WAAS is a technology that allows a massive and fluid compression of binary data through computer networks.

Why it is important for business and management?

A strong Primary Data Centre is vital given that any fluctuation in its behaviour has a direct effect on the bank’s ability to perform its functions.

Why it is important for business and management?

A Secondary Data Centre is a core element in every kind of recovery plan, for any type of disaster that could affect the Primary Data Centre and real time business operation continuity. At an excellent level this change is immediate and has no impact on users or on business.

Why it is important for business and management?

Substantially reduces communication costs of any business with large geographical networks and ensures more efficient control of the same.

Why it is important for business and management?

It reduces the need for bandwidth, optimising resources and substantially reducing the time business applications that use the bank’s network take to respond.

LIST OF CHANGES MADE IN 2012:

- Completion of the Primary Data Centre in the site of the new Talatona HQ;
- Reconstruction of the Secondary Data Centre at the Alvalade site;
- Switch of communication infrastructure to Cisco VOIP;
- WAAS implemented.

AIM OF CHANGE:

1. Completion of the Primary Data Centre in the site of the new Talatona HQ

- The aim is based on the substantial, and realistic for Angola, increase in quality, approaching international data centre construction standards for companies the size of Banco BIC, SA.

2. Reconstruction of the Secondary Data Centre at the Alvalade site

- The aim was a redevelopment of the site, within the constraints of reusing an old installation, with the aim of removing obsolete structures and to ensure the logical, more efficient and clean reorganization of the space.

3. Switch of communication infrastructure to Cisco VOIP

- Increasing quality and control over voice infrastructure, guaranteeing at the same greater reliability, scalability and adjustment to local network conditions in each of the branches.

4. WAAS implemented

- Substantial increase to efficiency in use of bandwidth, removing bottlenecks and ensuring more rapid and consistent communication.

BUSINESS HOME BANKING

Innovation is a watchword in the bank and in the Information Systems Department. Using an existing platform, Banco BIC has innovated by creating a new technological product that not only provides new ways of business through the speed and access availability of to its customers, but also through increased security. This product, *Internet Banking Empresas*, provides real-time access to business accounts for their holders, easily and securely allowing the execution of financial transactions vital for a normal functioning of any commercial institution in the national market. Banco BIC has innovated by creating broad access through the use of the card featuring coordinates for monetary transactions.

Marking its growth, Banco BIC has met every requirement of the Central Bank with technological integration, including:

CIRC

Secure internal access to the BNA portal for access to Central Office for Intelligence and Credit Risk and use of information from this in real time.

Overall, the various changes mentioned above were principally aimed at increasing Banco BIC’s capacity, resulting in an better and stronger, scalable structure, tailored to the needs of a dynamic organisation, with a strong presence, and geographically dispersed in Angola.

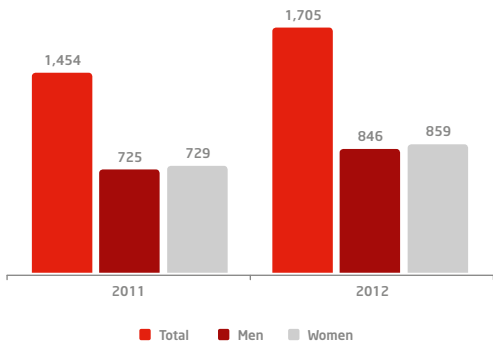


## 2.7 HUMAN RESOURCES

Aligning behaviour and attitudes to defined institutional values, constituted the strategic areas of Human Resources Management during 2012.

On 31 December, 2012, staff at Banco BIC comprised 1,705 employees distributed among the different areas of the bank, of which 1,152 were in Luanda and 553 in the provinces, thus confirming the bank's position in terms of geographical coverage, as the private commercial bank with the most branches in the country.

» Evolution of Employee Numbers



Banco BIC has followed a policy of human resource management that favours the integration of young people, at the start of their career. The increase in staff experienced, 17.26% compared to 2011, was aimed mainly at dealing with the expansion of the bank's activities with the opening of 19 new branches, in addition to strengthening certain areas with specific needs.

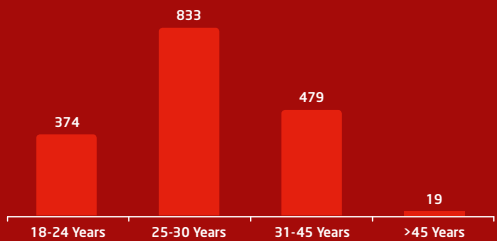
Also, within the scope of career management, we continue to favour internal recruitment as a way of promoting the broadening of skills in employees, either in a vertical progression, or horizontally.

The number of staff members allocated to the commercial area is 84% of the bank's total, thereby maintaining the trend already observed in 2011.

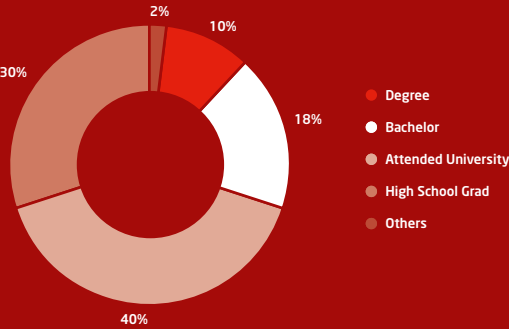
FUNCTIONAL AREA	2011	2012	Var%
Central Services	229	269	17.4%
Commercial Network	1,225	1,436	17.2%
Average number per branch	8	8	0

With seven years of activity now passed, the average age of employees of the bank stands at 29 years, with 70.7% of the bank's employees between 18 and 30 years of age. The percentage of employees with university education stands at 68%.

» Distribution of Employees by Age Group



» Distribution of Employees by Educational Level



In the area of training, compliance with the annual Training Plan has strengthened the commitment of employees to Banco BIC's mission and corporate values.

Improving the potential of each employee underpinned all training activities carried out, allowing the alignment of Human Resources policies with the expectations of employees and the strategic objectives of the institution.

This effort of internal training, with internal and external trainers, involved 1,346 employees and totalled 17,441 hours of training.

### TRAINING ACTIVITY

No. of employees involved in vocational training activities	1,346
Total training volume (total training hours)	17,441

Highlights among the activities carried out include customer care training aimed primarily at front-office areas, which aims to raise customer service and quality standards, for all customers. Also of note, the Credit Risk Analysis activity, aimed at more technical areas.

Staying with training, and in partnership with Banco BIC Português, the policy of assigning vocational work placements to various employees was kept going, and during 2012 the work placement plans were especially aimed at the Internal Audit and Inspection area and Commercial Area.

In the area of preventive management of health and well-being of its employees, with clinical care benefits, both for employees and their respective families, in 2012, 11,633 clinical treatments were accounted for, of which 6,646 were taken by employees.

MEDICAL PROCEDURES 2012		
Speciality	Family Member	Employees
Further examinations	757	871
General Medicine	1,210	2,979
Dentistry	225	686
Gynaecology/Obstetrics	766	1,535
Surgery	114	74
Paediatrics	1,594	0
Other specialities	321	500
Total	4,987	6,646

For Career Management, seen as a strategic and determining area in the motivation and retention of its Human Resources, the Performance Evaluation System remains an indispensable tool for the active management of talent and for the improved guidance for performance, thus contributing to strengthening their degree of commitment to the institution.

A strong contribution to the result, both in terms of quantity and quality, obtained by the bank throughout 2012, was also the maintenance of the individual performance related remuneration policy.

Attracting, retaining and developing professional talent, in working conditions that allow a real sense of pride and belonging in employees, continues to be the major goal of Banco BIC in Human Resources matters.

## 2.8 COMPLIANCE

One of the pillars of Banco BIC’s internal control system is respect for applicable legal or regulatory provisions, commonly called compliance goals.

The Compliance Department reports directly to the management and is responsible for permanently and independently performing the duty of compliance, coordinating, monitoring and supporting the performance of this duty, as well as the compliance and correct application of legal, regulatory, statutory and ethical provisions, and of recommendations and guidelines issued by the supervisory authorities and other competent authorities. Of particular relevance within this context is responsibility for the implementation of the system for preventing Money Laundering and the Financing of Terrorism, including the respective internal control procedures, and is also responsible for the centralisation of intelligence and communication of operations susceptible to Money Laundering and Terrorism Financing to the Financial Intelligence Unit and other competent authorities.

Through Notice no. 22/2012 of 25 April, the National Bank of Angola reinforced the requirements defined under Law no. 34/11 of 12 December – the Law on Fighting Money Laundering and Terrorism Financing. Among other requirements, the notice forces banking financial

institutions to implement internal control procedures that enable the institutions to have knowledge of their customers (*Know Your Customer and Know Your Business*). In this matter in particular Banco BIC has shown itself to be attentive to inherent legal changes and has initiated a number of activities, in particular through the definition of policies and internal procedures that ensure that the banking business is conducted in compliance with the legislation in force.



The background image is a wide-angle landscape photograph of a valley. In the foreground and middle ground, there are rolling hills and valleys covered with green vegetation and trees. The hills have a distinct reddish-brown soil color. In the distance, a coastline is visible with a sandy beach and a blue ocean under a clear blue sky. A semi-transparent red rectangular box is positioned on the left side of the image, containing white text.

BANCO BIC STRENGTHENED ITS  
RELATIVE POSITION AMONG THE  
KEY PLAYERS IN THE MARKET,  
DESPITE THE SIGNIFICANT  
COMPETITION IT FACES. ON  
DECEMBER 31, 2012 IT REACHED  
A MARKET SHARE OF 12.38% IN  
LOANS TO THE ECONOMY (10.78%  
IN 2011) AND A MARKET SHARE  
OF 12.91% IN CUSTOMER FUNDS  
(11.50% IN 2011).



# 3

## FINANCIAL ANALYSIS

### 3.1 FINANCIAL ANALYSIS OF BANCO BIC

2012 was marked by an international panorama of deep economic crisis, with a continued slowdown of economic activity and a decline of international trade. Additionally, there have been some attempts at fiscal consolidation, particularly in terms of more advanced economies, with successive adjustment and austerity programmes underway.

By contrast, 2012 was a historic year for the Angolan economy as can be seen by the behaviour of the main macroeconomic indicators. Inflation stood at 9.02% (11.38% in 2011) thus meeting a key goal of the Angolan government for 2012. The Kwanza remained practically stable against the US Dollar, with a decrease in value in 2012 of just 0.54%. And, of no less importance, external accounts were considerably strengthened with cash reserves accumulated reaching approximately USD 30.6 billion on 31 December, 2012 (USD 26 billion on December 31, 2011).

The regularisation process of debt in arrears of the Angolan State to companies providing goods and services was continued, with its completion expected during 2013, thus contributing to the economic and commercial stability of Angola.

Finally, it is worth noting the successful completion of the Stand-By agreement between the Angolan government and the International Monetary Fund, culminating in the payment of the last tranche of the agreement.

In the Angolan financial system, the role of the BNA has been instrumental as a regulator of the national economy, both through the implementation of a series of monetary policies, as well as regulatory measures, among which we can highlight the following:

- I)** Increased foreign currency sales, in the primary market, to around USD 18 billion, equivalent to an increase of 22% compared to the amount made available in 2011;
- II)** Lowering the limit of foreign currency exposure, from 30 June, 2012, to 20% of regulatory required capital in long positions (30% on 31 December, 2011);
- III)** Maintaining low interest rates on Central Bank securities, either by limiting the quantities, or by setting maximum yields in security auctions;
- IV)** Via Notice No. 2/2012, of 09 March, deadlines were established for the execution of transfers and remittances, as well as for fund availability for beneficiaries, as a result of demand deposit transactions, transfers or remittances;
- V)** The regulation, through Notice no. 22/2012, of 13 April, of the conditions governing the exercise of obligations under the Law of Fighting Money Laundering and Financing of Terrorism, including the identification and diligence obligations, as well as the establishment



of a money laundering and terrorist financing prevention system, including the creation of the Compliance Officer in the organisational structure of banking and financial institutions.

Generally there was a growth of the banking sector as a whole, particularly in terms of commercial network, which reached about 1,160 branches, in terms of customer funds, which grew about 11% (USD 3,996 million) to USD 41,747 million, in terms of total credit to the economy, which grew by about 18% (USD 5,591 million) to USD 37,246 million, as well as in terms of bank usage, which reached about 23%.

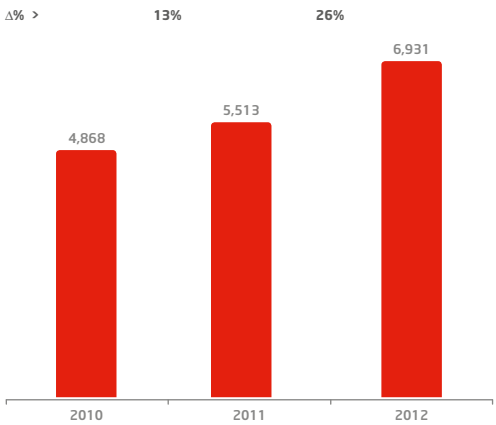
Given this favourable environment, Banco BIC has kept up its policy of aggressive growth, whether through expansion of its branch network with the opening of 19 new retail units, or through growth of turnover, with a substantial increase in funds raised through customers, while always monitoring interest income, and also a strict control of the bank's overheads.

In 2012 Banco BIC strengthened its position among the 23 local banks, and is currently third in terms of credit to the economy (fourth on 31 December, 2011) with a share of 12.38% (10.78% in 2011). With regard to total customer funds, the bank maintained its position, holding on to fourth place in this ranking, while significantly strengthening its market share however, from 11.50% in 2011 to 12.91% in 2012.

The total net assets of the bank increased from USD 5,513 million at 31 December, 2011 to USD 6,931 million on 31 December, 2012, an increase in absolute terms of USD 1,418 million, corresponding to about 26%. Within this increase, of special interest is the variation in the treasury bond portfolio, which increased from USD 489 million on 31 December, 2011 to USD

1,906 million on 31 December, 2012, as a result of Banco BIC's participation in the settlement process of the Angolan state's debt in arrears to Angolan goods and services businesses.

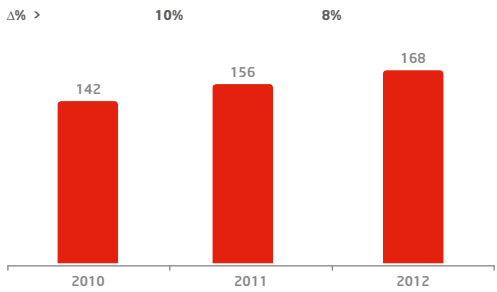
» Net Assets



Total customer funds rose to USD 5,755 million on December 31, 2012, with an annual increase of 24%, while customer lending (including bank guarantees) in the same period rose to USD 3,065 million, corresponding to a growth of 23% compared to the previous year.

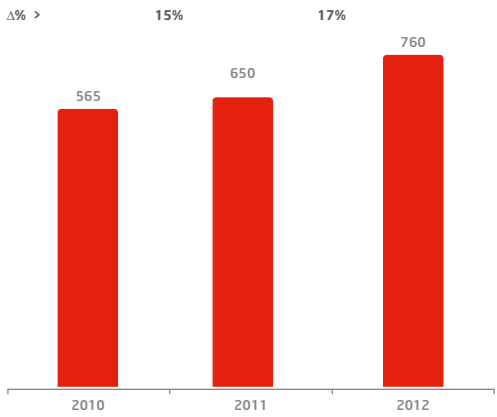
Banco BIC's net result for the year ending December 31, 2012 amounted to USD 168 million, compared to the net result of USD 156 million in 2011, representing an increase of 8% over the same period.

» Net Result



On December 31, 2012, the bank's equity capital amounted to USD 760 million, an increase of USD 110 million, or 17%, compared to the USD 650 million on December 31, 2011.

» Equity Capital





## 3.2 BALANCE SHEET

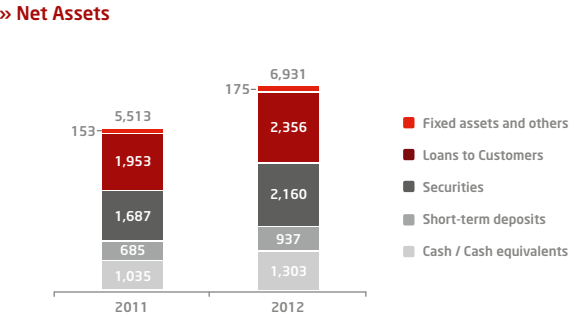
On 31 December, 2012, net assets reached USD 6,931 million, having thus increased by 26% when compared to 2011. In Kwanza, the net assets stood at 664,191 million on 31 December 2012, compared to 525,315 million registered on 31 December, 2011.

Of special interest is the growth in securities, developing from USD 1,687 million on 31 December, 2011 to USD 2,160 million in 2012, with a significant contribution from securities held until maturity – treasury bonds (increased from USD 489 million on 31 December, 2011 to USD 1,906 million on December 31, 2012).

Also noteworthy is the growth of USD 403 million, equivalent to 21%, registered in loans to customers, net of provisions, having risen from USD 1,953 million

on 31 December, 2011 to USD 2,356 million on 31 December, 2012 .

Cash and cash equivalents and short-term deposits grew USD 521 million, equivalent to 30%, to USD 2,240 million on 31 December, 2012.



## FINANCIAL ANALYSIS

(in Millions)

ASSETS	2012		2011		Variation
	AKZ	USD	AKZ	USD	%
Cash / Cash Equivalents	124,895	1,303	98,602	1,035	26%
Short-term deposits	89,775	937	65,241	685	37%
Securities	206,948	2,160	160,769	1,687	28%
Loans to customers	225,812	2,356	186,127	1,953	21%
Fixed Assets	10,751	112	9,791	103	9%
Others Assets	6,010	63	4,785	50	25%
Total	664,191	6,931	525,315	5,513	26%

### CUSTOMER LENDING

In 2012, as in previous years, the bank kept up the trend of supporting investment in the Angolan economy, selecting suitable projects to its credit risk profile in different sectors of economic activity.

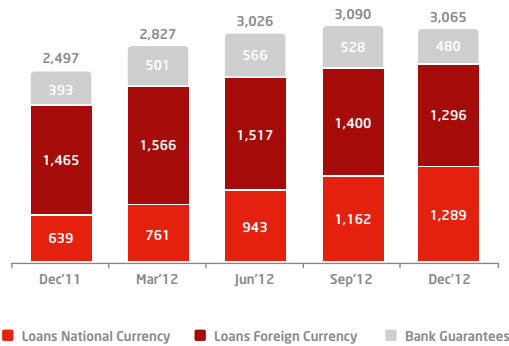
The customer lending portfolio (including bank guarantees) had a balance of USD 3,065 million on 31 December, 2012, representing an increase of 23% compared to USD 2,497 million registered on 31 December, 2011.

Loans granted at balance sheet level, prior to establishment of provisions, increased by USD 481 million, corresponding to a 23% change compared to the previous year. Loans to customers in 2012 represents approximately 34% of total assets (35% in 2011 and 40% in 2010) and 84% of total credit (84% in 2011), including the bank guarantees.

Since 2011, the trend continues for the reversal of the composition of loans to customers by currency. The entry into force, during this time, of more restrictive new foreign exchange exposure limits on regulatory capital (100% in 2010 compared to the current 20%), as well as the introduction of qualitative limits on foreign currency lending, have contributed to a significant increase in credit in national currency.

Loans in national currency grew 102%, increasing from USD 639 million on 31 December, 2011 to USD 1,289 million on 31 December, 2012, while foreign currency loans decreased from USD 1,465 million on 31 December, 2011 to USD 1,296 million on 31 December, 2012. National currency loans represent, on 31 December, 2012, 50% of the lending portfolio in 2012, against the 30% it represented in 2011.

### » Total Credit





During the period in question, an increase of 22% in bank guarantees has also been registered, rising from USD 393 million on 31 December, 2011 to USD 480 million on 31 December, 2012. The growth in the re-

lationship with Banco BIC Português in supporting shared customers operating in both markets contributed greatly to the growth of this sector, which has been increasing more and more in the last three years.

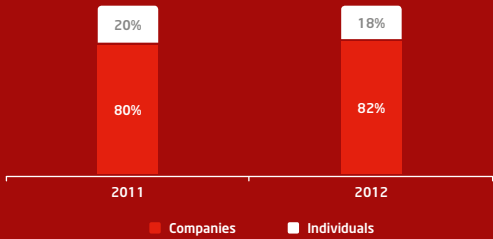
(in Millions)

LOANS TO CUSTOMERS	2012		2011		Variation
	AKZ	USD	AKZ	USD	%
1. Total Credit	293,713	3,065	237,881	2,497	23%
1.1 Loans to Customers	239,949	2,504	191,226	2,007	25%
Loans in National Currency	120,296	1,255	58,166	610	106%
Loans in Foreign Currency	119,653	1,249	133,060	1,397	-11%
1.2 Loans and Overdue Interest	3,866	40	5,778	61	-34%
Loans and Overdue Interest National Currency	1,554	16	1,863	20	-17%
Loans and Overdue Foreign Currency	2,312	24	3,915	41	-43%
1.3 Interest Receivable	3,883	41	3,459	36	12%
Interest Receivable National Currency	1,660	18	818	9	110%
Interest Receivable Foreign Currency	2,223	23	2,641	27	-17%
1.4 Bank Guarantees	46,015	480	37,418	393	22%
Guarantees and Sureties	35,781	373	28,551	300	25%
Open Documentary Credit	10,234	107	8,867	93	15%
2. Provisions Established for Credit Risk	22,289	232	14,948	157	48%
> Doubtful Loans	21,886	228	14,336	151	52%
> Provision of Guarantees	403	4	612	6	-30%
3. Loans granted, Net of Provisions	271,424	2,833	222,933	2,340	21%
Overdue credit / Total credit	1.59%	1.59%	2.93%	2.93%	

In 2012, despite a very favourable macroeconomic environment, the bank maintained its conservative policy of risk classification in loans granted, strengthening provisions established for credit risks, having for this purpose, on 31 December, 2012, provisions totalling approximately USD 232 million, meaning an increase over the previous year of about USD 75 million (48%).

On 31 December, 2012, coverage of loans by provisions rose to 8.98% compared with 7.28% recorded on 31 December, 2011. For its part, coverage of overdue loans by provisions, which stood at about 566% on 31 December, 2012, experienced a significant increase in relation to the previous year.

» Distribution of Loans by Beneficiaries



On 31 December, 2012, similar to the previous year, about 82% of the loan portfolio corresponded to loans to companies (80% in 2011), while the remaining 18% (20% in 2011) refers to private customers.

On 31 December, 2012 and 2011, the credit portfolio can be broken down by product type, as follows:

(in Millions)

CREDIT BY PRODUCT TYPE	2012		2011		Variation
	AKZ	USD	AKZ	USD	%
Consumer credit	16,819	176	8,466	89	99%
Financing	159,704	1,667	104,625	1,098	53%
Others products	-	-	12	-	-
Cash	44,435	464	62,482	656	-29%
Home	19,974	208	16,865	177	18%
investment	906	9	643	6	41%
Car	807	8	925	10	-13%
Current account overdrafts	4,000	42	5,300	56	-25%
Guarantees and Sureties	35,781	373	28,551	300	25%
Open documentary credit	10,234	107	8,867	93	15%
VISA Credit Card	1,053	11	1,144	12	-8%
Total	293,713	3,065	237,880	2,497	23%

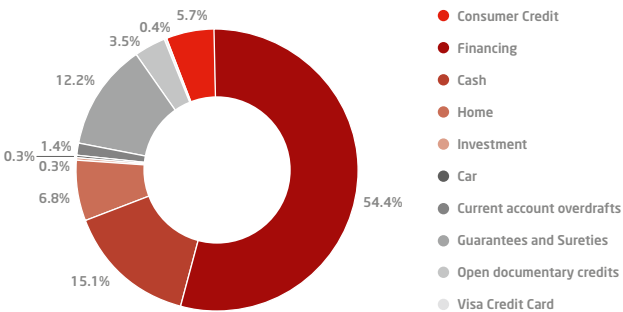
Of particular interest, in terms of volume, are the increases seen in financing (USD 569 million or 53%), in terms of the Consumer Credit (USD 87 million or 99%), in terms of Guarantees and Sureties (USD 73 million or 25%) and, although more modest in terms of volume, of housing loans (USD 31 million or 18%).

In 2012, the construction sector, with 21.2%, was the area which, in terms of loans, received the greatest support. The trade sector with 16.3% and the Financial and Insurance with 13.9% were also sectors which received more support in terms of loans given. Another highlight was loans granted to private customers, which represented 18.1% of total loans.

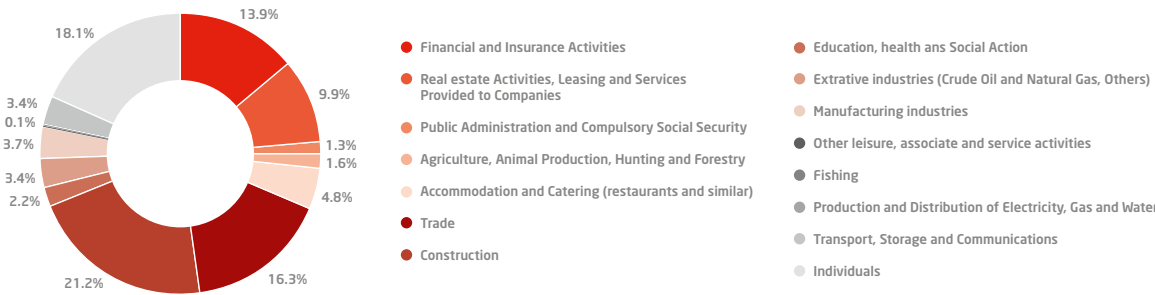
The quality of the loan portfolio at Banco BIC retained the good indicators of previous years, while overdue loans and interest on 31 December, 2012 has risen to USD 40 million.

The ratio of overdue loans to total loans remains controlled, having declined significantly at the end of 2012 to 1.59% (2.93% in 2011), comfortably below the values recorded either nationally or internationally.

Although in a more favourable macroeconomic context, the bank maintained its conservative policy, with the ratio of coverage of overdue loans by provisions reaching 566%, while the provisions for credit cover about 8.98% of the total loan portfolio.



The distribution of the loan portfolio by product type reveals a great diversity of activities supported by Banco BIC. The products most sought after by the bank's customers are financing, with a share of 54.4%, cash loan facility with 15.1%, Guarantees and sureties with 12.2%, home loans with 6.8 % and Consumer Credit with a share of 5.7%.



(in Millions)

OVERDUE CREDIT	2012		2011		Variation
	AKZ	USD	AKZ	USD	%
Loans Granted	243,815	2,544	197,004	2,068	23%
Overdue Loans	3,866	40	5,778	61	-35%
Overdue Loans / Loans Granted	1.59%		2.93%		
Coverage of Overdue Loans by Provisions	566%		259%		
Provisions for Loans / Loans Granted	8.98%		7.28%		

SECURITIES PORTFOLIO

On 31 December, 2012, the bank's securities portfolio was classified according to the substance inherent to the purpose of their acquisition and, in accordance with applicable regulations, contains the following categories:

I) **Held for trading** - which include the Central Bank Securities (CBSs) and Treasury Bills (TBis), both 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, Treasury Bonds (TBs) with yield linked to the Consumer Price Index (CPI) and Treasury Bonds (TBs) in local currency and not indexed.

(in Millions)

SECURITIES PORTFOLIO	2012		2011		Variation
	AKZ	USD	AKZ	USD	%
Help for Trading	21,633	226	112,462	1,180	-81%
> Central Bank Securities	10,004	104	33,631	353	-70%
> Treasury Bills	11,412	119	74,778	785	-85%
> Interest Receivables	217	2	4,053	42	-95%
Available for Sale	2,693	28	1,691	18	58%
Help to Maturity	182,622	1,906	46,616	489	290%
> Treasury Bonds	179,926	1,878	46,231	485	287%
> In National Currency (Index USD)	91,254	952	36,013	378	152%
> In National Currency (Index IPC)	2,817	29	5,133	54	-45%
> In Foreign Currency (USD)	12,264	128	5,085	53	140%
> In National Currency (not indexed)	73,591	768	-	-	N/A
> Interest Receivables	2,696	28	385	4	596%
Total	206,948	2,160	160,769	1,687	29%



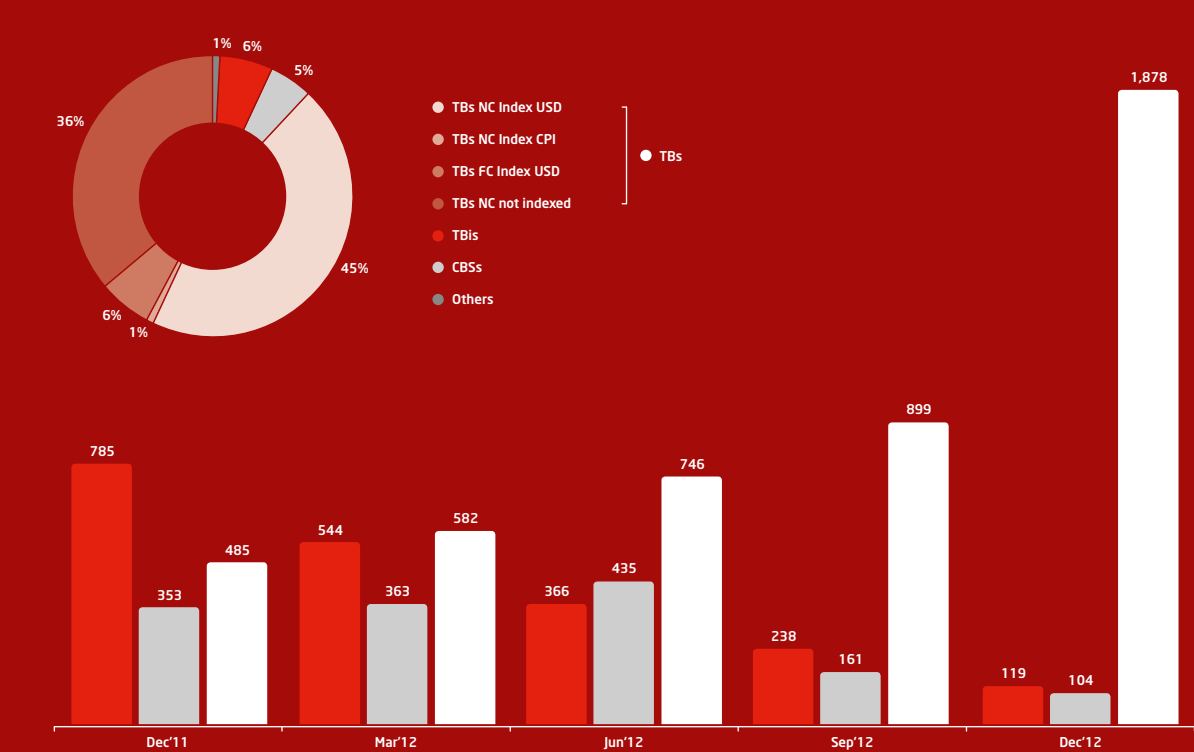
In 2012, the bank's securities portfolio registered an increase of about USD 473 million (28%) when compared to its position on 31 December, 2011. While, on the one hand, the securities held for trading dropped by approximately USD 954 million (81%) to USD 226 million on 31 December, 2012, on the other, securities held to maturity increased from about USD 1,417 million (290%) to USD 1,906 million on 31 December, 2012.

This increase in the portfolio of securities held to maturity, highlighted by the increase in treasury bonds in local currency indexed to the USD, of around USD 574

million, and USD 768 million of non-indexed Treasury bonds in local currency, is explained in part by the increased use of this form of financing by the Angolan government in 2012.

Additionally, greater yields compared to securities held for trading, as well as a comfortable liquidity position, led the bank's Board of Directors to strengthen support for the Angolan government by buying treasury bonds, especially in the last quarter of 2012 and thus contributing to the settlement of debt in arrears of the Angolan State to companies dealing in goods and services.

» Evolution of the Securities Portfolio

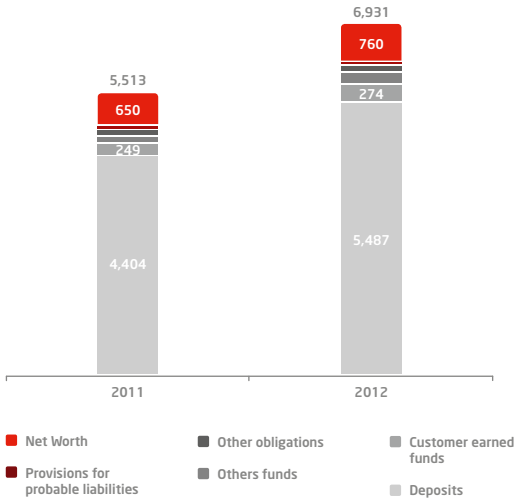


LIABILITIES AND NET WORTH

In 2012 the bank's liabilities registered an increase of about USD 1,308 million, compared to 31 December, 2011, corresponding to 27%. This variation was due mainly to the increase in customer deposits of about USD 1,083 million (25%), compared to the previous year.

It is also worth noting the strengthening of the equity capital of the bank during 2012, with an absolute change of approximately USD 110 million, representing an increase of 17% over the previous year, which was due mainly to the net result of the year ending 31 December, 2012, also taking into account the distribution of dividends relative to 2011, amounting to USD 62.4 million in 2012.

» Liabilities and Net Worth

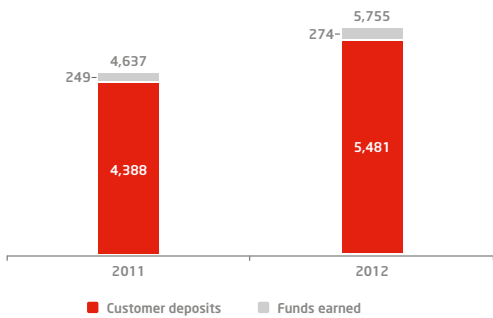


LIABILITIES AND NET WORTH	2012		2011		Variation
	AKZ	USD	AKZ	USD	%
Deposits	525,785	5,487	419,608	4,404	25%
> Customer deposits	525,183	5,481	418,166	4,389	25%
> Current accounts of credit institutions	602	6	1,442	15	-61%
Customer earned funds	26,259	274	23,684	249	10%
Other funds	24,982	261	7,778	82	219%
Others obligations	12,772	133	10,738	112	19%
Provisions for probable liabilities	1,520	16	1,548	16	-2%
Net Worth	72,873	760	61,959	650	17%
Total	664,191	6,931	525,315	5,513	26%

CUSTOMER FUNDS

The portfolio of total customer funds in 2012 amounted to about USD 5,755 million, representing an increase of USD 1,117 million and a change of 24% compared to 2011. The total customer funds include customer deposits amounting to USD 5,481 million, with a share of 95% in the total customer funds, as well as the raising funds, arising out of liabilities represented by the sale of own securities to customers under repurchase agreements, with a total of USD 274 million, corresponding to the remaining 5% of the portfolio of customer funds.

» Total Customer Funds



On 31 December, 2012, total customer funds include demand deposits to the amount of about USD 2,601 million, up 29%, term deposits with a balance of USD 2,880 million, with an increase of 21%, as well as funds earned to the amount of USD 274 million, which increased 10%, in comparison to 31 December, 2011.

(in Millions)

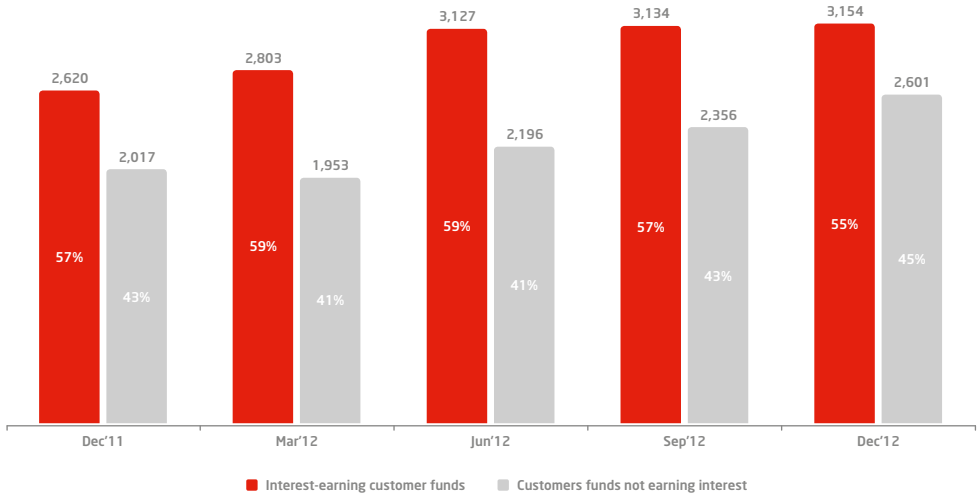
TOTAL CUSTOMER FUNDS	2012		2011		Variation
	AKZ	USD	AKZ	USD	%
Customer Deposits	525,182	5,481	418,166	4,388	25%
> Demand Deposits	249,168	2,601	192,196	2,017	29%
> National Currency	159,064	1,661	112,249	1,178	41%
> Foreign Currency	90,104	940	79,947	839	12%
> Term Deposits	276,014	2,880	225,970	2,371	21%
> National Currency	151,822	1,584	116,773	1,225	29%
> Foreign Currency	124,192	1,296	109,197	1,146	13%
Funds Earned	26,259	274	23,684	249	10%
> National Currency	26,259	274	23,684	249	10%
Total	551,441	5,755	441,850	4,637	24%

The portfolio of demand deposits, on 31 December, 2012, is divided into national currency deposits to the amount of USD 1,661 million, equivalent to 64% of the total portfolio, and foreign currency deposits to the amount of USD 940 million, representing the remaining 36% of this portfolio.

On 31 December, 2012, term deposits are divided into national currency, with a balance of USD 1,584 million,

an increase of 29%, and term deposits denominated in foreign currency to the amount of USD 1,296 million, with an increase of 13% over the previous year.

Of the customer funds, on 31 December, 2012, interest-earning funds accounted for about 55% (USD 3,154 million) and funds not earning interest accounted for 45% (USD 2,601 million), while on 31 December, 2011, they represented approximately 57% and 43%, respectively.



Since the increase in customer funds was proportional to the increase in loans granted, the transformation ratio remained virtually unchanged, with 44% in 2012 against 45% registered in 2011.

(in Millions)

TRANSFORMATION RATIO	2012		2011	
	AKZ	USD	AKZ	USD
Customer Funds	551,441	5,755	441,850	4,637
Total Credit	243,815	2,544	197,100	2,068
Transformation Ratio	44%		45%	

PROVISIONS

On 31 December, 2012, the balance of provisions for probable liabilities rose to approximately USD 16 million, the same amount as in 2011. Of this total, USD 4 million were related to provisions for guarantees, USD 9 million related to provisions for pensions and the remaining USD 3 million related to provisions to cover potential liabilities resulting from the bank's activity, as well as reflecting potential losses on the realisation value of other assets and accruals.

EQUITY CAPITAL

On December 31, 2012, the bank's equity capital own totalled approximately USD 760 million, and there has been an increase of about USD 110 million, equivalent to 17% over the previous year.

The net result achieved in 2012 to the amount of USD 168 million contributed decisively to this change in Banco BIC's equity capital, also taking into consideration the distribution of dividends for the year 2011, amounting to approximately USD 62.4 million in 2012.

On 31 December, 2012, total reserves to the amount of USD 503 million comprises the reserve for monetary correction for equity capital for the year 2009 amounting to USD 61 million (share of 15%), the legal reserve to the amount of USD 97 million (share of 24%) and the other reserves to the amount of USD 246 million (share of 61%).

On December 31, 2012, the bank's regulatory capital calculated in accordance with the 'Instrutivo 03/2012', from the National Bank of Angola, dated 08 June, reached USD 750 million, equivalent to a statutory solvency ratio of 18.6% compared with 18.4% presented on 31 December, 2011.

(in Millions)				
EQUITY CAPITAL	2012		2011	
	AKZ	USD	AKZ	USD
Capital	2,415	25	2,415	25
Reserves	48,194	503	38,479	404
Retained Earnings	6,159	64	6,159	65
Net result for the year	16,106	168	14,906	156
Total	72,874	760	61,959	650

In 2011, it was requested by the Department of Supervision of Financial Institutions of the National Bank of Angola that Banco BIC should carry out the correction of its Reserve for Monetary Correction for the year 2010. After Banco BIC's proposal, the National Bank of Angola authorised that this correction could be carried out through the publication of the accounts for the year 2011.

As a result of the above mentioned, Banco BIC made a correction of about USD 15 million with reference to the Reserve for Monetary Correction in 2010 to Retained Earnings on the Balance Sheet.

In 2012, the balance of reserves increased by USD 99 million, which corresponds to an annual growth of 24%, compared to the USD 404 million on 31 December, 2011.





### 3.3 INCOME STATEMENT

Banco BIC ended 2012 with a net profit of USD 168 million, which represents an increase of USD 12 million, or an increase of 8% compared to the year ending on 31 December, 2011.

(in Millions)

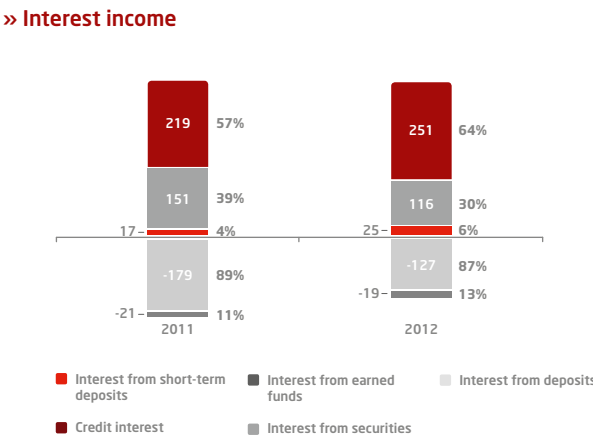
INCOME ACCOUNT	2012		2011		Var.
	AKZ	USD	AKZ	USD	%
1. Interest income (II)	23,671	247	17,813	187	32%
2. Income from commissions and sevice charges (CS)	4,556	48	7,902	83	-43%
3. Financial intermediation result (FIR)=(II)+(CS)	28,227	295	25,715	270	9%
4. Res. from commodities, products and other services =(RCPOS)	121	1	102	1	17%
5. Administrative and Marketing Costs (AMC)	13,445	140	11,517	121	16%
6. Other revenues and operational costs (OROC)	2,057	21	1,859	20	10%
7. Operating profit (OP)=(FIR+RCPOS-AMC+OROC)	16,960	177	16,159	169	4%
8. Non-operating profit (NOP)	1,369	14	578	6	135%
9. Pre-tax result (PTR)=(OP)+(NOP)	18,329	191	16,737	176	9%
10. Tax on profits (TP)	2,223	23	1,831	19	21%
11. Net result for the year (NRY)=(PTR)-(TP)	16,106	168	14,906	156	8%
12. After tax cash flow (CF)	24,642	257	20,888	219	17%

Net profit recorded at the end of 2012 (USD 168 million) was positively influenced by the increase of about USD 60 million of interest income (32%), which rose to USD 247 million in 2012.

The increase in interest income is due, on the one hand, to the reduction of USD 54 million in interest on liability instruments that came to USD 146 million in the year ending 31 December, 2012 and, on the other hand, in a general scenario of falling interest rates, to an increase of approximately USD 6 million of interest income to USD 393 million on 31 December, 2012.

Although there was an increase of about 24% in the portfolio of customer funds, the huge reduction in funding costs allowed the decrease of the interest on liability instruments in 2012.

With regard to the interest income, although the increase had been residual, of special interest is the increase in relative importance of credit interest, 64% in 2012 against 56% in 2011 and, secondly, reducing the importance of interest of securities to 30% in 2012 compared to 39% registered in 2011.



(in Millions)

INTEREST INCOME	2012		2011		Var.
	AKZ	USD	AKZ	USD	%
Credit Interest	24,070	251	20,826	219	15%
Interest from Securities	11,154	116	14,433	151	-23%
Interest from Short-term Deposits	2,410	25	1,612	17	48%
Interest from Financial Instruments	-13,963	-146	-19,058	-200	-27%
<b>Total</b>	<b>23,671</b>	<b>246</b>	<b>17,813</b>	<b>187</b>	<b>32%</b>

In 2012, the result of financial intermediation grew by about USD 25 million (9%) to USD 295 million. Although there has been a reduction in income from commissions and service charges of approximately USD 35 million, most notably in the increase in provisions of USD 27 million (51%), this was offset by growth in interest income.

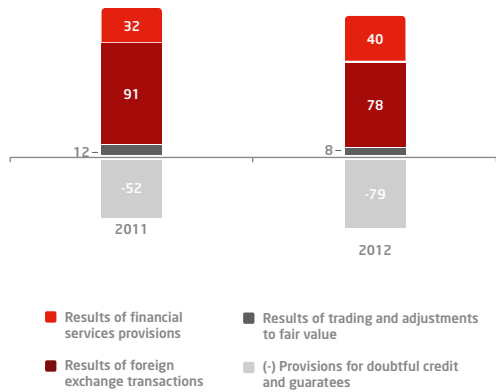
(in Millions)

FINANCIAL INTERMEDIATION RESULT	2012		2011		Var.
	AKZ	USD	AKZ	USD	%
Interest income	23,671	247	17,813	187	32%
Trading results and adjustment to the fair value	781	8	1,149	12	-32%
Foreign exchange results	7,454	79	8,652	91	-13%
Results of financial service provision	3,844	40	3,049	32	25%
Provisions for doubtful credit	-7,523	-79	-4,948	-52	52%
Total	28,227	295	25,715	270	9%

The results of trading and fair value adjustments amounted to USD 8 million in the year ending 31 December, 2012, registering a fall of USD 4 million compared to USD 12 million in the previous year. On 31 December, 2012, this corresponds mainly to foreign exchange rate gains obtained in the portfolio of issued securities or indexed to foreign currency, as well as to the increase in value of other securities indexed to their respective index.

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 the exchange rate revaluation, stood at USD 78 million in the year ending 31 December, 2012, registering a drop of approximately USD 13 million compared to the previous year. Although there has been an increase in the volume of foreign currency acquisition from the BNA, which grew from USD 2,181 million in 2011 to USD 2,531 million in 2012, the limitations imposed in terms of long position foreign currency exposure (20% compared to regulatory capital), as well as the stability of the Kwanza against the US Dollar contributed decisively to the reduction of this.

» Complementary Margin



The bank's administrative burdens, which include payroll costs to the amount of USD 75 million, third party supplies and other expenses to the amount of USD 57 million and depreciations and amortizations for the year of USD 8 million, increased by about of USD 19 million over the previous year, or an increase of 16%.

(in Millions)

ADMINISTRATIVE AND MARKETING COSTS	2012		2011		Var.
	AKZ	USD	AKZ	USD	%
Human Resources	7,147	75	6,586	69	8%
Third party supplies and other costs	5,490	57	4,215	44	29%
Depreciations and amortizations	808	8	716	8	12%
Total	13,445	140	11,517	121	16%

With the number of employees having risen to 1,705 at the end of 2012, staff costs totalled approximately USD 75 million, with an increase in comparison to 2011 of USD 6 million, or 8%, while third party supplies and other costs rose to USD 57 million, with an increase of 29% compared to the previous year.

Depreciations and amortizations for the year settled at

USD 8 million, maintaining the same level compared to those established in 2011.

The evolution of employee numbers from 1,454 in 2011 to 1,705 in 2012, as well as the expansion of the commercial network, totalling 184 retail units (opening of 19 new branches and centres), have contributed decisively to the increase in administrative and marketing costs.

(in Millions of U.S. Dollars)

COST-TO-INCOME	2012	2011
Administrative and marketing costs	140	121
Results of financial intermediation	295	270
Cost-to-income	48%	45%

Although there was an increase of USD 19 million in the bank's administrative and marketing costs, resulting from investment in the growth of the commercial network, the growth of USD 25 million in financial intermediation results led to a rise, only marginally, of the cost-to-income ratio from 45% at the end of 2011 to 48% at the end of 2012.

In the year ending 31 December, 2012, tax on profits amounted to USD 23 million (USD 19 million on 31 December, 2011).

The income from government securities obtained in Treasury Bonds and Treasury Bills issued by the Angolan State and whose issue is regulated by the Framework Law on Government Debt (Law no. 16/02 of 05 December), and by Presidential Decree No. 259/10 of 18 November (which repealed and replaced Decree 51/03 and Decree 52/03, both of 8 July), are exempt from all taxes, a fact which determined the difference between the effective tax rate (about 12%) and nominal rate in force (35%).



### 3.4 PROPOSAL FOR PROFIT ALLOCATION

In accordance with the legal provisions relating to the establishment of reserves and considering that the expansion of commercial network should be supported by a sound equity capital base, the Board of Directors proposes that the net profit for the year ending 31 December, 2012, of 168 million U.S. Dollars, should be allocated as follows:

(U.S. Dollars)		
NET POSITIVE RESULTS	%	
Legal reserve	20	33.6 million dollars
Distribution of dividends to shareholders	40	67.2 million dollars
Other reserves	40	67.2 million dollars





WITH GROWTH REGISTERED,  
WHETHER IN TERMS OF LOAN  
PORTFOLIO, OR IN TERMS OF TOTAL  
CUSTOMER FUNDS, WE CAN SAY  
THAT BANCO BIC WAS THE PRIVATE  
BANK TO GROW THE MOST, IN  
THESE TWO AREAS, IN ABSOLUTE  
TERMS, IN 2012.



# 4

## FINANCIAL STATEMENTS AND NOTES

### 4.1 FINANCIAL STATEMENTS

(in Thousands of Angolan Kwanzas)

BALANCE SHEETS ON 31 DECEMBER, 2012 AND 2011		2012			2011
» ASSETS	NOTES	Gross Assets	Amortizations and Provisions	Net Assets	Net Assets
1. Cash and Cash Equivalents	3	124,895,367	-	124,895,367	98,602,334
2. Cash investments	4	89,775,225	-	89,775,225	65,241,201
3. Securities	5	206,948,058	-	206,948,058	160,769,279
4. Credit in the payment system		32,058	-	32,058	4,523
5. Foreign exchange transactions		-	-	-	-
6. Loans to customers	6&15	247,698,414	21,886,339	225,812,075	186,126,672
7. Other values	7	5,977,345	-	5,977,345	4,780,281
8. Financial assets	8	209,107	-	209,107	74,975
9. Intangible assets	9	506,067	487,396	18,672	32,340
10. Tangible assets	9	14,743,250	4,220,361	10,522,889	9,683,369
<b>TOTAL ASSETS</b>		<b>690,784,892</b>	<b>26,594,096</b>	<b>664,190,796</b>	<b>525,314,974</b>

» LIABILITIES AND NET WORTH	NOTES	2012	2011
1. Deposits		525,785,372	419,607,943
> Demand Deposits	10	249,771,027	193,637,716
> Term Deposits	10	276,014,345	225,970,227
2. Customer earned Funds	11	26,259,171	23,684,013
3. Obligations in the payment system	12	6,545,955	7,348,659
4. Foreign exchange transactions		-	-
5. Other funds	13	24,981,849	7,778,339
6. Other obligations	14	6,224,890	3,389,721
7. Provisions for probable liabilities	15	1,520,386	1,547,792
<b>TOTAL LIABILITIES</b>		<b>591,317,623</b>	<b>463,356,467</b>
8. Share Capital	16	2,414,511	2,414,511
9. Reserve for monetary correction of capital	16	5,797,507	5,797,507
10. Reserves and funds	16	41,622,953	32,679,376
11. Potential results	16	773,650	2,533
12. Retained earnings	16	6,158,618	6,158,618
13. Net result for the year	16	16,105,934	14,905,962
<b>Total net worth</b>		<b>72,873,173</b>	<b>61,958,507</b>
<b>Total liabilities and net wroth</b>		<b>664,190,796</b>	<b>525,314,974</b>

(in Thousands of U.S. Dollars)

BALANCE SHEETS ON 31 DECEMBER, 2012 AND 2011				
	2012			2011
	Gross Assets	Amortizations and Provisions	Net Assets	Net Assets
» ASSETS				
1. Cash and Cash Equivalents	1,303,356	-	1,303,356	1,034,847
2. Cash investments	936,857	-	936,857	684,717
3. Securities	2,159,623	-	2,159,623	1,687,300
4. Credit in the payment system	335	-	335	47
5. Foreign exchange transactions	-	-	-	-
6. Loans to customers	2,584,877	228,397	2,356,480	1,953,430
7. Other values	62,377	-	62,377	50,170
8. Financial assets	2,182	-	2,182	787
8. Intangible assets	5,281	5,086	195	339
9. Tangible assets	153,854	44,042	109,812	101,629
Total assets	7,208,742	277,525	6,931,217	5,513,266
» LIABILITIES AND NET WORTH				
	2012		2011	
1. Deposits	5,486,876		4,403,853	
> Demand deposits	2,606,506		2,032,259	
> Term deposits	2,880,370		2,371,594	
2. Customer earned funds	274,030		248,568	
3. Obligations in the payment system	68,311		77,125	
4. Foreign exchange transactions	-		-	
5. Other funds	260,700		81,635	
6. Other obligations	64,960		35,576	
7. Provisions for provable liabilities	15,866		16,244	
Total liabilities	6,170,743		4,863,001	
8. Share capital	25,197		25,341	
9. Reserve for monetary correction of capital	60,500		60,846	
10. Reserves and funds	434,360		342,975	
11. Potential results	8,073		27	
12. Retained earnings	64,269		64,636	
13. Net result for the year	168,075		156,440	
Total net worth	760,474		650,265	
Total liabilities and net worth	6,931,217		5,513,266	

INCOME STATEMENTS BY FUNCTION	NOTES	2012		2011	
		AKZ	USD	AKZ	USD
Financial Margin	20	23,670,871	247,019	17,813,106	186,951
Income from Financial Asset Instruments	20	37,634,221	392,735	36,871,486	386,972
Income from cash investments		2,409,805	25,148	1,612,472	16,923
Income from securities		11,153,710	116,395	14,432,666	151,473
Income from loans		24,070,706	251,192	20,826,348	218,576
(-) Expenses from Financial Liability Instruments	20	(13,963,350)	(145,716)	(19,058,380)	(200,021)
Expenses from deposits		(12,139,026)	(126,678)	(17,066,332)	(179,114)
Expenses from funds earned		(1,824,324)	(19,038)	(1,992,048)	(20,907)
Results from trading and fair value adjustments	21	781,034	8,151	1,149,300	12,062
Income from foreign exchange transations	22	7,453,330	77,780	8,652,410	90,808
Results from financial service provision	23	3,844,268	40,117	3,048,472	31,994
(-) Provisions for Doubtful Loans and Guarantees	15	(7,522,633)	(78,503)	(4,948,355)	(51,934)
Results from financial intermediation		28,226,870	294,564	25,714,933	269,882
Results from commodities, products and other services		120,980	1,262	102,431	1,075
(-) Administration and Markeing Costs		(13,458,238)	(140,445)	(11,529,992)	(121,009)
Staff	24	(7,147,014)	(74,583)	(6,585,857)	(69,120)
Third party supplies	25	(5,461,144)	(56,990)	(4,212,251)	(44,208)
Taxes and fees not due on results		(10,606)	(111)	(11,670)	(122)
Penalties applied by regulatory authorities		(2,355)	(25)	(1,682)	(18)
Other administrative and marketing		(29,174)	(304)	(2,462)	(26)
Depreciation and amortisation	9	(807,945)	(8,431)	(716,070)	(7,515)
(-) Provisions on other values and probable liabilities	15	(205,750)	(2,147)	(317,314)	(3,330)
Other operational income and expenses	26	2,275,962	23,751	2,188,625	22,970
Other operational income and expenses		(11,388,026)	(118,841)	(9,658,681)	(101,369)
Operating income		16,959,824	176,986	16,158,683	169,588
Non-operating income	27	1,368,713	14,283	578,078	6,067
Results before taxes and charges		18,328,537	191,269	16,736,761	175,655
(-) Charges on the current result	18	(2,222,603)	(23,194)	(1,830,799)	(19,215)
Net result for the year		16,105,934	168,075	14,905,962	156,440
Shares outstanding	16	2,414,511	2,414,511	2,414,511	2,414,511
Earnings per share		6.67	0.07	6.17	0.06



(in Thousands of Angolan Kwanzas)

STATEMENT OF CHANGES IN EQUITY	Adjusting equity capital								
	Capital	Capital	Result	Legal reserve	Other reserves	Potential results	Carry-over	Net result	Total net worth
Balance on 31 December, 2010	2,414,511	4,170,188	1,627,319	6,581,587	18,201,810	-	6,158,618	13,159,965	52,313,998
> Allocation of net profit of 2010	-	-		2,631,993	5,263,986	-	-	(7,895,979)	-
> Distribution of dividends	-	-		-	-	-	-	(5,263,986)	(5,263,986)
> Potential Results	-	-		-	-	2,533	-	-	2,533
> Net result for the year	-	-		-	-	-	-	14,905,962	14,905,962
Balance on 31 December, 2011	2,414,511	4,170,188	1,627,319	9,213,580	23,465,796	2,533	6,158,618	14,905,962	61,958,507
> Allocation of net profit of 2011	-	-		2,981,192	5,962,385	-	-	(8,943,577)	-
> Distribution of dividends	-	-		-	-	-	-	(5,962,385)	(5,962,385)
> Potential Results	-	-		-	-	771,117	-	-	771,117
> Net result for the year	-	-		-	-	-	-	16,105,934	16,105,934
Balance on 31 December, 2012	2,414,511	4,170,188	1,627,319	12,194,772	29,428,181	773,650	6,158,618	16,105,934	72,873,173

(in Thousands of Angolan Kwanzas)

CASH FLOW STATEMENTS	2012	2011
OPERATIONAL CASH FLOW FROM FINANCIAL INTERMEDIATION:		
Cash flow from the financial margin	26,474,243	17,040,395
> Receipts from income financial instrument assets	40,126,921	35,655,073
> Payment of financial instrument liability expenses	(13,652,678)	(18,614,678)
Cash flow from results of trading and fair value adjustments	781,034	1,149,300
Cash flow from results from foreign exchange transactions	7,453,330	8,652,410
Cash flow from results for the provision of financial services	3,844,268	3,048,473
	38,552,875	29,890,578
CASH FLOW FROM RESULTS WITH OTHER SERVICES:		
Payments to employees and suppliers	(12,116,708)	(11,342,625)
Other receipts / payments relating to operating activities	2,146,147	819,371
Payment of corporate tax	(1,621,937)	(2,990,445)
Other values	2,637	393,554
Other obligations	(167,281)	3,352,027
	(11,757,142)	(9,768,118)
CASH FLOW FROM INVESTMENTS:		
Cash flow from financial intermediation investments	(118,143,161)	(78,934,802)
> Investments in cash investments	(24,557,168)	(37,051,860)
> Investments in securities	(46,518,269)	(32,687,725)
> Investments in loans to customers	(47,067,724)	(9,195,217)
Cash flow from fixed assets	(2,042,579)	(2,896,657)
> Acquisition of tangible or intangible fixed assets	(1,908,447)	(2,896,657)
> Acquisition of financial assets	(134,132)	-
	(120,185,740)	(81,831,459)
CASH FLOW FROM FINANCING:		
Cash flow from financial intermediation financing	126,519,562	62,104,671
> Financing in deposits	106,742,181	71,800,032
> Financing in cash funds	2,598,549	(1,688,014)
> Financing in other funding	17,178,832	(8,007,347)
Cash flow with financing with equity capital	(5,962,385)	(5,263,986)
> Payment of dividends	(5,962,385)	(5,263,986)
	120,557,177	56,840,685
Variations in deposits	27,167,170	(4,868,314)
Deposit balance at the start of the year	97,728,197	102,596,511
Deposit balance at the end of the year	124,895,367	97,728,197

## 4.2 NOTES TO THE FINANCIAL STATEMENTS

ANNEX TO THE FINANCIAL STATEMENTS ON DECEMBER 31, 2012 AND 2011  
(Amounts in thousands of Angolan Kwanzas – tAKZ, unless otherwise indicated).

### 1. INTRODUCTION

Banco BIC, S.A. (hereinafter also referred to as “Banco BIC” or “Bank”) was incorporated by Public Deed dated April 22, 2005, following the notification of the National Bank of Angola dated 19 April 2005 authorising its incorporation, and has its headquarters in the Edifício Banco BIC, located in the neighbourhood of Talatona, Samba Municipality, in Luanda.

The Bank is dedicated to raising funds from third parties in the form of deposits or other, which it applies, along with its own funds, in lending, deposits at the National Bank of Angola, investments in credit institutions, acquisition of securities and in other assets, for which it is duly authorised. It also provides other banking services and performs various types of foreign exchange transactions.

To perform its transactions, the Bank currently has a national network, in Angola, of 165 branches and service points, 14 business centres, four investment centres and one private banking unit (148 branches and service points, 14 business centres, three investment centres and two private banking units, on December 31, 2011).

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

The financial statements have been prepared on a going concern basis, based on the books and records kept by the Bank, in accordance with the accounting principles established in the Accounting Plan for Financial Institutions – “CONTIF”, as defined in Instruction

No. 09/07 of 19 September, from the National Bank of Angola and subsequent updates. These principles may differ from those generally accepted in other countries.

The financial statements of the Bank on 31 December 2012 and 2011 are expressed in Angolan Kwanzas, and assets and liabilities denominated in foreign currencies have been converted to local currency, based on the reference exchange rates published by the National Bank of Angola on those dates. On December 31, 2012 and 2011, the exchange rates of Angolan Kwanza (AKZ) to US Dollar (USD) and Euro (EUR) were as follows:

	2012	2011
1 USD	95.826	95.282
1 EUR	126.375	123.328

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

#### a) Accrual

Income and expenses are recognised with reference to the period of validity of transactions, in accordance with the principle of accrual accounting, in that they are recorded as they are generated, regardless of the time of receipt or payment.

#### b) Foreign currency transactions

Transactions in foreign currencies are recorded in accordance with the principles of the “multi-currency” system, where each transaction is recorded with reference to the respective currencies. Assets and liabilities denominated in foreign currencies are converted into Angolan Kwanzas, at the average exchange rate published by the National Bank of Angola at the time of the balance sheet date.

On the trade date, purchases and sales of foreign currency, spot and forward, are booked at the foreign exchange position.

Costs and income relating to exchange differences, achieved or potential, are recorded in the income statement in the year they occur, under “Foreign exchange transaction results”.

#### c) Loans to customers

Loans made to customers are initially recorded at their nominal value. The interest component is the subject of a separate accounting statement in the respective income statements. Revenues are recognised when obtained and distributed by monthly periods, according to the pro rata rule, when dealing with transactions that produce profit-bearing flows over a period exceeding one month.

The Bank shall write off accrued interest more than 60 days and does not recognize interest from that date, until such time as the customer settles the situation. Default interest is recorded under “Charging interest on arrears, net of cancellations” (Note 27).

Subsequently, loans given to customers, including guarantees and sureties, are subject to the establishment of provisions, according to National Bank of Angola Regulation no. 4/2011, of 08 June, and other applicable instructions and norms.

From the year 2011 and since the entry into force of Regulation No. 4/2011, of 08 June, credit operations, by disbursement, are granted in national currency, no matter the term, for every party, except the state and companies with proven revenue and receipts in foreign currency, for the following purposes:



- Financial liquidity assistance, including, among others, secured current accounts;
- Car finance;
- Consumer loans;
- Micro credit;
- Advances to depositors or overdrafts; and
- Other forms of financial credit of short-term nature (less than one year).

Provisions for doubtful loans and bank guarantees and sureties.

Under current regulations, the Bank classifies loans, including guarantees and sureties, in ascending order of risk, according to the following classes:

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

Overdue loans are equally considered on a case-by-case basis and, at least, rated at the risk levels indicated above, depending on the time elapsed since the transactions are in default.

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

Risk level	A	B	C	D	E	F	G
Provision %	0%	1%	3%	10%	20%	50%	100%
TIME ELAPSED SINCE TRANSACTION IN DEFAULT:							
Transactions with a term less than two years	up to 15 days	from 15 to 30 days	from 1 to 2 months	from 2 to 3 months	from 3 to 5 months	from 5 to 6 months	more than 6 months
Transactions with a term greater than two years	up to 15 days	from 15 to 60 days	from 2 to 4 months	from 4 to 6 months	from 6 to 10 months	from 10 months to 12 months	more than 12 months

Credit transactions, including bank guarantees and sureties are classified individually, taking into account the characteristics and risks of the transactions and the borrower, with transactions generally observing, without failure, the following criteria:

- > **Class A:** Loans granted to employees, loans secured by accounts held with the Bank and/or by State securities (treasury bonds and bills and Central Bank securities). Customers, who, based on their financial and economic situation, their management capacity and their history of compliance, are considered by the Bank as zero risk and therefore also included in this class;
- > **Class B:** Loans secured by mortgage and other customers, who, based on the criteria described above, are considered by the Bank as very low risk; and
- > **Class C:** Remaining credits with promise of mortgage and/or other type of tangible collateral, as well as transactions which only have personal guarantee.

As a rule, the transactions that are renegotiated are kept, at least, at the same level of risk at which they were classified in the month immediately prior to the renegotiation. Accordingly, the reclassification to a lower risk class only occurs if there is a regular and significant amortization of the transaction.

In general, for the purpose of provisioning, the classification of credit transactions for a single customer is made in the class that has the greatest risk.

Provisions for doubtful loans are classified as loan assets under the heading “Loans to customers” (Note 6).

Every six months, since 2012, the Bank analyses the loans classified for more than six months in Class G. To this end, customer loans, on which the Bank considers it no longer has a chance of recovering amounts due, are written off through the use of the respective provision. Additionally, these credits remain recorded as an off-balance sheet item for a minimum period of ten years.

d) Securities portfolio

Given the characteristics of the securities and the intention at the time of their acquisition, the Bank’s securities portfolio is valued as follows:

> Held for trading

Securities are considered trading securities when they have been acquired for the purpose of sale.

Treasury bills and the Central Bank Securities, issued at a discount value, are recorded at cost. The difference between this and the redemption value (nominal value), which is the Bank’s remuneration is reflected on a straight-line basis in results over the period between the purchase date and the maturity date of the securities, against the heading “Income receivable” (Note 5).

> Available for sale

Financial assets available for sale refer to mutual fund shares and units, which are initially recorded at cost, and subsequently at fair value.

Changes in the fair value are recognised against capital under the heading “Potential results – Fair value adjustments on financial assets available for sale”, and the gains recognised in the income statement as an outright sale of the asset.

> Held to maturity

This heading includes securities that the Bank has the intention and ability to hold to maturity.

Treasury Bonds are recorded at cost value. The interest accrued on these securities, as well as the difference between the acquisition cost and redemption value (in the case of securities issued at a discounted value), are reflected in results on a straight-line basis, against the heading “Income receivable” (Note 5).

Treasury bonds issued in local currency, indexed to the Consumer Price Index, are subject to the nominal value update of the bond in line with the variation of this index. To this end, the results of this update to the nominal value of the bonds and to the accrued interest are reflected in the income statement in the year in which they occur, under the headings “Results of negotiations and adjustments to fair value” and “Income from securities”, respectively (Notes 20 and 21).

Treasury bonds issued in local currency, indexed to the exchange rate of the US Dollar and Treasury Bonds in foreign currencies are subject to exchange rate adjustments. To this end, the result of exchange rate adjustment of the nominal value of the securities is reflected in the income statement in the year they

occur under the heading “Results of negotiations and adjustments to fair value” (Note 21), and the discount and accrued interest are reflected under the heading “Income from securities” (Note 20).

In 2012, Order no. 159/12 of 20 February was published, which authorises the regular issue of nonadjustable treasury bonds in national currency with coupon interest rates predefined by maturity. The interest accrued on these securities is reflected in the income statement in the year they occur, under the heading “Income from securities” (Note 20).

> Transaction for the purchase of securities with reverse repurchase agreements

In the years 2012 and 2011 the Bank made temporary liquidity purchases in the interbank market with the National Bank of Angola in which resources were applied receiving treasury bonds as collateral. These transactions have an underlying reverse repurchase agreement on the securities at a future date, at a price previously agreed between the parties (Note 4).

The income from the purchase of third party securities under reverse repurchase agreements corresponds to the difference between the resale value and the purchase price of the securities. The recognition of the income was carried out on an accrual basis due to the flow of the maturity of the transactions under the heading “Income from financial instrument assets – purchase of third party securities under reverse repurchase agreements” (Note 20).

Securities purchased under reverse repurchase agreements are not recorded in the securities portfolio. The funds paid are recorded on the settlement date, under assets, under the heading “Investments – purchase of third party securities under reverse

repurchase agreements”, and the amount of interest accrued, as per its period, under the same heading.

> Sale transactions of securities under repurchase agreements

Securities sold to customers under repurchase agreements are still recorded in the Bank’s securities portfolio and the sale amount is recorded under the heading “Sale transactions of securities under repurchase agreements” (Note 11). The difference between the contracted repurchase price and the respective initial sale value is recognised on a straight-line basis in earnings during the lifetime of the operation, against the liability heading “Interest payable” (Note 11).

Classification into risk classes:

Under current regulations, the Bank classifies debt securities, in order of increasing risk, according to the following classes:

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

The Bank classifies debt securities of the Angolan Government and the National Bank of Angola at Level A.

e) Financial fixed assets

Financial fixed assets are recorded at cost value. When this is denominated in foreign currency, it is reflected in the accounts at the transaction date exchange rate. Whenever permanent losses are estimated at their realisable value, the respective provisions are established.

f) Intangible and tangible fixed assets

Intangible assets essentially correspond to software and goodwill. These expenses are recorded at cost value and amortised on a straight-line basis over a period of three years.

Tangible fixed assets are recorded at cost value. Depreciation is calculated using the straight line method at the maximum rates allowed for tax purposes as a cost, according to the Corporate Tax Code, which corresponds to the following years of estimated useful life:

	YEARS OF USEFUL LIFE
Property for own use	50
Works in rented buildings	3
Equipment:	
> Fixtures and fittings	10
> Furniture and equipment	10
> Machines and tools	3 to 10
> Hardware	3 & 10
> Transport equipment	3
> Other equipment	10

Notwithstanding the above-mentioned range, the majority of IT equipment is being depreciated over three years.

g) Taxes on income

> Corporate Tax

The Bank is subject to corporate tax, and for tax purposes is considered a Group A taxpayer. The taxation of its income is made pursuant to paragraphs 1 and 2 of Article 72 of Law no. 18/92, of 03 July, with the applicable tax rate at 35%, as a result of Law no. 5/99 of 06 August.

Current tax is calculated as per the taxable income for the year, which differs from the accounting result due to adjustments to taxable profit resulting from costs or income not relevant for tax purposes.

The corporate tax is subject to provisional payment in three equal instalments in January, February and March, based on 75% of the taxable profit of the previous year.



The reconciliation between the income result and the accounting result is presented in Note 18.

> Capital Gains Tax (CGT)

Presidential Legislative Decree no. 5/11 of 30 December introduced several legislative changes to the Capital Gains Tax Code.

CGT generally concerns income from the Bank’s financial investments, including income from investments, liquidity-providing operations and interest from central bank securities.

The rate varies between 5% (in the case of interest paid with respect to debt securities that have a maturity of three years or more) and 15%. This tax works as an advance payment of Corporate Tax, where this compensation operates through tax allowance as may be ascertained in accordance with subparagraph a) of paragraph 81 of the Corporate Tax Code.

> Deferred tax

Deferred tax assets and liabilities correspond to the value of the tax recoverable and payable in future periods resulting from temporary differences between the value of an asset or a liability in the balance sheet and their tax bases.

Deferred tax liabilities are normally recognised for all taxable temporary differences, while deferred tax assets are only recognised up to the value in which the existence is probable of future taxable profits that allow the use of the corresponding deductible tax differences or of loss carry-forwards.

Current taxes and deferred taxes are shown in the results, with the exception of taxes relating to transactions recorded directly in equity capital, in particular

potential proceeds from securities in the portfolio classified as available for sale.

On 31 December, 2012, the Bank had no deferred tax assets. On the same date, deferred tax liabilities recorded refer to potential proceeds from securities in the portfolio classified as available for sale (Notes 14 and 16).

h) Reserve for monetary correction of equity capital

Pursuant to Notice no. 2/2009, of 08 May, from the National Bank of Angola on monetary correction, which replaced Notice no. 10/2007, of 26 September, financial institutions must, in the event of the existence of inflation, consider on a monthly basis the effects of changes on the purchasing power of the national currency, based on the Consumer Price Index.

The value resulting from monetary correction should be reflected on a monthly basis as a debit in a profit and loss account, against the reserve for monetary correction of equity capital.

In 2009, bearing in mind the changes experienced in the exchange rate of the Angolan Kwanza against the US Dollar and as a result their impact on the inflation rate measured in local currency, the Bank made a specific application for authorisation to the National Bank of Angola to prospectively apply the provisions of Notice no. 2/2009.

In a letter dated November 26, 2009, the Financial Institution Supervision Department stated that, by order of His Excellency the Governor of the National Bank of Angola on 23 November, its request for monetary correction was authorised to Banco BIC.

In 2012 and 2011 the Bank did not undertake the monetary correction of its equity capital.

i) Pensions

Law no. 07/04, of 15 October, which regulates Angola’s social security system, provides for the granting of pensions to all Angolan workers registered within the social security system. The value of these pensions is calculated on a scale proportional to the number of years of work, applied to the average monthly gross salaries received in the period immediately prior to the date on which the employee stops working. According to Decree no. 7/99 of 28 May, the contribution rates for this system are 8% for the employer and 3% for employees.

On 31 December, 2012, the Bank’s liabilities to the retirement benefit scheme mentioned above were calculated using an actuarial assessment performed by an independent expert based on the number of Bank employees covered by this benefit at the end of this year and the following assumptions:

Technical actuarial rate (discount)	2%
Growth rate	8%
Life table	SA 85-90 (Light)
Normal retirement age	60 or 35 years of service

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

On 31 December, 2012 and 2011, there is no formal commitment by the Bank as to the payment of supplementary pensions to its workers, beyond that which arises from the designated “retirement benefit” in accordance with current employment legislation (Note 15).

j) Cash and cash equivalents

For the purposes of preparing the cash flow statement, the Bank considers as “cash balance at year end” the total of the balances of the headings “Cash” and “Funds from credit institutions – Current account credit facilities” (Notes 3 and 10).

3. CASH AND CASH EQUIVALENTS

This heading has the following breakdown:

	2012		2011	
	Foreign Currency	National Currency	Foreign Currency	National Currency
Cash:				
> National Notes and Coins	-	8,319,196	-	5,143,293
> Foreign Notes and Coins:				
> In USD	53,303,547	5,107,866	43,041,114	4,101,043
> In other currencies	-	456,014	-	245,010
		13,886,076		9,489,346
Demand deposits in the National Bank of Angola (BNA):				
> In National Currency	-	68,552,348	-	50,888,839
> In Foreign Currency - USD	340,000,000	32,580,840	307,500,000	29,299,215
		101,133,188		80,188,054
Demand deposits in foreign banks:				
> Standard Chartered Bank	-	4,296,695	-	4,494,367
> Banco BIC Português, S.A.	-	3,125,621	-	1,239,580
> Commerzbank	-	1,206,539	-	673,130
> HSBC Bank – Johannesburg	-	297,362	-	363,757
> Byblos Bank Europe	-	110,656	-	844,725
> Others	-	196,364	-	148,971
		9,233,237		7,764,530
Outstanding cheques – In Angola		645,866		1,160,404
		124,895,367		98,602,334

The heading of demand deposits in the National Bank of Angola includes deposits made to meet the requirements of establishing and maintaining compulsory reserves.

Mandatory reserves are currently determined as per the provisions of Instruction no. 03/2010, of 04 June, as well as of Instruction no. 02/2011 of 28 April. These are established in local currency and in foreign currency, according to the respective denomination of the liabilities that constitute their reserve base.

On 31 December, 2012 and 2011, the requirement of maintaining mandatory reserves is determined through the application of a quotient of 20% on eligible liabilities in local currency, and a quotient of 15% on eligible liabilities in foreign currency.

Demand deposits in the National Bank of Angola, as well as those domiciled in other credit institutions abroad, are not remunerated.

On 31 December, 2012 and 2011, the balance of the heading “Outstanding Cheques – In Angola” relates to cheques presented for clearance on working days following the end of the respective years.

4. CASH INVESTMENTS

Transactions in the interbank money market correspond to term deposits in credit institutions and have the following content:

	Currency	2012		2011	
		Foreign Currency	National Currency	Foreign Currency	National Currency
In credit institutions in Angola:					
> Banco Espírito Santo Angola	AKZ	-	2,000,000	-	-
> Banco Privado Atlântico	USD	25,000,000	2,395,650	-	-
> Banco Millennium Angola	USD	25,000,000	2,395,650	-	-
			6,791,300		-
In credit institutions abroad:					
> Banco BIC Português, S.A.	USD	247,627,054	23,729,110	279,541,785	26,635,300
> Banco BIC Português, S.A.	EUR	44,000,000	5,560,500	62,200,000	7,671,002
> HSBC Bank – Johannesburg	USD	15,923,835	1,525,917	25,446,351	2,424,579
> Byblos Bank Europe	USD	10,079,583	965,886	10,079,583	960,403
> Banco BIC Português, S.A.	GBP	350,000	53,971	-	-
> Banco Popular Portugal	USD	500,000	47,914	500,000	47,641
> Millennium BCP, S.A.	USD	-	-	26,665,000	3,288,541
			31,883,298		41,027,466
Interest receivable			36,318		105,943
			38,710,916		41,133,409



A significant portion of the term deposits in credit institutions abroad mentioned above are the collateral for the opening of documentary credits and other transactions, credit lines and other agreements made with these financial institutions.

On 31 December, 2012 and 2011, term deposits in credit institutions presented the following structure, by time remaining till maturity:

	2012	2011
Up to a month	27,733,588	24,528,589
From 1 to 3 months	4,013,078	11,184,040
From 3 to 6 months	6,927,932	5,314,837
	38,674,598	41,027,466

On 31 December, 2012 and 2011, term deposits in credit institutions abroad earned interest at the following average annual rates, weighted by the respective nominal value of the investments:

	2012		2011	
	Interest rate	Amount	Interest rate	Amount
Treasury Bonds				
> In National Currency (Index USD)	4.29%	39,250,978	6.47%	14,759,171
> In National Currency (Index IPC)	3.77%	11,334,014	6.26%	8,915,785
Income receivable		469,540		423,059
		51,054,532		24,098,015

	2012	2011
In US Dollars	0.99%	1.53%
In Euros	0.66%	2.30%
In Pounds Sterling	0.75%	-

Transactions for the purchase of securities from third parties with reverse repurchase agreements correspond to Treasury Bonds purchased from National Bank of Angola, with a reverse repurchase agreement at a future date, at a predetermined price and agreed between the parties.

The income earned by Banco BIC in these transactions corresponds, solely and exclusively, to the positive difference between the resale price of these treasury bonds, predetermined and agreed between the parties, and its initial purchase value.

On December 31, 2012 and 2011, transactions for the purchase of securities from third parties with reverse repurchase agreements are as follows:

On 31 December, 2012 and 2011, transactions for the purchase of securities from third parties with reverse repurchase agreements presented the following structure, by time remaining till maturity:

	2012	2011
Up to 1 month	10,992,100	18,295,579
From 1 to 3 months	19,099,189	-
From 3 to 6 months	20,493,702	5,379,377
	50,584,992	23,674,956

5. SECURITIES

This heading presents the following content:

	2012		2011	
	Interest rate	Amount	Interest rate	Amount
Kept for trading:				
> Treasury bills	3.99%	11,411,637	9.10%	74,778,405
> Central Bank Securities	4.52%	10,004,081	7.03%	33,631,143
Income receivable		217,258		4,053,681
		21,632,976		112,463,229
Available for sale	N/A	2,693,516	N/A	1,690,581
Kept to maturity:				
> Treasury Bonds				
> In National Currency (Index USD)	7.29%	91,254,147	6.64%	36,012,653
> In National Currency (Nonadjustable)	7.40%	73,590,595	-	-
> In National Currency (Index IPC)	5.00%	2,817,011	4.50%	5,132,931
> In Foreign Currency (USD)	4.05%	12,264,176	3.81%	5,084,848
Income receivable		2,695,637		385,037
		182,621,566		46,615,469
		206,948,058		160,769,279

On 31 December, 2012 and 2011, treasury bonds issued in local currency and which are indexed to the CPI, have a remuneration corresponding to the application of the nominal interest rate, plus the evolution of the Consumer Price Index.

On 31 December, 2012 and 2011, securities classified as “Available for sale” appeared thus:

Type	Currency	2012				2011			
		Quantity	Market value	Balance sheet value		Quantity	Market value	Balance sheet value	
				Currency	mAKZ			Currency	mAKZ
Shares	EUR	22,601,993	0.94	21,313,679	2,693,516	-	-	-	-
Banco BIC Brasil	USD	-	-	-	-	50,000	99.06	4,952,800	471,913
Nevafund Global Fixed Income									
> Class I	USD	-	-	-	-	106,052	107.98	11,450,980	1,091,072
> Class A	USD	-	-	-	-	12,500	107.13	1,339,138	127,596
					2,693,516				1,690,581

In 2012, the Bank sold at fair value to Banco BIC Português, S.A. the mutual fund units that it held in its portfolio on 31 December, 2011.

On 31 December, 2012 and 2011, the Bank classifies securities registered in the “Held for trading” and “Held to maturity” portfolios at risk level A – Zero, for being

issued by the Angolan Government and the National Bank of Angola.

On 31 December, 2012 and 2011, the distribution of securities by index, excluding income receivable, is as follows:

	2012			2011		
	Fixed rate	Libor 6M	Total	Fixed rate	Libor 6M	Total
Treasury bills	11,411,637	-	11,411,637	74,778,405	-	74,778,405
Central Bank Securities	10,004,081	-	10,004,081	33,631,143	-	33,631,143
Treasury Bonds						
> In National Currency (Index USD)	84,102,335	7,151,812	91,254,147	21,790,122	14,222,531	36,012,653
> In National Currency (Nonadjustable)	73,590,595	-	73,590,595	-	-	-
> In National Currency (Index IPC)	2,817,011	-	2,817,011	5,132,931	-	5,132,931
> In Foreign Currency (USD)	-	12,264,176	12,264,176	-	5,084,848	5,084,848
	181,925,659	19,415,988	201,341,647	135,332,601	19,307,379	154,639,980

On 31 December, 2012 and 2011, the securities held presented the following structure, in accordance to time remaining to maturity:

	2012	2011
Up to 3 months	6,705,608	57,955,601
From 3 to 6 months	15,393,997	27,587,770
From 6 months to 1 year	13,511,037	35,873,346
More than a year	165,731,005	33,223,263
Unlimited maturity	2,693,516	1,690,581
	204,035,163	156,330,561

6. LOANS TO CUSTOMERS

This heading has the following content:

	2012	2011
National Currency:		
> Current account overdraft facility	2,356,994	2,023,655
> Loans	87,808,161	29,372,790
> Current account loans	28,947,125	26,706,261
> Loans to employees	1,183,050	61,512
> Prestige products	267	1,860
	120,295,597	58,166,078
Foreign Currency:		
> Current account overdraft facility	796,878	2,234,503
> Loans	110,413,872	112,378,258
> Current account loans	4,367,417	14,151,368
> Loans to employees	4,075,159	4,295,830
	119,653,326	133,059,959
Total of performing loans	239,948,923	191,226,037
Overdue loans and interest:		
> National Currency	1,553,960	1,862,805
> Foreign Currency	2,311,913	3,915,125
Total overdue loans and interest	3,865,873	5,777,930
Total loans granted	243,814,796	197,003,967
Income receivable		
> National Currency	1,660,379	817,776
> Foreign Currency	2,223,239	2,640,861
	3,883,618	3,458,637
Total income receivable	247,698,414	200,462,604
Provision for doubtful loans (Note 15)	(21,886,339)	(14,335,932)
	225,812,075	186,126,672



On 31 December, 2012 and 2011, loans to customers, excluding current account overdraft facilities, earned interest at an annual average rate of 10.40% and 12.85% for loans in local currency and 10.68% and 10.81% for loans denominated in US dollars, respectively.

On 31 December, 2012 and 2011, the residual maturity of the credit given to customers, excluding overdue loans, was as follows:

	2012	2011
Up to 3 months	40,677,759	35,888,285
From 3 to 6 months	25,244,008	27,506,581
From 6 months to 1 year	19,014,878	26,666,840
From 1 to 3 years	51,720,239	42,394,420
From 3 to 5 years	48,275,243	23,027,527
From 5 to 10 years	33,447,863	18,747,722
More than 10 years	21,568,933	16,994,662
	239,948,923	191,226,037

On 31 December, 2012 and 2011, the breakdown of loans to customers, excluding income receivable, between businesses and individuals is as follows:

	2012			2011		
	Active	Overdue	Total	Active	Overdue	Total
Companies	198,085,571	1,566,219	199,651,790	153,665,326	3,374,656	157,039,982
Individuals	41,863,352	2,299,654	44,163,006	37,560,711	2,403,274	39,963,985
	239,948,923	3,865,873	243,814,796	191,226,037	5,777,930	197,003,967

On 31 December, 2012 and 2011, the breakdown of loans to customers, excluding income receivable, had the following distribution by index:

	2012	2011
Fixed rate	215,299,375	166,085,380
Variable rate – Index		
> Euribor 6M	-	6,443
> Euribor 12M	-	9,114,254
> Libor 1M	2,644,871	2,875,543
> Libor 3M	2,162,992	4,922,372
> Libor 6M	2,300,727	2,315,906
> Libor 12M	8,856,868	11,684,069
> Luibor 1M	6,780,984	-
> Luibor 6M	3,414,405	-
> Luibor 12M	2,354,574	-
Total	243,814,796	197,003,967

The methodology for calculating the allowance for doubtful loans on 31 December, 2012 and 2011 is presented here:

2012	Performing loans	Overdue loans	Bank guarantees (Note 17)	Total	Provision rate	Provision
Class A	38,579,153	-	18,318,583	56,897,736	0%	-
Class B	84,260,551	96,441	10,118,961	94,475,953	1%	944,760
Class C	80,655,048	286,622	6,998,415	87,940,085	3%	2,638,203
Class D	9,375,607	147,089	335,391	9,858,087	10%	985,809
Class E	15,173,398	421,117	-	15,594,515	20%	3,129,820
Class F	396,830	80,578	-	477,408	50%	238,704
Class G	11,508,336	2,834,026	9,583	14,351,945	100%	14,351,945
	239,948,923	3,865,873	35,780,933	279,595,729		22,289,241

2011	Performing loans	Overdue loans	Bank guarantees (Note 17)	Total	Provision rate	Provision
Class A	27,834,843	-	11,018,057	38,852,901	0%	-
Class B	77,120,012	28,805	9,138,782	86,287,600	1%	862,876
Class C	63,431,228	437,344	8,384,340	72,252,912	3%	2,167,587
Class D	7,634,280	202,188	-	7,836,468	10%	783,647
Class E	11,552,085	682,314	-	12,234,399	30%	3,706,963
Class F	945,293	382,462	-	1,327,755	50%	663,877
Class G	2,708,296	4,044,816	9,528	6,762,640	100%	6,762,640
	191,226,037	5,777,930	28,550,708	225,554,675		14,947,590

Analysis of changes in risk profile of borrowers between 31 December 2011 and 2012 is presented as follows:

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

December 2010	December 2011										Breakdown of the portfolio from 31 Dec 2010	
	RISK LEVEL	A	B	C	D	E	F	G	Written off	Settle-ments / Amortisa-tions		TOTAL
	A	94.83%	0.30%	1.39%	0.00%	0.00%	0.00%	0.07%	0.00%	3.40%		16.41%
	B	0.01%	79.48%	3.37%	3.24%	0.10%	0.03%	0.50%	0.00%	13.26%		52.86%
	C	0.04%	0.06%	85.98%	3.73%	2.18%	0.51%	0.87%	0.00%	6.63%		25.22%
	D	0.00%	0.00%	6.09%	70.90%	2.05%	11.85%	5.45%	0.00%	3.66%		1.29%
	E	0.00%	0.02%	4.50%	2.63%	56.84%	16.68%	12.37%	0.00%	6.96%		1.34%
	F	0.00%	0.22%	15.09%	1.75%	1.12%	22.47%	47.48%	0.00%	11.87%		0.35%
	G	0.01%	0.12%	3.23%	0.37%	1.70%	0.66%	90.66%	0.00%	3.25%		2.53%
	TOTAL	24.52%	33.37%	24.64%	1.88%	1.41%	0.96%	2.90%	0.00%	10.32%		100%
Breakdown of the portfolio from 31 Dec 2010 in 31 Dec 2011												
	49,675,183	67,607,640	49,912,035	3,802,307	2,858,519	1,952,025	5,878,234	0	20,912,389		202,598,331	

The analysis of the migration matrix shows that the total claims at 31 December 2011 in the amount of tAKZ 225,554,675, corresponding to a percentage of 46.56% showed no change of level. Changes in the levels of risk also indicate that 0.39% of loans went down in risk level, 10.58% moved to more serious levels and 0.11% were written off (transfers to losses).

For the moment, the Bank does not yet have systematic information with the identification of restructured loans, including transactions whose terms and guarantees have been renegotiated due to worsening of credit risk or default. Nevertheless, with the on-going development of information systems and the analysis of credit risk, renegotiated loans have been identified.

In 2012, the Bank renegotiated operations due to worsening of credit risk or default, and the following renegotiated amounts were identified:

Kept at the same level	
> In debt	46.56%
> Settlements / Amortisations	42.36%
Moved to different levels	
> More serious	10.58%
> Less serious	0.39%
> Written off	0.11%

Companies	7,368,416
Individuals	618,221
	7,986,637

During 2012, the Bank made write-offs to the value of tAKZ 256,895 (Note 15).



On 31 December, 2012 and 2011, the customer lending portfolio, excluding income receivable, has the following content:

	2012				2011			
	Performing	Overdue	Total	%	Performing	Overdue	Total	%
Companies:								
> Operating in the financial and insurance sectors	33,867,720	756	33,868,476	13.89%	7,155,777	-	7,155,777	3.63%
> Operating in real estate, leasing and service provision to companies	24,034,305	104,137	24,138,442	9.90%	22,197,124	214,486	22,411,610	11.38%
> Public administration and compulsory social security	2,996,334	63,162	3,059,496	1.25%	2,233,535	1,335	2,234,870	1.13%
> Agriculture, hunting and forestry	3,864,209	38,527	3,902,736	1.60%	1,749,202	79,989	1,829,191	0.93%
> Hospitality and catering (restaurants and similar)	11,555,701	95,871	11,651,572	4.78%	6,257,107	10,671	6,267,778	3.18%
> Trade	39,148,658	576,845	39,725,503	16.29%	51,360,013	794,636	52,154,649	26.47%
> Construction	51,589,584	81,677	51,671,261	21.19%	29,000,686	642,975	29,643,661	15.05%
> Education, health and social work	5,283,231	8,609	5,291,840	2.17%	3,991,477	5,038	3,996,515	2.03%
> Extractive industries (Crude oil and natural gas, others)	8,295,030	10,035	8,305,065	3.41%	12,643,422	267,649	12,911,071	6.55%
> Manufacturing industries	8,848,919	102,291	8,951,210	3.67%	12,865,680	871,641	13,737,321	6.97%
> Other recreation, membership organisation and service activities	203,664	23,544	227,208	0.09%	262,312	7,846	270,158	0.14%
> Fishing	276,846	8,400	285,246	0.12%	292,498	15,347	307,845	0.16%
> Gas, water and electricity production and distribution	377,776	12,880	390,656	0.16%	226,929	6,163	233,092	0.12%
> Transport, Storage and Communications	7,743,594	439,485	8,183,079	3.36%	3,429,564	456,880	3,886,444	1.97%
Individuals	41,863,352	2,299,654	44,163,006	18.11%	37,560,711	2,403,274	39,963,985	20.29%
TOTAL	239,948,923	3,865,873	243,814,796	100%	191,226,037	5,777,930	197,003,967	100.00%

7. OTHER VALUES

This heading has the following content:

	2012	2011
Assets not for own use	3,844,919	2,670,800
VISA Collateral	1,808,862	1,796,570
Leases and rentals	60,295	52,037
Advances – cheques	59,479	58,621
Cash shortages	31,205	12,826
Staff shop	24,545	22,267
Others	148,040	167,160
	5,977,345	4,780,281

On 31 December, 2012 and 2011, the balance for the heading “assets not for own use” refers to building projects that are under construction and are intended to be sold to Bank employees. In the years 2012 and 2011, part of the increase in this heading, to the amounts of tAKZ 179,376 and tAKZ 748,311, respectively, also refers to the transfer of “Assets under construction” (Note 9).

Pursuant to the contract entered into by Banco BIC and Visa International, the Bank is required to maintain a collateral deposit with VISA's custodian bank (Barclays Bank London), and its amount is determined in line with the volume of transactions carried out. On 31 December, 2012 and 2011, respectively, this collateral deposit amounted to approximately USD 18,877,000 and USD 18,850,000 and was paid the annual interest rate of 0.15%. Additionally, on 31 December 2012 and 2011, the balance of the collateral deposit includes

amounts from Banco Sol, S.A., from acquiring services to the amount of USD 16,900,000 (Note 12).

On 31 December, 2012 and 2011, the balance of the heading “Advances – Cheques” refers to advances made by the Bank to customers in connection with the purchase of cheques drawn on foreign banks not yet collected on that date. These accounts receivable are collected in the corresponding early the following year.

Cash failures are accrued under the heading “Other provisions” (Note 15).

On 31 December, 2012 and 2011, the balance of the heading “Others” includes the amounts tAKZ 34,188 and tAKZ 19,419, respectively, of assets of doubtful realisation, which are fully provisioned under the heading “Other provisions” (Note 15).

8. FINANCIAL ASSETS

This heading can be broken down as follows:

	2012		2011	
	Foreign Currency	National Currency	Foreign Currency	National Currency
EMIS:	(USD)		(USD)	
> Shareholding	497,841	47,706	162,350	15,469
> Supplies	1,282,755	122,921	220,671	21,026
ABANC:				
> Supplies	252,795	24,225	254,245	24,225
BVDA:				
> Financial participation	148,767	14,255	149,609	14,255
	2,182,158	209,107	786,875	74,975

On 31 December, 2012 and 2011, the Bank holds a stake of 4.63% and 2.88% respectively in the capital of EMIS – Empresa Interbancária de Serviços, S.A.R.L. (EMIS). EMIS was established in Angola with the function of managing of electronic means of payment and related services.

Following the EMIS General Assembly held in December 2011, it was decided to increase the capital by USD 4.8 million, with Banco BIC responsible for the amount USD 338,291, which was paid in January 2012. Additionally, it was decided to carry out additional instalments with Banco BIC responsible for the amount USD 1,182,480, paid in two equal tranches of USD 591,240 in August and September, 2012.

At the Extraordinary General Meeting of the Angolan Bank Association (ABANC), of which the Bank is a member, held on 28 July, 2009, a plan of investments in fixed assets was approved. The corresponding share of the Banco BIC’s participation in this Association for this purpose amounts on 31 December 2012 to a total of USD 252,795.

On 31 December, 2012 and 2011, the Bank holds a 0.95% share stake in BVDA – Bolsa de Valores e Derivativos de Angola, S.A. (BVDA).

9. TANGIBLE, INTANGIBLE FIXED ASSETS AND THOSE UNDER CONSTRUCTION

The changes in these headings during the years ending 31 December, 2011 and 2012 were as follows:

GROSS ASSETS	Balance on 31Dec'10	Increase	Write-off	Transfers	Adjustments	Balance on 31Dec'11	Increase	Write-off	Transfers	Adjustments	Balance on 31Dec'12
Intangible fixed assets:											
> Goodwill	149,815	-	-	-	-	149,815	-	-	-	-	149,815
> Start-up costs	4,383	-	-	-	-	4,383	-	-	-	-	4,383
> Multiannual costs	33,682	-	-	-	1,607	35,289	-	-	-	-	35,289
> Automated software data-processing systems	277,726	38,928	-	-	(1,607)	315,047	854	-	-	-	315,901
> Other intangible fixed assets	679	-	-	-	-	679	-	-	-	-	679
	466,285	38,928	-	-	-	505,213	854	-	-	-	506,067
Tangible fixed assets:											
> Property for own use	3,228,882	209,158	(7,636)	2,691,524	(1,864)	6,120,064	116,609	(97,815)	771,992	-	6,910,850
> Works in leased buildings	1,233,866	40,134	-	79,533	-	1,353,533	10,979	-	39,677	-	1,404,189
> Equipment	3,522,175	414,266	(1,714)	394,126	1,864	4,330,717	623,804	(19,362)	356,454	-	5,291,613
> Artwork assets	818	3,302	-	-	-	4,120	-	-	-	-	4,120
	7,985,741	666,860	(9,350)	3,165,183	-	11,808,434	751,392	(117,177)	1,168,123	-	13,610,772
Fixed assets under construction	3,141,879	2,190,869	(103,473)	(3,165,183)	(748,311)	1,315,781	1,156,202	-	(1,168,123)	(171,382)	1,132,478
	11,593,905	2,896,657	(112,823)	-	(748,311)	13,629,428	1,908,448	(117,177)	-	(171,382)	15,249,317



ACCUMULATED DEPRECIATION	Balance on 31Dec'10	Increase	Write-off	Adjustments	Balance on 31Dec'11	Increase	Write-off	Balance on 31Dec'12
Intangible fixed assets:								
> Goodwill	148,015	1,799	-	-	149,814	-	-	149,814
> Start-up costs	4,383	-	-	-	4,383	-	-	4,383
> Multiannual costs	33,682	-	-	1,607	35,289	-	-	35,289
> Automated software data-processing systems	264,216	20,100	-	(1,607)	282,709	14,522	-	297,231
> Other intangible fixed assets	678	-	-	-	678	-	-	678
	450,974	21,899	-	-	472,873	14,522	-	487,395
Tangible fixed assets:								
> Property for own use	276,465	84,986	(611)	(90)	360,750	132,140	(4,978)	487,912
> Works in leased buildings	907,880	145,661	-	-	1,053,541	105,384	-	1,158,925
> Equipment	1,563,884	463,524	(943)	90	2,026,555	555,899	(8,930)	2,573,524
	2,748,229	694,171	(1,554)	-	3,440,846	793,423	(13,908)	4,220,361
	3,199,203	716,070	(1,554)	-	3,913,719	807,945	(13,908)	4,707,756

In the years 2012 and 2011, the properties under construction intended to be sold to Bank employees were reclassified to the “Other values” heading (Note 7) and, for purposes of presentation in terms of the asset movement, were included in the “Adjustments” column.

On 31 December, 2012 and 2011, the “Equipment” heading can be broken down as follows:

	2012			2011		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Fixtures and fittings	1,438,391	(486,370)	952,021	1,207,347	(356,608)	850,739
Furniture and material	1,148,204	(396,293)	751,911	975,725	(291,982)	683,743
Machines and tools	844,036	(329,559)	514,477	620,959	(236,444)	384,515
IT equipment	1,093,359	(825,798)	267,561	878,133	(669,035)	209,098
Transport material	533,286	(489,771)	43,515	498,337	(445,976)	52,361
Other equipment	234,337	(45,733)	188,604	150,216	(26,510)	123,706
	5,291,613	(2,573,524)	2,718,089	4,330,717	(2,026,555)	2,304,163

On 31 December, 2012 and 2011, the heading for assets under construction corresponds primarily to costs incurred for the acquisition of the space and for the payment to suppliers for works that are being carried out in the premises for the Bank, purchased or leased, namely in a building for the installation of administrative services, new branches and other facilities, the opening of which is expected in the years following the balance sheet date.

10. DEPOSITS

These headings can be broken down as follows:

CREDIT INSTITUTION DEMAND DEPOSITS:	2012	2011
Credit institution funds in Angola:		
> Demand deposits:		
> Banco de Desenvolvimento de Angola	479,130	476,410
> Interest payable	123,270	91,518
	602,400	567,928
Credit institution funds abroad:		
> Demand deposit overdrafts:		
> Banco BIC Português, S.A. (USD)	-	874,137
RESIDENT DEMAND DEPOSITS:		
In National Currency:		
> Government sector	1,213,392	252,401
> Public enterprise sector	2,617,470	3,842,909
> Companies	103,337,944	70,565,290
> Individuals	47,882,129	36,820,130
	155,050,935	111,480,730
In Foreign Currency:		
> Government sector	393,181	66,060
> Public enterprise sector	1,247,635	994,390
> Companies	48,997,153	43,577,046
> Individuals	39,032,806	34,370,429
	89,670,775	79,007,925
NON-RESIDENT DEMAND DEPOSITS:		
> In National Currency	4,013,059	768,402
> In Foreign Currency	433,858	938,594
	4,446,917	1,706,996
	249,168,627	192,195,651
Total demand deposits	249,771,027	193,637,716

On 31 December, 2012 and 2011, demand deposits from customers bear no interest, except in specific situations, defined according to the guidelines of the Bank's Board of Directors.

During 2007, Banco BIC and Banco de Desenvolvimento de Angola (BDA) entered into a financial agreement, in which the BDA finances the Bank so that it can make loans for projects related to the promotion of private economic activity in the production of goods and services.

RESIDENT TERM DEPOSITS:	2012	2011
In National Currency:		
> Government sector	8,136,846	6,678,437
> Public enterprise sector	3,222,371	4,223,542
> Companies	106,480,804	74,628,348
> Individuals	32,658,722	30,316,885
> Interest payable	1,186,212	873,764
	151,684,955	116,720,976
In Foreign Currency:		
> Public enterprise sector	3,649,925	4,297,821
> Companies	72,410,976	66,799,449
> Individuals	46,783,046	36,815,719
> Interest payable	1,085,599	1,122,782
	123,929,546	109,035,771
NON-RESIDENT TERMS DEPOSITS:		
In National Currency	136,990	52,258
> Interest payable	298	10
In Foreign Currency	260,010	160,746
> Interest payable	2,546	466
	399,844	213,480
Total term deposits	276,014,345	225,970,227

On 31 December, 2012 and 2011, customers' term deposits, excluding interest payable, break down thus, by currency and average interest rate:

	2012			2011		
	Interest rate	Amount in currency	Amount in tAKZ	Interest rate	Amount in currency	Amount in tAKZ
In Thousands Angolan Kwanzas	4.39%	-	150,635,733	6.48%	-	115,899,470
In US Dollars	3.84%	1,230,876,583	117,949,979	4.93%	1,102,315,745	105,030,849
In Euros	1.49%	40,783,207	5,153,978	2.63%	24,673,124	3,042,886
		273,739,690			223,973,205	

On 31 December, 2012 and 2011, customers' term deposits, excluding interest payable, had the following structure, according to residual maturity:

	2012	2011
Up to 3 months	222,360,416	193,955,084
From 3 to 6 months	37,314,335	24,245,337
From 6 months to 1 year	13,045,255	5,772,784
From 1 to 3 years	1,016,415	-
More than 3 years	3,269	-
	273,739,690	223,973,205

11. FUNDS EARNED

This heading includes the sale transactions of securities under repurchase agreements as described in Note 2. d), and can be broken down thus:

	2012		2011	
	Fixed interest rate	Amount	Fixed interest rate	Amount
Treasury bonds	4.27%	25,630,026	4.18%	22,580,979
Central Bank Securities	3.19%	445,897	5.54%	896,394
Interest Payable	-	183,248	-	206,640
		26,259,171		23,684,013

On 31 December, 2012 and 2011, approximately 94% and 80% of these operations are due in the first half of the year following the reference date of the balance sheet, respectively.

12. PAYMENT SYSTEM OBLIGATIONS

This heading breaks down thus:

	2012	2011
Resources linked to imports – Foreign Currency – Cash resources	3,577,822	4,599,698
VISA Collateral (Note 7)	1,621,665	1,612,459
Certified cheques – National Currency	1,346,466	1,134,154
Foreign cheques	2	261
Payment orders to settle	-	2,087
	6,545,955	7,348,659

The heading “Resources linked to imports – cash resources” refers to the amounts deposited by customers who are raised through the settlement of import transactions.

13. OTHER FUNDS

This heading breaks down thus:

RESOURCES IN FOREIGN CREDIT INSTITUTIONS	2012	2011
Loans:		
> Banco BIC Português, S.A. (USD)	13,889,404	7,768,385
> Banco BIC Português, S.A. (Euros)	11,057,813	-
Interest payable	34,632	9,954
	24,981,849	7,778,339

On 31 December, 2012 and 2011, the loans obtained bear interest at the following average annual rates, weighted by the nominal value of investments:

	2012	2011
In US Dollars	3.33%	4.31%
In Euros	4.45%	-

On 31 December, 2012 and 2011, the loans obtained, excluding interest payable, had the following structure, by residual maturity:

	2012	2011
Up to a month	17,364,717	7,768,385
From 1 to 3 months	3,791,250	-
From 3 to 6 months	3,791,250	-
	24,947,217	7,768,385

14. OTHER OBLIGATIONS

This heading breaks down thus:

	2012	2011
Tax obligations:		
> Income tax to pay (Note 18)	2,222,603	1,830,799
> Tax charges levied on potential results	416,581	1,365
> Taxation referring remunerations	246,687	230,615
> Capital Gains Tax	118,080	-
> Stamp duty	93,736	19,026
	3,097,687	2,081,805
Civil obligations:		
> Deferred income – Guarantees	62,690	31,894
> Others	-	13
	62,690	31,907
Administrative and commercial obligations:		
> Studies and consultations	1,195,450	37,995
> Holiday pay and supplementary holiday bonus	637,873	568,182
> ATM compensation	313,579	26,073
> VISA cards	305,117	87,530
> Communications and expedition costs		
> Data circuit	301,481	107,769
> Communications	9,576	42,560
> Others	1,558	890
> Specialist services	103,333	6,536
> Security and surveillance	21,970	48,874
> Staff costs (Note 24)	7,182	158,614
> Other administrative costs	167,394	190,986
	3,064,513	1,276,009
	6,224,890	3,389,721

On 31 December, 2012 and 2011, the heading “Tax Charges levied on the potential results” refers to deferred tax liability calculated on the profit potential of securities registered in the “Available for Sale” portfolio.

On 31 December, 2012 and 2011, the balance of the heading “Studies and consultations” includes €299,145 (tAKZ 37,805) and €308,081 (tAKZ 37,995), respectively, payable to Banco BIC Português S.A. for technical consulting services in the design and development of projects, as per the terms of the contract entered into in August 2008. On 31 December 2012, this balance of this heading also includes an amount payable as a result of a series of business support and organisational services, and other services provided by the Bank’s shareholders to the amount of 9,000,000 Euros (tAKZ 1,137,375), of which about 8,700,000 (1,100,000 tAKZ) relate to services provided during 2012 (Note 25).

On 31 December, 2012 and 2011, the balance of the heading “ATM compensation” refers to transactions made at Banco BIC ATMs / POS and POS terminals in the last days of the year, awaiting compensation from EMIS.

The balance of the heading “Staff costs” refers to the estimate made by the Bank for performance bonuses of its employees for the years 2012 and 2011, payable in 2013 and 2012 respectively.



15. PROVISIONS

The movement in provisions for the years ending 31 December, 2012 and 2011 was as follows:

	Balance in 31Dec'11	Increase	Value adjustments	Exchange variation	Uses	Balance in 31Dec'12
Doubtful loans	14,335,932	19,734,843	(11,989,102)	61,561	(256,895)	21,886,339
Issuing guarantees	611,658	866,860	(1,089,968)	14,352	-	402,902
Retirement pensions	733,672	114,515	-	4,665	-	852,852
Other provisions	202,462	91,235	-	1,107	(30,172)	264,632
	15,883,724	20,807,453	(13,079,070)	81,685	(287,067)	23,406,725

	Balance in 31Dec'10	Increase	Value adjustments	Exchange variation	Uses	Transfers	Balance in 31Dec'11
Doubtful loans	9,464,047	7,183,419	(2,508,184)	196,650	-	-	14,335,932
Issuing guarantees	321,282	531,901	(258,781)	17,256	-	-	611,658
Retirement pensions	602,180	208,338	-	18,817	-	(95,663)	733,672
Other provisions	317,553	108,976	-	1,518	(321,248)	95,663	202,462
	10,705,062	8,032,634	(2,766,965)	234,241	(321,248)	-	15,883,724

The Bank's Board of Directors will implement a supplementary pension and survivor programme, and to this end it has established a provision for retirement pensions, the balance of which on 31 December, 2012 and 2011 amounts to tAKZ 852,852 and tAKZ 733,672, equivalent to approximately USD 8.9 million and USD 7.7 million, respectively. In the opinion of the Board of Directors of the Bank, the existing provision for pensions on 31 December 2012 is sufficient to meet the initial obligations that will result from the formalisation of the defined contribution plan to which it intends to subscribe, after deduction of liabilities for "Retirement Compensation", in light of the provisions of Article no. 262 of the General Employment Law.

Under this legislation, "Retirement Compensation" liability is determined by multiplying 25% of the basic monthly salary at the date on which the worker reaches legal retirement age, by the number of years of service on the same date.

In the years 2012 and 2011, the balance of the heading "Other provisions" is intended to meet any contingencies arising from the Bank's activities, as well as to reflect potential losses to the realizable value of accounts receivable and other assets.

16. MOVEMENT OF EQUITY CAPITAL

Movement in the headings of own funds in the years ending 31 December, 2011 and 2012, was as follows:

	Capital	Adjusting equity capital	Legal reserve	Other reserves	Potential results	Carry-over	Net result	Total net worth
Balance on 31 December, 2010	2,414,511	5,797,507	6,581,587	18,201,810	-	6,158,618	13,159,965	52,313,998
> Allocation of net profit of 2010	-	-	2,631,993	5,263,986	-	-	(7,895,979)	-
> Distribution of dividends	-	-	-	-	-	-	(5,263,986)	(5,263,986)
> Potential Results	-	-	-	-	2,533	-	-	2,533
> Net result for the year	-	-	-	-	-	-	14,905,962	14,905,962
Balance on 31 December, 2011	2,414,511	5,797,507	9,213,580	23,465,796	2,533	6,158,618	14,905,962	61,958,507
> Allocation of net profit of 2011	-	-	2,981,192	5,962,385	-	-	(8,943,577)	-
> Distribution of dividends	-	-	-	-	-	-	(5,962,385)	(5,962,385)
> Potential Results	-	-	-	-	771,117	-	-	771,117
> Net result for the year	-	-	-	-	-	-	16,105,934	16,105,934
Balance on 31 December, 2012	2,414,511	5,797,507	12,194,772	29,428,181	773,650	6,158,618	16,105,934	72,873,173

> Capital

The Bank was incorporated with a capital of tAKZ 522, 926 (equivalent to the exchange value of USD 6,000,000 on the date of incorporation), represented by 522,926 registered shares each valued at one thousand Angolan Kwanzas, having been fully subscribed and paid in cash.

During 2006, the Bank increased its capital by tAKZ 1,088,751 (equivalent to USD 14,000,0000) and later, at the meeting of the General Assembly of 01 December, 2006, a new capital increase of the Bank was approved from USD 20 million to USD 30 million, fully paid in cash, and now represented by 2,414,511 registered shares valued at one thousand Angolan Kwanzas each.

On 31 December, 2012 and 2011, the Bank's shareholding structure is as follows:

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

In compliance with the provisions of paragraph 3 of Article 446 of Law no. 1/2004, of 13 February, which identifies the Companies Act, the number of shares held by members of the administrative and supervisory bodies of the Bank, as well as percentage shares held, are shown below:

SHAREHOLDER	Post	Acquisition	No. shares	Share (%)
Fernando Leonídio Mendes Teles	Chairman	Nominal Value	482,902	20.00%
Fernando José Aleixo Duarte	Executive Director	Nominal Value	24,145	1.00%
Graziela do Céu Rodrigues Esteves	Executive Director	Nominal Value	24,145	1.00%
Graça Maria dos Santos Pereira	Executive Director	Nominal Value	24,145	1.00%

> Allocation of net profit

On 17 April, 2012, at a meeting of the General Assembly the proposed allocation of net profit presented by the Board and appearing in the Management Report was approved, with the result that, of the net income calculated at the end of 2011, to the amount of tAKZ 14,905,962 (approximately USD 156 million), 20% was transferred to the heading legal reserve, to the amount of tAKZ 2,981,192 (approximately USD 31 million), 40% was allocated to dividend distribution to shareholders (equivalent to approximately USD 62 million) and the remainder was allocated to the other reserves heading.

On 12 April, 2011, at a meeting of the General Assembly the proposed allocation of net profit presented by the Board and appearing in the Management Report was approved, with the result that, of the net income calculated at the end of 2010, to the amount of tAKZ 13,159,965 (approximately USD 142 million), 20% was transferred

to the heading legal reserve, to the amount of tAKZ 2,631,993 (approximately USD 28 million), 40% was allocated to dividend distribution to shareholders (equivalent to approximately USD 57 million) and the remainder was allocated to the other reserves heading.

> Legal reserve

Under current law, the Bank must constitute a legal reserve of up to the amount of its capital. To this end, at least 20% of net income from the previous year is annually transferred into this reserve. This reserve can only be used to cover accumulated losses, when other reserves have been exhausted.

> Potential results

Potential results correspond to potential net gains of tax charges related to securities classified under the heading “Securities – Available for Sale”.

> Related parties

On 31 December, 2012 and 2011, the main balances held by the Bank with related parties are as follows:

	2012			
	Banco BIC Português, S.A.	Bodies owned by the shareholders	Shareholders	Total
Assets:				
> Cash and equivalents (Note 3)	3,125,621	-	-	3,125,621
> Cash investments (Note 4)	29,343,581	-	-	29,343,581
> Loans to customers (Note 6)	-	46,193,879	637,261	46,831,140
Liabilities:				
> Other funds (Note 13)	(24,981,849)	-	-	(24,981,849)
> Other obligations (Note 14)	(37,805)	-	(1,137,375)	(1,175,180)
Off-balance sheet:				
> Guarantees and sureties (Note 17)	-	161,766	636,210	797,976
> Irrevocable commitments (Note 17)	28,749,487	-	-	28,749,487

Part of the loans to related parties is secured by shares in a financial institution headquartered in the Eurozone.

	2011			
	Banco BIC Português, S.A.	Bodies owned by the shareholders	Shareholders	Total
Assets:				
> Cash and equivalents (Note 3)	1,239,580	-	-	1,239,580
> Cash investments (Note 4)	34,306,302	-	-	34,306,302
> Loans to customers (Note 6)	-	22,020,277	2,935,306	24,955,583
Liabilities:				
> Deposits (Note 10)	(874,137)	-	-	(874,137)
> Other funds (Note 13)	(7,778,339)	-	-	(7,778,339)
> Other obligations (Note 14)	(37,995)	-	-	(37,995)
Off-balance sheet:				
> Guarantees and sureties (Note 17)	-	160,848	-	160,848
> Irrevocable commitments (Note 17)	19,056,400	-	-	19,056,400

17. OFF-BALANCE SHEET HEADINGS

These heading break down thus:

	2012	2011
Guarantees and other possible liabilities		
> Guarantees and sureties (Note 6)	35,780,933	28,550,708
> Irrevocable commitments	28,749,487	19,056,400
> Open documentary credits	10,233,636	8,866,846
	74,764,056	56,473,954
Service provision responsibilities		
> Custody of securities	152,112	451,719
> Receipt of payments – in Angola	1,884,869	1,431,631
> Receipt of payments – abroad	155,817	64,770
	2,192,798	1,948,120

On 31 December, 2012 and 2011, the balance of the heading “Irrevocable Commitments” refers to a line of credit for opening and confirmation of documentary credits and bank guarantees held with Banco BIC Português, S.A., to the amount of USD 300 million and USD 200 million respectively.

18. TAXES

The Bank is subject to Corporate Tax, and considered a Group A taxpayer for tax purposes. The taxation of its income is made pursuant to paragraphs 1 and 2 of Article 72 of Law no. 18/92 of 03 July, and at the applicable tax rate of 35%, as per Law 5/99 of 06 August.

On 31 December, 2012 and 2011, the reconciliation between the accounting profit and the profit for the purpose of determining the corporate contribution can be detailed as follows:

	2012	2011
Pre-tax results	18,328,537	16,736,761
Adjustment:		
> Tax incentive on income earned on public debt securities or equivalent:		
> Interest and similar income (Note 20)	(11,289,360)	(10,354,224)
> Net profit on financial transactions		
> Results in securities (Note 21)	(677,704)	(1,151,683)
> Other adjustments	(11,178)	-
	(11,978,242)	(11,505,907)
Taxable profit	6,350,295	5,230,854
Nominal tax rate	35%	35%
Income tax payable (Note 14)	2,222,603	1,830,799

Income from public debt securities obtained in Treasury Bonds and Treasury Bills issued by the Angolan state, the issue of which is regulated by the Framework Law on Public Debt (Law no. 16/02 of 05 December), and by Presidential Decree no. 259/10 of 18 November (which repealed and replaced Decree 51/03 and Decree 52/03, both of 08 July), are exempt from all taxes.

Additionally, pursuant to subparagraph c) of paragraph 1 of Article 23 of the Corporate Tax Code, exclusion of taxation in this tax for such income is provided.

The Presidential Legislative Decree no. 5/11 of 30 December, introduced a tax liability norm on the Capital Gains (“CGT”) on interest on Treasury bills and Treasury bonds. However, Article 2 of the decree in question provides that the tax liability only applies to securities acquired after the entry into force of the law.

The tax authorities may review the tax status of the Bank for a period of five years and possible adjustments to the taxable income from 2008 to 2012 may result thanks to different interpretations of the

tax law. The Board of Directors of the Bank believes that any adjustments that might result from these reviews are not significant to the income statements attached.

19. BALANCE SHEET BY CURRENCY

On 31 December, 2012 and 2011, the Bank’s balance sheet by currency presents the following structure:

	2012			2011		
	National Currency	Foreign Currency	Total	National Currency	Foreign Currency	Total
Cash and equivalents	77,517,410	47,377,957	124,895,367	57,192,536	41,409,798	98,602,334
Cash investments						
> Transactions on the Interbank Money Market	2,001,359	36,709,557	38,710,916	-	41,133,409	41,133,409
> Purchase of third party securities under reverse repurchase agreements	51,054,532	-	51,054,532	24,098,015	-	24,098,015
> Investment in gold and other precious metals	9,777	-	9,777	9,777	-	9,777
Securities						
> Kept for trading	21,632,976	-	21,632,976	112,463,229	-	112,463,229
> Available for sale	-	2,693,516	2,693,516	-	1,690,581	1,690,581
> Kept to maturity	170,195,025	12,426,541	182,621,566	41,487,935	5,127,534	46,615,469
Credits in the payment system	5,480	26,578	32,058	4,523	-	4,523
Credits						
> Loans to customers	123,509,936	124,188,478	247,698,414	60,846,659	139,615,945	200,462,604
> (-) Provision for doubtful loans	(6,505,308)	(15,381,031)	(21,886,339)	(5,500,922)	(8,835,010)	(14,335,932)
Other values	3,625,365	2,351,980	5,977,345	2,486,201	2,294,080	4,780,281
Fixed assets						
> Financial assets	209,107	-	209,107	74,975	-	74,975
> Tangible fixed assets	10,522,889	-	10,522,889	9,683,369	-	9,683,369
> Intangible fixed assets	18,672	-	18,672	32,340	-	32,340
Total assets	453,797,220	210,393,576	664,190,796	302,878,637	222,436,337	525,314,974
Deposits						
> Demand deposits	159,063,994	90,707,033	249,771,027	112,249,132	81,388,584	193,637,716
> Term deposits	151,822,243	124,192,102	276,014,345	116,773,244	109,196,983	225,970,227
Funds earned						
> Sale transactions of own securities under repurchase agreements	26,259,171	-	26,259,171	23,684,013	-	23,684,013
Obligations within the payment system	1,346,466	5,199,489	6,545,955	1,134,154	6,214,505	7,348,659
Other funds	-	24,981,849	24,981,849	-	7,778,339	7,778,339
Other obligations	4,401,989	1,822,901	6,224,890	2,915,400	474,321	3,389,721
Provisions for probable liabilities	82,471	1,437,915	1,520,386	88,148	1,459,644	1,547,792
Liability total	342,976,334	248,341,289	591,317,623	256,844,091	206,512,376	463,356,467
Net assets (liabilities)	110,820,886	(37,947,713)	72,873,173	46,034,546	15,923,961	61,958,507



20. INCOME AND EXPENSES FROM FINANCIAL INSTRUMENTS

These headings break down in the following way:

	2012	2011
INCOME FROM FINANCIAL ASSET INSTRUMENTS:		
From lending	24,070,706	20,826,348
From securities:		
> Treasury Bonds	7,098,321	2,231,169
> Treasury Bills	2,625,203	7,286,004
> Central Bank Securities	1,430,186	4,915,493
	11,153,710	14,432,666
From cash investments		
> Third party securities with resale agreement	1,568,159	841,815
> Abroad	442,219	609,341
> In Angola	399,427	161,316
	2,409,805	1,612,472
Total	37,634,221	36,871,486
EXPENSES OF FINANCIAL LIABILITY INSTRUMENTS:		
From deposits:		
> Demand	56,091	53,525
> Term	12,082,935	17,012,807
	12,139,026	17,066,332
From funds earned:		
> Securities sold with an repurchase agreement	1,099,308	1,242,896
> Resources of other credit institutions	725,016	749,152
	1,824,324	1,992,048
Total	13,963,350	19,058,380
FINANCIAL MARGIN		
	23,670,871	17,813,106

21. RESULTS FROM TRADING AND FAIR VALUE ADJUSTMENTS

During the years ending 31 December, 2012 and 2011, this heading mainly corresponds to foreign exchange gains obtained in the portfolio of securities issued or indexed to foreign currency, as well as the appreciation of other securities linked to their respective index, and breaks down as follows:

	2012	2011
Gains	920,966	1,734,167
Losses	(139,932)	(584,867)
	781,034	1,149,300

In 2012, the balance of this heading also includes capital gains realized on the redemption of units in the Banco BIC Brasil and Nevafund Global Fixed Income mutual funds, to the amount of tAKZ 103,330 (Note 5)

22. INCOME FROM FOREIGN EXCHANGE TRANSACTIONS

During the years ending 31 December, 2012 and 2011, this heading mainly corresponds to the gains on transactions of purchase and sale of foreign currency made by the Bank as well as the revaluation of foreign currency position as described in Note 2.b), and breaks down as follows:

	2012			2011		
	Profit	Losses	Net	Profit	Losses	Net
Results in currency	8,970,016	(1,777,789)	7,192,227	13,245,140	(4,841,088)	8,404,052
Results in notes and coins	455,132	(194,029)	261,103	330,732	(82,374)	248,358
	9,425,148	(1,971,818)	7,453,330	13,575,872	(4,923,462)	8,652,410

23. RESULTS FROM FINANCIAL SERVICE PROVISION

This heading breaks down as follows:

	2012	2011
INCOME		
Commission on guarantee and sureties	1,081,936	429,158
Commission on payments issued	1,034,889	1,003,320
Visa Commission	525,987	472,756
Commission on EMIS transactions	479,801	320,597
Commission on documentary credits and remittances	429,208	303,772
Commission – Ministry of Finance	292,458	384,041
Commission on opening, management and renewal of secured current accounts	225,065	109,206
Other commission	264,331	365,194
	4,333,675	3,388,044

EXPENSES		
Commission on EMIS transactions	(291,110)	(192,645)
Visa commission	(113,038)	(90,076)
Other commission	(85,259)	(56,851)
	(489,407)	(339,572)

	3,844,268	3,048,472
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24. STAFF COSTS

These headings break down as follows:

	2012	2011
Payroll	4,064,648	3,712,562
Variable incentives – Performance bonus:		
> Paid in the year	2,414,223	2,066,020
> Payable (Note 14))	7,182	158,614
Compulsory social charges	221,286	252,396
Optional social charges	293,454	231,976
Others	146,221	164,289
	7,147,014	6,585,857

25. THIRD PARTY SUPPLIES

These headings break down as follows:

	2012	2011
Communications and expedition expenses	990,576	746,965
Security and surveillance	820,380	791,548
Upkeep and repairs	403,116	456,501
Advertising	402,196	544,073
Rental and leasing	350,600	310,558
Printed material and consumables	348,109	372,145
Water, energy and fuels	174,531	156,455
Travel and accommodation	165,637	157,919
Specialist services:		
> Specialist IT services	165,701	127,861
> Others	143,724	74,997
Contributions and donations	24,258	48,967
Cleaning services	110,820	108,220
Insurance	23,616	43,933
Staff training	11,483	31,808
Others	1,326,397	240,301
	5,461,144	4,212,251

In the year ending 31 December, 2012, the balance of the heading “Others” includes approximately 8.7 million Euros (about tAKZ 1,100,000) related to the cost arising from a series of business, organisational support services, and other services provided by the Bank’s shareholders during 2012 (Note 14).

26. OTHER OPERATIONAL INCOME AND EXPENSES

This heading breaks down as follows:


	2012	2011
Income from diverse service provision:		
> Sale of currency/withdrawals	1,131,772	1,018,547
> Issuing cheques	215,184	301,043
> Others	20,114	18,758
Reimbursement of expenditure:		
> On payment orders	320,343	291,706
> Others	37,341	42,661
Application fees	325,342	259,891
Others	339,637	358,198
	2,389,733	2,290,804
Various expenses and losses	(113,771)	(102,179)
	2,275,962	2,188,625

27. NON-OPERATING INCOME

These headings break down as follows:

	2012	2011
Extraordinary income:		
> Charging interest on arrears, net of cancellations	1,371,223	348,953
> Excess from estimate for holidays and holiday bonus	-	234,886
> Others	22,931	115
	1,394,154	583,954
Other extraordinary losses	(25,441)	(5,876)
	1,368,713	578,078

4.3 AUDITOR’S REPORT



Accountants & business advisers

### AUDIT REPORT

#### Introduction

1. We have examined the attached financial statements of Banco BIC, S.A., which contain the Balance Sheet on 31 December, 2012 (showing a total of 664,190,796 thousand Angolan Kwanza and a total equity capital of 72,873,173 thousand Angolan Kwanza, including a net result of 16,105,934 thousand Angolan Kwanza), the profit and loss accounts, changes in equity capital and in cash flows for the year ended and the corresponding attachment.

#### Responsibilities

2. It is the responsibility of the Board of directors to prepare financial statements which give a true and appropriate view of the Bank's financial position, the results of its activity and the changes in its equity capital and cash flows, as well as to adopt adequate accounting policies and criteria and to maintain an appropriate internal control system.

3. It is our responsibility, to express a professional and independent opinion, based on the examination of those financial statements.

#### Scope

4. The audit we made was conducted in accordance with the generally accepted auditing standards, which require that the audit be planned and performed with the aim of obtaining an acceptable level of assurance that the financial statements are free from any materially relevant distortions. To this end, this audit included:

- an examination, on a sample basis, of evidence relevant to the amounts and disclosures in the financial statements and an assessment of the estimates, based on judgements and criteria defined by the Bank's board of directors, used in their preparation;
- the assessment of whether the accounting policies and their disclosure are appropriate to the circumstances;
- the verification of the applicability of the continuity principle; and
- the assessment of the overall adequacy of the financial statements presentation.

5. We believe that our audit provides a reasonable basis for the expression of our opinion.

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4.4 SUPERVISOR BOARD REPORT

Opinion

6. In our opinion, the financial statements above give a true and appropriate view, in all materially relevant aspects, of the financial position of the Banco BIC, S.A. on 31 December, 2012, the results of its activity and the changes to its equity capital of its own funds and its cash flows for the accounting year ended on that date, and have been prepared in accordance with the accounting principles generally accepted in Angola (Note 2).

Luanda, 15 April, 2013

PKF Angola

PKF ANGOLA- Auditores e Consultores, S.A.

SUPERVISORY BOARD'S REPORT AND OPINION

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

1. In accordance with the Law and the Statutes, we hereby present our report on the auditing work carried out by us, as well as the opinion on the financial statements presented by the Board of Directors of Banco BIC, S.A. (Bank) relating to the year ending 31 December, 2012.
2. During the year we monitored, with the frequency and to the extent that we deemed appropriate, the evolution of the Bank's operations, the regularity of its accounting records and its compliance with prevailing legal and statutory requirements. We also obtained from the Board of Directors and from the Bank's various departments all the information and explanations requested, necessary for issuing our opinion.
3. We have read and are in agreement with the content of the Auditors' Reports, as well as the audit report relating to the preparation and disclosure of the financial statements and of internal control, issued by the company PKF Angola – Auditores e Consultores, S.A., the content of which we herewith reproduce in full. We recommend that the bank works to correct the reported situations concerning the internal control system.
4. Within the scope of our functions, we examined the balance sheet on 31 December, 2012, the profit and loss accounts, of changes in equity capital and cash flows for the year then ended, as well as the respective annexes thereto, including the accounting policies and valuation criteria adopted.
5. In addition, we reviewed the Management Report for 2012 prepared by the Board of Directors and the proposal for the allocation of profits contained therein. on criteria adopted.
6. In view of the above, and taking into consideration the work carried out, we are of the opinion that the General Meeting can:
  - a. Approve the Management Report relating to the year ended 31 December, 2012
  - b. Approve the accounts for this year, and
  - c. Approve the proposed allocation of profits.

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7. We wish to express our appreciation to the Board of Directors and to the Bank's various departments for the cooperation they provided.

Angola, 15 April, 2013

The Supervisory Board

  
Henrique Manuel Camões Serra  
Chairman

  
Ana Sofia Almeida  
Member

  
Maria Ivone de Freitas Pereira dos Santos  
Member

BIC'S AIM IS TO EXPAND ITS SERVICE CHANNELS TO THE WHOLE COUNTRY AND THUS PROMOTE BANKING INCLUSION TO ALL ANGOLANS. AS PART OF THIS PROCESS A DETAILED ASSESSMENT OF MARKET POTENTIAL IS CARRIED OUT AND MAPPINGS BY REGION ARE MADE, BASED ON SOCIO- GEOGRAPHICAL INFORMATION, SO AS TO IDENTIFY NEW BUSINESS OPPORTUNITIES AND THE SPECIFIC NEEDS OF EACH PROVINCE AND MUNICIPALITY.



