2018 ANNUAL REPORT

BancoBIC
Growing together

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Message from the Chairman
of the Board of Directors

Dear Sirs,

Despite the scenario of a modest recovery of the average price for oil, 2018 saw a decline in oil production of around 10%, which had a significant impact on the performance of the Angolan Economy, reflected in the decline in net international reserves to $11 billion (from $13 billion on December 31, 2017).

In addition, the Kwanza depreciated significantly against the US dollar, which, when combined with the delays in State payments to companies and the rise in unemployment, led to a loss of purchasing power for various economic agents, limiting the demand for goods and services as well as the ability of these agents to respond to their financial obligations to the banking sector.

In this less-favorable and increasingly competitive economic environment, the country's banking activity has faced in recent years a number of challenges, in particular the rise in loan defaults and the reduction of financial margins, as well as the rise in costs associated with increasing regulatory requirements and the rising need for investment in new technology in order to continually improve the level of service provided to customers.

> "In this less-favorable and increasingly competitive economic environment the country's banking sector has faced in recent years a number of challenges"

We kept our focus on investment in infrastructure and information technology, launching a set of new services to facilitate access to the Bank at all levels.

In the context of foreign exchange in this period, the BNA returned to the Banks the management and allocation to their customers of currencies acquired at auction, substituting direct sales to customers, which had been the practice in previous years. This allowed for a more efficient management of the available currencies by the commercial Banks.

In this challenging environment, Banco BIC remained true to its promise to its customers and to the country, seeking sustainable solutions by way of business projects that contribute to the development and diversification of the Angolan economy, as well as to the key substitution of the current level of imports. In this area, in particular in the primary sector, we continue to support financing projects carried out as part of the Angola Investe programme, with the support of the Economy Ministry, and we launched new products, as part of BIC Agro.

At the central services level, we focused our investment in the areas of Internal Control, Risk and Compliance, with the aim of making Banco BIC a national reference in these areas, in line with the best international practices. In the banking network, in addition to continuing to grow in number of Branches, we kept our focus on investing in infrastructures and information technologies, and launched a set of new services to facilitate access to the Bank at all levels. In this area, we highlight the investment in a workflow for foreign exchange operations and national transfers, with the aim of improving the levels of service provided to customers, as well as to respond more effectively to the growing requirements of the BNA at the level of exchange rate control.

In 2018 we also created the Office of Internal Control, an independent body that reports directly to the Board, and which, among other responsibilities, aims to ensure strict compliance with current foreign exchange legislation and regulations, as well as to communicate effectively and efficiently with the BNA on foreign exchange issues.

We celebrated our 14th anniversary in May of 2019. It has been 14 years of growth and consolidation, constant challenges and successes, leading us to a top place in the banking sector. We have the largest private commercial network in Angola with 231 Branches, covering the entire national territory, and we also have 2,068 Employees who provide service excellence to our approximately 1.5 million customers.

We are an Angolan Bank with an international presence, in 4 different countries, besides Angola: Portugal, South Africa, Cape Verde and Namibia. In the area of internationalization, it is worth noting that, following approval by the BNA, we have submitted a request to open a commercial Bank in Macao (China) to the relevant Monetary and Foreign Exchange Authority of Macao. This process is underway in the customary manner.

"Providing sustainability to the national economy means keeping the financial system strong, efficient and competitive, committed to development and the well-being of society as a whole"

The path of our growth has also led us to new business perspectives as well as other forms of participation in the economy beyond the banking function.

The insurance business, with the launch of BIC Seguros, is a good example. After just 5 years it is already a reference in the insurance sector. In addition, in order to contribute to the reduction of imports, in 2018 we started a project of direct investment in the agricultural sector, where we intend to provide further impetus in the coming years.

The year 2018 was particularly challenging and intense, but we counted on the commitment and collaboration of everyone to overcome the challenges of day-to-day life. Giving sustainability to the national economy means keeping the financial system strong, efficient and competitive, committed to the development and the well-being of society as a whole.

Finally, a word of thanks for the trust and support of our shareholders and our customers, as well as all our other partners. In Angola, as in the other countries of the "BIC Universe," we give substance to the motto "Growing together."

Fernando Mendes Teles
Chairman of the Board of Directors

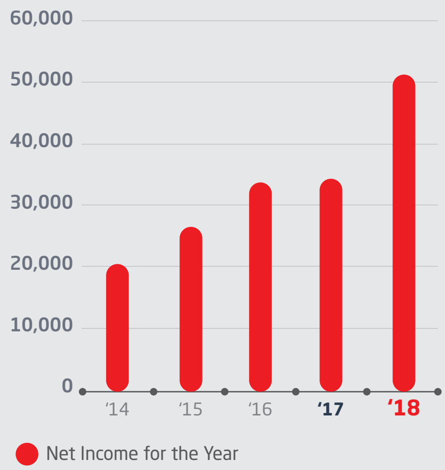
Key performance
Indicators

1,307,706AKZ
TOTAL NET ASSETS

2,164,009AKZ
BUSINESS TURNOVER

2,068
EMPLOYEES

NET INCOME FOR THE YEAR
(million AKZ)

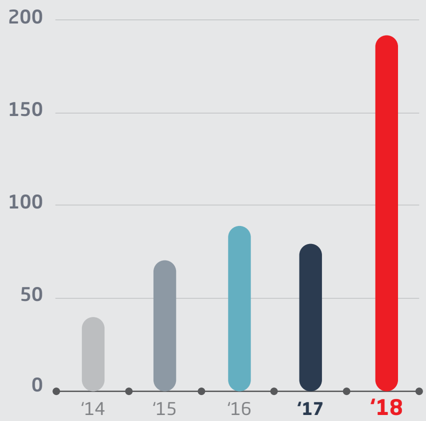


Increase of 49% compared to 2017.

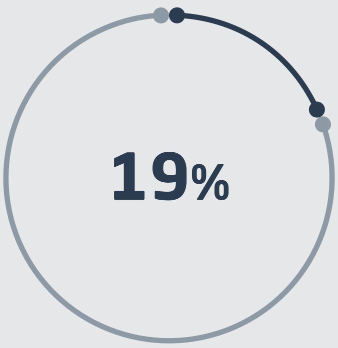
CUSTOMER LOANS AND DEPOSITS
(million AKZ)

Business volumes increased 23.5% compared with 2017.

NET INTEREST INCOME
(million AKZ)



Banking income trend influenced by the rise in the foreign exchange result in 2018 compared to the previous year.

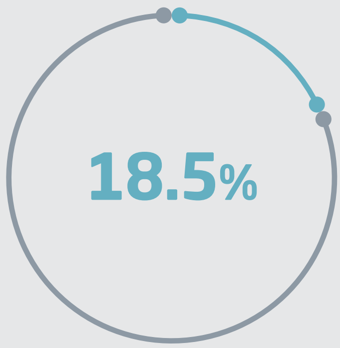


STRUCTURAL COSTS/ NET INTEREST INCOME

The cost-to-income ratio deteriorated as a result of the decline in net interest income.

REGULATORY SOLVENCY RATIO

Ratio above the 10% minimum required by the National Bank of Angola.



LOANS IN DEFAULT

The coverage level rose to 137%.

Amounts expressed in millions of Angolan kwanza

	'18	'17	Δ% 2018/2017	Δ% 2018/2017
Total Net Assets	1,307,706	1,011,991	295,715	29%
Business Turnover	2,164,009	1,752,420	411,589	23%
Loans to the economy	1,243,313	965,185	278,128	29%
Customer loans	526,481	372,395	154,086	41%
Loans to the state	608,149	522,525	85,624	16%
Off balance sheet items	108,683	70,265	38,418	55%
Customer funds	920,696	787,235	133,461	17%
Business turnover per Employee	1,046	847.8	199	23%
Income from financial brokerage	191,040	79,166	111,874	141%
Income from financial brokerage per Employee	92.4	38.3	54	141%
Administrative and commercialisation costs/ Income from financial brokerage	18.6%	36.0%	(0.2)	48%
Staff costs/Income from financial brokerage	12.6%	24.4%	(0.1)	48%
Net income for the year	51,004	34,253	16,751	49%
Net position	234,000	118,442	115,558	98%
Pretax income/average net assets	4.6%	3.6%	0.01	28%
Income from financial brokerage/average net assets	16.5%	7.8%	0.09	112%
Pretax income/average shareholders' equity	30.5%	30.4%	0.00	0%
Regulatory solvency ratio	23.1%	16.0%	0.07	44%
Number of Branches	231	227	4	2%
Number of Employees	2,068	2,067	1	0%
Number of Customers	1,477,707	1,423,363	54,344	4%

Amounts expressed in millions of USD

	'18	'17	Δ% 2018/2017	Δ% 2018/2017
Total Net Assets	4,236	6,099	(1,863)	-31%
Business Turnover	7,012	10,561	(3,549)	-34%
Loans to the economy	4,029	5,816	(1,787)	-31%
Customer loans	1,706	2,244	(538)	-24%
Loans to the state	1,971	3,149	(1,178)	-37%
Off balance sheet items	352	423	(71)	-17%
Customer funds	2,983	4,745	(1,762)	-37%
Business turnover per Employee	3.4	5.1	(2)	-34%
Income from financial brokerage	619	477	142	30%
Income from financial brokerage per Employee	0.3	0.2	0.07	30%
Administrative and commercialisation costs/ Income from financial brokerage	18.6%	36.1%	(0.17)	48%
Staff costs/Income from financial brokerage	12.6%	24.3%	(0.12)	48%
Net income for the year	165	207	(42)	-20%
Net position	758	714	44	6%
Pretax income/average net assets	3.4%	3.6%	(0.00)	-6%
Income from financial brokerage/average net assets	12.0%	7.8%	0.04	54%
Pretax income/average shareholders' equity	23.6%	32.4%	(0.09)	-27%
Regulatory solvency ratio	23.1%	16.0%	0.07	44%
Number of Branches	231	227	4	2%
Number of Employees	2,068	2,067	1	0%
Number of Customers	1,477,707	1,423,363	54,344	4%

BancoBIC

01

BANCO BIC ANGOLA

Organizational Structure

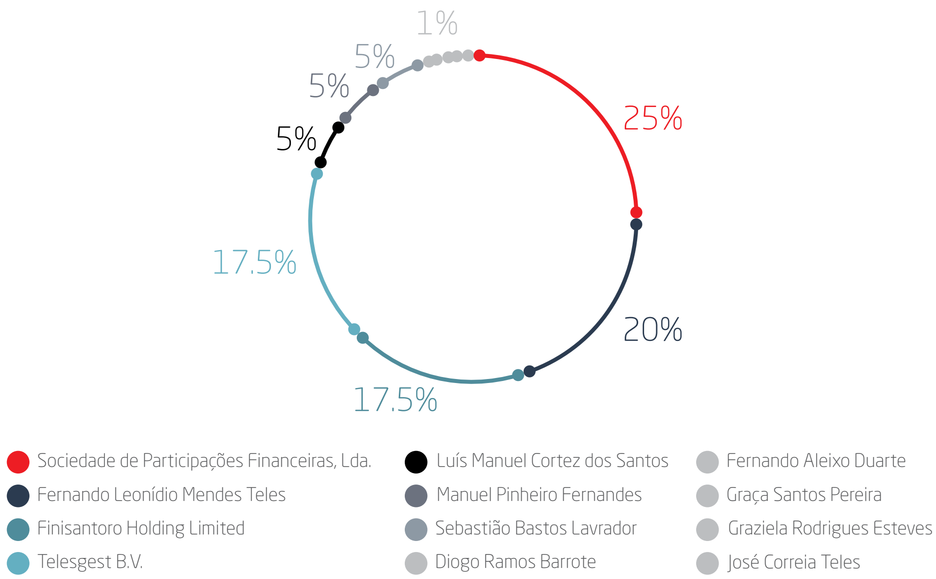
Governance Model

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

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

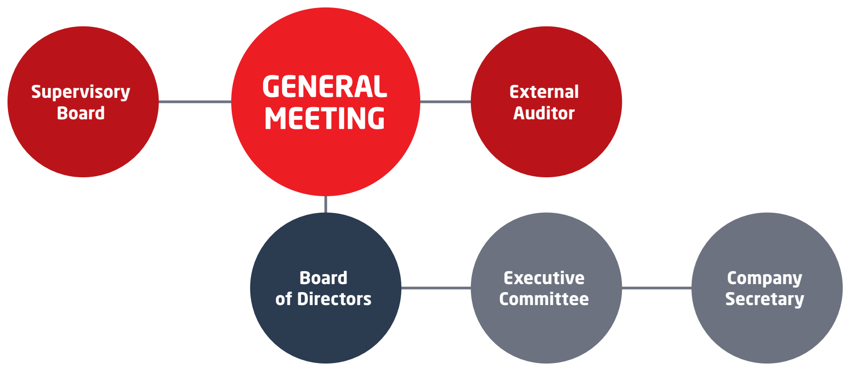
The Bank is dedicated to obtaining funds from third parties in the form of deposits or other resources, which it uses, together with its own resources, to grant loans, make deposits at the National Bank of Angola, investments in credit institutions and acquire securities and other assets, for which it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

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



The members of its Governing Bodies were elected for the three-year period 2017/2020 at the General Meeting of 27 April 2017. On that same date, the Board of Directors appointed, in accordance with the Bylaws, the members of the Executive Committee of the Board of Directors and its Chairman.

Organizational Structure



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

BancoBIC

General Meeting

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

- Appointing the Members of the Board of Directors, the Audit Committee, the Chairman, the Vice-Chairman and the Secretaries of the Board of the General Meeting, as well as the External Auditor;
- Consideration of the annual report of the Board of Directors, discussion and voting on the balance sheet and accounts of the Bank, taking into account the opinion of the Supervisory Board and the External Auditor;
- Approval of fixed and / or variable remuneration of members of statutory bodies;
- Deliberation on the distribution of results, based on a proposal by the Board of Directors;
- Deciding on amendments to the Bylaws.

Board of Directors

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

Meetings of the Board of Directors are held at least quarterly and whenever deemed necessary and convened by the Chairman of the Board of Directors.

Executive Committee

The Executive Committee, within the scope of its powers and subject to the action plans and the annual budget, as well as to other measures and guidelines approved by the Board of Directors, has extensive management powers for the conduct of the Bank's current activity, and its performance is permanently monitored by the Board of Directors, the Supervisory Board and the External Auditor.

All members of the Executive Board play an active role in the day-to-day management of the Bank's business, with each having the responsibility for one or more specific business areas, according to their profile and individual specializations, independent of concentration to a greater or lesser extent of one or another element in a given area.

The Executive Committee, composed of 7 members, meets, at the invitation of its President, at least once a month.

Company Secretary

The Company Secretary is designated by the Board of Directors and the term of their duties coincides with the term of office of the members of the designating Board of Directors.

Supervisory Board

The composition of the Audit Committee is governed by the provisions of the Bylaws, and is composed of a President and an effective member. The Supervisory Board meets at least once every quarter.

External Auditor

The external auditing is carried out by C&S Assurance And Advisory, S.A. (Grant Thornton Group). The rules for the provision of services by the External Auditor are defined in Notice no. 04/2013 of April 22, of the National Bank of Angola.

The Bank considers that the External Auditors meet the requirements of availability, knowledge, experience and suitability required for the full performance of their duties.

Governing Bodies

From left to right:
Jaime Galhoz Pereira (Director)
Pedro Nunes M'bidingani (Director)
Fernando Aleixo Duarte (Director)
Graziela Rodrigues Esteves (Director)
Fernando Mendes Teles (Chairman)
Graça Maria Pereira (Director)
José Manuel Cândido (Director)
Hugo Silva Teles (CEO)

The Bank has changed its governing bodies, in line with the BNA's requirement regarding the number of members of each body, as well as their composition.

General Meeting
Chairman
Manuel Pinheiro Fernandes

Secretary
Luís Manuel Cortez dos Santos

Board of Directors
Chairman
Fernando Mendes Teles

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

Executive Committee of the Board of Directors
CEO
Hugo Silva Teles

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

Company Secretary
Marta Carvalho

Supervisory Board
Chairman
Henrique Camões Serra

Member
Maria Ivone dos Santos

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

(*) Non-executive board member (**) Independent non-executive board member

Organizational Chart

The functional structure of the Bank as of December 31, 2018 allows a clear division of the areas and functions of each Division and / or office, under the authority of each executive director.

The functional organization chart of the Bank can be presented as follows:

BancoBIC

Composition of the structural units

Hugo Teles
Chairman

DRHF
Human Resources and Training Division

MAIN DUTIES:

- Recruitment of Human Resources, which includes human resource planning, candidate market research, recruitment, selection and integration;
- Human Resource allocation, which includes analysis and description of functions, movement of personnel (both horizontally, vertically or diagonally), career planning and evaluation of merit or performance;
- Maintenance of Human Resources, which includes remuneration (salary management), social benefit plans (health), other benefits (Credit), occupational health and safety, records, personnel controls and labor relations (declarations, certificates work and others);
- Human Resource Development, which includes training and staff development plans; and,
- Human Resources Control, which includes management indicators, human resources information systems (data search and processing, statistics, records, reports, maps and statements).

Operational support and accounting department
Senior Director: Telma Pinheiro
Deputy director: Sarah Figueiredo
Number of Employees: 5

DAP
Provisioning Division

MAIN DUTIES:

- Launch consultations with suppliers of goods and services, provided that due to their specificity / technical requirements they should not be carried out by other divisions of the Bank;
- Negotiate and execute contracts for the supply of goods and services, provided that due to their specificity / technical requirements they should not be carried out by other divisions of the Bank;
- Acquire, store and distribute goods and services;
- Ensure that delegated powers are complied with for the realization of expenditure and investment by the Bank's various organizational divisions;
- Ensure the verification of invoices for the acquisition of goods and services carried out by the Bank, as validated by the requesting divisions, and coordinating payment thereof with the Accounting Division;
- Coordinate the process of quality control for the goods and services provided that are managed by the Provisioning Division, to ensure compliance with the established service levels;
- Ensure the management of recovered vehicles and equipment resulting from leasing or automobile credit operations, in order to sell them to pay down amounts in arrears;
- Ensure the security conditions for people and goods within the Bank's facilities;

Operational support and accounting department
Senior Director: Alberto Castelo Branco
Deputy director: Álvaro Alves
Number of Employees: 30

DP
Material Resources Division

MAIN DUTIES:

- Launch consultations with suppliers of goods and services, provided that due to their specificity / technical requirements they should not be carried out by other divisions of the Bank;
- Negotiate and execute contracts for the supply of goods and services, provided that due to their specificity / technical requirements they should not be carried out by other divisions of the Bank;
- Acquire goods and services;
- Store and distribute goods and services;
- Ensure that delegated powers are complied with for the realization of expenditure and investment by the Bank's various divisions;

- Ensure the validation of invoices for the acquisition of goods and services carried out by the Bank, previously validated by the requesting Organic Units and promote payment thereof to the Accounting Department.

Operational support and accounting department
Senior Director: Tiago Pacheco
Number of Employees: 13

DPB
Private Banking Division

MAIN DUTIES:
- Collaborate with the Board and the Marketing Department to define the global commercial strategy and in the value proposition regarding the Private segment, promoting execution and implementation; and,
- Supporting Private Bankers when visiting important Clients, in order to boost business acquisition, and in the efforts to attract high-potential Clients.

Commercial Department
Senior Director: Stephan Silva
Deputy director: Lúcia Rodrigues
Number of Employees: 6

GF
Fixing Division

MAIN DUTIES:
- Ensure the verification and correctness of the legal documents that are part of the processes associated with each operation;
- Perform prior analysis of operations approved in the decision circuit, validating the documentation submitted, as well as the correct and adequate framework in accordance with the existing legislation and manuals of products and services; and,
- Request a review of the operations by the appropriate decision circuit, if there are any deficiencies in its procedure, suggesting the appropriate guidelines for the correct formalization of operations.

Operational Department
Senior Director: José Carlos Silva
Deputy director: Helga Peres
Number of Employees: 12

GP
Division of Shareholdings

MAIN DUTIES:
- Ensure the realization and issuance of Life Insurance and Non-Life Insurance, carried out by means of guarantees associated with Loans granted by the Bank; and
- Ensure the Maintenance of Policies / Amendments / Cancellations / Repositions associated with Credit products.

Operational support and accounting department
Senior Directors: Fátima Monteiro/Joaquim Moutinho
Number of Employees: 3

TC
Centralised Treasury

MAIN DUTIES:
- Ensure that the collection and delivery of cash and securities in the Branches is carried out within the deadlines set for this purpose;
- Ensure that the maximum ceiling stipulated for the Branch holdings is never exceeded, mitigating operational risk; and,
- Ensure that the Treasury's holdings in the Bank are never exceeded, by depositing with the Central Bank.

Operational Department
Senior Director: Inocêncio Almeida
Deputy director: Afonso Nunda
Number of Employees: 17

DCI
Investment
Center Division

MAIN DUTIES:

- Development of best practices for monitoring and prospecting to strengthen the commitment of those who invest in order to achieve the successful execution of each project, building strategic partnerships and valuing synergies;
- Follow-up throughout the whole cycle of the investment project with the Investor, from conception until the moment of full activity; and,
- Study of investment alternatives that accompany the evolution of business needs, streamlining the commercial network of economic agents who maintain financial relations with the Bank.

Commercial Department
Senior Director: Monalisa Dias
Unit Director: Lúcia Rodrigues
Number of Employees: 12

Graziela Esteves
Member

DPN I
Individuals
and Business
Division I

MAIN DUTIES:

- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department
Senior Director: Henrique Oliveira
Unit Directors: Edna Gaspar / Pedro Marta / Marcília Gonçalves
Number of Employees: 239

DE I
Companies
Division I

MAIN DUTIES:

- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department
Senior Director: Pedro Velado
Unit Directors: Dácia Nascimento / Luena Fundões / Dinamene Monteiro / Telmo Bernardo
Number of Employees: 63

DE II
Companies Division II

MAIN DUTIES:

- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department
Senior Director: Regina Guimarães
Unit Directors: Ana Marques / Alfredo Castro
Number of Employees: 39

Fernando Duarte
Member

DSI
Information Systems Division

MAIN DUTIES:

- Identify and promote the definition of the strategic lines of intervention related to Information Systems and their technological support;
- Manage, in an integrated manner, the components of information systems and technological infrastructure, in order to guarantee permanent alignment with current needs and to identify the foreseeable impact resulting from new requests from the various Business Units; and,
- Ensure the planning and development of actions necessary for the adoption of means and methods based on strict guidelines in terms of productivity, efficiency, quality, control, safety, service levels and costs.

Operational support and accounting department
Senior Director: Luis Nikolai
Deputy Director: Rui Valente
Number of Employees: 28

DPN II
Individuals and Business Division II

MAIN DUTIES:

- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department
Senior Directors: Amílcar Aguiar / Francisco Lourenço / António Silva / José Assis
Coordinating Directors: Maria Fátima Silva / Elizabeth Pina
Unit Directors: Edgar Magalhães / Fábio Leitão / Francisco Melo / João Ivungo / Justina Praça / Patricia Faria / Simão Finde / José Antunes
Number of Employees: 698

DPN III
Individuals and Business Division III

MAIN DUTIES:
- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department
Senior Director: Susana Silva
Unit Directors: Carlos Santos / Hélio Lopes
Number of Employees: 123

DCAMP
Alternative channels and payment systems Division

MAIN DUTIES:
- Guarantee the implementation and efficient operation of the following processes and products: Banking Cards (Debit, Credit or others); Automatic Payment Terminals (TPAs); ATMs; Interactive Services (netBanking - Individuals; netBanking - Companies); and Other Alternative Channels (MobileBanking, TabletBanking, SMS Banking, among others);
- Contribute, in coordination with other division, to defining new products and services, campaigns and promotional actions, new functionalities or improvements in existing ones; and,
- Ensure a correct and permanent functioning of TPAs and ATMs.

Operational support and accounting department
Senior Director: N'Kiniani Rangel
Subdiretor: Márcia Lima
Number of Employees: 31

DE III
Companies Division III

MAIN DUTIES:
- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department
Senior Director: Susana Silva
Number of Employees: 9

Graça Pereira
Member

DAI
Audit
and Inspection
Division

MAIN DUTIES:

- Define and prepare the Annual Audit Plan, ensuring its execution;
- Ensure auditing of all Bank Branches, Business Centers, Investment Centers and Central Services;
- Prepare audit reports, proposing corrective measures for irregular or deficient situations when found;
- Analyse customer complaints that require the intervention of the DAI, articulating with the divisions involved and collaborating, when necessary, in the preparation of the corresponding response; and,
- Conduct, when necessary, inspections (analysis and technical evaluation) of bodies or events that may present irregularities, or for the eventual clearance of responsibilities in situations that are illegitimate, fraudulent or in contravention of the established rules and guidelines, which may affect interests of the Bank or third parties.

Operational support and accounting department
Senior Director: Paula Sousa
Subdirectores: Fernanda Pinto / Adilson Joaquim
Number of Employees: 19

DARC
Credit Risk
Analysis
Division

MAIN DUTIES:

- Conduct the analysis of credit operations with respect to the risk of the Client or Group, within the scope defined in the Credit Regulations;
- Proceed with the preparation of Credit Risk Reports of Clients / Groups (Credit Reports), focusing on analysis developed for new and larger exposures, less typical and more complex credit situations, that are assessed by the Credit Board;
- Ensure the processes of creating Balance Sheet and Credit Risk Ratings, and maintaining them;
- Ensure the appropriate creation and maintenance of Business Groups and Circles; and,
- Provide management information on matters within its responsibilities.

Operational support and accounting department
Senior Director: Carla Estronca
Deputy Director: Maria Franco
Number of Employees: 19

DOQ
Organization
and Quality
Division

MAIN DUTIES:

- Ensure the preparation and maintenance of the Internal Regulations, in conjunction with the Bank's divisions, obtain Board approval, publish the regulations and maintain the historical archive;
- Ensure or collaborate in the definition of the organizational structure and competencies / attributions of the Bank's divisions, obtain Board approval, publish and maintain the historical archive;
- Design and ensure the maintenance of the contents of the Bank's forms and templates; and,
- Promote collaboration and the sharing of information and knowledge among the various Functional Structures of the Bank;
- Complaints Management;
- Manage and resolve in a timely fashion complaints submitted by Clients;
- Ensure the registration and control of compliance with the deadlines established by the Bank and the BNA for the handling of complaints.

Operational support and accounting department
Senior Director: Augusto Valente
Subdirector: Maria Manuela Pereira
Number of Employees: 5

DR
Risk
Division

MAIN DUTIES:

- Obtain an integrated view of the risks to which the Bank is exposed in order to understand their various impacts, including changes in internal capital;
- Implement risk management and measurement methodologies appropriate to the materiality and characteristics of each type of risk;
- Ensure the implementation of a sound and reliable risk management and measurement system that allows for the integrated and segmented treatment of risks and the understanding of their respective impacts;
- Promote the level of internal control;
- Coordinate the preparation and maintenance of the Business Continuity Plan; and,
- Contribute to the strengthening of an internal culture of risk and improvement of the quality of services.

Control Area

Director: Lilia Rangel
Number of Employees: 3

DJRC
Legal and Credit
Recovery
Division

MAIN DUTIES:

- Analyse the processes presented by the Commercial Networks;
- Prepare proposals for regularization of debts;
- Support, in its sphere of action, all processes assigned to external lawyers;
- To respond to technical-legal consultations, formulated by all the Bank's bodies; and,
- Prepare financial and commercial contracts.

Operational support and accounting department

Senior Director: Carlos Campos
Deputy Director: Joaquim Machado
Subdirector: Isilda Tavares
Number of Employees: 26

Jaime Pereira
Member

DIF
International
and Finance
Division

MAIN DUTIES:

- Coordinate the management of the foreign exchange position and foreign exchange risk, the liquidity management of the Bank, and compliance with mandatory reserves;
- Monitor compliance with the limits of exposure to market and counterparty risks;
- Control and ensure proper registration in the Bank's systems of all operations performed;
- Ensure the treatment and registration, in the appropriate information systems, of the operations carried out with Counterparties, in a timely manner and in accordance with the procedures established for this purpose;
- Collaborate in the updating of the Bank's pricing for Products and Services related to the activity of the division;
- Establish the pricing of foreign exchange products (spot and forward), foreign currency notes and money market transactions; and,
- Monitor market trends.

Operational department

Senior Directors: Bruno Bastos / Irene Vezo
Number of Employees: 12

DC
Accounting
Division

MAIN DUTIES:

- Prepare the financial statements and all other elements of the Bank's accounts;
- Produce and report on accounting, prudential, statistical and tax information to supervisory bodies and tax authorities, ensuring compliance with accounting regulations and regulatory and tax requirements;
- Manage third-party billing and payments to third parties.

Operational department

Senior Director: Alzira Gama
Deputy directors: Edhylaine Tavares / Soraia Ramos
Number of Employees: 16

DCG
Management Control Division

MAIN DUTIES:

- Guarantee technical support to the Board, proposing strategic guidelines, for the achievement of clearly defined business objectives, and ensure coordination of the planning and control of the activity of the different Business Areas and Central Services. Prepare the Business Plan (medium- and long-term) and the Annual Budget;
- Guarantee the evaluation and the commercial activity of the Business Units and control the operational costs of the Central Services Divisions, ensuring the coordination, preparation and oversight of the execution of the respective annual budget.
- Prepare and present management information to support the evaluation of the Bank's monthly performance of each Business Unit and each Division of Central Services;
- In the context of the Bank's internationalization of the Bank, ensure the timely provision of the financial, accounting and operational information of the Bank and the other Entities of the BIC Universe, on a consolidated basis, to the different Supervisory Entities, namely the National Bank of Angola;

Control area

Senior Director: Sara Teles
Number of Employees: 3

GC
Compliance Office

MAIN DUTIES:

- Prepare and present to the Board and to the Supervisory Board a report, at least annually, identifying any non-compliance and the measures adopted to correct any deficiencies detected;
- Immediately provide the Board with information of any evidence of violation of legal obligations, rules of conduct and relationship with Clients or other duties that may cause the Institution or its Employees to be liable for a unlawful administrative offence;
- Monitor and disseminate the legislation and regulations published by the different supervisory and regulatory entities; and,
- In the field of the Prevention of Money Laundering and Terrorist Financing: ensure the updating of internal regulations in the light of changes to the current legislation and the reliability of the Prevention of Money Laundering and Terrorism Financing software applications.

Control area

Senior Director: Mafalda Carvalho
Subdirector: Sónia Almeida
Number of Employees: 6

GMC
Capital Markets Office

MAIN DUTIES:

- Enable Clients to execute, in a single point of contact, the main financial instruments of capital markets, at all times guaranteeing the necessary conditions of reliability, security and transparency;
- Promote the offer of investment advice to high net worth Bank Customers; and,
- Ensure the organization and preparation of capital market and debt operations.

Operational support and accounting department

Manager: Bruno Bastos
Number of Employees: 1

DBA
BIC Agro Division

MAIN DUTIES:
- Streamline, provide technical support to and follow-up for the Bank's Commercial Networks, in relation to Credit products designed for Agriculture, Livestock and Fisheries sectors;
- Ensure the follow-up and monitoring of the protocol-based credit lines (Angola Investe).

Commercial Department
Senior Director: Jorge Veiga
Number of Employees: 3

José Cândido
Member

DPE
Payments and International Division

MAIN DUTIES:
- Open, maintain and liquidate documentary operations and external financings, OPEs and OPRs;
- Perform the compensation received tasks received; and,
- Carry out the tasks inherent to Bank checks paid or deposited in the in the Commercial Network.

Operational support and accounting department
Senior Director: Inês Carvalho
Subdirector: Paulo Brito
Number of Employees: 32

DSO
Operational Support Division

MAIN DUTIES:
- Receive the credit proposals presented by the Commercial Networks and register them for monitoring and control purposes;
- Provide full support to the Commercial Network for requests for information on the status of the credit operations;
- Make the debit to the Client of the commissions and expenses of contracts that occur.

Operational support and accounting department
Senior Director: Jerusa Guedes
Subdirector: Katimbala Inglês
Number of Employees: 11

DPN IV
Individuals and Businesses Division IV

MAIN DUTIES:
- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department
Senior Director: Horácio Almeida
Unit Directors: Felícia Fortes / Paula Cajada / Nelson Guilherme
Number of Employees: 265

GAN
Angola - Namíbia
Office

MAIN DUTIES:

- In order to increase the internationalization of the Bank, ensure and / or expedite the commercial relationship between Banco BIC Angola, S.A. and Bank BIC Namibia and the respective Clients (or potential Clients); and,
- In the scope of the commercial relationship referred to in the previous paragraph, ensure the creation and maintenance of efficient communication and procedural channels, in strict compliance with the legal framework of both Countries and the internal rules of the Institutions.

Operational support and accounting department

Manager: José Carlos Silva
Number of Employees: 1

GCC
Foreign
Exchange
Control Office

MAIN DUTIES:

- Monitor all regulations published by the BNA on foreign exchange transactions;
- Maintain appropriate control systems for compliance with legislation and regulation, updating when necessary;
- Certify the correct opening and movement of foreign exchange accounts held by non-residents, through collaboration with the GC;
- Comply with the legislation and foreign exchange regulation of operations not subject to licensing, in cases where approval has been delegated by the Bank;
- Ensure the correct constitution of the processes of requesting licensing or registration of operations, and their timely dispatch to the BNA;
- Ensure the correct and timely execution of foreign exchange operations, as well as accounting records and reporting systems to the BNA;
- Ensure timely and correct reporting of all information to be sent to the BNA;
- Represent the Bank in contact with the BNA for all foreign exchange issues, through the person responsible for the exchange control function;
- Check the framework of foreign exchange transactions in the business of the "collective customer" Client, considering its nature, size and financial situation among other factors and, in the case of "private Clients", the framework of its circumstances and financial situation within the framework of the process of modernization of transactions provided for in Law 34/11 on the Prevention of Money Laundering and Terrorist Financing.

Control area

Manager: Lexter Soares
Number of Employees: 4

Pedro M'Bidingani
Member

DPN V
Individuals
and Businesses
Division V

MAIN DUTIES:

- Define and implement commercial policies, within the scope of the commercial strategy determined by the Bank's Board of Directors;
- Stimulate the acquisition of Customers and businesses in target segments;
- Analyse market conditions;
- Establish commercial objectives, in coordination with the Board of Directors and the Commercial Divisions of the Branch Network;
- Monitor and control the division's overdue loans and promote their recovery;
- Accompany and collaborate on measures that minimize the latent risk in Clients who present warning signs, not only non-compliance of operations; and,
- Analyse reports from the Audit and Inspection Division on commercial and administrative activities; monitor and promote the correction of anomalies; and give written notice to the Administrator of the Department of the measures taken.

Commercial Department

Senior Directors: Anabela Santinho / José Zacarias
Unit Directors: Rui Caetano / Armindo Cunha / Solange Martins
Number of Employees: 326

DM
Marketing
Division

MAIN DUTIES:

- Propose the launch of commercial promotion campaigns to support the Bank's strategic objectives, especially those aimed at the marketing of new products and services, monitoring the achievement of the defined objectives;
- Keep updated content available on the intranet and the internet;
- Ensure and validate the performance by Advertising Agencies regarding all advertising materials and publicity related to the implementation of TV and radio spots, press ads, billboards, banners, leaflets, etc.);
- Coordinate and monitor the organization of all events, such as Board Meetings, Conventions and Anniversaries;
- Implement the necessary processes for the publication of Annual Reports, guaranteeing coordination with the Communication Agency selected for editing and production; and,
- Analyse, negotiate and implement all sponsorships, ensuring the results pay off against the investment and ensuring the correct application of the brand identity in the various materials.

Operational support and accounting department

Senior Director: Ramiro Mendes
Subdirector: Inês Fernandes
Number of Employees: 4

GAP
Angola - Portugal
Office

MAIN DUTIES:

- In order to increase the internationalization of the Bank, to ensure and / or expedite the commercial relationship between Banco BIC Angola, S.A. and Banco BIC Português, S.A. and its respective Clients (or potential Clients); and,
- In the scope of the commercial relationship referred to in the previous paragraph, ensure the creation and maintenance of efficient communication and procedural channels, in strict compliance with the legal framework of both Countries and the internal rules of the Institutions.

Operational support and accounting department

Senior Director: José Carlos Silva
Number of Employees: 3

Remuneration Policy

Disclosure of quantitative information

In compliance with the provisions of article 22, paragraph 3, point d) of the Notice of the National Bank of Angola No. 01/2013, of March 22, we hereby disclose that the remuneration earned in the year 2018 by the Board of Directors and Supervisory Board amounted to approximately 440 million kwanzas (321 million kwanzas in 2017).

Annual disclosure on the remuneration policy

1. Remuneration of the Corporate Bodies

1.1. The Remuneration Policy for the Corporate Bodies of Banco BIC, SA in force in 2018 was approved by the General Meeting on April 26, 2018, proposed by the Board of Directors.

1.2. No external consultants participated nor was there a Remuneration Committee involved in defining the Remuneration Policy.

1.3. The Remuneration Policy in 2018 was consistent with the Bank's long-term interests and did not encourage excessive risk-taking.

1.4. Non-executive directors receive only a fixed remuneration approved by the General Meeting.

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

1.6. Remuneration of the members of the Executive Committee::

a) All members of the Executive Committee receive a fixed remuneration, paid 14 times a year;

b) Annually, the General Meeting evaluates the Management, considering the fulfillment of objectives, quantitative and qualitative results achieved, as well as their origin and nature, their sustainability or occasionality, the risk associated with obtaining them, regulatory compliance, added value for Shareholders, and how the institution interacted with other stakeholders.

1.7. Remuneration of the Members of the Board of the General Meeting:

The members of the Board of the General Meeting receive a fixed attendance payment for each participation in the General Meeting, as defined and approved by this Meeting.

The Remuneration Policy in 2018 was consistent with the Bank's long-term interests and did not encourage excessive risk-taking

2. Employee Remuneration

2.1. The Remuneration Policy of Employees of Banco BIC, SA in force in 2018, was approved by the General Meeting on April 26, 2018, at the proposal of the Board of Directors.

2.2. The evaluation of Employee performance happens at least once a year, and is carried out by the respective hierarchical superior. The attribution of the variable component of the remuneration depends on the result.

2.3. Employees who maintain a legal-labor relationship with the Bank, through a work contract, do not benefit from other forms of remuneration other than those resulting from the normal application of labor law, without benefiting from any system of annual bonuses or any other non-pecuniary benefits, without prejudice to the possibility of obtaining variable remuneration in accordance with the remuneration policy in force.

Mission, Vision and Values

Our vision is centred around everyone's commitment to our mission, through the work carried out based on our corporate values, which embodies our slogan: Investing together, growing together.

Vision

To be the best and largest private Bank in Angola, growing in a sustainable and innovative way, and offering the best solutions to Customers, with a permanent capacity for renewal, actively contributing to the development and growth of the country.

Mission

To be a solid, profitable, socially responsible, efficient, and agile Bank with a national and international presence, focused on value creation, businesses and family partners, distinguished by the valuation of assets, by customer satisfaction and by the accomplishment of its Employees, always guided by behavior of high ethical and social responsibility.

Values

To reflect in all of our behavior, attitudes and decisions the principles that guide us in the exercise of our responsibilities, as well as in the pursuit of our goals:

Customer Focus

To build lasting relationships with customers based on rigor, integrity and transparency. Our dedication and commitment to our values make our customers aware that they can count on us to provide excellent services that help them achieve their personal and professional goals.

Innovation

To continuously observe and interpret the market so that we can make a difference in a highly competitive environment, not only by anticipating solutions and acquiring new knowledge, but also by creating value.

Ambition

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

Continuous Recognition and Appreciation of Employees

Human Resources is one of the great driving forces behind our growth and the realization of our strategic objectives. We strive to create working conditions and individual career paths that will provide satisfaction and increase the motivation of all, as well as giving priority to continuous investment in the development of technical and behavioral skills.

Teamwork

The pursuit of our Mission is not the work of a single person, but of us all. The constant combination of talents and skills seeks to create highly effective teams capable of always doing more, and better, thus allowing us to go beyond our own limits.

High standard of integrity

The actions of all our Employees follow principles of a high ethical level and are rigorously guided by the Bank's regulations and recommendations, inspired by the legal framework established by the Regulatory Authorities.

Social Reponsibility

Wherever we are, we strive to create an environment conducive to investment and growth, and we seek to be fully integrated into the Community, in terms of our involvement with the population as well as the services provided. The legacy of each of our Employees and the team as a whole is the building of a better world for the next generations.

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


BancoBIC
BancoBIC

BancoBIC


Calendário
SEG TER QUA QUI SEX SÁB DOM
1 2 3 4 5 6 7
8 9 10 11 12 13 14
15 16 17 18 19 20 21
Angola
Março
BancoBIC

02

MACROECONOMIC BACKGROUND

World Economy

The global economy remained on a growth path in 2018, reflecting the continuation of generally favorable conditions in the financial and labor markets, and high confidence levels among economic agents, notably in the main advanced economies. Nevertheless, during the year there was some slowdown and a reduction in the synchronization between countries in the different economic blocs. This occurred in a context of increased trade protectionism and episodes of financial turmoil in some of the most vulnerable emerging economies, boosted by rising US interest rates (in a context of normalizing their monetary policy), and by the increased risk aversion among international investors.

The global economy remained on a growth path in 2018, particularly in the main advanced economies

Global activity

According to information available for 2018, overall economic activity slowed marginally over the previous year, after having shown the highest growth rate in six years in 2017. The most recent estimates by the International Monetary Fund (IMF) point to world GDP growth of 3.7% in real terms, following an expansion of 3.8% in 2017 and 3.3% in 2016. This occurred in a context of some economic slowdown in most economic blocs, albeit with important exceptions.

In the US, the economy accelerated in 2018 compared to the previous year (GDP growth rate of 2.9% in 2018, compared to 2.2% in 2017), resuming the performance levels of three years earlier. The robust development of the economy took place in the context of a significant fiscal stimulus package and a dynamic labor market. The adverse effects associated with the trade protection measures announced at the end of the year have not yet been felt in the performance of the economy.

In contrast, the Euro Area registered a deceleration of economic activity in 2018. The rate of change of GDP was 1.8% in the year, after having reached a growth rate of 2% in 2017, the highest figure in a decade. This development was mainly driven by a significant slowdown in exports against a backdrop of a loss of dynamism in external demand (after a strong expansion at the end of 2017). The deceleration of activity affected most of the Member States. In terms of the largest economies, GDP slowed in Germany by 1 percentage point (pp) to 1.5%, in France by 0.8 pp to 1.5%, in Italy by 0.6 pp to 1.0% and in Spain by 0.5 pp to 2.5% (thus remaining above the euro area average). The year 2018 was also characterized by a slowdown in the smaller economies, with the exception of Cyprus, Slovakia, Luxembourg and Greece.

In the United Kingdom there was a further loss of dynamism in 2018, with the GDP growth rate declining 0.4 pp to 1.4% for the year as a whole, the lowest rate in six years. The slowdown in exports and the stagnation of investment, in the context of production disruption in several sectors, due to adverse and severe weather conditions, the fall in exports in the automotive sector and, more generally, the high level of uncertainty surrounding the plans to exit the European Union, known as Brexit.

In Japan, economic activity also decelerated in 2017, from a growth rate of 1.9% in 2017 to 0.9%, returning to the growth rate of two years earlier. GDP performance reflected the substantial slowdown in exports and, less intensely, the loss of dynamism in private consumption and investment (particularly in housing). Of particular note is the weakening of business confidence and the disruption of productive activity in some sectors of activity following natural disasters that caused damage to the economy.

As for the group of emerging and developing economies, there was a slight deceleration of GDP in 2018, reversing the movement registered in the previous year. Several of these economies faced less favorable monetary and financial conditions in the context of the outflow of financial capital, falling prices in the financial and foreign exchange markets, rising trade tensions and rising Central Bank interest rates in response to growing inflationary pressures. However, this concealed varied behavior among some of the different economic blocs, as follows;

In China, GDP declined by 0.3 pp in 2018 to reach growth of 6.6%, reflecting a loss of dynamism in export activity coupled with some weakening of growth in consumption and real estate investment. Even so, the impact related to the rise in US-imposed customs tariffs will have been mitigated by the implementation of expansionary macroeconomic policies and the weakening of the yuan in the foreign exchange market. Overall, emerging Asian economies maintained the pace of growth of the previous year of 6.5%, with the acceleration of activity in India to a rate of change of 7.3% counterbalancing the loss of dynamism in the remaining economies.

Among European emerging economies, the deceleration was very marked, with GDP moving from an average growth rate of 6.0% in 2017 to 3.8% in 2018.

Similarly, the economies of Latin America and the Caribbean recorded a slight slowdown in economic activity in 2018. The growth rate stood at 1.1%, 0.2 pp less than in 2017. However, the largest the economies of this economic bloc presented a different course: Brazil registered a slight acceleration of GDP (up 0.2 pp to a 1.3% growth rate), with a gradual recovery from the recession of 2015-2016, while Mexico maintained the moderate growth rate of the previous year (2.1%), in the context of a new increase in Central Bank interest rates.

In Russia there was a gradual recovery from the recession of 2015-2016, with GDP accelerating 0.2 pp to a growth rate of 1.7% in 2018. This reflected essentially the contribution of net external demand in a context of depreciation of the ruble and offset the slowdown in domestic demand, resulting in particular from the sanctions imposed by the US. At the same time, all the other countries of the Commonwealth of Independent States showed a further strengthening of the strong growth already evidenced in 2016 and 2017, growing 3.9%.

Finally, the combined economies of the Middle East and North Africa recorded a modest acceleration in economic activity, which grew by 2.4% in 2018, compared to 2.2% in 2017, mainly supported by the energy sector, reflecting the recovery of international oil prices.

For 2019, IMF forecasts point to a further slowdown in global economic activity, with world GDP growing 3.5%. This deceleration will be mainly result from lower dynamism among the advanced economies (growth of 2.0%), but also (although to a lesser degree), of the emerging and developing economies (4.5%). Among the first group of countries, the slowdown in the US stands at 2.5%, and in the Euro area at 1.6%, while slight accelerations are expected in the United Kingdom (1.5%) and Japan (1.1%). As for the second group, significant acceleration is foreseen for Brazil, expected to grow by 2.5%, in contrast to slowdowns in China (6.2%) and Russia (1.6%). Overall, the main risk factors for economic activity stem from an intensification of protectionist trade policies, more restrictive international financial conditions and worsening geopolitical tensions.

+3.5%

Global GDP growth in 2019 (IMF forecast)

Labour Market

In the Euro area, the labor market remained in a cycle of expansion in 2018. Employment continued its growth trajectory, only slightly slower than in the previous year (a rate of change of 1.4% against 1.6% in 2017) and less intense than GDP, while the unemployment rate fell again (to an annual average of 8.4%, 0.7 pp lower than in 2017). In December, the unemployment rate reached 7.9%, which was the lowest since October 2008, although still slightly above the historical low reached at the beginning of 2008 (below 7.5%). The declining unemployment rate trend extended to all Member States.

In the United Kingdom, employment also maintained a slight upward trend, compared to the previous year, with a change of 0.8%, against 1.0% in 2017) and less intensely than GDP. In this context, the unemployment rate fell again, albeit at a lower pace than in previous years (the rate decreased by 0.1 pp to 4.3%, a 43-year low).

In the US, labor market conditions remained very robust in 2018, accompanying the acceleration of GDP. Employment grew at a rate of 1.5%, while the unemployment rate declined again, averaging 3.9% (corresponding to the lowest level in 49 years).

In Japan, despite the slowdown in GDP, employment accelerated significantly in 2018, to a growth rate of 1.8%, against 1.0% in 2017. As a result, the unemployment rate maintained the downward trend of previous years, falling from 0.1 pp to 2.7% (corresponding to 23-year low).

International trade

The volume of international trade in goods and services recorded a significant deceleration in 2018 at the world level, reversing the movement registered in the previous year. The trade growth rate stood at 4.0%, against 5.3% in 2017. This reflected the reduced dynamism of the the advanced economies, but above all lower trade volumes in the emerging and developing economies, reversing the contribution of the latter to the growth of international trade in goods in 2017, the highest in six years. Nevertheless, as the pace of growth in international trade was higher than that of world GDP, 2018 saw a further overall increase in the intensity of world trade, albeit at a slower rate than in 2017.

4.0%

International trade of goods and services registered significant deceleration in 2018

Inflation rates

In the advanced economies, the inflation rate as measured by the Consumer Price Index (CPI), rose again in 2018, albeit at a low international level (an average rate of 2.0% in 2018, up from 1.7% in 2017). This reflected, above all, the impact of international energy commodity prices on imported inflation, and in particular for the US, GDP growth above the long-term trend.

In the Euro Area, the inflation rate was 1.8% in 2018, 0.3 pp above that observed in the previous year. As a consequence, energy and food prices increased in combination with the effects of the depreciation of the euro against the US dollar, as wage cost pressures and underlying inflation remained contained.

In the United Kingdom, on the other hand, there was a marginal slowdown in prices in 2018, after a very strong acceleration in the previous year, in a context of sharp depreciation of the pound. The inflation rate was 2.6%, 0.1 pp lower than in 2017.

In the US, the acceleration of consumer prices in 2018 was much more intense than in the Euro Area, with the inflation rate increasing by 0.8 pp to 2.5%, reflecting the significant dynamism of economic activity in this country.

Japan also experienced price acceleration but continued to have lower inflation rate levels than the average for advanced economies. The rate stood at 0.8% in the 2018 figure, up 0.3 pp. from the previous year.

In the emerging and developing economies the inflation rate also rose, increasing the differential when compared to the average of the advanced economies, although the GDP growth differential remained constant. The average inflation rate for these countries was 4.9% in 2018, or 0.6 pp higher than the previous year. This evolution reflected, in the main, the inflationary effect of the exchange depreciations that occurred in several countries.

Monetary policy and interest rates

In response to the varying dynamics of economic activity and the rate of inflation (particularly as measured by the underlying indicator) during the year 2018 in the advanced economies, the respective Central Banks opted for different paces of change in their expansionary monetary policy stance.

The European Central Bank (ECB) maintained its benchmark interest rates unchanged during 2018 (at 0% in the case of the interest rate for the main refinancing operations) and indicated that it expects to rates to remain at that level "at least until the summer of 2019 and, in any case, as long as it is necessary to ensure that the evolution of inflation remains in line with current expectations of a sustained adjustment." In parallel, as of September, the ECB reduced the pace of monthly net purchases of debt securities (public and private) from 30 to 15 billion euros. At the end of December, the net debt securities purchase program was completed, but the ECB indicated it will continue to reinvest the outstanding securities acquired over the course of the program over an extended period (even after a possible rise in benchmark interest rates).

The European Central Bank held its key rates steady throughout 2018

In the US the Federal Reserve stepped up the monetary policy normalization process in 2018 with four hikes of 0.25pp each of its main Fed Funds rate over the course of the year, ending in the range of 2.25% to 2.5%, corresponding to the highest values in a decade. This trend has led to a sustained expansion of economic activity, a significant labor market tightening and an inflation rate close to the 2% target for the medium term. However, at the end of the year, in a context of a clear slowdown in the global economy, the Federal Reserve signaled a more gradual rise in interest rates in 2019 and 2020.

In the United Kingdom, the Central Bank opted once to change the official interest rate, increasing it in August from 0.5% to 0.75%, in a context of significant labor market tightening, accelerating labor costs and an inflation rate slightly above the 2% medium-term target. The program of unconventional measures of monetary expansion was maintained in the terms defined in 2016 and 2017.

In Japan, the Central Bank kept the short-term principal interest rate at -0.1% and the target for 10-year Treasury bond yields at 0%, but allowed for a larger fluctuation interval around this objective. The Bank of Japan also maintained the amounts of the program of unconventional measures of monetary expansion and control of the yield curve. The Bank strengthened its commitment to the objective of a sustained 2% value for the inflation rate, indicating that it will maintain the extremely low current level of short and long term interest rates for an extended period of time, taking into account the uncertainties regarding economic activity and prices.

In the capital markets, longer-term interest rates of advanced economies showed a rising trend in 2018, albeit with various intensities and directions throughout the year. In average values for 2018, yields on 10-year Treasury bonds were 0.4% in Germany (compared to 0.37% in the previous year), 1.13% in the Euro Area (0.52% in 2017) and 2.91% in the USA (2.33% in 2017).

The rise in the US followed the acceleration of economic activity and the increase in the Federal Reserve's key interest rate throughout the year, while in the Eurozone the rise in the risk premium of sovereign debt reflected in part the impact of political instability in several Member States, in particular Spain and Italy.

Foreign exchange market

In 2018, the US dollar appreciated against the euro, although at a lower pace than in the two previous years. This trend occurred in a context of a widening economic growth differential between the US and other advanced economies and the consequent divergence regarding the monetary policy stance and both short and long term yields. On the other hand, both the US dollar and the yen appear to have benefited from increased risk aversion among international investors. In the case of the pound sterling, there was an extension of the depreciation trend, given the continued uncertainty surrounding Brexit.

2018

A notable feature was the return to US dollar appreciation against the euro, though at a lower intensity than registered two years earlier

Comparing the average price of December 2018 with that of the previous year, the euro depreciated 3.8% against the dollar and 4.3% against the yen, while rising 1.7% against the pound sterling and 0.4% against the renminbi (yuan). Considering all 19 trading partners of the Euro Area, the effective nominal exchange rate of the euro increased by 2.5% over 2018, after a rise of 2.3% the previous year.

As for the currencies of emerging and developing economies, the trend towards a reduction in the exposure of international investors to higher risk assets in 2018 led to an intensification of capital outflows in several of these economies and a consequent pressure on the exchange rate. The Argentine peso and the Turkish lira were particularly affected by these movements, forcing the respective Central Banks to significantly boost interest rates. The Brazilian real, the Russian ruble and the South African rand were other currencies that also saw depreciation in 2018. In contrast, the Mexican peso saw some recovery, benefiting from the dissipation of political uncertainty at the domestic level and the conclusion of a new trade agreement with the US.

Public accounts

In the Eurozone, 2018 was characterized by a further reduction of both the public deficit as a percentage of GDP to 0.6%, 0.4 pp less than in 2017, while the ratio of gross public debt to GDP dropped to 86.9%, 2 pp lower than in 2017. These ratios once again benefited from a favorable cyclical component of GDP in nominal terms, despite the real slowdown over full-year 2018 and the maintenance of average interest rates for European sovereign debt at historically low levels. The structural deficit to GDP ratio is expected to remain virtually unchanged in 2018.

0.6%

Euro area
reduction of public debt as a percentage of GDP

The favorable evolution of deficit and debt ratios in GDP has been extended to most Member States, with the most significant exceptions being the increases in the debt ratio in Cyprus and Greece.

In 2018, no Euro Area country recorded a deficit ratio above the 3% threshold established by the Maastricht Treaty, while 11 countries recorded budgetary surpluses. In August, Greece completed its exit from the assistance program implemented under the European Stability Mechanism, ending eight years of external aid.

In the United Kingdom, fiscal consolidation continued in 2018, albeit at a slower pace than in previous years. The reduction of the public deficit ratio was 0.5 pp to 1.3% of GDP, while government debt fell by 1.4 pp to 86.0% of GDP.

In Japan, the fiscal consolidation trajectory interrupted in the previous year was resumed in 2018, with the public deficit in GDP falling by 0.4 pp to 3.3% (marginally below the 2016 level). Still, the government debt ratio rose by 0.3 pp to 236.2% of GDP last year.

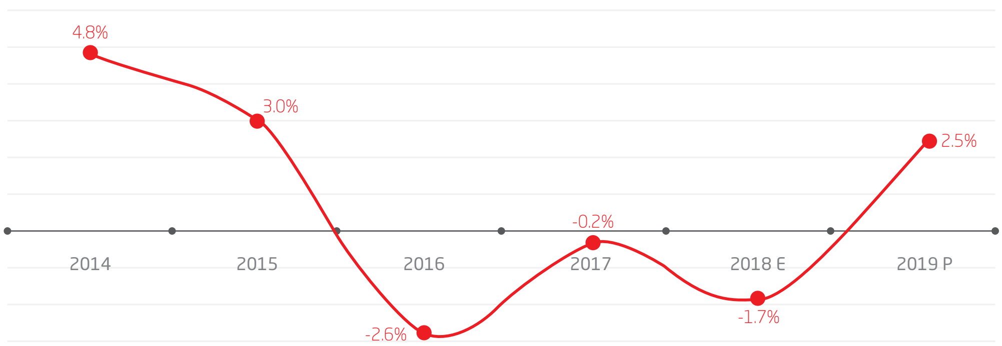
In contrast, in the US there was a significant deterioration in public accounts in 2018, with the share of the public deficit to GDP increasing 1.8 pp to 5.8%, reflecting the implementation of a significant fiscal stimulus effort by the Trump Administration. The ratio of gross public debt rose by 0.6 pp to 105.8% of GDP.

Angolan Economy

Gross Domestic Product

The latest IMF forecasts indicate that Angola will register for 2018 the third consecutive year of recession. Economic activity will have contracted by 1.7%, following a contraction of 0.2% in 2017 and 2.6% in 2016, essentially a result of the significant fall in the price of oil since the second half 2014.

Real GDP Growth



Source: FMI

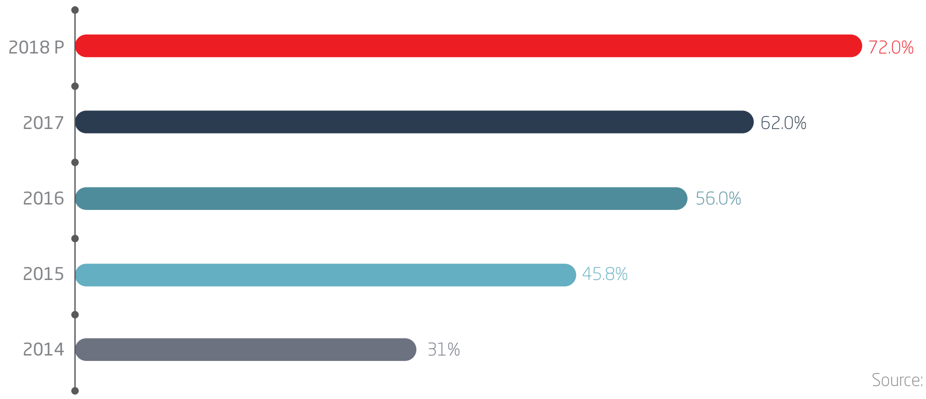
According to the proposal for the General State Budget (OGE) for 2019, GDP performance in 2018 will have been supported by a 1% increase in the non-oil sector and by a contraction of 8.2% in the oil sector. In the non-oil sector, industrial production and farming, despite the potential for import substitution in these areas, remained limited due to the scarcity of inputs and equipment, among other restrictions.

The Government's Annual Debt Plan estimates that Angolan public debt surpassed 70% of GDP in 2018, which is equivalent to an annual average growth of around 10% over the last 4 years. Net International Reserves reached USD 11.12 billion and inflation was 18.21%.

70%

of GDP
is equivalent to an annual average increase of Angolan public debt of around 10%

Public Debt (% of GDP)



Source: MINFIN

The macroeconomic scenario for 2018 presented the same trend of uncertainties, risks and challenges for macroeconomic management seen in recent years, though the recent reforms carried out by government authorities and the BNA are expected to reduce macroeconomic imbalances and to ensure the harmonious growth of the national economy in subsequent years.

In this sense, and according to the 2016 budget proposal, the government forecast GDP growth to be around 2.8% in 2019, which if confirmed would signal the end of the recession experienced in the past 3 years. In particular, the extractive industry and agriculture sectors are those with the greatest expectation for the recovery and diversification of the economy.

International Reserves and the Petroleum Sector

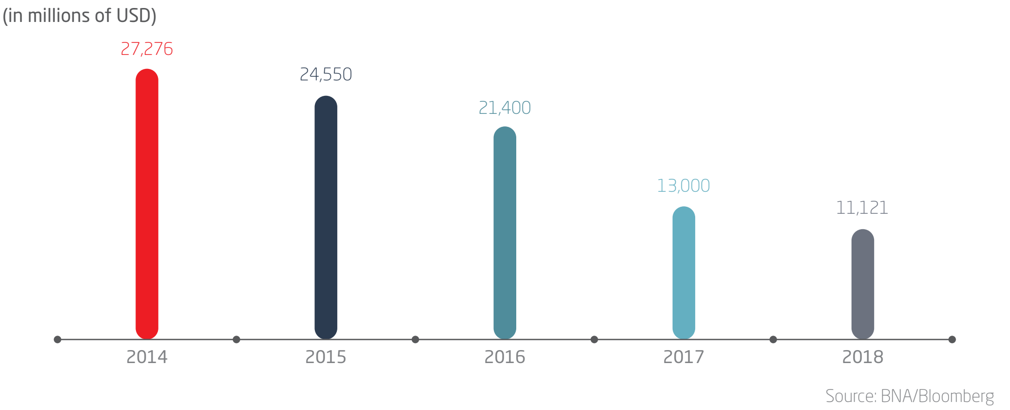
The most recent government forecast, which appears in the report on the rationale of the proposed Law for the General Budget of the Angolan State for 2019, points to a decrease in Net International Reserves through December 2018, to around 11 billion US dollars. Reserves fell considerably as oil prices declined by 16% year-on-year and by 48% when compared to 2016.

This volume of foreign currency reserves, which also serves to pay for imports, amounts to six months' needs for domestic imports.

16%

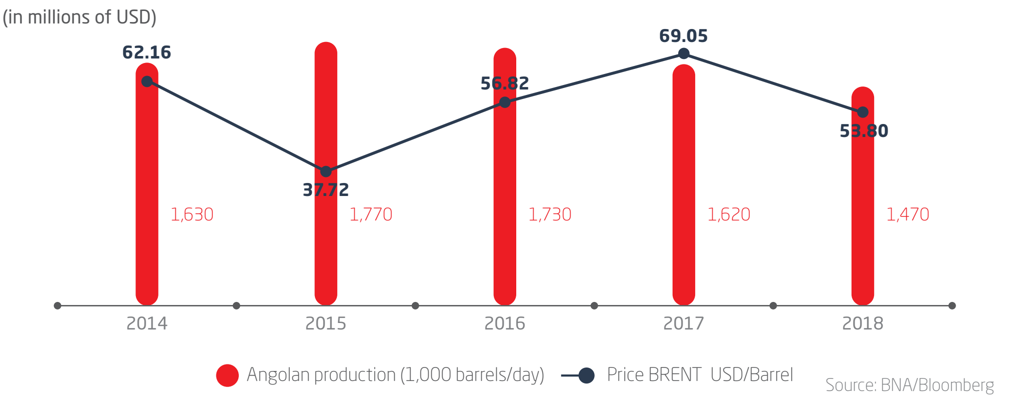
Reduction of Net International Reserves

Net International Reserves



The World Bank's forecast for the price of oil in 2019 is USD 74 per barrel, slightly above the projected average of USD 72 per barrel in 2018, according to the October issue of its Commodity Markets Outlook.

Petroleum - price and production

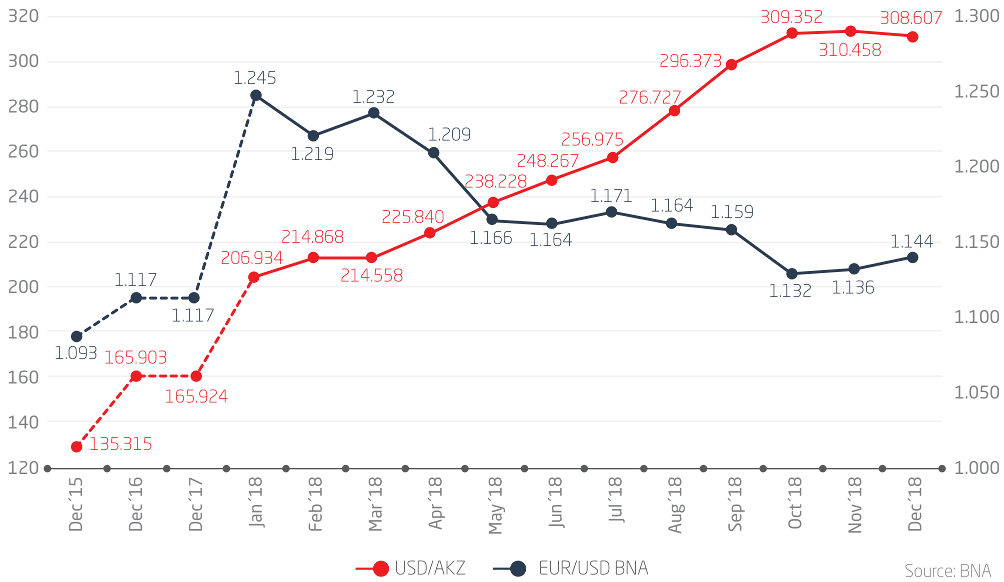


BancoBIC

Foreign Exchange Market

The economic situation in 2018 and the terms of the agreement with the IMF led the BNA to adopt, in January 2018, a new flexible exchange rate regime, leaving behind the administered rate regime, the exchange rate now being defined based on supply and demand price auctions, although limited to a range defined by bands.

Evolution of foreign exchange rates



Source: BNA

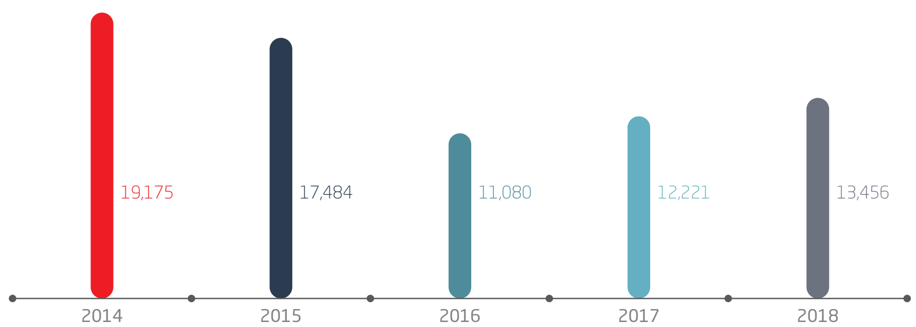
The purpose of this new exchange rate regime was to reduce spreads between primary market exchange rates and exchange rates on the parallel market, allowing for a better balance between the demand and the supply of foreign currency, as well as protecting the Net International Reserves. As a result of the new exchange rate regime, the spreads between the primary and parallel markets decreased from around 150% in December 2017 to around 25% in December 2018. The national currency depreciated by around 86% to the dollar, at USD 308.607 as at 31 December 2018.

The national currency depreciated some 86% against the dollar

The BNA made available to the market, via commercial Banks (using auctions and direct sales), approximately USD 13.456 billion during 2018, an increase of around 10% over 2017.

BNA Currency Sales

(in millions of USD)

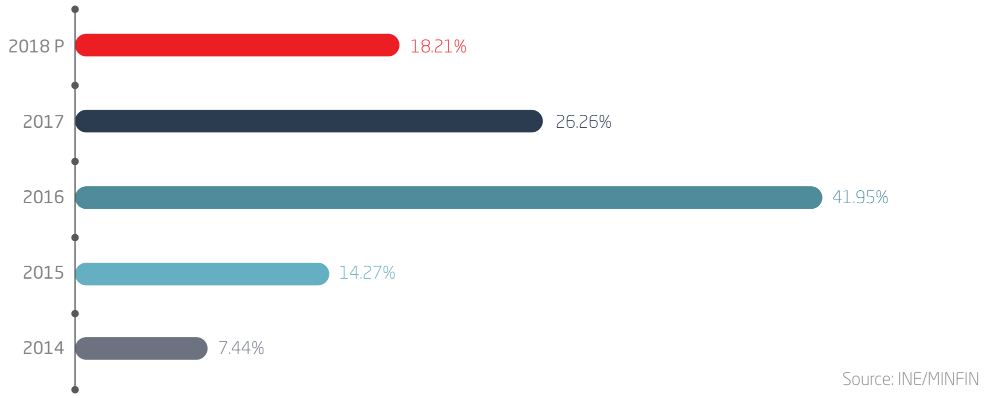


Source: BNA

Inflation and Money Market

Because of the restrictive monetary policy, the inflation rate for 2018 showed a more moderate growth rate than in previous years. According to data presented by the INE, inflation in 2018 stood at 18.21%, which is equivalent to a reduction of around 8% when compared to the 26.26% observed in the same period of last year. By maintaining the same restrictive monetary policy, the Government's goal is to reach an inflation rate of around 15% in 2019.

Accumulated Annual Inflation

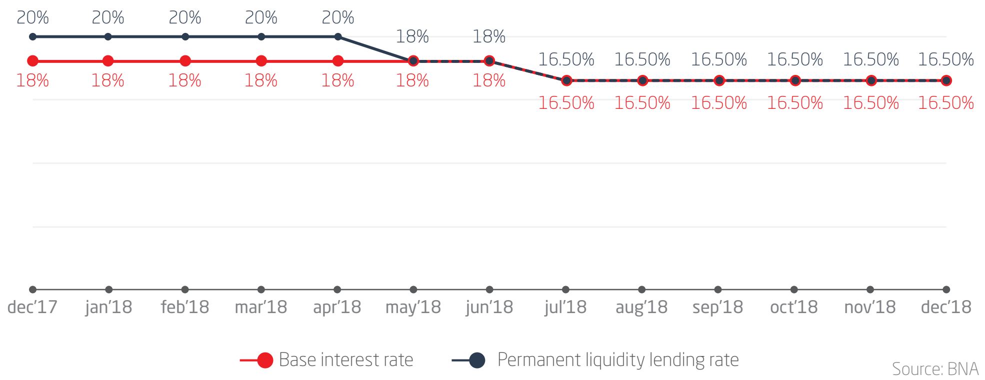


16.5%

Decrease of the base interest rate

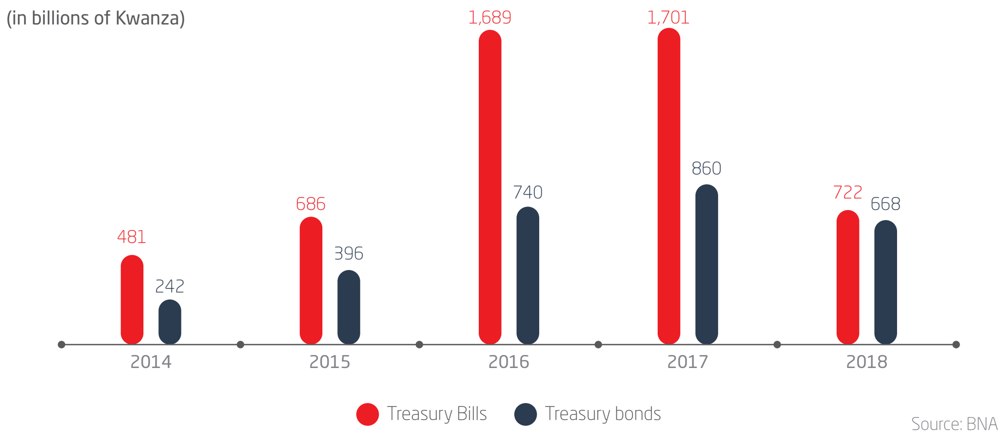
Considering the decreasing trend for the annual inflation rate and the contraction in the Monetary Base, among other macroeconomic indicators, the Monetary Policy Committee of the National Bank of Angola decided to lower the BNA rate from 18% on 31 December 2017 to 16.5% on 31 December 2018.

Macroeconomic Indicators



Given the macroeconomic imbalances, the State has resorted to issuing debt to guarantee its continuous operation and the implementation of several public projects. At the level of the primary market for public debt securities, in 2018, there was a 45.71% reduction in Treasury bills compared to the same period of the previous year. In 2018 bonds amounting to AKZ 1,390.39 billion were placed, of which AKZ 722 billion were in Treasury Bills (BT's) and AKZ 668 billion in Treasury Bonds (OT's), for the current management of the National Treasury.

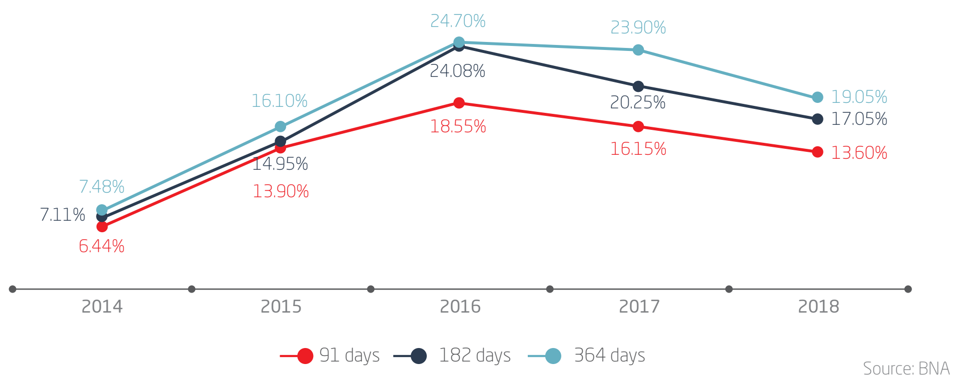
Issuance of Securities



Decrease in issuance of Treasury bills

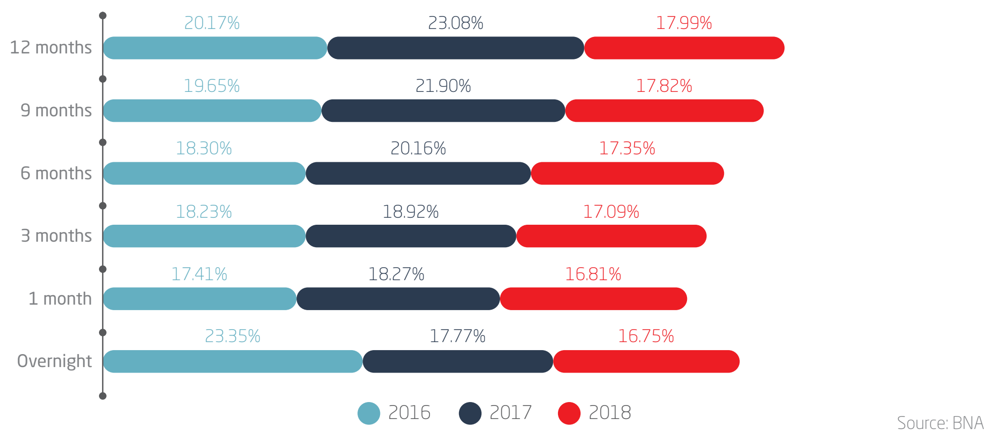
In December 2018, the average interest rates on Treasury Bills reached 13.60%, 17.05% and 19.05% for 91, 182 and 364 days, respectively, lower than in the same period of last year, where they were 16.15%, 20.25% and 24.70% for the same maturities, which translates into a decrease in the cost of debt for the second consecutive year.

Interest Rates - Treasury bills



LUIBOR rates at 3, 6 and 12 months registered fluctuations throughout the year, and on 31 December 2018 rates were 17.09%, 17.35% and 17.99%, respectively, while at 31 of December 2017 they were 18.92%, 20.16% and 23.08% respectively. Consequently, this reduction made loans between Banks cheaper, as well as credit to the economy, since LUIBOR is the reference rate for the granting of credit.

LUIBOR



Banco BIC's Position in the Banking Sector

The Angolan economy remains severely affected by the drop in the price of oil in the international market, which began in mid-2014. Despite the policy measures that the Government has implemented to mitigate its effects, the depth and duration of this external shock, combined with the structural fragility of the Angolan economy, because of its dependence on oil exports, resulted in large macroeconomic imbalances.

In order to respond to these imbalances, the Government has been implementing a Macroeconomic Stabilization Program since January 2018, focusing in particular on increasing fiscal consolidation efforts, with a medium-term objective of 60% for the debt ratio, as well as the effective implementation of legislation in the field of money laundering prevention and an increase in exchange rate flexibility.
In this context, the Angolan economy stabilized 2018, after significant contractions in the two previous years. The economy will have benefited from the rise in the international price of oil, evident since the second half of 2017, which in turn allowed some easing of restrictions on access to foreign exchange and a (nominal) increase in public spending. Also worthy of note are the increase in the production of liquefied natural gas and the improvement of the country's economic climate indicators.

In 2018, the BNA sold USD 13.456 billion to commercial Banks, which corresponds to an increase of about USD 1.235 billion compared to 2017.

1,235B$

Rise in sales to commercial Banks compared with 2017

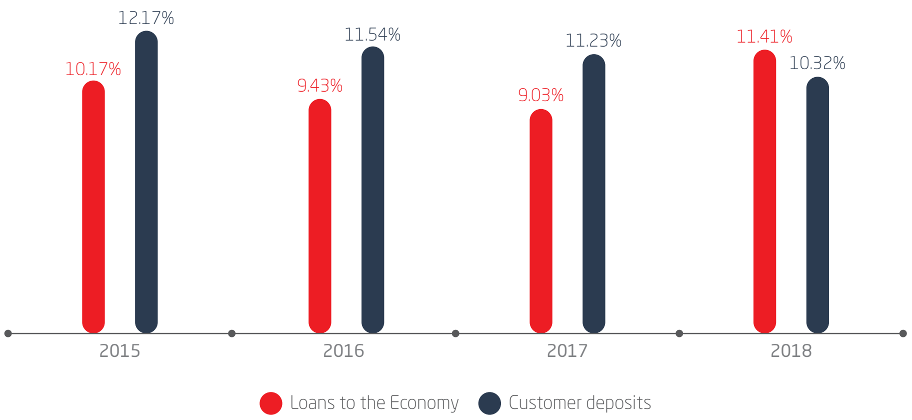
The relative stability of the foreign exchange market and the transition to a freer regime appear to be key measures for the protection of the Net International Reserves and the reduction of external account imbalances.

In view of this challenging economic scenario, Banco BIC intends to strengthen its position as a trusted Bank, to be prudent and rigorous in terms of the analysis and granting of new financing, with liquidity management appropriate to market mismatches, continuous reinforcement of the processes and policies for risk monitoring and control, in particular operational risk and other market risks, as well as, in the face of an increasingly demanding international environment, a constant adaptation to the requirements of compliance and accounting standards.

As of December 31, 2018, BIC's loans to the Economy, including credit to the State, was USD 3.677 billion, a contraction of USD 1.716 billion (32%) from 2017. This decrease was particularly affected by the decrease of USD 1.178 billion in credit to the State.

At December 31, 2018, Banco BIC's market share in Credit to the Economy was 11.41%, while in Customer Funds it was 10.32%.

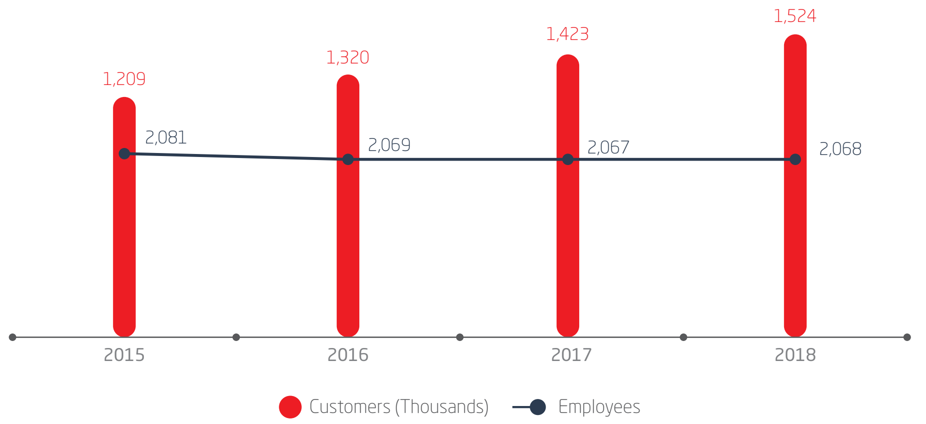
Market Share



Credit activity also plays an indispensable role in supporting the ongoing efforts to diversify the Angolan economy by acting as a catalyst for the different sectors of the economy. It was in this context that Banco BIC in 2013 joined the Angola Investe Program (which includes a subsidized credit line and a public guarantee fund, approving around AKZ 47 billion through December 31, 2018, corresponding to a total of 74 projects, of which 69 are already underway. For this line of credit, up to 2018, about AKZ 35 billion have already been disbursed under the Angola Investe Program, and the provinces benefited were Luanda, Kwanza-Sul and Kwanza-Norte, Bengo, Benguela, Uíge, Bié, Huíla and Huambo. The sectors with the greatest weight were Manufacturing, and Agriculture and Fisheries, with a total of 327 and 33 projects, respectively. Even in an adverse scenario, 11 new projects totaling around AKZ 7.6 billion were approved in 2018. The growth that BIC has achieved to date has led to substantial investment in infrastructure and information technology, and in human capital, all key pillars for the banking market. In view of these changes, there has been an adjustment since 2015 in the positioning of this investment, with a greater focus on reinforcing the Internal Control, Risk and Compliance areas.

With respect to the commercial network, Banco BIC opened four more business units, and now has a total of 231 units throughout the country, serving a diversified customer base. The number of Employees remained approximately the same as in the previous year, with a total of 2,068 Employees.

Market Indicators



The customer base grew 7% to around 1,5 million, comprised mainly of companies and individuals

In a very competitive field, Banco BIC maintained its financial identity as a reference Bank in the Angolan market, thanks in part to its management model, but mainly due to its focus on Clients, reaffirming a firm commitment to trust and service quality. The customer base grew 7% to around 1.5 million customers, comprised mainly of companies and individuals.

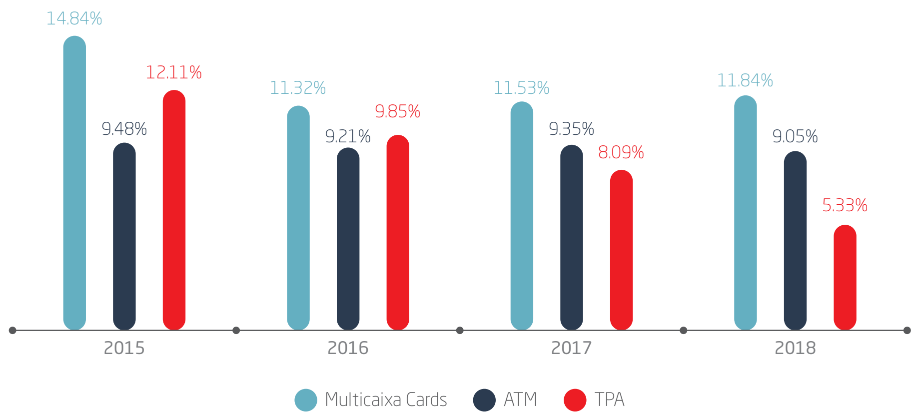
The ATM and TPAs fleet in Angola continued to grow, both in terms of number of assets and registrations. The ATMs saw a 3% and 2% increase, respectivelty, while the TPAs share increased 27% and 21%. In this way, EMIS ended 2018 with a total of 62,967 TPAs and 3,017 ATMs.

The permanent focus on the diversification and quality of its banking services and offer are visible with the provision of 273 ATMs in the network in 2018, with ATMs being distributed throughout the national territory (78 municipalities), giving a greater possibility to local populations to carry out their transactions at any time of the day, without the need to travel to Bank Branches.

At the level of TPAs, a total of 3,356 active machines were provided by Banco BIC in 2018 to our Clients, which represents about 5% of the total available in the market. The number of TPAs registered to BIC declined by 8% to 6,031. This decrease resulted from an action to cancel contracts and collect inactive equipment.

Cards, one of the segments of the offer of products and services, saw a volume of 541,064 cards issued in 2018, representing a market share of 12%.

Market Share



541,064

Cards issued
in 2018


BancoBIC
ESTAMOS SEMPRE LIGADOS A SI.
923 190 870
O SEGURO QUE TEM UM DESTINO: A SUA PROTECÇÃO!


BancoBIC
EMPR

03

BUSINESS ENVIRONMENT

Main Business Lines

Since the founding of Banco BIC, the Bank has been characterised by the provision of excellent service with a permanent focus on the needs of each Client, one of the Bank's strategic and differentiating pillars.

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

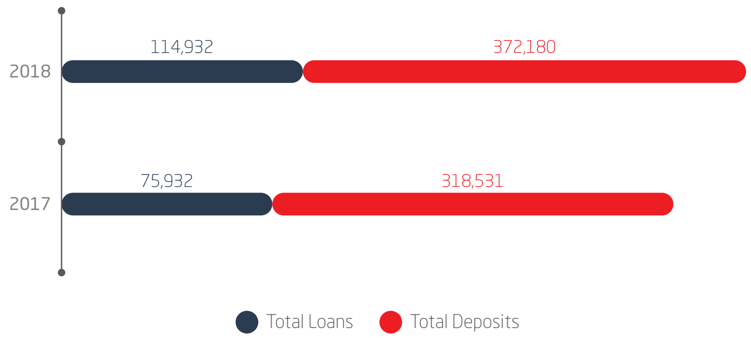
The strengthening of international activity, notably with Banco BIC Português, Banco BIC Cape Verde, the Representation Office in South Africa and Bank BIC Namibia, enabled a focus on levels of efficiency and synergies between institutions, which represent a source of growth and increase fundamental value for our customers.

The commercial structure of the Bank is divided into four main segments: Individuals and Businesses, Private Banking, Investment and Companies

Individuals and Businesses Division

On December 31, 2018, the Individuals and Businesses Division (hereinafter DPN) had a total of 204 Branches and 6 Service Points in all the provinces of Angola, which account for about 90% of the total commercial network of Banco BIC.

This Division, which supports the Branch network of Banco BIC, had a loan portfolio in the amount of AKZ 114,932 million as at 31 December 2018 (an increase of 51% over 31 December 2017). Customer funds amounted to AKZ 372,180 million as at 31 December 2018 (an increase of 17% over 31 December 2017).



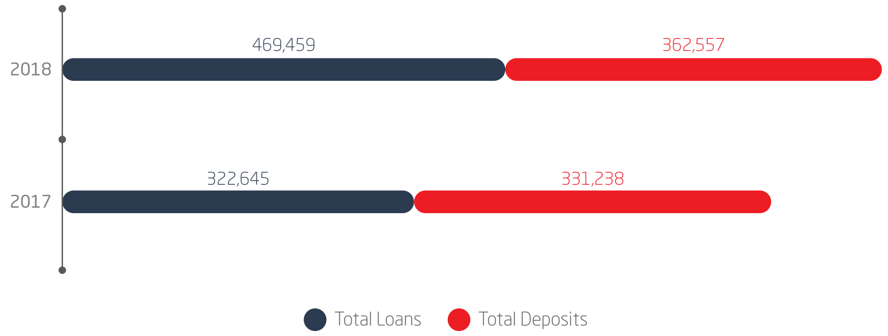
Companies Division

In 2018, the Companies Division (hereinafter referred to as "DE") continued to focus on customer loyalty by providing a more qualified service. At 31 December 2018, Banco BIC had 17 business centers.

At the end of 2018, the total resources raised by the DE amounted to AKZ 362,557 million (an increase of 9% compared to 31 December 2017). In terms of loans granted to customers, at 31 December 2018 the total managed by the DE reached AKZ 469,459 million, an increase of 46% compared to 31 December 2017.

Bearing in mind the Bank's solvency ratios, strength and the quality of the loan portfolio, the DE continued to closely monitor its Client portfolio and, for those who presented signs of greater difficulty, established an operational policy, with the reinforcement of guarantees associated with credit operations being one of the decisive management tools.

On December 31, 2018, the DE contributed approximately 74% to the loan portfolio and 39% to the Bank's total deposits portfolio.



74%

Contribution of the Companies Division to the credit portfolio

Companies Division – Oil & Gas Department

In May 2012, with the approval of the new Foreign Exchange Law applicable to the oil sector, Banco BIC created an Oil & Gas Department, designed from scratch to exclusively meet the specific needs of this segment with excellent service.

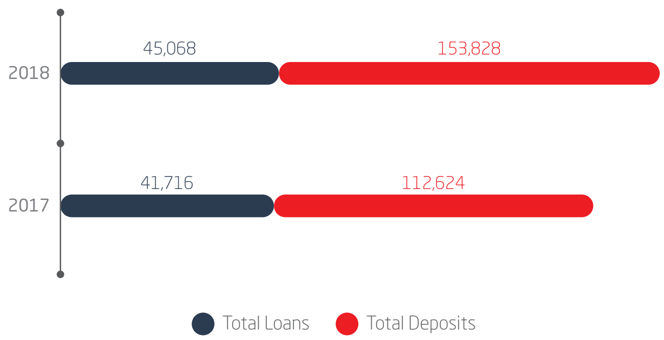
In a first phase, the Department focused mainly on front office activities to support the companies in the transition process of the different stages of the new Foreign Exchange Law. Subsequently, back office activities were developed, in particular through the creation of a set of subdivisions in the various departments of the central services which, together with a set of technological innovations, aim to guarantee the speed and efficiency of all processes and ensure they are appropriate to meet the requirements of this sector.

Private Banking

This division's activity is carried out in real time by private managers, with great technical and relational skills, based on relationship of trust. As at 31 December 2018, resources amounted to AKZ 153,827 million, an increase of 37% compared to 31 December 2017, when the portfolio amounted to AKZ 112,624 million. As regards credit, the portfolio totaled AKZ 45,068 million at 31 December 2018.

Our commitment is to continuously improve our customer service, and private banking is the highest and most differentiated level of banking service, providing a more personalized structure based on the sale of financial consulting products, in line with the risk profile identified for each Client. It main objective is to sustain the preservation of customer assets in detriment of performance, in order to maintain growth and consolidate the activity.

Our commitment is to continuously improve our customer service

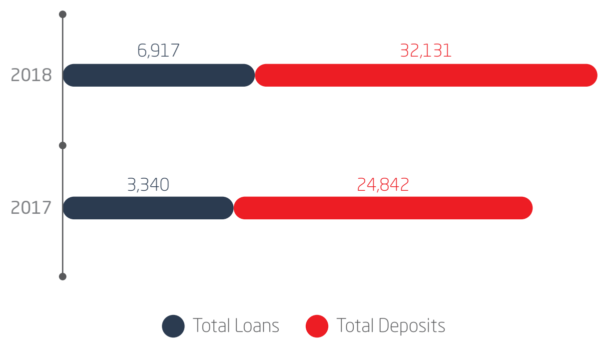


Investment Division

The Investment Division uses the traditional model of banking segmentation for its Clients at the level of investment / income they present. Knowing the Client better and developing the best monitoring and prospecting practices to reflect the commitment to those who invest in order to achieve the successful completion of each project, building strategic partnerships and other valuable synergies.

For investors who are willing to diversify and invest in this segment, Banco BIC has several investment alternatives that accompany business trends, engaging the commercial network of economic agents that maintain financial relationships with the Bank.

On December 31, 2018, this division had 3 Investment Centers providing permanent and specialized follow-up, both in the daily management of the Client portfolio and in the investment decision making. As at 31 December 2018, the balance of total assets in the portfolio amounted to AKZ 32,131 million, while and the loan portfolio totaled AKZ 6,917 million



Angola-Portugal Office and Angola-Namibia Office

In May 2012, the Angola-Portugal Office (hereinafter GAP) was created to boost the bilateral business between Angola and Portugal, ensuring the management of financial flows between the two countries and supporting Angolan and Portuguese entrepreneurs in their internationalization activity. In the vein, the Angola-Namibia Office ("hereinafter GAN") was created in 2016.

In line with the Bank's international trade strategy, the purpose of these Offices is to further tighten trade relations between countries by ensuring the required levels of excellence and professionalism.

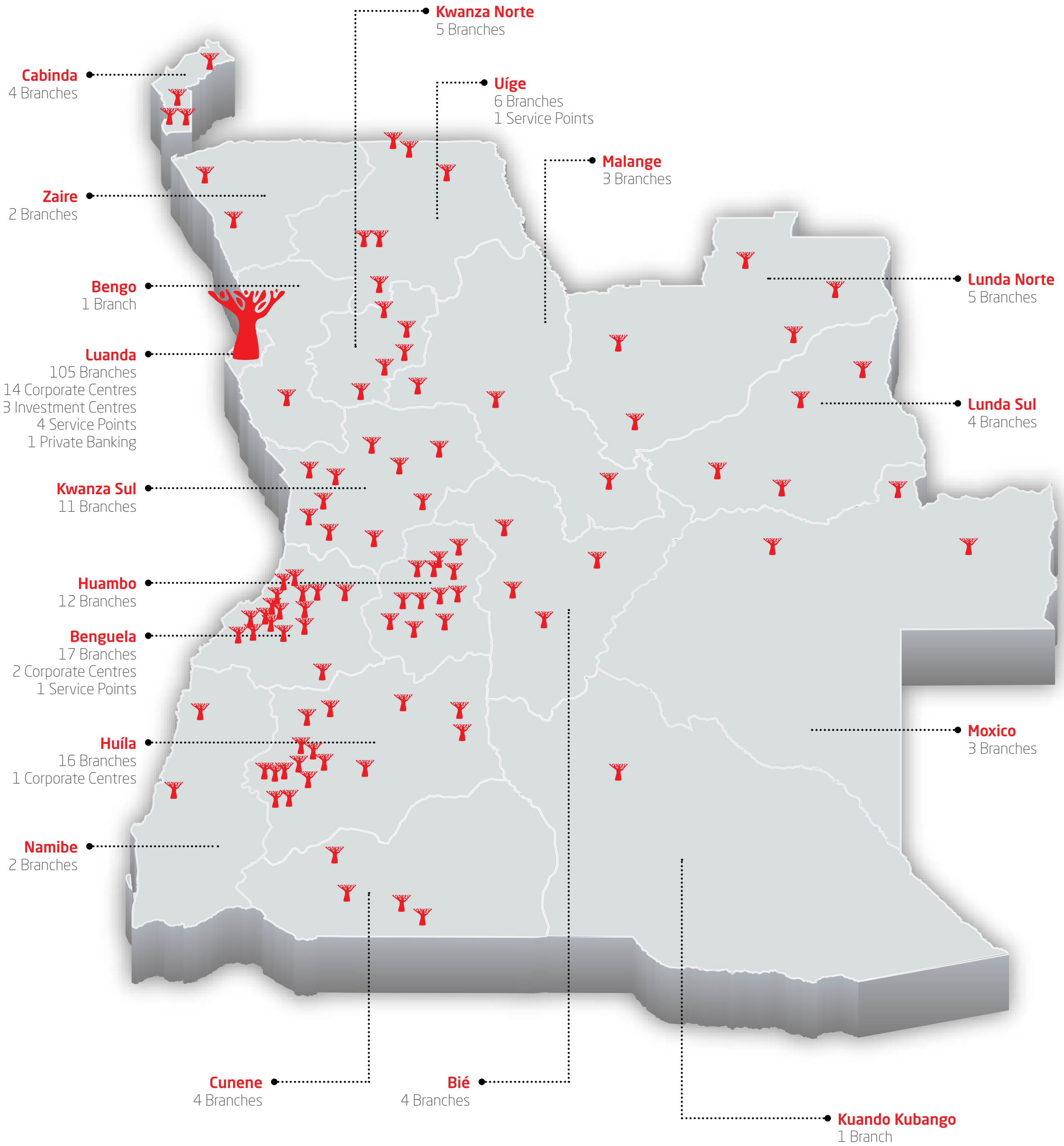
Among the main activities of the GAP and GAN are the financial support for the current activity of companies with a presence or commercial relationship in these countries, in particular by providing export financing services, information on the specifics of each market and the monitoring of flows generated between the different countries, with particular attention to the speed of processes and the competitiveness of pricing.

BIC Agro Division

In 2017, the Bank, aware of the importance of the Agriculture, Livestock and Fisheries sectors in the Angolan economy, created the BIC Agro Division. Its main activities include the promotion of, technical support for, and monitoring of the Bank's Commercial Networks, in relation to Credit products directed to the primary sector and to ensure the monitoring of protocol-based credit lines (Angola Investe).

In 2017 the Bank, aware of the importance of the Agriculture, Livestock and Fisheries sectors in the economy, created the BIC Agro Division

Branch Network and Geographic Presence



Network as of December 31, 2018

Historic Milestones

We are a modern Bank powered by 2,068 Employees and the confidence of all shareholders.

Banco BIC has grown in a sustained way.

2005

Public deed signed to found Banco BIC S.A. With capital of USD 6 million;

Opening of the 1st BIC Branches in Luanda (Maianga);

We believe we have a role to play in Angola's development, as reflected in our Slogan, Growing together.

2006

Opening of BIC Branches in 15 provinces;

Launch of campaigns BIC Habitação and Bic Automóvel; BIC Salário;

Capital increase to USD 30 million;

Admission to the POS VISA network

2007

Authorization from the Banco de Portugal to open BIC Português;

Launch of credit cards VISA Premium and Gold;

"Crédito Fácil" for family consumer goods;

Financing in USD: 150 million for reconstruction projects in Uige province.

2008

Inauguration of BIC Português - doorway to the Angola/Portugal bilateral business;

Here began BIC's internacionalization;

BIC employs more than 1,000 Employees, fundamental for the Bank's development;

Attribution of The Best Bank In Angola prize from EuroMoney, recognition of the Bank's quality service and the results achieved.

2009

New campaign "Investimos Juntos" associated with "Crescemos Juntos" as a link to BIC Português, driving force for Portuguese investment in Angola;

Renewed campaigns for BIC VISA, GOLD and PLATINUM, linked to the VISA network.

2010

BIC supports the Angolan national team at CAN giving financial awards linked to the performance of the Palancas Negras;

BIC reaches 500,000 customers and is elected the 42nd Largest Bank in Africa by Africa Business magazine;

Launch of the BIC Salário product for civil servants;

Support for foreign investment, financing 2 projects by Coca-Cola;

Becomes the largest private Angolan Bank in terms of geographic presence.

2011

BIC opens HQ in Talatona – The Bank centralised its main services in this building. Ten stories high, it is the highest in Talatona, to better serve business and individual customers;

After just 6 years of activity and initial capital of USD 30 million, Banco BIC surpassed, on December 31, 2011 USD 650 million in own capital;

Launch of the internal magazine BIC MAIS. A magazine for information and promotion of the Bank's activities and services;

BIC ended 2011 positioning itself as the biggest private commercial Bank in Angola and maintaining a privileged position in the Africa ranking, in 32nd place, according to African Business magazine.

Historic Milestones

2012

BIC formalizes the acquisition of Portuguese Bank BPN, expanding its Branch network in Portugal and guaranteeing more than a thousand jobs in the Portuguese market;

Increases to 800,000 the number of customers;

Is considered the 32nd Largest Bank in África by the African Business magazine.

Creates the Petroleum & Gas Division for greater involvement with oil companies.

2013

Strengthens international activity that started in 2008 in Portugal, with the opening of BIC in Cape Verde and is named "Best Company of the Year" in Angola's financial sector;

Distinguished as the Best Company of the Year in the financial sector in Angola by the Sirius Awards;

The Banker magazine from the Financial Times group, names it the Best Bank in Angola

2014

Enters the insurance sector by creating its own insurer, BIC Seguros, guaranteeing direct insurance for customers;

Reaches a million customers, continues internationalization with the opening of a representation office in South Africa, and remains 32nd in the ranking of the largest 100 African Banks, published by The Banker magazine.

2015

Ten years of activity marked by growth and contributions to investment in Angola, strong focus on lending to the development of the Angolan economy;

Reaches the milestone of 220 Branches nationwide

BIC is in 4th place among the country's biggest Banks;

2018

Capital increased six times, rising from AKZ 3.3 billion to AKZ 20 billion;

Start of a technological upgrade process with the creation of FOREX, a new digital tool to manage payment operations and activation of customer accounts;

Boost areas of Risk Management and Control, and Compliance with the Application System for Risk Management, which handles data and reports automatically to the BNA.

2016

Start of commercial activity in Namibia with the creation of Banco BIC Namibia.

Strengthen international activity, opening in Namibia, reinforcing trade relations with South Africa, increasing the offer of services to the African market.

2017

With the volatility of the Angolan economy over the past three years, Banco BIC focuss on the productive diversification of the country. Launch of new loans for agrobusiness in support of agricultural and livestock projects using BIC AGRO, associated with the Angola Investe program;

Promotes two conferences, one in Angola and the other in Portugal, bringing together businesspeople from agriculture and government entities from the two countries with the goal of better using Angolan natural resources;

BIC Portugal changes branding, become EUROBIC, starting a new commercial strategyl.

Marketing and Communication

The responsibilities of the Marketing Department (designated as DM), are responsible for the activities of Banco BIC and BIC Seguros, through an integrated strategy of using tools common to both companies.

The DM's main mission is to coordinate and plan the marketing strategies and communication of the various business segments as defined by the Board.

BIC is an Angolan Bank. The brand is Angolan, created in 2005 and symbolized by the baobab tree in all markets in which it operates, national or foreign.

The DM promotes the Bank's image as an enhancement and affirmation factor for the BIC brand, launching new products through radio, television, print, poster or other publicity campaigns, as well as supporting and participating in high-impact cultural, social and sporting events.

The DM is responsible for defining the marketing and communication strategy, which promotes brand positioning through its offer of products and services in the various segments. It assures the management of products and their price lists, the launching of new products and the renewal or continuation of existing ones.

The DM is also responsible for ensuring internal and external communication at all its points of contact, namely through advertising as well as relational, online and point of sale communication.

In 2018, the DM developed several actions to promote the Bank's image and products, with a focus on the most important public exhibitions in the country.

The concept of the booth, the responsibility of the DM and shared with BIC Seguros, followed the design of a Bank Branch, capable of responding on the spot with all banking information.

Both Banco BIC and BIC Seguros were jointly present at the main fairs for products and services held in the country. The most important is FILDA, the Luanda International Fair, due to the international projection and participation, as it gathers the largest number of exhibitors in the same space. The International Fairs of Benguela, Uige, Huambo, Huíla and Caxito, the latter dedicated to trade in agricultural products, also featured a multisectoral booth to serve all visitors. The exhibition year closed with the Projekta Fair in the multipurpose pavilion of the ZEE, Luanda's Exclusive Economic Zone.

At the professional level in the banking sector, we were active in the Banking Forum, dedicated to the Capital Markets, promoted by the weekly Expansão with the support and participation of the BNA and the main commercial Banks operating in Angola.

BIC Seguros focused its attention on the ARSERG, an unprecedented initiative promoted by the Angolan Insurance Regulatory and Supervision Agency, which brought together the main insurers certified in Angola.

The Marketing Department's main mission is to coordinate and plan the marketing strategies and communication of the various business segments as defined by the Board

The visibility and media coverage of this event was a way to reinforce the good image of the Bank held by Clients and the general public.

BIC's 13th Anniversary paid particular attention to the decoration of the space that welcomed about 1,050 Employees, for a dinner party. The date was celebrated on 25 May, coinciding with Africa Day. For this reason, a direct relation with the theme of the event was established. The tables were decorated with traditional cloth towels made from samacacas, typical clothing of the women of Southern Angola.

In sports, BIC supported the Inter Clube de Luanda, Bravos do Maqui do Moxico and Santa Rita Futebol Clube de Uíge football teams as official sponsor, as well as the Angolan Swimming and Chess Federations. The Athletics Federation is also a partner, and BIC supports this sport in general as well as providing the BIC Grand Prix for the Bank's Sports Club.

In March more than 300 athletes took part in the 3rd edition of BIC athletics, bringing together professionals, Paralympic athletes and Employees of the Bank, all equipped with BIC sportswear, and organized by the Sports Club of the Bank, which also organized another edition of the Rally Paper, in the province of Kwanza Norte, for BIC Employees, relatives and friends.

Under its Social Responsibility Plan, Banco BIC supported in 2018 several activities in favor of the social promotion of people and related organizations. At Christmas the Bank sponsored a solidarity action for the most disadvantaged children in Cacuaco municipality, providing 1,300 children with school kits and toys.

On a cultural level, Banco BIC was active in the Luanda Carnival, providing financial and logistical support to the Kilamba Recreation Group, a distinct winner among the 13 carnival groups that presented at the most popular party in Angola. Banco BIC awarded the best architect and civil engineer responsible for the construction of the Rural Social Housing project (Kubikuz Prizes for Housing). We also support the Casa das Artes, a cultural project that has distinguished itself in the production of visual arts for adults and children.

The Christmas season was also used to promote BIC Bank's image through advertising campaigns broadcast in Angola's mainstream and international media, such as TV Globo and RTP. The Angolan singer Bruna Tatiana gave voice and image to the jingle for Television and Radio and the "call waiting tone" for the UNITEL network.

The DM has produced three editions of the internal magazine BIC Mais, designed to convey the main services provided by Banco BIC, BIC Seguros and Eurobic, to its Employees.

In the road accident campaign run by the National Police of Angola, in partnership with BIC Seguros, we have developed a new concept of billboards, set at various road traffic points in Luanda, to raise awareness among pedestrians and drivers to comply with traffic rules.

13th Anniversary

Banco BIC's anniversary brought together around 1,050 Employees for a dinner event. It was held on the 25th of May, coinciding with Africa Day

Information Technology

The year 2018 saw the improvement and consolidation of the services provided by the Information Systems Division, based on the significant investment made by the Bank in its Renovation Project for Technological Infrastructure and Data.

In the period in question, different initiatives were implemented, focusing on a strong commitment to maintaining high standards of industry excellence, optimizing Risk Control and operational performance, and enhancing the efficiency of its business processes. All this in service of the main objective of the institution: the improvement and satisfaction of the quality of service provided.

Of the different initiatives carried out during 2018, we highlight the execution of the Projects indicated below, within the respective domains:

2018

Improvement and consolidation of the services provided by the Information Systems Division

Migration of Front-End PFS Caixas

The Promosoft Financial Suite (PFS) portal is the front-end solution for the Core Banking System which provides, in a WEB environment, a set of applications that allows each user to interact with the core PFS functions..The PFS Caixas Portal is a technological upgrade from the previous front-office solution, KANALO Caixas. Retaining the same previousl functionalities, it adds a new range of operations and options..

FOREX: Workflow for National and Foreign Transfers

The FOREX system was designed to cover the operations of the Bank for Foreign Exchange operations (Goods, Invisible Chains, Capital) and domestic operations (Intra and Interbank, National and Foreign Currency), with support to different foreign exchange operations, and different flows by type, such as appending digital documents and checklists for procedural control by type of operation (configurable), service level support (SLA) and performance reports, integrated view of operations by payer and beneficiary, user directory integration, customer repository, core banking system and SWIFT system, all allowing standardized reporting to the BNA and a complete traceability and auditing facility.

Upgrade and Changes to Communications Security

- Improvements and changes made in a hierarchical way to increase security of the internal and external traffic flow for user acces;
- Improvements to existing circuits and new additions of high-speed circuits in the Data Centers to cope with the continuous growth of internal traffic;
- Implementations carried out in the Data Centers for segmentation and connection of new equipment relevant to data storage;
- Improvements to existing circuits and new additions of high-speed circuits in the Data Centers to cope with the continuous growth of external traffic.

Acquisition of Perimeter Firewalls

The Bank has purchased security firewalls for the outside perimeter using the Checkpoint 5800 Next Generation Threat Prevention Appliance, with constant monitoring and protection of Access Points and Data (Internet Security Events, Data Loss Events, Threat Prevention, Virus Events, Attack and Intrusion Events), Endpoint Security, and Bandwidth Analysis.

Upgrade of anti-virus software

Kaspersky Total Security for Business software upgraded and installed on all computers and servers throughout the Bank infrastructure.

Disaster Recovery and High Availability

With an integrated and collaborative approach, the Control and Execution Procedures of the different layers of Services were reviewed, ensuring greater robustness and effective reaction capacity in contingency situations.

Information Safeguards

Based on the IBM BRMS Product, all Information Security and Retention Policies at the Core Business Level were reviewed and redesigned, and a more efficient Inventory Control and Data / Versions management safeguarded in the different physical and logical supports.

This review brought added gains to the business processes, namely:

- Reduction of windows of unavailability for business services, allowing periods of unavailability of 0%;
- Execution times for the processes of Safeguarding information, with gains of about 45%.

Human Resources

Banco BIC's organizational culture continues to be strongly supported by its values: customer orientation, innovation, ambition, continuous recognition and appreciation of Employees, teamwork and a high standard of integrity. Goal orientation and a culture of merit are concepts and practices that are always present in the management of the Bank's Human Capital. As such, these guidelines remained the pillars of the Human Resources policies and practices that Banco BIC implemented throughout 2018.

The 2018 business plan continued to focus on promoting structured programs for the development of Banco BIC on a sustained basis, and of which we highlight the following:

- Continuation of organizational alignment and clarification, aiming at the adjustment of Human Resources to the demands of the business and the creation of new opportunities, enhancing internal mobility;
- Reinforcement of Bank staff development programs, taking into account the new challenges and knowledge diffusion;
- Continued recognition of organizational and individual merit in a sustained manner;
- Improved talent recognition and performance practices.

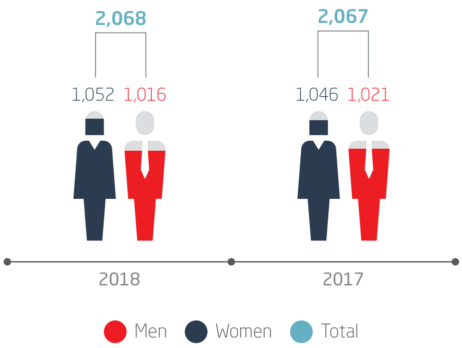
Characterization of the Human Capital

In order to carry out its activities throughout 2018, Banco BIC had a total of 2,068 Employees (1 more than in the previous year), maintaining a gender balance, with women accounting for 51% and men 49%.

Number of Employees	'17	'18
Men	1,021	1,016
Women	1,046	1,052
TOTAL	**2,067**	**2,068**

1,052

Women Employees



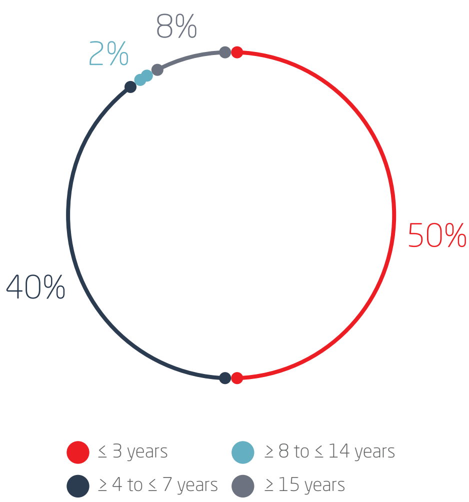
Of the 2,068 Employees, 1,392 are in Luanda, 675 are distributed in the other provinces of the country and 1 in the representative office in South Africa.

The number of Employees allocated to the commercial area is 84% of the Bank's total, maintaining the trend already verified in previous years.

Functional area	'17	'18
Central Services	310	328
Commercial Network	1,757	1,740
AVERAGE NUMBER PER BRANCH	**8**	**8**

In terms of experience in banking, age and higher education, and after 13 years of activity, the average age of the Bank's Employees is 33 years, with 38% of Bank Employees being between 18 and 30 years old. The percentage of Employees with university education remained at 78%.

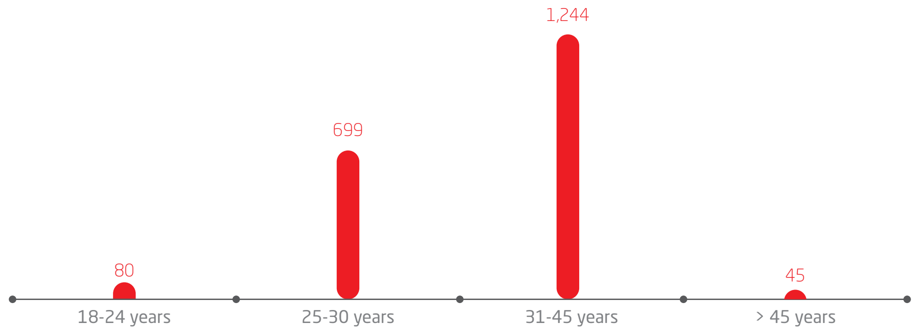
Banking Experience



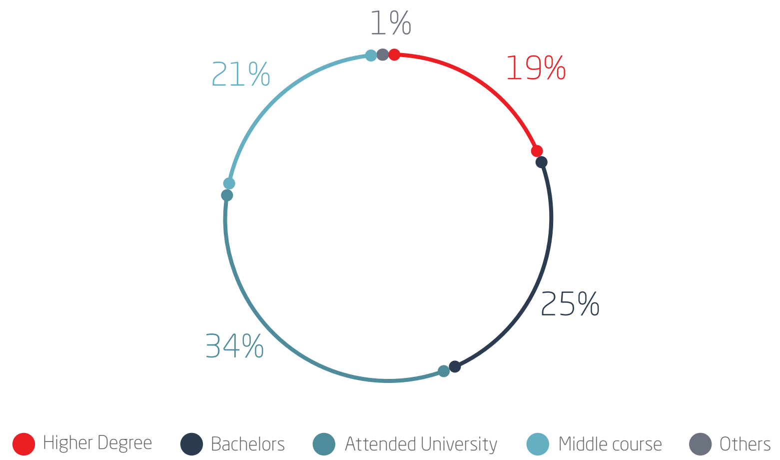
50%

Employees with more than 3 years of banking experience

Age Groups



Education Level



19%

Percentage of Employees with higher university education

Training and retaining Employees

Training has always been a priority for the development of the professional and personal skills of our Employees. In the field of knowledge management, there were more than 46,533 hours of training, or 23 hours per Employee, reflecting, once again, the Bank's commitment to the development of talent.

Training Activity	'17	'18
Number of hours of training	49,982	46,533
Per Employee	24h	23h

46,533

Hours of training

All the training actions carried out focused on the valorization of the potential of each Employee, allowing the alignment of Human Resources policies with Employee expectations and the Institution's strategic objectives.

The Annual Training Program included actions aimed at commercial development as well as operational efficiency and digital modernization. In terms of commercial development, training activities focused on the quality of customer service and the introduction of new methods and work habits capable of increasing productivity. On the more technical and operational side, training was aimed at specific technical subjects of banking activity. Training in Banking Products and Means of Payment were among the highlights. And training and literacy on Anti Money Laundering and Combating Terrorist Financing continued to be one of the Bank's major concerns during the year 2018.

Benefits of Medical Assistance

Banco BIC's benefits policy, focused on supporting its Employees in important areas of their personal and family life, integrates a set of additional assistance and benefits in the health field.

In 2018, all workers and their families had the benefit of medical assistance, through Health Insurance, which includes a wide range of coverage, including Hospitalization, Consultations and Examinations, Oral medicine, Prostheses and Orthoses as well as Evacuation when clinically justifiable.

In 2018, all workers and their families had the benefit of medical assistance, through Health Insurance, which includes a wide range of coverage

Performance review

The Performance review system, an indispensable tool for the active talent and career management-ment, has maintained its central orientation in promoting the development of critical skills and a culture of merit.

Aligning ethical conduct and professional rigor to the enthusiasm and initiative, valuing the teamwork of all its Employees, supports an objective management focused on the importance of Human Capital, for the success of the business.

To attract, retain, generate and develop professional talent, in working conditions that allow a true sense of pride and belonging on the part of Employees, remains the main objective of Banco BIC in the field of Human Resources.


BancoBIC
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04

RISK MANAGEMENT SYSTEM

Risk Management

For the Bank, risk management is fundamental for the development of business on a sustainable basis. In 2018, the Bank continued to invest in the areas of internal control and risk management, with the aim of strengthening the institution's mechanisms for controlling, monitoring and evaluating the various risks related to its activity.

To this end, among other investments in these areas, the Bank acquired an Application System for Risk Management (SAGR) in November 2017, and in 2018 made several adjustments to better adapt it to the Bank's requirements. The SAGR has allowed the Bank to automatically process and report data to the BNA, covering a large part of the risks inherent in its activity.

The risk management function is distributed among several organizational structures, according to the type of risk:

- Credit risk is managed by the Credit Risk Analysis Department (DARC);
- Risk management from an integrated perspective and operational risk are managed by the Risk Department (DR);
- Information systems risk is the responsibility of the Information Systems Division (ISD);
- Market risks are managed by the International and Financial Division (DIF), accompanied by the Risk Division and discussed at the level of the Board and first-line Directors at ALCO.

The Risk Division continued its effort to develop risk assessment and control methodologies and tools, while seeking to ensure compliance with all reporting requirements under its responsibility.

The main activities carried out and the most relevant interventions by the Risk Department in 2018 were as follows:

- Continuous reinforcement of the risk management governance model through various improvements to the established model;
- Acquisition, in November 2017, of a tool to monitor and report on the new regulatory package, known as the Risk Management Application System (SAGR), whose implementation and diagnosis took place throughout 2018;
- Review of the reporting model of Prudential Limits to Major Risks;
- Reinforcement in the preparation and implementation of internal reports;
- Review of risk indicator metrics (KRIs) and controls to monitor operational risk;
- Review of the document that sets the guidelines for management of assets and liabilities and defines liquidity management strategies and structural management of interest rate, and exchange rate risk, among other aspects, in the Assets and Liability Capital Allocation Committee (ALCO);
- Analysis and definition of a stress testing tool that enables the Bank to respond to the requirements of the National Bank of Angola;
- Continued development of the Bank's risk management system, as well as strengthening internal control mechanisms.

2018

The Bank continued to invest on the areas of internal control and risk management, with the aim of strengthening the institution's mechanisms for controlling, monitoring and evaluating the various risks related to its activity

Governance of Risk Management

The risk management model has already been defined, and the competencies and attributions of the intervening bodies in the Bank's internal risk management and supervision, in addition to the Board of Directors (CA) and the Executive Committee (CE) are the following:

Credit Risk Commission

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

The committee is composed of the Risk Officer and the first heads of the International and Financial Department, the Internal Audit Department and others who are called on depending on the issues to be addressed.

Monitoring Commission for loans in irregular situations

This committee meets in a credit council and is responsible for evaluating and deciding on proposals for granting credit to the Bank's Clients, according to the competencies assigned to it by internal regulations. In addition, this Committee issues advisory opinions on proposals for credit from related entities of the Bank.

This committee includes all members of the EC, those responsible for the Credit Risk Analysis Department, those who have responsibility for ensuring compliance with and follow-up of the credit risk management policy, the International and Financial Department, and other areas of the Bank.

Assets and Liabilities Management Comission - ALCO

This committee is responsible for managing the Bank's global capital, asset and liability management and defining liquidity management strategies. This committee is primarily responsible for the structural management of interest rate and liquidity risks, including, the following aspects:

- Planning and capital allocation proposals;
- Monitoring and management of interest rate risk associated with the structure of assets and liabilities;
- Preparation of proposals to define policies appropriate to the management of liquidity and interest rate risks at the Bank's balance sheet level.

The Assets and Liabilities Committee meets monthly and is composed of all the members of the Executive Committee, the first heads of the International and Financial Department, the Risk Department, the Accounting and Planning Department, the Credit Risk Analysis Department and others who are convened depending on the issues to be addressed.

Risk Officer

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

- Supporting the establishment of risk management policies and methodologies for the identification, measurement, limitation, monitoring, mitigation and reporting of the various types of risk;
- Proposing and implementing a set of metrics for the various types of risk;
- Ensuring the existence of a set of rules and procedures that support risk management;
- Monitoring on a permanent basis the evolution of different risks and the compliance with applicable policies, regulations and limits;
- Ensuring the existence of an effective platform and a database for robust and complete risk management;
- Develop information on risk management to be disclosed internally and to the market.

The Risk Officer is responsible for coordinating the Bank's risk control function

Compliance

The Compliance Office (CG) reports directly to the Board, and therefore is at the first level of governance, as a control body of the Bank.

The CG is responsible for monitoring and disclosing relevant legislation and regulations, issuing guidelines and recommendations regarding compliance, carrying out the regulatory reporting requested by the supervisory entities, as well as ensuring the adequacy of control procedures, managing risks and promoting effective governance of processes.

Within the scope of the functions associated with the Prevention and Combating of Money Laundering and Terrorist Financing, the Compliance Office (CG) is responsible for ensuring the correct training and awareness of the various areas of the Bank and reporting suspicious transactions to the Financial Information Unit (FIU).

The year 2018 saw enormous regulatory challenges for the Compliance function. As one of the priorities of the current government is the fight against corruption and other harmful practices that weaken the nation, the Compliance function gained a new impetus with the appearance of new legal and regulatory requirements applicable to banking, which aim to give greater robustness to the national financial sector and with this, the efficiency of the economy and social welfare.

As in previous years, there has been a lot of pressure on the fight against money laundering and terrorist financing both internally at the BNA level through the issuance of new Notices and periodic inspections of Compliance, and through the FIU with the systematic reporting of transactions, as well as externally through correspondent Banks, with constant requests for information on transactions involving Banco BIC and requests for updating documentation and Anti-Money Laundering (AML) policies.

The Angolan financial sector continues to experience difficulties in accessing its correspondents, mainly in USD, and the expectation is for a continuous increase in regulation by the National Bank of Angola and for more challenges in terms of relations with international partners.

2018

The Compliance function gained a new impetus with the new legal requirements and regulations applicable to banking activities that aim to give greater strength to the national financial sector

Risk Management Policies and Processes

The National Bank of Angola, as regulator and supervisor of the Banking System, establishes prudential and conduct standards for the actions of financial institutions, establishing a robust framework, considering the functions, policies and management processes for the identification, assessment, monitoring, control and reporting of credit, market, liquidity and operational risk management, as well as the respective concentration, ensuring that financial institutions take into account internationally credible corporate values.

In this sense and considering its position within the Angolan Financial System, Banco BIC has developed projects in accordance with the various Notices, Directives and Instructions issued by the regulator, in order to guarantee the identification, evaluation and adequate reporting of all material risks, with the objective of ensuring strict compliance with all legal and regulatory provisions in force.

The Bank's risk management policy aims to contribute to the pursuit of its strategic objectives, seeking to ensure a sustained balance between the levels of own funds and the risks incurred in the context of the activity. It is considered fundamental to ensure the segregation of functions between the areas that originate the risk and the areas that accompany it, enabling the latter to perform their responsibilities in an objective and independent manner.

The risk management function is carried out by the Risk Department on an autonomous basis, which must be exercised independently of the risk-taking areas, be adequately resourced in order to achieve its objectives, and have broad access to all the activities and information relevant to the performance of their duties, as defined in Notice No. 02/2013 of April 19, of the National Bank of Angola.

Credit Risk

Credit risk is considered one of the most significant risks of the activity of Financial Institutions. It is materialized in losses and uncertainty as to future returns generated by the loan portfolio, by the possibility of default by borrowers (and their guarantor, if any) or by an issuer of a security or counterparty to a contract.

The General Credit Regulations establish the limits and procedures for granting and managing credit operations.

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

The Credit Risk Analysis Department (DARC) is responsible for defining and monitoring the credit risk management policy. There is currently a set of manuals and standards that ensure the above by defining levels of competence in lending, limits by type of operation, customer capacity assessment, monitoring of compliance with financial plans and analysis of the risk of uncollectibility and the need for renegotiation.

The Credit Risk Analysis Department is responsible for ensuring the definition and monitoring of the credit risk management policy

The Bank has maintained its development of risk management methodologies, particularly with regard to credit granting, monitoring and recovery.

It should be noted that the Information and Credit Risk Center, an information platform on the credit exposure of private customers and companies in the banking sector, has allowed a more adequate management of credit risk.

Decision

The Bank's Credit Risk Analysis Department (DARC) is subdivided into:

- Large Risks - area in charge of the analysis of all credit operations or customers with general distribution above the AKZ 16.2 million equivalent, or USD 50 thousand;
- Retail - area responsible for the analysis of all credit operations or customers with general indebtedness lower than AKZ: 16.2 million equivalent, or USD 50 thousand.

Evaluation

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

- Internal ratings of non-financial entities:
  - Financial Elements of the Client, assigning a Degree of Rating in Quantitative terms;
  - Completion of a questionnaire by the commercial area (which may be reviewed at any time by the DARC) comprising qualitative information used to define the Degree of Risk. This should reflect in qualitative terms the company's true value.
- The Type of Credit, Purpose and Amount Proposed;
- The Group's overall credit risk;
- Global indebtedness as reported in the Credit Risk Information Center (CIRC) of the National Bank of Angola;
- Existence of debts to the State or Social Security;
- Exposure concentration;
- The existing relation / commercial and lending experience;
- Economic Group's valuation

There are also distinct evaluation procedures for specific types of credit, such as:

- Construction Financing, which, in addition to the aforementioned considerations, is complemented by an analysis related to:
  - Completed projects (Historical);
  - Works in progress;
  - Project to be financed (Map of the project, Financial Plan, Description of the project, including the persuasive aspects of the project, Licenses necessary for its realization;
- Mortgage Loan, in addition to the aforementioned considerations, is complemented by an analysis related to:
  - Evaluation of the property to be acquired;
  - Capacity for indebtedness.

Finally, the whole process of analysis includes the evaluation of collaterals.

The CIRC has proven to be an essential tool for evaluating the general indebtedness of Clients in national banking, allowing the assessment of the real financial capacity of companies / individuals, thereby allowing for the mitigation of some risk associated with credit operations.

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Monitoring

Customer monitoring involves permanent observation, which allows us to know at any moment the degree of confidence in the possibility of repayment of the credit granted and / or to warn in a timely manner of circumstances that may affect the operations.

The credit follow-up process begins immediately after the loan is contracted and continues until full repayment, in order to ensure compliance. The Bank classifies loans in different degrees of Special Surveillance according to the degree of concern regarding the possibility of default (VE4 - monitoring, VE3 - reinforcement of guarantees, VE2 - reduction and VE1 - extinction).

Also classified are those Clients who are already in default and for which the possibilities of negotiation by the commercial structure in Litigation and Pre-Litigation are considered to be exhausted.

As part of the monitoring of the overdue loan portfolio, the DARC maintains permanent control of loans due above USD 5 thousand. This control is carried out through monthly reports and meetings with the respective commercial areas.

Central Archive

The Risk and Credit Monitoring Division features a centralized archive management area for credit processes above AKZ 16.2 million, equivalent to USD 50 thousand. However, due to the existence of the WFC tool, this file is gradually being replaced by the application, since it allows the digitization of all the documentation involved in all approved credit proposals.

Central Balance-Sheet Database - Rating Notation

Since 2014 the Bank has implemented a Central Balance-Sheet Database in order to obtain a database of economic and financial information about its Client companies. The information is based on annual financial statements / management reports of companies, as well as on qualitative data obtained through the Bank's Commercial Network, to highlight the trends of recent years, with a larger number of Clients to present Reports and accounts and management reports of better quality.

The main purpose of the Central Balance-Sheet Database is to contribute to a better knowledge / monitoring of the economic and financial situation of the companies (customers) with requests for and / or credit in progress.

Credit Work-Flow

The Credit Work-Flow (WFC) application continues to be an essential tool enabling the Bank to improve the duration of the credit granting process (Proposal-Decision Formulation).

During 018, a total of 8,513 transactions were registered.

	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec		Total	
Approved	507	93.9%	391	88.3%	542	91.4%	642	94.7%	712	93.2%	767	95.8%	768	94.5%	807	93.4%	742	95.7%	875	93.8%	738	91.1%	436	87.4%	7,927	93.1%
Refused	22	4.1%	25	5.6%	27	4.6%	21	3.1%	38	5.0%	23	2.9%	19	2.3%	40	4.6%	18	2.3%	45	4.8%	49	6.0%	33	6.6%	360	4.2%
Withdrawn	4	0.7%	4	0.9%	5	0.8%	1	0.1%	2	0.3%	2	0.2%	4	0.5%	4	0.5%	8	1.0%	4	0.4%	3	0.4%	3	0.6%	44	0.5%
Being approved	7	1.3%	20	4.5%	19	3.2%	14	2.1%	11	1.4%	9	1.1%	22	2.7%	13	1.5%	6	0.8%	9	1.0%	20	2.5%	26	5.2%	176	2.1%
Being withdrawn	0	0.0%	3	0.7%	0	0.0%	0	0.0%	1	0.1%	0	0.0%	0	0.0%	0	0.0%	1	0.1%	0	0.0%	0	0.0%	1	0.2%	6	0.1%
TOTAL	**540**	**100%**	**443**	**100%**	**593**	**100%**	**678**	**100%**	**764**	**100%**	**801**	**100%**	**813**	**100%**	**864**	**100%**	**775**	**100%**	**933**	**100%**	**810**	**100%**	**499**	**100%**	**8,513**	**100%**

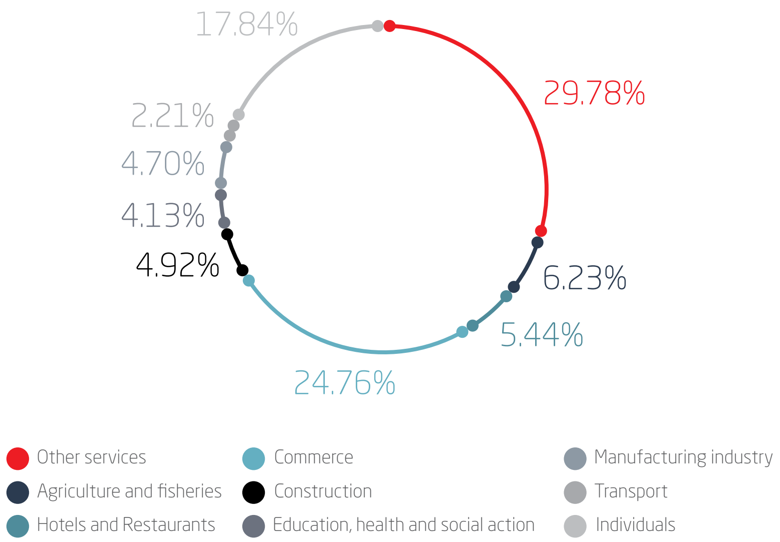
The WFC has proven to be an effective and efficient tool for the processing of all credit in the Bank because of the following aspects:

SPEED	The time taken to analyze credit operations has been considerably reduced.
DOCUMENT MANAGEMENT	The time taken to analyze credit operations has considerably reduced.
STANDARDIZATION	Credit operations are executed in a standardized manner throughout the Bank's structure.
AUTOMATIZATION	Pre-existing data in the Bank's central application related to the Customer is gathered automatically.
PROCESS CONTROL	The WFC can provide to all the participants in each phase of the circuit with the exact situation of the credit operation.

Control of restructured operations

At present, the Bank does not yet have an automatic means of capturing credit operations subject to restructuring, in particular operations whose conditions and guarantees have been renegotiated due to the deterioration of credit risk or default. Nevertheless, in the continuous development of information systems and credit risk analysis, renegotiated credit operations have been identified.

The Bank's loan portfolio shows balanced sectoral diversification.



Reflecting a prudent risk management basis, the ratio of total credit coverage (excluding subscribed loans) to impairment as at 31 December 2018 remained at 25%.

Millions of Kwanza	'18	'17	'16
Credit impairment	130,226	87,957	74,681
Coverage for loans in default	137%	196%	204%
Total loan coverage	25%	25%	20%

25%

Ratio of total credit coverage

Market Risk

Market risks consist of losses that may occur as a result of changes in interest rates or exchange rates and / or prices of financial instruments, not only considering the correlation between them but also their volatility.

In terms of market risks, the Bank has a policy of not leveraging its activity, through the use of financial instruments, recognizing that activity should be based fundamentally on the commercial and retail segment. The activity of the trading rooml should focus on prudent treasury management, through the application and profitability of surplus liquidity. To this end, the Bank has implemented mechanisms to control the market risks to which it is exposed and monitors its management, in structural terms, in the Assets and Liabilities Management Committee (ALCO).

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

Portfolio investments favor assets with appropriate levels of profitability and liquidity, most of which have public debt securities eligible for monetary policy operations with the National Bank of Angola and for the liquidity coverage ratio.

The acquisition of public debt securities for the Bank's own portfolio is carried out in the manner defined by the Board. In this context, mechanisms are implemented to control the approved limits and risk measurement methodologies of the portfoli.

It is incumbent upon the Risk Department to monitor the defined limits, reporting on possible defaults, as well as periodically carrying out a specific report on market risks.

Since the end of 2016, market risk has been reflected in regulatory requirements for Financial Institutions, notably Notice No. 04/2016 - Regulatory requirements for market risk and counterparty credit risk in the trading book; Instruction no. 14/2016 - Calculation and requirement of regulatory own funds for market risk and counterparty credit risk in the trading book; and no. 15/2016 - Provision of information on regulatory own funds for market risk and counterparty credit risk in the trading portfolio and No. 27/2016 - Governance of market risk.

Interest Rate Risk

Interest rate risk can be defined as the impact on results and equity of an adverse change in market interest rates. The Bank takes on interest rate risk whenever, in the development of its activity, it contracts transactions with financial flows sensitive to possible interest rate variations.

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

Under Notice no. 08/2016 the Bank reports to BNA every six months, since 31 December 2016, its level of exposure to the interest rate risk of the banking book as a function of its Regulatory Own Funds.

Liquidity Risk

Liquidity risk consists of the risk of not meeting payment obligations in a timely manner or complying with them at an unreasonable cost, either through more severe financing conditions (financing risk) or through forced sales of assets (market liquidity risk).

The DIF presents an appropriate structure for the monitoring of liquidity, market and foreign exchange risks, with prudential limits of exposure to these risks being defined by the Bank in the interbank money and exchange markets.

For the short-term investments of the own portfolio (market risk of the own portfolio), the objective is to maximize liquidity surpluses in addition to the Interbank Money Market applications, contributing positively to the Bank's net interest income. Included in this are the applications in Treasury Bills, the acquisition of Repurchase Agreements (Repos) and the Permanent Liquidity Lending Facility of the Central Bank.

On a monthly basis, the DIF prepares information to report to the Executive Committee of the Board of Directors on the evolution of the investments made by the Bank and its exposure to such risks.

Control of liquidity risk

Liquidity risk control is performed on a daily basis by the DIF on the basis of internally defined metrics, which measure the maximum borrowing needs that may occur, and enable the Bank's liquidity position to evolve.

The Risk Management division, in accordance with Instruction No. 19/2016 of August 30 - Liquidity risk, reports monthly to the National Bank of Angola, indicating the economic value of future cash flows in domestic and foreign currencies, for evaluation and liquidity level monitoring. The calculation methodology of this report, as well as the submission to the National Bank of Angola, has been implemented since the first half of 2017.

Exchange Rate Risk

Exchange rate risk arises from changes in the exchange rates that affect balance sheet positions in foreign currency. Its management aims to minimize the impact of this structural risk on the Bank's results and capital position.

Exchange rate risk management aims to minimize the impact of this structural risk on the Bank's results and capital position

The foreign exchange risk of the Bank's portfolio maintains a set of smaller portfolios and reduced risk positions, the management of which is done specifically by the DIF, and the respective risk is controlled on a daily basis, through the metrics and limits defined for risk control market.

Operational Risk

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

In order to ensure the correct implementation of the control activities mentioned above, the control functions often carry out audits and inspections to identify situations that require improvement and to define and monitor the action plans to address them.

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

For the calculation of capital requirements to cover operational risk, the Bank initially opted for the basic indicator method set out in Notice no. 05/2016 and Instruction no. 16/2016 of 08 August.

Reports are periodically made to the Executive Committee regarding the audits and inspections carried out with an indication of the situations identified and the action plans to be implemented.

The Risk Division is finalizing a methodology for the management and monitoring of Operational Risk, which will be implemented during the year 2019.

Concentration Risk

With counterparty credit risk, the Bank's objective is to diversify counterparties, based on methodologies for evaluating, monitoring and controlling credit limits for institutions, as well as compliance with the prudential limits for large exposures in accordance with Notice n . 09/2016, of the National Bank of Angola.

The Bank carefully considers the concentration of risk in its risk management strategies, policies and processes, defining the responsibilities of relevant Employees and developing processes for the identification, evaluation, monitoring, control and reporting of risk.

The DR examines the concentration of credit on a semiannual basis, based on internal criteria, using the Individual Concentration Index (ICI) and the Sectoral Concentration Index (ICS).

Reputational Risk

The image of the Bank is the responsibility of the Marketing Department, which carries out advertising campaigns and actions with its Clients throughout the year that allow them to transmit the principles and values associated with Banco BIC.

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

These areas, as well as the Executive Committee, are responsible for monitoring and regularly evaluating situations that could jeopardize the Bank's reputation, with the necessary steps being taken to resolve them.

The Bank's reputation policy involves the constant transmission of the vision, mission and values that govern the Bank's activity and its relationship with Clients, counterparties, shareholders, investors as well as the Supervisory entities.

The Bank's reputation policy aims to constantly transmit the vision, mission and values

Compliance Risk

Compliance risk consists of the occurrence of negative impacts on results or capital arising from breaches or non-compliance with laws, regulations, specific determinations, contracts, rules of conduct and customer relationships, instituted practices or ethical principles that result in legal sanctions, in limiting business opportunities, in reducing the potential for expansion or in the impossibility of demanding compliance with contractual obligations.

It is therefore the Bank's objective with respect to compliance risk to comply with applicable legal and regulatory provisions, including those relating to the prevention of money laundering and combating the financing of terrorism, as well as professional and deontological standards and practices, internal and statutory rules, rules of conduct and relations with Clients and the guidelines of the governing bodies, in order to protect the reputation of the institution and avoid sanctions.

Banco BIC has implemented methodologies and tools that allow for preventive action in the event of compliance and reputational risk events, as indicated in Chapters 6.2 and 7 Collaboration and Money Laundering and Terrorist Financing. These methodologies ensure the regular monitoring and evaluation of the adequacy and effectiveness of the measures and procedures adopted to detect any risk of non-compliance with the legal obligations and duties to which the institution is subject. Similarly, the Bank is also endowed with procedures and tools that allow for constant monitoring and risk assessment in relation to the prevention of money laundering and combating the financing of terrorism, adopting standards of agreement, not only with legal provisions in force, but also with international best practices.

Internal Control

In compliance with the BNA's Notice No. 02/2013 of 22 March, and in view of the development of the Angolan financial system, namely the increasing complexity of the financial operations, products and services offered, while taking into account the most recent guidelines issued by international reference bodies, in the adaptation of accepted international supervisory practices, the existence of an effective internal control system is a fundamental component of Bank management and serves to support an appropriate administrative organization and control of operational risks for financial institutions of credit institutions.

Internal control is intended to ensure that BIC Bank achieves its goals in a manner that is safe, prudent and controllable in a manner that is appropriate to its size and complexity of activity.

The internal control is intended to ensure that Banco BIC achieves its goals in a manner that is safe, prudent and controllable

Internal Control System

An integrated set of policies and processes that are permanent and transversal to all institutions, carried out by the management body and other Employees in order to achieve efficiency objectives in the execution of operations, control of risks, reliability of accounting information and management support, as well as compliance with legal norms and internal guidelines.

Objectives

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

a) Ensuring the existence and safety of the assets;
b) Control of the risks of the activity of the institution, which are described in number 10 of chapter II of this guideline;
c) compliance with prudential standards in force;
d) the existence of a complete, reliable and timely accounting and financial information, in particular as regards its registration, retention and availability;
e) the provision of reliable, complete and timely financial information to the supervisory authorities;
f) prudent and proper assessment of assets and liabilities;
g) The adequacy of the operations performed by the institution to other applicable legal, regulatory and statutory provisions, internal rules, guidelines of the corporate bodies, norms and professional uses and other rules relevant to the institution;
h) The prevention of the institution's involvement in money laundering operations.

2. In order to achieve the stated objectives, it is necessary that the internal control system implemented consistently covers the definition of the organizational structure, methods and procedures to that end, as it is itself regularly subject to verification of its operation and effectiveness.

3. The National Bank of Angola, through Notice no. 02/2013, established that "the institutions of the national financial system must have an internal control system that meets the minimum requirements" defined for that Instruction.

In addition, it stipulates that "the fundamental rules of the internal control system shall, in particular, lay out objectives, procedures and means to ensure its implementation, in writing and made available to its users."

The aforementioned Notice also provides that a report on the internal control system be prepared annually, to be sent to the National Bank of Angola, in accordance with Instruction no. 01/2013 - Internal Control.

4. The aim of this Service Order is to define for Banco BIC the necessary rules and competences for the design, implementation and verification of the internal control system and compliance with the guidelines of the National Bank of Angola on this matter.

General Principles

1. The design, periodic evaluation and review of the Bank's internal control system is the responsibility of the Executive Board or other equivalent governing body;

2. The internal control system shall be formalized in specific documents, in sufficient detail, and shall consider five integrated components, namely: the control environment, risk management systems, control activities, information and communication, and the monitoring process.

3. Banco BIC shall maintain and update an Internal Control System covering the organizational structure, methods and procedures appropriate to the pursuit of the strategic guidelines outlined by the Executive Committee in order to achieve the objectives defined in Article 4 of Notice No. 2/2013, of April 19, of the National Bank of Angola.

4. The internal control system implemented shall ensure that the following principles are ensured at all times:

a) Appropriate segregation of duties between authorization, execution, registration, custody and control;
b) Chronological reconstitution of the operations carried out;
c) Justification of all accounting information through valid supporting documents;
d) Verification by each responsible body, through reliable and timely information, of the achievement of the established objectives and guidelines;
e) Specifically in relation to computer systems, the following principles, among others, must be ensured:

I. The systems shall be described in detail and any changes made shall be recorded in an appropriate document;
II. Data should be subject to regular controls;
III. Equipment, applications and data must be adequately protected in order to prevent damage, fraud and unauthorized access to the system and confidential information.

5. The maintenance and updating of the internal control system requires the collaboration and control of all the divisions of Banco BIC within their respective areas of activity.

The maintenance and updating of the internal control system requires the collaboration and control of all the divisions of Banco BIC within their respective areas of activity

6. The Organizational Structure should ensure a constant concern with the various aspects of Internal Control, based on ethical and integrity principles, respect for the Code of Conduct and Policies that identify and mitigate conflicts of interests, definition and implementation of Internal Control processes and practices, requiring knowledge of how to manage the relevant risks, adequate segregation of authorization, execution, registration, accounting and control functions; they should also make sure that the organizational and functional aspects are compatible with the pre-determined strategy, providing the resources and means in number, knowledge and experience for the divisions to act with transparency.

There should be an Order of Service for the information and control reports, with their own responsibility and authority, respecting the segregation of duties in the tasks assigned to them.

7. Within the Bank's Corporate Governance system, the key functions of the Bank's Internal Control System are internal auditing, compliance and risk management.

8. The Bank's Board shall ensure the independence, status and effectiveness of the key functions of the internal risk management, compliance and internal audit control systems, which shall be provided with sufficient human and material resources to comply with their mission;

9. Without prejudice to the foregoing, the Organization and Quality Division (DOQ), Compliance Office, (GC) and Risk Division (DR), as well as the Internal Audit Division (DSM), Material Resources Division (DRM), Accounting Division (DC), and Credit Risk Support Division (DARC) are given specific responsibilities in the design, coordination and verification of the internal control system, as described below and as set out in Article 16 of Notice no. 02/2013.


CENTRO MÉDICO BIC
BIC Seguros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05

MONEY LAUNDERING AND TERRORIST FINANCING

Money Laundering and Terrorist Financing

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

The Republic of Angola adopted Resolutions 19/99 of 30 July, 21/10 of 22 June and 38/10 of 17 December, published in DR. Series 1, Nos. 31, 115 and 239, ratifying the United Nations Conventions against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, transnational crime and the suppression of terrorist financing, respectively, to ensure the security of the Angolan financial system.

Law 34/11, of 12 December, establishes preventive and repressive measures to combat laundering of money of illicit provenance and the financing of terrorism.

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

This set of legal provisions is not limited to criminalizing certain types of behavior, in particular those that result in "money laundering arising from illegal activities", it also establishes a set of preventive measures, especially those directed at the financial system.

Banco BIC has been continuously adopting and updating strategies, policies and processes to prevent the use of Credit Institutions in Money Laundering and Terrorist Financing (ML / TF). The main aspects to highlight are the following:

- Implementation and dissemination of the Money Laundering and Financing of Terrorism Prevention Manual;
- Preparation and dissemination of Compliance standards and policies across the organization;
- Implementation and continuous development of Money Laundering and Terrorism Financing Prevention software, both Know Your Client (KYC) and Know Your Transaction (KYT);
- Development, together with internationally recognized partners, of training courses for the all Banco BIC Employees.

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

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

Banco BIC has been continuously adopting and updating strategies, policies and processes to prevent the use of Credit Institutions in Money Laundering and Terrorist Financing


BancoBIC

06

FINANCIAL ANALYSIS

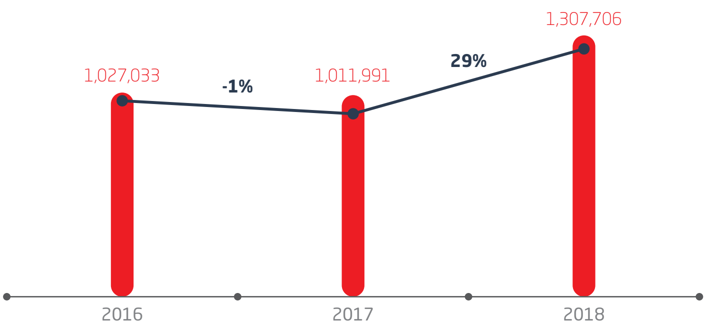
Financial Analysis

In 2018, the turnover of Banco BIC amounted to AKZ 2,164,009 million, representing a variation of 23% compared to 31 December 2017 (AKZ 1,752,421 million).

The net assets of the Bank amounted to AKZ 1,307,706 million as at 31 December 2018, an increase of AKZ 295,715 million compared to 2017, corresponding to a positive variation of 29%. This increase was boosted by Customer Loans, which increased by AKZ 111,817 million and by the Securities Portfolio which rose from AKZ 526,242 million on 31 December 2017 to AKZ 612,056 million.

Net Assets

(millions of AKZ)

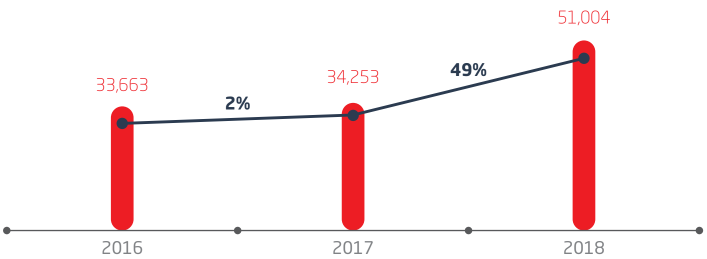


Assets are mainly financed by customer funds and other loans, which increased by AKZ 133,461 million (17%) compared to 31 December 2017, while funds from Central Banks and other credit institutions recorded an increase of AKZ 35,373 million (48%) compared to 31 December 2017.

The net result of Banco BIC in the year 2018 totaled AKZ 51,004 million, which compares with the net result of AKZ 34,253 million in 2017, corresponding to an increase of 49% over the previous year. The increase is mainly explained by the increase in the item on Foreign Exchange Results, after constitution of a provision for maintenance of own funds, in accordance with IAS 29.

Net Profit

(millions of AKZ)



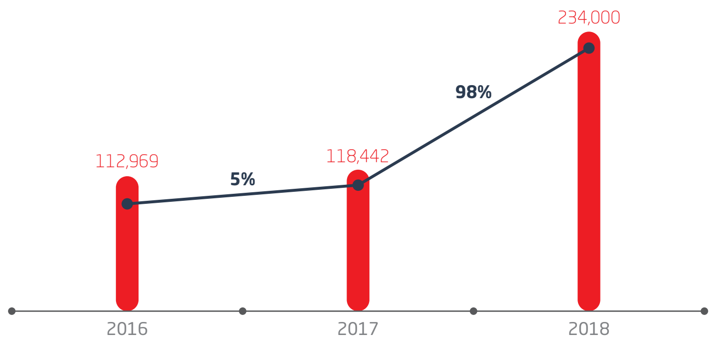
49%

Rise in net profits compared with 2017

As at 31 December 2018, the Bank's shareholders equity amounted to AKZ 234,000 million, an increase of AKZ 115,558 million, compared to AKZ 118,442 million on 31 December 2017.

Shareholders Equity

(millions of AKZ)



98%

Increase of the Bank's shareholders equity

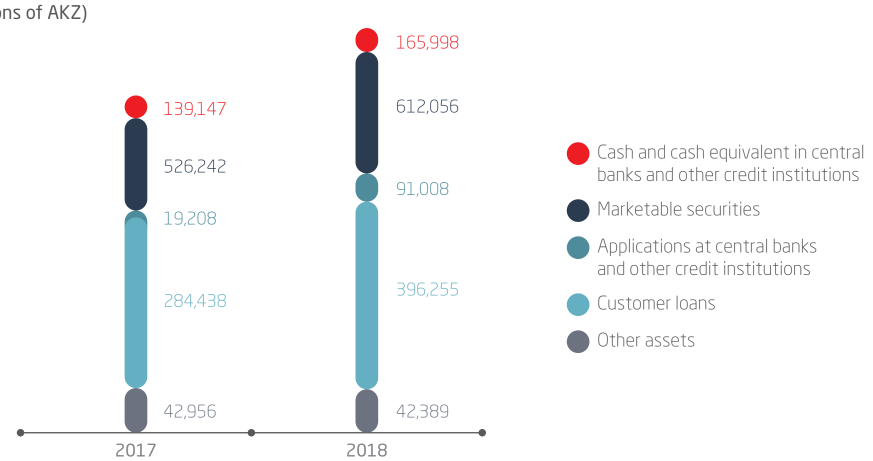
Balance Sheet

Assets

At 31 December 2018, Net Assets totaled AKZ 1,307,706 million, an increase of 29% compared to 2017. It should be noted that, in the context of the adoption of IFRS 9, assets which in December 2017 were recorded as "Financial assets at fair value through profit or loss" and "held-to-maturity investments", were reclassified to "Investments at amortized cost".

Net assets

(millions of AKZ)



(millions)

	'18		'17		Δ
	AKZ	USD	AKZ	USD	%
ASSETS					
Cash and deposits with Central Banks	135,930	440	130,412	786	4%
Deposits with other credit institutions	30,068	97	8,735	53	244%
Loans and advances with other credit instiutions	91,008	295	19,208	116	374%
Investment at amortized cost	612,056	1,983	n.a.	n.a.	100%
Financial assets at fair value	-	-	134,184	809	-100%
Investments held to maturity	n.a.	n.a.	392,058	2,363	-100%
Credit to customers	396,255	1,284	284,438	1,714	39%
Non current assets available for sale	19,395	63	19,266	116	1%
Other tangible assets	13,556	44	12,704	77	7%
Intangible assets	293	1	308	1	-5%
Investments in subsidiaries, associated companies and joint ventures	411	1	345	2	19%
Other assets	8,734	28	10,333	62	-15%
TOTAL	**1,307,706**	**4,236**	**1,011,991**	**6,099**	**29%**

Loans to customers

Banco BIC remains willing to support the investments of its corporate and private Clients in the Angolan economy by selecting projects that are appropriate to its credit risk profile in the various sectors of economic activity.

The loan portfolio granted to customers (including loans for loans and financing) totaled AKZ 635,164 million at 31 December 2018, an increase of 43% compared to AKZ 442,660 million at 31 December 2017.

(millions)

	'18		'17		Δ
	AKZ	USD	AKZ	USD	%
LOANS TO CUSTOMERS					
1. Total loans	635,164	2,058	442,660	2,669	43%
1.1 Loans to customers	419,494	1,360	312,607	1,884	34%
Domestic Currency Loans	152,670	495	169,313	1,020	-10%
Foreign currency Loans	266,824	865	143,294	864	86%
1.2 Overdue credit and interest	95,120	308	44,937	271	112%
Overdue Credit and Interest National	23,534	76	20,553	124	15%
Currency Overdue credit and interest foreign currency	71,586	232	24,384	147	194%
1.3 Interest to receive	13,078	42	15,824	96	-17%
Interest to receive National Currency	7,372	24	9,422	57	-22%
Interests to receive Foreign Currency	5,706	18	6,402	39	-11%
1.4 Subscription loans	108,683	352	70,265	424	55%
Guarantees and endorsements given	78,935	256	61,866	373	28%
Open Documentary Loans	29,748	96	8,399	51	254%
1.5 Commissions associated amortized cost	(1,211)	(4)	(973)	(6)	24%
2. Impairment and provisions constituted for credit risks	134,833	437	90,094	543	50%
Credit granted	130,226	422	87,957	530	48%
Guarantees given	4,607	15	2,137	13	116%
3. Credit Granted, net of impairments and provisions	500,331	1,621	352,566	2,126	42%
OVERDUE LOANS / CREDIT GRANTED	**18.48%**	**18.48%**	**12.57%**	**12.57%**	**-**

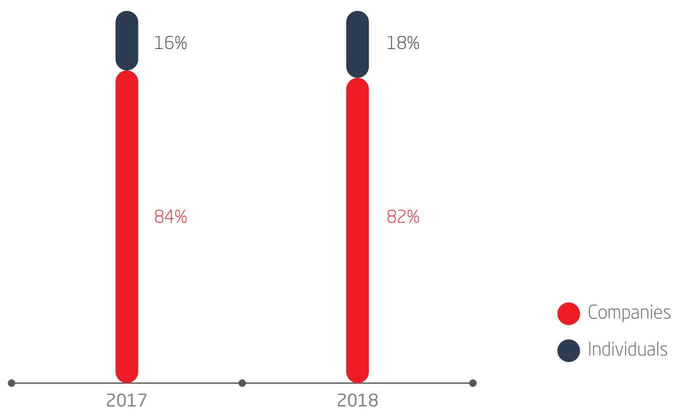
Loans granted to customers at the end of 2018 represent 39% of total assets (35% at 31 December 2017).

In the year under review, the credit by subscription increased by AKZ 38,418 million, the equivalent of 55%, to AKZ 108,683 million as of December 31, 2018. Open Documentary Credits increased from AKZ 8,399 million at the end of 2017 to AKZ 29,748 million in December 2018, due to the impact on this product by the National Bank of Angola's provision of foreign exchange, while the Guarantees and Endorsements increased by AKZ 17,069 million.

In 2018, the Bank maintained its conservative policy on the classification of the risk of credit operations granted, reinforcing the impairment of credit risks. As of December 31, 2018, Banco BIC has impairment and total provisions amounting to approximately AKZ 134,833 million, a net change compared to December 31, 2017 of approximately AKZ 44,739 million (50%).

At 31 December 2018, credit coverage for impairment amounts to 25.31%, which compares with the 24.60% recorded on 31 December 2017. In turn, the coverage of past due loans was approximately 137% at the end of the financial year 2018.

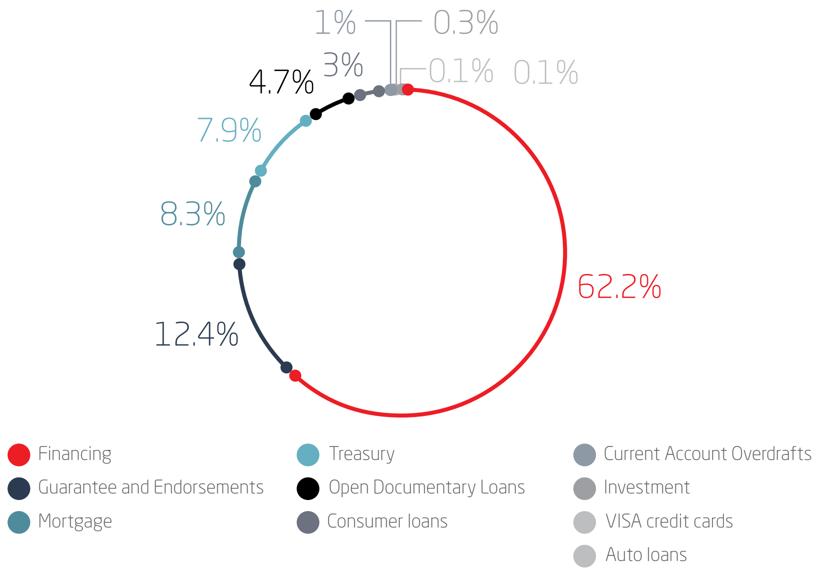
Loans classified by beneficiary



As of December 31, 2018, approximately 82% of the loan portfolio corresponded to loans granted to Companies, while the remaining 18% refer to Private Customers.

At 31 December 2018 and 2017, the loan portfolio can be broken down by product type as follows:

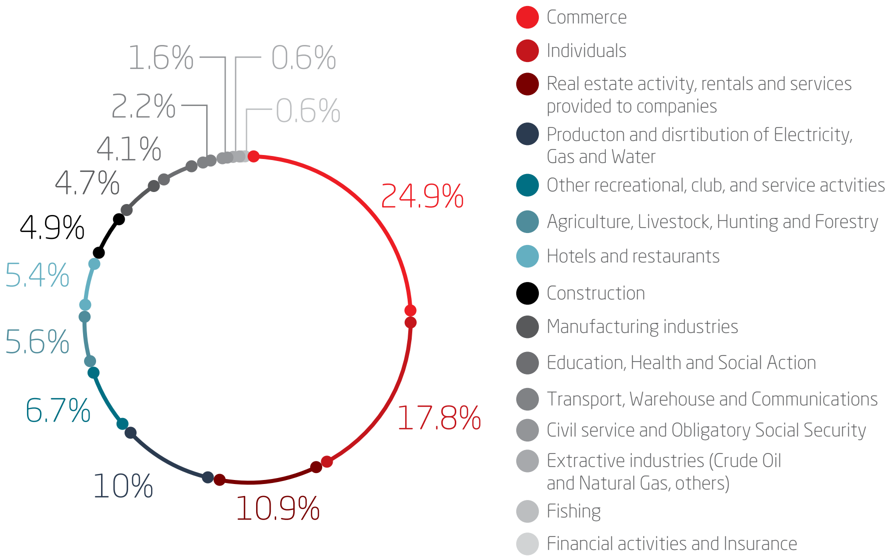
	'18		'17		Δ
	AKZ	USD	AKZ	USD	%
LOANS BY PRODUCT TYPE					
Financing	396,114	1,284	281,078	1,694	41%
Guarantees and Endorsements	78,935	256	61,866	373	28%
Mortgage	53,122	172	41,419	250	28%
Treasury	50,046	162	30,681	185	63%
Open Documentary Loans	29,748	96	8,399	51	254%
Consumer credit	19,315	63	12,392	75	56%
Current account overdrafts	6,527	21	5,746	35	14%
Investment	1,592	5	1,052	6	51%
VISA credit cards	588	2	634	4	-7%
Auto loans	388	1	366	2	6%
TOTAL	**636,375**	**2,062**	**443,633**	**2,675**	**43%**



62.2%

Correspond to financing, the type of product most sought by customers

The distribution of the loan portfolio by type of products reveals a great diversity of activities supported by Banco BIC. The most sought after products of the Bank's customers correspond to Financing, with a weight of 62.2%, Guarantees and endorsements 12.4%, Home loans 8.3%, Treasury support loans 7.9%, and Consumer loans with a weight of 4.7%.



In 2018, the Commercial sector and the Individuals sector, with 24.9% and 17.8% respectively, were those that, in terms of credits granted, deserved more support from Banco BIC. Particularly noteworthy were the loans granted to Real Estate Activities, Leases and Services rendered to Companies, with 10.9% of the total credit granted.

In 2018, although there was an increase in credit and accrued interest of AKZ 95,120 million compared to the figures presented at the end of the year 2017, the Bank maintains an adequate coverage in credit risk due to impairment and provisions.

The increase in provisions for credit allowed the ratio of impairment and provisions for loans to loans to increase from 24.60% to 25.31% at the end of 2018, while credit in default for impairment was at 137%.

(in millions)

	'18		'17		Δ
	AKZ	USD	AKZ	USD	%
OVERDUE LOANS					
Credit Granted	514,614	1,668	357,544	2,155	44%
Overdue loans	95,120	308	44,937	271	112%
Overdue loans/Credit Granted	18.48%		12.57%		47%
Coverage for Overdue loans by Impairment	137%		196%		-30%
Impairment for Credit/Credit Granted	25.31%		24.60%		3%

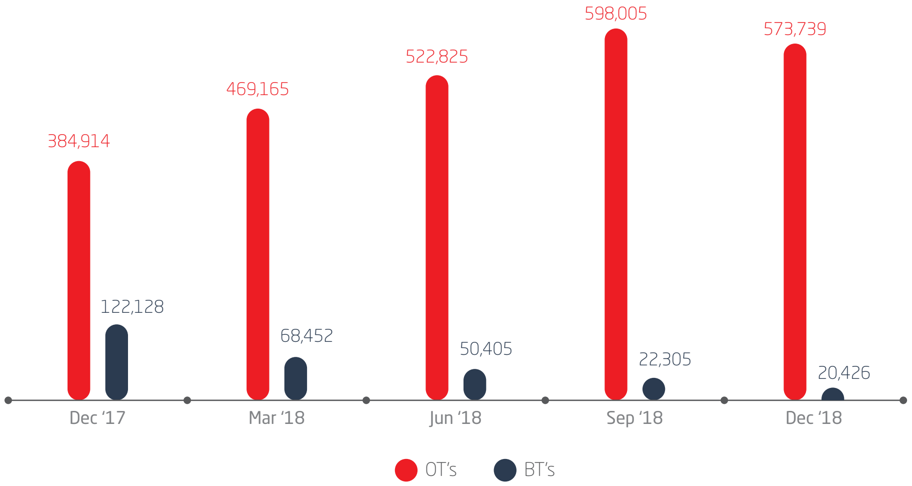
Securities Portfolio

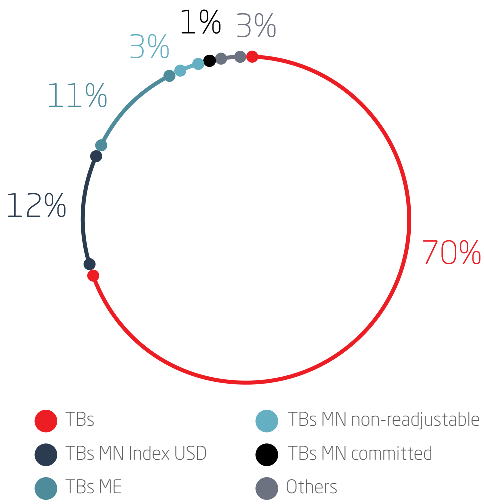
The Bank's securities portfolio is classified according to the reason for their acquisition. In the context of the adoption of IFRS 9, the securities portfolio was reclassified from "Financial assets at fair value through profit or loss" and "Held-to-maturity investments" to "Investments at amortized cost".

The reclassification was made because the securities in the portfolio comply with the SPPI tests, as well as the business model associated with the holding of these assets.

	'18		'17	
	AKZ	USD	AKZ	USD
SECURITIES PORTFOLIO				
Investments at amortized cost	613,270	1,987	n.a.	n.a.
Treasury Bonds	573,739	1,942	n.a.	n.a.
In National Currency (USD Index)	432,767	1,402	n.a.	n.a.
In Foreign Currency (USD)	72,724	236	n.a.	n.a.
In National Currency (non readjustable)	68,248	221	n.a.	n.a.
Treasury bills for trading	20.426	66	n.a.	n.a.
Other tradeable securities	5,119	17	n.a.	n.a.
Interest to receive	13,986	45	n.a.	n.a.
Fair value through profit or loss	-	-	134,184	809
Held for trading	-	-	134,184	809
Treasury bills	-	-	122,128	736
Others securities for trading	-	-	3,708	22
Interest to receive	-	-	8,348	50
Held to maturity	n.a.	n.a.	392,058	2,363
Treasury bonds	n.a.	n.a.	384,914	2,320
In national currency (USD Index)	n.a.	n.a.	245,530	1,480
In foreign currency (USD)	n.a.	n.a.	39,907	241
In national currency (non readjustable)	n.a.	n.a.	87,356	526
Interest to receive	n.a.	n.a.	7,144	43
Held to maturity	n.a.	n.a.	526,242	3,172
Impairment	1,214	4	n.a.	n.a.
TOTAL	**612,056**	**1,983**	**526,242**	**3,172**

The Bank's securities portfolio increased by AKZ 87,028 million (17%) in relation to the position on 31 December 2017 in 2018. On the one hand, the Treasury Bonds in National Currency Indexed to the US dollar increased by AKZ 171,124 million, on the other hand the Treasury Bills decreased by AKZ 101,702, due to the maturity of several non-renewed issues.



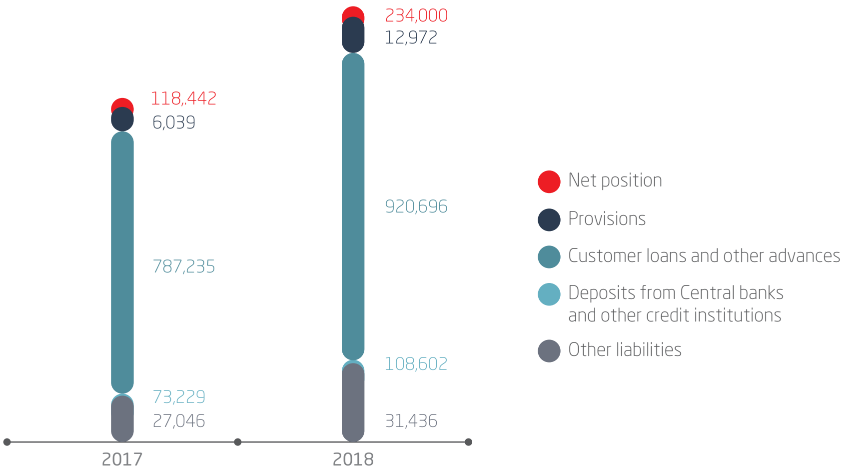


Liabilities and Net Worth

In 2018, the Bank's liabilities increased by approximately AKZ 180,157 million compared to 2017, a 20% rise. This was mainly due to the change in the category of Customer Funds and Other Loans by approximately AKZ 133,461 million (17%) compared to the previous year.

In 2018, the Bank's equity increased by AKZ 115,558 million, explained on the one hand by net income for the year (AKZ 51,004 million) and, on the other, by the reinforcement of revaluation reserves in the amount of AKZ 91,957 million, resulting from the exchange variation occurred in 2018.

Passivo e Situação Líquida



(in millions)

	'18		'17		Δ
	AKZ	USD	AKZ	USD	%
LIABILITIES AND NET POSITION					
Deposits at Central Banks and other credit institutions	108,602	352	73,229	441	48%
Customer deposits and other advances	920,696	2,983	787,235	4,745	17%
Provisions	12,972	42	6,039	36	115%
Other liabilities	31,436	102	27,046	163	16%
Net position	234,000	758	118,442	714	98%
TOTAL	**1,307,706**	**4,237**	**1,011,991**	**6,099**	**29%**

Customer funds and other loans

The portfolio of total customer funds and other loans in 2018 amounted to AKZ 920,696 million, corresponding to an increase of AKZ 133,461 million and a 17% increase compared to 31 December 2017.

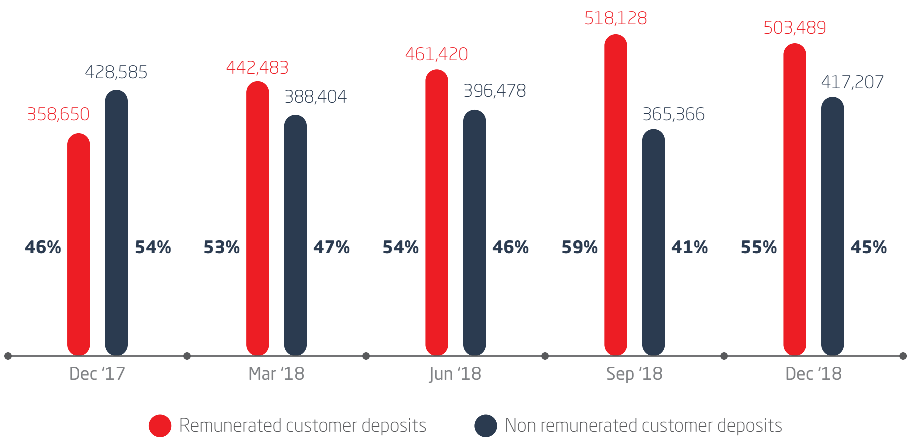
As at 31 December 2018, total customer and other borrowing resources include sight deposits amounting to AKZ 412,837 million, term deposits amounting to AKZ 503,489 million and other deposits amounting to AKZ 4,370 million.

(in millions)

	'18		'17		Δ
	AKZ	USD	AKZ	USD	%
TOTAL CUSTOMER DEPOSITS AND OTHER ADVANCES					
Customer Deposits	916,326	2,970	782,865	4,717	17%
Current accounts	412,837	1,338	424,215	2,556	-3%
National Currency	306,948	995	352,972	2,127	-13%
Foreign Currency	105,889	343	71,243	429	49%
Time Deposits	503,489	1,632	358,650	2,161	40%
National Currency	257,647	835	227,212	1,369	13%
Foreign Currency	245,842	797	131,438	792	87%
Other Deposits	4,370	13	4,370	28	0%
National Currency	4,370	13	4,370	28	0%
TOTAL	**920,696**	**2,983**	**787,235**	**4,745**	**17%**

As of December 31, 2018, approximately 62% of the Customer Funds Portfolio is denominated in national currency (74% in 2017), the remaining 38% denominated in foreign currency.

In 2018, approximately 55% of deposits correspond to remunerated resources (46% in 2017) equivalent to AKZ 503,489 million (AKZ 358,650 million in 2017), the remaining AKZ 417,207 million (AKZ 428,585 million in 2017) is related to unremunerated deposits.



The loans / deposits transformation ratio increased from 114% on 31 December 2017 to 123% on 31 December 2017.

(in millions)

	'18		'17	
	AKZ	USD	AKZ	USD
TRANSFORMATION RATIO				
Customer deposits	920,696	2,983	787,235	4,745
Total loans (including Loans to the State)	1,134,630	3,677	894,920	5,394
TOTAL	**123%**		**114%**	

Provisions

At 31 December 2018, the balance of provisions for probable liabilities amounts to approximately AKZ 12,972 million (AKZ 6,039 million as at 31 December 2017). Of this total, AKZ 4,607 million refers to provisions for guarantees provided, AKZ 7,129 million relates to provisions for retirement pensions and the remaining AKZ 1,237 million correspond to provisions to cover possible contingencies arising from the Bank's activity, as well as to to reflect losses in value of other assets and regularization accounts.

Shareholders Equity

At 31 December 2018, the Bank's shareholders equity amounted to AKZ 234,000 million, an increase of AKZ 115,558 million, equivalent to around 97.6%, as compared to 31 December 2017.

This increase in the capital of Banco BIC resulted in part from the reinforcement of the reserve for monetary restatement of own funds in the amount of AKZ 91,957 million in 2018 and the net result for the year amounting to AKZ 51,004 million.

(in millions)

	'18		'17	
	AKZ	USD	AKZ	USD
SHAREHOLDERS EQUITY				
Capital	20,000	65	3,000	18
Reserves and Transferred Results	162,996	528	81,189	489
Net results for the year	51,004	165	34,253	207
TOTAL	**234,000**	**758**	**118,442**	**714**

Reserves increased by AKZ 81,807 million in 2018, of which AKZ 6,851 million corresponds to the application of net income for the year 2018 to reserves as approved by the General Shareholders Meeting. As at 31 December 2018, total reserves in the amount of AKZ 162,996 million are comprised of exchange rate reserves in the amount of AKZ 97,780 million, the legal reserve in the amount of AKZ 42,567 million, and other reserves in the amount of AKZ 22,649 million.

In addition, in order to comply with the provisions of Notice 02/2018 of March 2, issued by the National Bank of Angola, Banco BIC increased its share capital by AKZ 3,000 million to AKZ 20,000 million through the incorporation of other reserves.

As of December 31, 2018, the Bank's Regulatory Capital, calculated in accordance with Notice no. 02/2016 and Instruction no. 18/2016 of the National Bank of Angola, was approximately AKZ 233,707 million, which is equivalent to a Regulatory Solvency ratio of 23.11%, compared to the 15.62% presented on 31 December 2017.

Income Statements

Banco BIC ended 2018 with a net profit of AKZ 51,004 million, which corresponds to an increase of 49% over the previous year.

(in millions)

	'18		'17	
	AKZ	USD	AKZ	USD
PROFIT AND LOSS ACCOUNT				
1. Financial Margin (MF)	66,351	215	66,013	398
2. Complementary Margin (MC)	124,689	404	13,153	79
3. Result of Banking Activity (PAB)=(MF)+(MC)	191,040	619	79,166	477
5. Administrative and Markting costs (CAC)	35,466	115	28,500	172
6. Impairment and provisions (IP)	9,957	32	14,601	88
7. Other income and operational costs (OPCO)	(91,929)	(298)	(9)	0
8. Pretax profits (RAI) = (PAB)-(CAC)-(IP)+(OPCO)	53,688	174	36,056	217
9. Tax on profits (IL)	2,684	9	1,803	11
10. NET RESULT (RLE) = (RAI)-(IL)	**51,004**	**165**	**34,253**	**206**
11. CASH FLOW AFTER TAXES (CF)	**62,113**	**201**	**49,867**	**301**

In 2018, net interest income increased by AKZ 338 million compared to the year 2017. For this variation of net interest income, interest income on securities increased by AKZ 11,565 million, while costs of Interest on Financial Instruments decreased by AKZ 10,239 million.

(in millions)

	'18		'17	
	AKZ	USD	AKZ	USD
FINANCIAL MARGIN				
Interest on loans	42,825	140	43,798	265
Interest on Marketable Securities	60,205	195	48,640	293
Interest from Liquidity Applications	948	3	912	5
Commissions associated with amortized costs	684	2	735	4
Interest from passive financial instruments	(38,311)	(125)	(28,072)	(169)
TOTAL	**66,351**	**215**	**66,013**	**398**

In 2018, the Complementary Margin registered an increase of approximately AKZ 111,536 million in relation to 2017.

(in millions)

	'18		'17	
	AKZ	USD	AKZ	USD
COMPLEMENTARY MARGIN				
Income and charges from services and commissions	8,322	27	5,659	34
Income from financial assets available for sale	n.a.	n.a.	2,666	16
Income from investments held to maturity	n.a.	n.a.	1,662	10
Income from investment at amortized cost	1,010	3	n.a.	n.a.
Income from foreign exchange transactions	117,117	380	2,864	17
Income from sale of other assets	152	-	1,524	9
Other income from activity	(1,912)	(6)	(1,222)	(7)
TOTAL	**124,689**	**404**	**13,153**	**79**

The results of foreign exchange operations, which correspond essentially to the gains from foreign currency purchase and sale transactions carried out by the Bank, as well as in the revaluation of the FX position in Foreign Currency, were fixed at AKZ 117,117 in 2018, an increase of approximately AKZ 114,253 million compared to 2017, mainly due to the result of the devaluation of the Angolan Kwanza (AKZ) against the US dollar (USD) recorded in the year.

The administrative costs of the Bank, which include personnel costs in the amount of AKZ EUR 24,114 million, third-party supplies and services amounting to AKZ 10,201 million and depreciation and amortization for the year of AKZ 1,151 million, increased by AKZ 6,966 million (24%) compared to the year 2017.

(in millions)

	'18		'17	
	AKZ	USD	AKZ	USD
ADMINISTRATIVE AND MARKETING COSTS				
Employees	24,114	78	19,277	117
Suppliers and 3rd-party services	10,201	33	8,210	49
Depreciation and amortization	1,151	4	1,013	6
TOTAL	**35,466**	**115**	**28,500**	**172**

Personnel costs amounted to AKZ 24,114 million, an increase from AKZ 4,837 million over 2017, which resulted from the increase in fixed remuneration as a consequence of the adjustment made due to the depreciation of the Kwanza against the US dollar. Third-party supplies and services amounted to AKZ 10,201 million, a variation of approximately 24% over the previous year. This variation results mainly from the contracting of health insurance for Employees, and the increase in consulting costs.

Depreciation and amortization for the year stood at AKZ 1,151 million, representing an increase of AKZ 138 million over 2017.

(in millions)

	'18	'17
COST-TO-INCOME		
Administrative costs of commercialization	35,466	28,500
Income from Banking activity	191,040	79,166
COST-TO-INCOME	**19%**	**36%**

In 2018, the cost-to-income ratio decreased from 36% to 19% compared to the previous year, mainly due to the impact of the devaluation of the Angolan Kwanza (AKZ) against the US dollar (USD) and the Euro in the Bank's foreign exchange results.

In 2018, registered taxes on profits amounted to AKZ 2,684 million (AKZ 1,803 million in 2017), corresponding to an effective tax rate of around 5%.

Income from government debt securities including Treasury Bills and Treasury Bills issued by the Angolan State is excluded from taxation, pursuant to Article 23 (1) (c) of code of this tax. This fiscal framework is decisive for the difference between the actual effective rate and the nominal rate in force (30%).

Presidential Legislative Decree no. 5/11, of December 30, subjected interest on Treasury Bills, Treasury Bills and other financial investments to IAC. However, as mentioned above, it only applies to securities issued after 1 January 2013.

The IAC rate varies between 5% (in the case of income from debt securities admitted to trading on a regulated market and having a maturity of three years or more) and 15%. In 2018 and 2017, the costs of this tax, which are recorded in the income statement under "Other operating income", amounted to AKZ 4,351 million and AKZ 2,294 million, respectively.

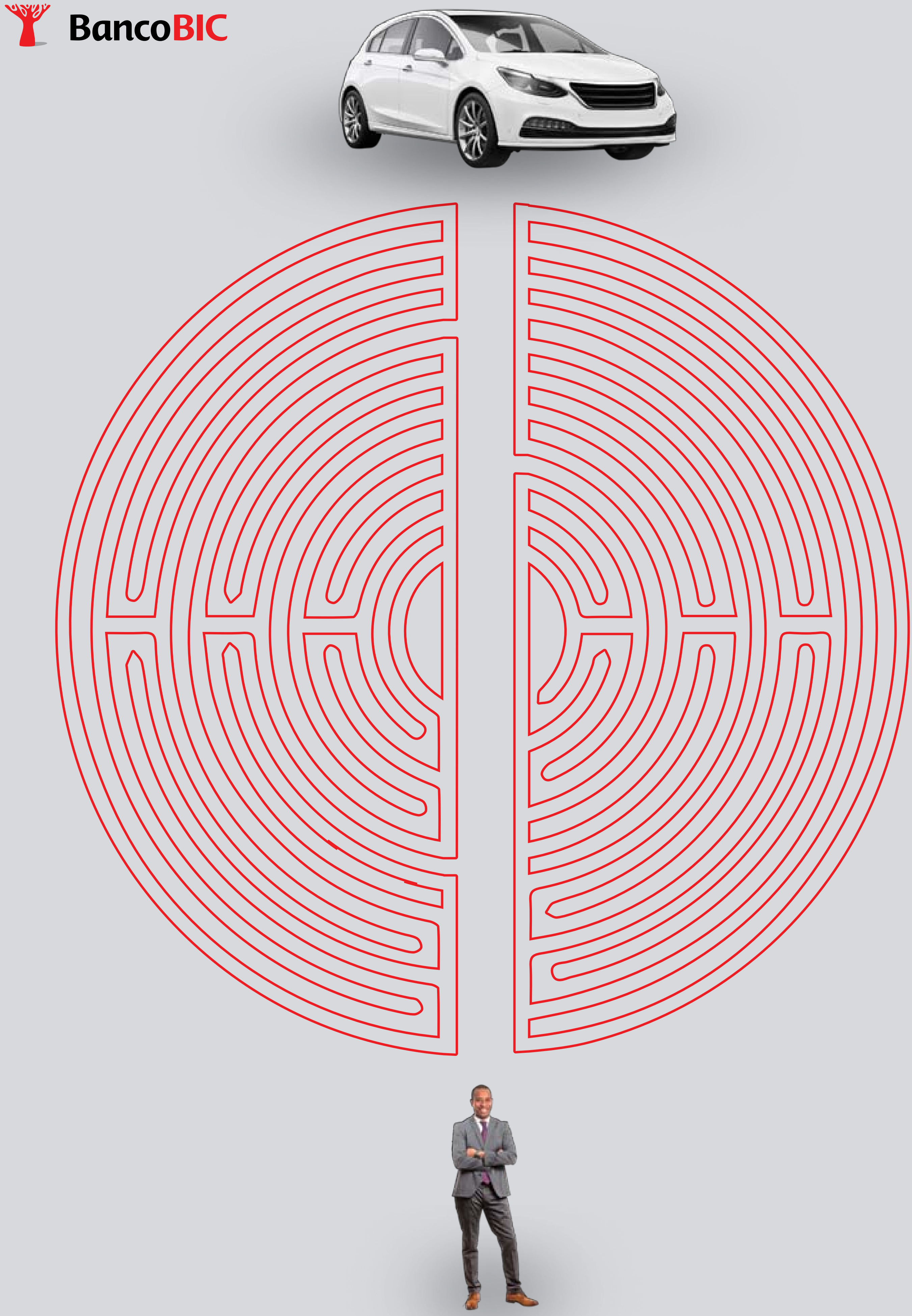
At 31 December 2018 and 2017, as a result of the amounts established for the two taxes, Industrial and IAC, the actual tax rate is 13.10% and 11.36%, respectively.

Proposed Application of Results

In accordance with the legal provisions regarding the constitution of reserves, the Board of Directors proposes that the positive net income for the year ended December 31, 2018, amounting to 51,004 million Angolan Kwanzas, should be applied as follows:

Legal Reserve 20%	10,201 million Kwanzas
Distribution of Dividends to Shareholders 80% (*)	40,803 million Kwanzas

(*) Updated to Exchange rate on the distribution date.


BancoBIC

07

FINANCIAL STATEMENTS AND NOTES

Financial Statements

Statements from December 31 2018 and 2017

(Amount in thousands of Angolan Kwanza)

				'18	'17(*)
	Notes	Gross assets	Impairment and amortization	Net assets	Net assets
ASSETS					
Cash and cash equivalent with Central Banks	3	135,930,360	-	135,930,360	130,411,935
Deposits at other credit institutions	4	30,095,788	(28,025)	30,067,763	8,735,172
Applications at Central Banks and at other Credit institutions	5	91,063,212	(55,030)	91,008,182	19,208,389
Investments at amortized cost	6	613,270,045	(1,213,930)	612,056,115	n.a.
Financial assets at fair value through profit or losses	7	-	-	-	134,184,233
Investments held to maturity	8	n.a.	n.a.	n.a.	392,058,425
Customer loans	9	526,480,935	(130,225,746)	396,255,189	284,438,098
Non current assets available for sale	10	21,229,151	(1,834,253)	19,394,898	19,265,977
Other tangible assets	11	23,323,009	(9,766,704)	13,556,305	12,704,020
Intangible assets	11	923,689	(630,881)	292,808	307,535
Investments in subsidiaries, associated Companies and joint ventures	12	411,209	-	411,209	345,137
Other assets	13	8,732,672	-	8,732,672	10,332,491
TOTAL ASSETS		**1,451,460,070**	**(143,754,569)**	**1,307,705,501**	**1,011,991,412**
LIABILITIES AND SHAREHOLDER EQUITY					
Liabilities					
Deposits at Central Banks and other crediit institutions	14			108,602,112	73,228,647
Customer deposits and other funds	15			920,696,233	787,234,531
Provisions	16			12,972,247	6,039,607
Other liabilities	18			31,434,865	27,046,712
TOTAL LIABILITIES				**1,073,705,457**	**893,549,497**
Capital					
Capital	19			20,000,000	3,000,000
Re-evaluation reserves	19			97,780,043	5,823,538
Other reserves and transferred earnings	19			65,215,733	75,365,073
Net profits	19			51,004,268	34,253,304
TOTAL CAPITAL				**234,000,044**	**118,441,915**
TOTAL LIABILITIES AND CAPITAL				**1,307,705,501**	**1,011,991,412**

(*) The balances related to 31 December 2017 correspond to the statutory accounts at that date. These balances are presented only for comparative purposes and have not been restated following the adoption of IFRS 9, with reference to 1 January 2018, as permitted by the standard (Note 35).

Additional Note: Items that have changed after application of the new requirements for the classification and measurement of financial assets introduced by IFRS 9 - Financial instruments.

The Annex forms an integral part of these statements.

Earnings statements for the years ending 31 de December 2018 and 2017

(Amount in thousands of Angolan Kwanza)

	Notes	'18	'17(*)
Interest and similar income	21	104,662,191	94,085,248
Interest and similar charges	21	(38,311,187)	(28,071,783)
FINANCIAL MARGIN		**66,351,004**	**66,013,465**
Income from services and commissions	22	9,983,187	6,950,024
Charges from services and commissions	22	(1,661,605)	(1,290,666)
Results from investments at amortized cost	23	1,010,246	n.a.
Results from financial assets available for sale	24	n.a.	2,665,530
Results from investments held to maturity	25	n.a.	1,662,218
Foreign exchange income	26	117,117,183	2,863,623
Resuls from sale of other assets	27	152,141	1,523,743
Other results from activity	28	(1,912,176)	(1,221,667)
BANKING INCOME		**191,039,980**	**79,166,270**
Personnel costs	29	(24,114,193)	(19,277,484)
Supplies and third-party services	30	(10,200,529)	(8,209,531)
Depreciation and amortization	11	(1,151,300)	(1,013,282)
Provisions net of cancellations	16	(274,929)	(573,105)
Impairment for loans to customers net of reversals and recoveries	16	(9,071,239)	(14,027,637)
Impairment for other financial assets net of reversals and recoveries	16	(610,996)	-
Results from subsidiaries, associated companies and joint ventures	12	28,414	4,339
Result in the net monetary situation	19	(91,956,505)	(13,461)
PRETAX PROFIT		**53,688,703**	**36,056,109**
Tax on profits			
Current	17	(2,684,435)	(1.802.805)
PROFIT AFTER TAX		**51,004,268**	**34,253,304**
NET PROFIT		**51,004,268**	**34,253,304**
Average number of ordinary shares issued		20,000,000	3,000,000
Earnings per basic share		2.55	11.42

(*) The balances related to 31 December 2017 correspond to the statutory accounts at that date. These balances are presented only for comparative purposes and have not been restated following the adoption of IFRS 9, with reference to 1 January 2018, as permitted by the standard (Note 35).

Additional Note: Items that have changed after application of the new requirements for the classification and measurement of financial assets introduced by IFRS 9 - Financial instruments.

The Annex forms an integral part of these statements.

Statement of changes to shareholders equity for the years ending on 31 December of 2018 and 2017

(Amount in thousands of Angolan Kwanza)

		RE-EVALUATION RESERVES			OTHER RESERVES AND TRANSFERRED RESULTS				
	Capital	Reserves at fair value	Reserve for updating shareholders equity	Total	Legal reserve	Other reserves	Total	Net profit for the year	Total shareholders equity
BALANCE ON DECEMBER 31, 2016	**3,000,000**	**1,863,577**	**5,810,077**	**7,673,654**	**28,983,692**	**39,648,831**	**68,632,523**	**33,662,750**	**112,968,927**
Application of the net profit for 2016:									
Distribution of dividends	-	-	-	-	-	-	-	(26,930,200)	(26,930,200)
Transfer to the legal reserve	-	-	-	-	6,732,550	-	6,732,550	(6,732,550)	-
Updating of shareholder equity	-	-	13,461	13,461	-	-	-	-	13,461
Integral result for the year	-	(1,863,577)	-	(1,863,577)	-	-	-	34,253,304	32,389,727
BALANCE ON DECEMBER 31, 2017 (*)	**3,000,000**	**-**	**5,823,538**	**5,823,538**	**35,716,242**	**39,648,831**	**75,365,073**	**34,253,304**	**118,441,915**
Application of the net profit for 2017:									
Capital increase (Note 19)	17,000,000	-	-	-	-	(17,000,000)	(17,000,000)	-	-
Distribution of dividends	-	-	-	-	-	-	-	(27,402,644)	(27,402,644)
Transfer to the legal reserve	-	-	-	-	6,850,660	-	6,850,660	(6,850,660)	-
Updating of shareholder equity	-	-	91,956,505	91,956,505	-	-	-	-	91,956,505
Integral Result for the year	-	-	-	-	-	-	-	51,004,268	51,004,268
BALANCE ON DECEMBER 31, 2018	**20,000,000**	**-**	**97,780,043**	**97,780,043**	**42,566,902**	**22,648,831**	**65,215,733**	**51,004,268**	**234,000,044**

(*) The balances related to 31 December 2017 correspond to the statutory accounts at that date. These balances are presented only for comparative purposes and have not been restated following the adoption of IFRS 9, with reference to 1 January 2018, as permitted by the standard.

The notes are an integral part of these financial statements.

Earnings and other integral income statements for the years ending December 31, 2018 and 2017

(Amount in thousands of Angolan Kwanza)

	'18	'17(*)
NET PROFIT FOR THE YEAR	**51,004,268**	**34,253,304**
OTHER INTEGRAL INCOME		
Items to be subsequently reclassified to results for the year:		
Financial assets available for sale		
Variation in fair value	n.a.	(2,662,229)
Fiscal impact	n.a.	798,652
	-	**(1,863,577)**
INTEGRAL INCOME FOR THE YEAR	**51,004,268**	**32,389,727**

(*) The balances related to 31 December 2017 correspond to the statutory accounts at that date. These balances are presented only for comparative purposes and have not been restated following the adoption of IFRS 9, with reference to 1 January 2018, as permitted by the standard (Note 35).

Additional Note: Items that have changed after application of the new requirements for the classification and measurement of financial assets introduced by IFRS 9 - Financial instruments.

The Annex forms an integral part of these statements.

Cash flow statements for the years ending December 31, 2018 and 2017

(Amount in thousands of Angolan Kwanza)

	'18	'17
CASH FLOW OF OPERATIONAL ACTIVITY		
Interest, commissions and other income received	115,625,968	88,130,434
Interest, commissions and other costs paid	(36,790,523)	(29,337,306)
Payments to Employees and suppliers	(35,517,362)	(26,836,028)
Other results	32,421,763	7,287,139
CASH FLOW BEFORE CHANGES TO OPERATIONAL ASSETS AND LIABILITIES	**75,739,846**	**39,244,239**
(Increase)/decrease of operational assets:		
Applications with Central Banks and other credit institutions	(54,791,354)	2,338,602
Investments with amortized cost	160,596,303	n.a.
Financial asstes at fair value through profits or losses	n.a.	(50,879,876)
Financial assets available for sale	n.a.	5,800,262
Investments held to maturity	n.a.	77,617,346
Customer loans	(12,915,261)	4,583,480
Other assets	(2,064,885)	(4,716,275)
NET FLOW FROM OPERATING ASSETS	**90,824,803**	**34,743,539**
Increase/(decrease) of operational liabilities:		
Deposits with Central Banks and other credit institutions	(13,655,721)	41,566,236
Customer deposits and other advances	(103,750,234)	(63,118,386)
Other liabilities	(1,691,759)	1,545,651
NET FLOW FROM OPERATIONAL LIABILITIES	**(119,097,714)**	**(20,006,499)**
Net cash from operational activity before income tax	47,466,935	53,981,279
Income tax paid	(238,989)	(33,051)
NET CASH FROM OPERATIONAL ACTIVITY	**47,227,946**	**53,948,228**
CASH FLOW FROM INVESTMENT ACTIVITY		
Acquisitions and other tangible assets, net of divestment	(1,578,537)	(1,102,370)
Acquisitions of intangible assets, net of divestment	(261,043)	(338,626)
NET CASH FROM INVESTMENT ACTIVITY	**(1,839,580)**	**(1,440,996)**
CASH FLOW FROM FINANCING ACTIVITY		
Distribution of dividends	(27,402,643)	(26,930,200)
NET CASH FROM FINANCING ACTIVITY	**(27,402,643)**	**(26,930,200)**
Variation of cash and cash equivalents	17,985,723	25,577,032
Cash and cash equivalentes at the start of the year	138,433,039	112,864,584
Exchange rate variation effect on cash and cash equivalents	9,607,386	(8,577)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**166,026,148**	**138,433,039**

(*) The balances related to 31 December 2017 correspond to the statutory accounts at that date. These balances are presented only for comparative purposes and have not been restated following the adoption of IFRS 9, with reference to 1 January 2018, as permitted by the standard.

The notes are an integral part of these financial statements.

Annex to the Financial Statements
on 31 december 2018 and 2017

(Amounts in thousands of Angolan Kwanza – mAKZ, except when expressly indicated)

1. Introductory note

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

The Bank engages in obtaining third-party funds in the form of deposits or other resources, which, together with its own resources, are applied to loans, deposits with the National Bank of Angola, investments in credit institutions, acquisition of securities and other assets for which it is duly authorized. It also provides other banking services and carries out various types of operations in foreign currency.

In order to carry out its operations, the Bank currently has in Angola a national network of 210 Branches and service stations, 17 business centers, 3 investment centers and a private banking unit (206 Branches and service stations, 17 business centers, 3 investment centers and 1 private banking unit on 31 December 2017), as well as a representative office in Johannesburg (South Africa).

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

2.1. Basis of presentation

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

The accounting policies presented in this note are consistent with those used in the preparation of the financial statements for the previous year, except for the changes resulting from the adoption of IFRS 9 - Financial instruments (Note 35).

IFRS 9 - Financial Instruments, issued in July 2014 by the IASB, replaces IAS 39 - Financial instruments: recognition and measurement, and entered into force on January 1, 2018. This standard establishes new rules for the classification and measurement of (i) new requirements for the classification and measurement of financial instruments, (ii) new methodology for recognizing impairment losses on financial assets based on expected loss models and (iii) new possibilities of applying hedge accounting rules through a greater number of hedging relationships between the hedged items and the covered instruments.

The Bank's financial statements as at 31 December 2018 and 2017 are expressed in Angolan Kwanzas and the assets and liabilities denominated in other currencies have been converted into the national currency, based on the average indicative exchange rate published by the National Bank of Angola on those dates.

At 31 December 2018 and 2017, the Angolan Kwanza (AKZ) exchange rates against the United States dollar (USD) and the Euro (EUR) were as follows:

	'18	'17
1 USD	308,607	165,924
1 EUR	353,015	185,400

BancoBIC

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

The following standards, interpretations, amendments and revisions are mandatory for the first time in the year beginning on January 1, 2018:

- IFRS 9 - "Financial instruments": this standard is included in the draft revision of IAS 39, establishing new rules for the classification and measurement of financial assets and liabilities, including a review of the methodology for calculating impairment and application of the rules of hedge accounting, namely:

- It defines a new methodology for the recognition of impairment losses on financial assets based on expected loss model ("ECL"). According to this new methodology, entities must recognize expected losses before the occurrence of loss events. There is also a need to include forward looking information in estimates of expected loss, including future trends and scenarios, as well as macroeconomic scenarios. In the ECL model, the assets subject to the impairment calculation should be categorized into three categories, depending on changes in credit risk since the initial recognition of the asset and not in relation to the credit risk at the reporting date;

- It establishes new requirements for the classification and measurement of financial instruments, as well as certain types of contracts for the purchase or sale of non-financial items;

- It presents new possibilities for applying the accounting rules of coverage through a greater number of hedge relationships between the items hedged and the instruments covered.

This standard is applicable in fiscal years beginning on or after January 1, 2018, and the respective impacts of its adoption are presented in Note 35.

- IFRS 15 - "Customer contract revenue": this standard introduces a principles-based revenue recognition framework based on a template to be applied to all contracts entered into with Clients, replacing IAS 18 - Revenue, IAS 11 - Construction contracts; IFRIC 13 - Loyalty programs; IFRIC 15 - Agreements for the construction of real estate; IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Direct exchange transactions involving advertising services.

- Amendments to IFRS 15 - "Customer Contract Revenue": these amendments introduce a number of clarifications in the standard in order to eliminate the possibility of divergent interpretations of various topics.

- Amendments to IFRS 2 - "Share-based payments": these amendments introduce a number of clarifications to the standard relating to: (i) recording share-based payment transactions that are settled with cash; (ii) recording changes in share-based payment transactions (from cash settled to settled with equity instruments); (iii) the classification of transactions with offsetting characteristics.

- Amendments to IFRS 4 - "Insurance contracts": these amendments provide guidance on the application of IFRS 4 in conjunction with IFRS 9. IFRS 4 will be replaced with the entry into force of IFRS 17.

- Amendments to IAS 40 - "Investment property": these amendments clarify that the change in classification of or for investment property should only be made when there is evidence of a change in the use of the asset.

- Improvements to international financial reporting standards (for the period 2014-2016): these improvements involve clarification of some aspects related to:

- IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the standard for application to interests classified as available for sale or held for distribution under IFRS 5;

- IAS 28 - Investments in associated companies and joint ventures: introduces clarifications on the measurement at fair value of results of investments in associates or joint ventures held by venture capital companies or by investment funds.

- IFRIC 22 - "Foreign currency transactions and advances": this interpretation establishes the date of the initial recognition of the advance or deferred income as the date of the transaction for the purpose of determining the exchange rate of the recognition of the revenue.

There were no significant effects on the Bank's financial statements arising from the adoption of these new standards, interpretations, amendments and revisions, except for IFRS 9, as disclosed in Note 35.

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

- IFRS 16 - "Leases": this standard introduces the principles of recognition and measurement of leases, replacing IAS 17 - Leases. The standard defines a single model for the accounting of leases which results in the lessee's recognition of assets and liabilities for all leases, except for leases with a period of less than 12 months or for rents levied on assets of reduced value. Lessors shall continue to classify operating or financial leases, and IFRS 16 shall not entail substantial changes to such entities in relation to those defined in IAS 17. It shall apply for annual periods beginning on or after 1 January 2019.

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

- IFRS 3 - Concentration of business activities: requires remeasurement of interests previously held when an entity obtains control over a holding over which it previously had joint control;

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

- IAS 12 - Income taxes: clarifies that all tax consequences of dividends should be recorded in income, regardless of how the tax arises;

- IAS 23 - Borrowing costs: clarifies that the part of the loan directly related to the acquisition / construction of an asset, outstanding after the corresponding asset is ready for the intended use, is, for the purpose of determining the capitalization rate, considered an integral part of the entity's generic financing.

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

- Amendment to IAS 28 - "Long-term investments in associated companies and joint arrangements": this amendment clarifies that IFRS 9 should be applied (including related impairment requirements) to investments in associated companies and joint arrangements when the equity method is not applied in their measurement. It shall apply for annual periods beginning on or after 1 January 2019.

- IFRIC 23 - "Uncertainties in the treatment of income tax": this interpretation provides guidance on the determination of taxable income, tax bases, tax losses to be reported, tax credits to be used and tax rates in uncertainty scenarios - as regards the treatment in respect of income tax. It shall apply for annual periods beginning on or after 1 January 2019.

- Amendment to IFRS 9 - "Characteristics for Prepayment with Negative Compensation": this amendment allows financial assets subject to contractual conditions which, on their early amortization, provide for the payment of a considerable amount by the creditor, to be measured at amortized cost or fair value for reserves (depending on the business model), provided that: (i) on the date of the initial recognition of the asset, the fair value of the early amortization component is insignificant; and (ii) the possibility of negative compensation in early amortization is the only reason that the asset in question is not considered as an instrument that only includes principal and interest payments. It shall apply for annual periods beginning on or after 1 January 2019.

- Amendment to IAS 19 - "Change in Plan, Restriction or Settlement": If a plan amendment, cut or liquidation occurs, it is now mandatory that the current service cost and net interest for the period after remeasurement are determined using the assumptions used for remeasurement. In addition, amendments were included to clarify the effect of a change, reduction or liquidation of the plan on the asset ceiling requirements. It shall apply for annual periods beginning on or after 1 January 2019.

- Amendment to references to the Conceptual Structure of Standards in IFRS: Corresponds to amendments in various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the Revised Conceptual Structure as of March 2018. The revised Conceptual Structure includes revised definitions of an asset and liability and new guidance on measurement, derecognition, presentation and disclosure. It shall apply for financial years beginning on or after 1 January 2020.

- Amendment to IFRS 3 - "Business Definition": Corresponds to amendments to the definition of business, intended to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition also clarifies the output definition of a business as a supply of goods or services to customers. The changes include examples for identifying a business acquisition. It shall apply for financial years beginning on or after 1 January 2020.

- Amendment to IAS 1 and IAS 8 - "Material Definition": Corresponds to amendments to clarify the definition of material in IAS 1. The definition of material in IAS 8 is now referred to in IAS 1. The amendment changes the definition of material in other standards to ensure consistency. The information is material if its omission, distortion or concealment is reasonably expected to influence the decisions of the primary users of financial statements based on the financial statements. It shall apply for financial years beginning on or after 1 January 2020.

- IFRS 17 - "Insurance contracts": this standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts. It shall apply for annual periods beginning on or after 1 January 2021.

The Bank does not anticipate significant effects on its financial statements arising from the adoption of these new standards, interpretations, amendments and revisions referred to above.

2.3. Accounting Policies

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

a) Accrual Accounting

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

b) Foreign Currency Transactions

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

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

The costs and income related to exchange differences, realized or potential, are recorded in the income statement for the year in which they occur, under the caption "Foreign exchange gains and losses" (Note 26).

c) Financial Instruments (IFRS 9 - After January 1, 2018)

On January 1, 2018, Banco BIC adopted, as described in Note 2.1 "Basis of presentation", IFRS 9 - Financial instruments, which replaced the IAS 39 - Financial instruments: recognition and measurement, which was in force until December 31, 2017. The Bank opted not to adopt any of the provisions of IFRS 9 in prior periods.

Under the transitional provisions of IFRS 9, the Bank decided not to restate the comparative balances of previous periods. The differences between the amounts previously published and the carrying amounts at the beginning of 2018 of financial assets and liabilities were recognized in equity (retained earnings) with reference to January 1, 2018. The impacts of the transition to IFRS 9 with reference as of January 1, 2018 are described in Note 35 "Application of IFRS 9 - Financial Instruments".

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

Recognized financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities (other than financial assets and liabilities measured at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of financial assets or liabilities, as appropriate, at the time of initial recognition. The transaction costs attributable directly to the acquisition of financial assets or liabilities to FVTPL are recognized immediately in profit or loss.

If the transaction price differs from the fair value at the time of initial recognition, the Bank shall account for the difference as follows:

- If the fair value is evidenced by the price quote in an active market for an identical asset or liability or based on a valuation technique that uses only observable market data, then the difference is recognized in profit or loss at the time of initial recognition;

- In all other cases, the fair value will be adjusted to conform to the transaction price, with the difference between the fair value at the time of initial recognition and the deferred transaction price being recognized in profit or loss to the extent that it results from change in a factor that market participants would have taken into account when assessing the asset or liability.

I) Financial Assets

From January 1, 2018, the Bank proceeds from the initial recognition of its financial assets to the respective classification of these instruments according to the characteristics of the contractual cash flows of these assets and the business model used to manage them. The classification of financial assets determines how assets will subsequently be measured.

At the time of initial recognition, financial assets are classified in one of the following categories:

a) Investments at amortized cost;
b) Financial assets at fair value through other comprehensive income; or,
c) Financial assets at fair value through profit or loss.

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

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

For the purposes of this assessment, capital is considered to be the fair value of the financial asset at the time of initial recognition. The amount of capital may change over the life of the financial asset (for example, if there are capital repayments). The interest corresponds to the remuneration for the effect of the time value of money, the credit risk associated with the amount owed over a given period, other risks and costs relating to loan contracts, and may include a profit margin. The SPPI analysis is carried out in the currency in which the financial asset is denominated.

Contractual cash flows that correspond only to repayment of principal and interest are consistent with a basic loan agreement. Contractual clauses that introduce exposure to risks or volatility of contractual cash flows that are not related to a basic loan agreement do not give rise to contractual cash flows that are only payments related to principal and interest calculated on the principal amount in debt.

In its evaluation of the characteristics of contractual cash flows, and notwithstanding the considerations described above, the Bank takes into consideration:

- If the most significant elements of the interest component correspond to the remuneration for the time value of money and credit risk;
- The existence of call options or put options; and,
- The existence of a time lag between the interest rate index of the financial asset and the reinstatement period of the respective interest rate.

Business model evaluation

The Bank defines its business models based on the management strategy of the various groups of financial assets it has in the portfolio, in order to achieve a specific business objective. The business models of the Bank depend on the management's intention for a specific financial instrument, using a portfolio approach, based on a higher level of aggregation.

The Bank assessed the business model of its financial asset portfolios with reference to January 1, 2018, taking into consideration the following aspects:

- How the performance of the business model and financial assets are assessed and reported to management;
- How risk management affects the performance of business models and their financial assets and the way these risks are managed;
- The way business managers are paid; and
- The frequency and volume of sales of financial assets in prior periods and the respective forecast of future sales.

a) Financial assets at amortized cost

A financial asset is classified under the heading "Investments at amortized cost" when the following two conditions are cumulatively met:

- The financial asset is embedded in a business model whose objective is to maintain the financial assets in order to obtain related contractual cash flows; and,
- The contractual terms of the financial asset give rise, on specific dates, to contractual cash flows that only respect principal and interest, relative to the amount of principal outstanding.

This category includes investments in credit institutions, customer loans and debt securities managed in order to obtain only contractual cash flows.

Subsequent measurement

Financial assets at amortized cost are subsequently measured at amortized cost.

Interest on financial assets at amortized cost is recognized in net interest income under "Interest and similar income" (Note 21), based on the effective interest rate method and in accordance with the principles detailed in Note 2.3 c) VIII).

Expected loan losses are estimated from the initial recognition of these financial assets and in accordance with the principles described in Note 2.3 (c) (vi) and are recognized in the income statement under "Impairment losses on customer loans net of reversals and recoveries" (Note 16).

i) Customer loans

Loans and receivables cover loans granted by the Bank to customers and credit institutions.

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

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

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

ii) Debt securities

Treasury Bonds issued in local currency indexed to the United States dollar exchange rate and Treasury Bonds in foreign currency are subject to exchange rate restatement. Accordingly, the result of the exchange rate adjustment of the nominal value of the securities is reflected in the income statement for the year in which it occurs under the heading "Foreign exchange gains and losses" (Note 26), with the discount and interest accrued, reflected in "Interest and income securities "(Note 21).

In 2012, Order No. 159/12 of February 20 was published, authorizing the regular issuance of Treasury Bonds in non-readjustable national currency, with coupon interest rates predefined by maturity.

Interest accrued on these securities is reflected in the income statement for the year in which they occur, under "Interest and similar income from securities" (Note 21).

Transactions for the purchase of third-party securities with resale agreements

In 2018, the Bank carried out temporary liquidity transactions in the interbank market with the National Bank of Angola in which funds were received receiving Treasury Bonds as collateral. These transactions include an agreement to resell the securities at a future date, at a price previously established between the parties.

Securities purchased under resale agreements are not recorded in the securities portfolio. The funds delivered are recorded, on the settlement date, in the assets under the heading "Transactions for the purchase of third party securities with resale agreement" (Note 5), and the interest amount is accrued on the same line item.

The proceeds from the purchase of third party securities with resale agreements correspond to the difference between the resale value and the purchase price of the securities. The recognition of income is carried out in accordance with the principle of accrual due to the fluency of the term of operations under "Interest and similar income from liquidity investments - Securities of third parties with resale agreements" (Note 21).

Securities sales transactions with repurchase agreements

The securities assigned to the Banco Nacional de Angola with a repurchase agreement remain recorded in the Bank's securities portfolio, and the amount of the sale is recorded in the caption "Proceeds from Central Banks and other credit institutions - repurchase" (Note 14). The difference between the contracted repurchase value and the respective initial sale price is recognized on a straight-line basis over the life of the transaction under the caption "Interest and similar liquidity charges - Securities sold under repurchase agreements" (Note 21) against the liability item "Proceeds from Central Banks and other credit institutions - interest payable" (Note 14).

b) Financial assets at fair value through other comprehensive income

A financial asset is classified under the heading "Financial assets at fair value through other comprehensive income" when the following two conditions are cumulatively met:

- The financial asset is embedded in a business model whose objective is achieved not only by obtaining the associated contractual cash flows, but also by the sale of the respective assets; and,
- The contractual terms of the financial asset give rise, on specific dates, to contractual cash flows that only respect principal and interest, relative to the amount of principal outstanding.

In addition, the Bank may choose, irrevocably at the time of initial recognition, to classify a capital instrument in the category of "Fair value financial assets through other comprehensive income", provided that it is neither held for trading nor presents a contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. This alternative investment is exercised on an investment basis and only financial instruments falling within the scope of the definition of capital instruments provided for in the provisions IFRS 9 and IAS 32.

As at 31 December 2018, the Bank did not classify any of its financial assets in this category.

c) Financial assets at fair value through profit or loss

A financial asset is classified under "Financial assets at fair value through profit or loss" when it does not qualify for measurement at amortized cost or at fair value through other comprehensive income.

In addition, and even if the financial asset meets the criteria for measurement at amortized cost or at fair value through other comprehensive income, the Bank may choose, irrevocably and at the time of initial recognition, to designate the financial asset at fair value as long as this eliminates or significantly reduces an accounting mismatch, which would otherwise arise from the measurement of assets or liabilities or the recognition of gains and losses on them in different bases.

As at 31 December 2018, the Bank did not classify any of its financial assets in this category.

II) Reclassification of financial assets and liabilities

Financial assets must be reclassified whenever there is a change in the business model of the respective portfolio. In this situation, all the financial assets that make up the portfolio whose business model has changed must be reclassified, and the classification and measurement requirements for the new category are applied from the date of reclassification, and any gains, losses or interests previously recognized.

Reclassification of financial liabilities is not permitted.

III) Derecognition and modification of financial assets

The general principle, similar to IAS 39 previously in force, is that financial assets are derecognised from the balance sheet when (i) the contractual rights of the Bank on the respective cash flows of the respective financial asset have expired, or (ii) the Bank has transferred substantially all the risks and benefits associated with its detention.

A renegotiation or modification of the contractual cash flows of a financial asset may lead to its derecognition and subsequent recognition of a new financial asset. Under these circumstances, derecognition implies (i) the recognition of the loss or gain resulting from the difference between the amortized cost of the original asset and the net present value (NPV) of the new financial asset in the income statement, (ii) new characteristics of the contractual cash flows correspond only to principal and interest on the amount of outstanding capital, which may imply the reclassification of the asset to a different measurement category and (iii) the valuation, at the time of initial recognition , and provided that it is not classified in the category of "Financial assets at fair value through profit or loss", of the existence of impairment in the assets originated. If the new financial asset is originated with impairment, a probability of default lifetime is calculated until the maturity of the agreement, in order to determine the expected credit losses, and the effective interest rate adjusted by the credit is determined.

The Bank considers that a change in the contractual terms of the financial asset results in its derecognition and subsequent recognition of a new financial asset when the change translates to at least one of the following conditions:

- Transfer of the credit risk of the instrument to another borrower accompanied by a very significant reduction of the spread; or
- Changes in qualitative characteristics, namely contractual cash flows no longer correspond only to capital and interest reimbursement.

If a renegotiation or modification of the contractual cash flows of a financial asset does not result in any of the conditions described above, it is considered that a financial asset is modified, that is, the financial asset is not derecognised, which implies that i) the recognition of the loss or gain that results from the difference between the gross accounting value of the original transaction and the NPV of the new operation in results, and (ii) the application of the criteria described in Note 2.3 (c) of credit risk.

IV) Write-off policy

The Bank recognizes a credit written off against an asset when it does not have reasonable expectations to recover the asset in its entirety. This registration occurs after all the actions developed by the Bank prove to be fruitless and all the conditions for its tax deductibility are met.

V) Financial assets acquired and / or originated through credit impairment

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

VI) Impairment

a) Customer Loans

The methodology for calculating impairment losses on loans to customers currently in force at the Bank is based on an expected credit loss ("ECL") model, as envisaged in IFRS 9 - Financial Instruments (" IFRS 9 "), the Loan Impairment Valuation Engine (" LIVE ") being used for this purpose.

Impairment losses are recorded / recognized in the income statement and are subsequently reversed by profit or loss, if there is a reduction in the amount of expected loss in a subsequent period.

Credit exposures should be classified in different stages, depending on the evolution of their credit risk from the date of initial recognition, and not in relation to the credit risk at the reporting date, in accordance with the following guidelines:

- Stage 1: a credit exposure should be classified in this impairment stage whenever there is no significant increase in credit risk since the date of its initial recognition. For this purpose, the expected loss of credit should be recognized in the income statement within 12 months, and interest income should be calculated on the gross book value of the respective credit exposure.
- Stage 2: a credit exposure in which there has been a significant increase in credit risk since the date of its initial recognition should be classified in this impairment Stage. For this purpose, the expected loss of credit over the duration of the credit should be recognized in profit or loss, and interest income should be calculated on the gross book value of the respective credit exposure.
- Stage 3: A credit exposure that is in default at the reporting date, as a result of one or more events that have already had a negative impact on the estimated future cash flows of the respective exposure, should be classified in this impairment reserve. For this purpose, the expected credit loss over the duration of the credit should be recognized in profit or loss, and interest income should be calculated on the net book value of the respective credit exposure.

Therefore, at each reporting date, the Bank assesses whether the credit risk associated with a credit exposure has increased significantly since the initial recognition, provided reasonable and sustainable forward-looking information is available that does not involve undue costs or efforts and should not be based solely on information on overdue payments to determine whether credit risk has increased significantly since the initial recognition.

Credit risk assessment is carried out on an individual (individual analysis) or collective (collective analysis) basis, taking into account all reasonable and sustainable information, including forward-looking approaches as well as future macroeconomic trends and scenarios. Thus, estimates of expected credit losses include multiple macroeconomic scenarios whose likelihood of occurrence is assessed considering the current macroeconomic environment as well as future macroeconomic trends.

i) Individual analysis

The purpose of the individual review is to ensure a more thorough analysis of the situation of Clients with exposures considered individually significant at the Bank. The significance of exposures is determined by reference to qualitative and quantitative criteria that reflect the size, complexity and risk associated with the portfolio.

According to Instruction no. 05/2016, of 8 August, on impairment losses for the loan portfolio ("Instruction no. 05/2016"), the Clients / economic groups whose exposure is equal to or greater than 0.5% of the Bank's own funds should be reviewed. In addition, customers / economic groups whose credit exposures are not individually significant but for which objective evidence of impairment are observed, should be analyzed whenever they are equal to or greater than 0.1% of the Bank's own funds.

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

- Contractual aspects, evaluating the potential non-compliance with contractual conditions, or the existence of credits restructured due to financial difficulties of the Clients;
- Financial aspects, evaluating the potential reduction of gross revenues, or net income;
- The evaluation of the guarantees received, including their nature, effective formalization, valuation and degree of coverage;
- Other aspects, assessing potential instability in shareholder management or structure, or the existence of insolvency proceedings.

ii) Collective analysis

In the case of Clients whose exposures are not considered to be individually significant in accordance with the selection criteria described above or for which no objective evidence of impairment has been identified on an individual basis, they should be analyzed on a collective basis. These Clients are grouped into homogeneous groups of risk, in order to determine the expected impairment losses.

b) Cash and cash equivalents at Central Banks, Cash and cash equivalents at other credit institutions, Deposits with Central Banks and other credit institutions and investments at amortized cost

In relation to the balances recorded under "Cash and cash equivalents in Central Banks" (Note 3), "Cash and cash equivalents in other credit institutions" (Note 4), "Investments in Central Banks and other credit institutions" (Note 5) and "Investments at amortized cost" (Note 6), the expected losses are analyzed according to the following assumptions:

- As regards the balances recorded under "Cash and cash equivalents in Central Banks" (Note 3) and "Transactions in the purchase of third party securities with resale agreements" (Note 5), it is considered that the Loss Given Default ("LGD") is null because there are no risks of recovery and no impairment is estimated;

- In relation to the balances of the "Deposits with other credit institutions" captions (Note 4) and "Interbank money market operations" (Note 5), the entity's rating is verified or the country is located. Based on Moody's research "Sovereign default and recovery rates, 1983-2017" the Default Probability ("PD") for companies is considered according to the entity's rating and LGD associated with the verified sovereign default events, indicated in the same study (60%);

- With regard to the balances of the item "Investments at amortized cost" (Note 6) relating to public debt securities in Angola in national currency, due to the specificities of the Angolan economy allowing the issuance of currency to settle the debt, it should be noted that LGD is nil because there are no risks of recovery and no impairment is estimated; and

- With respect to the balances of the caption "Investments at amortized cost" (Note 6) relating to Angolan government bonds in foreign currency, the PD for sovereign debt of the rating associated with the Angolan State is obtained through the research by Moody's "Sovereign default and recovery rates, 1983-2017" and the LGD associated with the verified sovereign default events, indicated in the same study (60%).

The analysis is updated every six months. The identified impairment losses are recorded against the income statement "Impairment losses on other financial assets net of reversals and recoveries" (Note 16). If, in future periods, there is a reduction in the estimated loss, the impairment initially recorded is also reversed by by offsetting earnings.

VII) Financial Liabilities

At the time of their initial recognition, financial liabilities are classified in the category of financial liabilities at amortized cost, which correspond to funds from other credit institutions and customers.

Financial liabilities are recorded on the contractual date at their fair value, less costs directly attributable to the transaction.

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

VIII) Recognition of interest

The results generated by the financial assets and liabilities measured at amortized cost in the interest denomination are recognized in the financial margin, specifically in the "Interest and similar income" items (Note 21) or "Interest and similar charges" (Note 21). Interest is recognized using the effective interest rate method.

The effective interest rate corresponds to the rate after discounting estimated future payments or revenue over the expected life of the financial instrument (or, where appropriate, for a shorter period) to the net present value of the balance sheet of the financial asset or liability.

For the determination of the effective interest rate, the Bank estimates the future cash flows considering all contractual terms of the financial instrument, not considering any impairment losses. The calculation includes commissions paid or received which are considered to be an integral part of the effective interest rate, transaction costs and any premiums or discounts directly related to the transaction.

For financial assets originated or acquired in impairment, the effective interest rate reflects the expected credit losses in determining the expected future cash flows receivable from the financial asset.

In addition, under the terms recommended by the BNA, the Bank cancels interest overdue for more than 90 days and does not recognize interest from that date until the moment the Client rectifies the situation.

IX) Guarantees

Liabilities related to guarantees provided are recorded in off-balance-sheet items at their fair value, with interest, commissions or other income being recorded in the income statement over the life of operations.

d) Financial instruments (IAS 39 – Applicable to 2017 and prior)

I) Customer loans and receivables from other debtors

Valuation

Loans and receivables cover loans granted by the Bank to customers and credit institutions.

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

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

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

Derecognition

Under IAS 39 - "Financial instruments", credits are only removed from the balance sheet ("derecognition") when the Bank transfers substantially all the risks and benefits associated with holding them or when it no longer expects to receive them and they are written down to assets through the use of the respective impairment.

Guarantees provided

The responsibilities for guarantees provided are registered in off-balance sheet items for the amount at risk, with cashflow from interest, commissions or other income registered as results over the lifetime of the operations.

Interest cancellation

The Bank cancels interest overdue for more than 90 days and does not recognize interest from that date until the moment the Client rectifies the situation.

Impairment

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

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

The Bank carries out an individual analysis of all Clients with global liabilities (including off balance sheet liabilities) equal to or greater than 0.5% of own funds, as well as Clients with exposure equal to or greater than 0.1% of the funds own evidence of impairment.

Also analyzed individually are all customers belonging to an economic group in which a Client is eligible for individual analysis.

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

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

- Companies Segment:
  - Industry;
  - Commerce and repair;
  - Construction;
  - Services and others;
  - Guarantees provided.

- Individuals Segment:
  - Mortgage;
  - Loans to Employees;
  - Revolving (Escrowed Current Accounts, Credit Cards and Bank Overdrafts);
  - Other loans;
  - Guarantees given.

Taking into account the segments, calculated risk factors are defined that determine the calculation of the expected cash flow: Probability of Non Payment (PI); Probability of Default (PD); and Loss Given Default (LGD). These risk factors were obtained through the historical analysis of the behavior of the operations started between July 2011 and December 2017.

Finally, operations are placed in one of three classes, which differ from each other in the way the expected cash flow is determined:

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

ii. Subsequently, the spread between the balance sheet value and the expected cash flow is multiplied by the probability of non payment ("PI").

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

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

v. For customers with defaults in excess of 90 days, the expected cash flow corresponds to the indebtedness multiplied by the expected future recovery (1-LGD).

II) Other financial assets and liabilities

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

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

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

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

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

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

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

b) Financial assets held to maturity

This item includes non-derivative financial assets, namely Treasury Bonds, with fixed or determinable payments and defined maturities, which the Bank has the intention and ability to hold until maturity.

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

Treasury Bonds issued in local currency indexed to the United States Dollar exchange rate and Treasury Bonds in foreign currency are subject to exchange rate restatement. Accordingly, the result of the exchange rate adjustment of the nominal value of the securities is reflected in the income statement for the year in which it occurs under the heading "Foreign exchange gains and losses" (Note 26), with the discount and interest accrued, reflected in "Interest and income securities "(Note 21).

In 2012, Order No. 159/12 of February 20 was published, which authorizes the regular issuance of Treasury Bonds in non-readjustable national currency, with coupon interest rates predefined by maturity.

Interest accrued on these securities is reflected in the income statement for the year in which they occur, under "Interest and similar income from securities" (Note 21).

Transactions for the purchase of third-party securities with resale agreements

In 2017, the Bank carried out temporary liquidity transactions in the interbank market with the National Bank of Angola in which funds were received with Treasury Bonds as collateral. These transactions include an agreement to resell the securities at a future date, at a price previously established between the parties.

Securities purchased under resale agreements are not recorded in the securities portfolio. The funds delivered are recorded on the settlement date in assets as "Investments in Central Banks and other credit institutions - Transactions in the purchase of securities of third parties with resale agreements" (Note 5), and the interest amount is accrued in the same heading.

The proceeds from the purchase of third party securities with resale agreements correspond to the difference between the resale value and the purchase price of the securities. The recognition of income is carried out in accordance with the principle of accrual due to the fluency of the term of operations under "Interest and similar income from liquidity investments - Securities of third parties with resale agreements" (Note 21).

Sale of own securities with repurchase agreementrs

The securities assigned to the Banco Nacional de Angola with a repurchase agreement remain recorded in the Bank's securities portfolio, and the amount of the sale is recorded in the caption "Proceeds from Central Banks and other credit institutions - repurchase "(Note 14). The difference between the contracted repurchase value and the respective initial sale price is recognized on a straight-line basis over the life of the transaction under the caption "Interest and similar liquidity charges - Securities sold under repurchase agreements" (Note 21) against the liability item "Proceeds from Central Banks and other credit institutions - Interest payable" (Note 14).

III) Loans and accounts receivable

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

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

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

IV) Other financial liabilities

Other financial liabilities correspond to funds from other credit institutions and from customers and liabilities incurred to pay for services or purchase of assets, recorded under "Other liabilities" (Note 18).

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

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

e) Non current assets available for sale

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

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

In addition, real estate projects that are under construction and which are destined to be assigned to Bank Employees are also recorded under this item and are also subject to periodic assessments to determine any impairment losses.

Assets recorded under this item are not amortized and are valued at the lower of the carrying amount and the fair value, less costs to be incurred in the sale. The fair value of these assets is determined on the basis of periodic assessments made by external valuation experts. Whenever the value of these valuations (net of selling costs) is less than the amount they are accounted for, impairment losses are recorded under "Impairment for other assets net of reversals and recoveries" (Note 16).

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

f) Other tangible assets

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

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

	Years of useful life
Property used by the Bank	50
Construction in rented buildings	3
Equipment	
Interior installations	10
Furniture and materials	10
Machines and tools	3 a 10
Computer equipment	3 a 10
Transport material	3
Other equipment	10

Notwithstanding the above mentioned interval, most computer equipment is amortized over three years.

g) Intangible assets

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

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

h) Investments in subsidiaries, associated companies and joint ventures

Financial holdings in which the Bank holds, directly or indirectly, a percentage equal to or greater than 10% of the respective capital, are accounted for using the equity method. Under this method, investments are initially valued at acquisition cost, which is subsequently adjusted based on the effective percentage of the Bank in changes in shareholders' equity (including results) of the investees. These changes are reflected in the income statement under "Results of subsidiaries, associates and joint ventures" (Note 12).

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

i) Taxes on income

Industry Tax

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

The Industrial Tax is calculated based on the fiscal result for the year, which may be different from the accounting result due to adjustments under the Industrial Tax Code.

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

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

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

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

Under current legislation, industrial tax returns and other taxes may be subject to review and correction by the tax authorities within five years of the financial year to which they relate. This period is extended to 10 years in cases where the delay in liquidation has resulted from an infringement. The Board of Directors believes that any corrections that may result from such revisions will not be significant for the accompanying financial statements.

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

Capital Gains Tax (IAC)

IAC is generally relevant to income from the Bank's financial investments, namely income from financial investments and income from securities. The rate varies between 5% (in the case of yields on debt securities admitted to trading on a regulated market and of a maturity of three years or more) and 15%.

Urban Property Tax (IPU)

IPU, at the rate of 0.5%, is charged on the equity value of own properties that are intended to develop the Bank's normal activity when its net asset value is more than mAKZ 5,000.

Deferred Taxes

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

Deferred tax liabilities are recorded for all taxable temporary differences, whereas deferred tax assets are only recognized up to the amount in which it is probable that future taxable income will be available to allow the use of the corresponding tax deductible differences or tax loss carry forwards.

At 31 December 2018 and 2017, the Bank did not record any deferred tax assets, that is, no deferred tax assets were recorded on tax loss carryforwards in the years 2015, 2016 and 2017 because there were no duly supported expectations that taxable profits will be determined in the next three years.

j) Reserve for monetary restatement of equity

Under IAS 29 Financial Reporting in Hyperinflationary Economies, hyperinflationary economies are characterized by various situations which include:

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

In 2016, as a result of the evolution of the Angolan Kwanza exchange rate vis-à-vis the international reference currencies and, consequently, its impact on the inflation rate measured in national currency, the Bank requested from the BNA via a letter dated April 14, 2016, the authorization to adopt the procedure for monetary updating of its equity capital, which began in May 2016.

The amount resulting from the monetary restatement of the Bank's equity capital is reflected monthly in a profit and loss account against the reserve for monetary restatement of equity (Note 19).

k) Provisions and contingent liabilities

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

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

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

l) Pensions

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

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

The new General Labor Law (Law no. 07/2015, of 15 June), which came into force in September 2015, does not provide for the payment of workers' pensions or other complements when a worker reaches legal retirement age. Nevertheless, the Bank is studying the implementation of a supplementary retirement and survivors' pension program, and has therefore decided to maintain the provision for this purpose, calculated in a manner consistent with previous years (Note 16).

The responsibilities that the Bank expects to implement with the supplementary retirement and survivors' pension program were calculated through an actuarial valuation carried out by an independent expert, based on the Bank's population to be covered and the following assumptions:

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

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

m) Commissions

Commissions related to credit operations and other financial instruments, namely commissions charged or paid at the origin of operations, are recognized over the period of these operations by the effective interest method in the items "Interest and similar income" and "Interest and similar charges" (Note 21).

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

n) Application and liquidity intake

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

o) Cash and cash equivalents

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

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

In applying the accounting policies described above, estimates are required by the Bank's Board of Directors. The estimates with the greatest impact on the Bank's financial statements include the following.

Determination of impairment losses on financial assets at amortized cost

Impairment losses are determined based on expected cash flows and estimates of the recoverable amount in accordance with the methodology defined in Note 2.3. c) VI). Impairment is determined for significant exposures through an individual analysis, based on (i) the Bank's judgment as to the economic and financial situation of its customers; (ii) the incorporation of forward-looking information; (iii) the attribution of weighting to each of the scenarios considered; and (iv) the estimated value of collateral received. Impairment for other operations is determined through an impairment loss model based on historical parameters and forward-looking information for comparable types of operations, taking into account default and recovery estimates.

The Bank considers that impairment losses for credit determined on the basis of the methodology referred to in Note 2.3. c) VI) adequately reflect the risk associated with its credit portfolio.

Classification and measurement of financial assets - Business model evaluation

The classification and measurement of financial assets results from the analysis of the characteristics of the contractual cash flows of the financial assets, in order to conclude that they correspond exclusively to repayment of principal and interest on the outstanding capital and analysis of the business model.

The Bank defines its business models, based on the management strategy of the various groups of financial assets it has in the portfolio, in order to achieve a specific business objective. This evaluation requires judgment, since the following aspects, among others, have to be considered: how the performance of the business model and the financial assets are evaluated and reported to management; how risk management affect the performance of business models and their financial assets and the way these risks are managed; the way business managers are paid; and the frequency and volume of sales of financial assets in prior periods and the respective forecast of future sales.

The Bank monitors the financial assets measured at amortized cost that are derecognised before maturity, to understand the reasons for their disposal and to determine if they are consistent with the purpose of the defined business model for those assets. This monitoring is part of the process of continuous evaluation of the business model of the financial assets that remain in the portfolio, to determine if it is adequate and, if it is not, if there was a change in the business model and consequently a prospective change in classification of these financial assets.

Evaluation of collateral in credit operations

The evaluations of collateral in credit operations, namely real estate mortgages, were made based on the assumption of the maintenance of all real estate market conditions during the life of the loans, and corresponded to the best estimate of the fair value of the said collateral balance sheet date.

Employee Benefits

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

3. Cash and cash equivalents at Central Banks

This item includes the following:

	'18 Foreign currency	'18 National currency	'17 Foreign currency	'17 National currency
CASH:				
National bills and coins:				
In safes		7,787,108		6,934,491
In ATMs		3,726,922		4,572,593
Foreign bills and coins:				
In EUR	2,692,651	950,546	1,647,779	305,498
In USD	257,360	79,423	101,723	16,878
In other currencies		4,288		3,725
		12,548,287		**11,833,185**
DEMAND DEPOSITS AT CENTRAL BANKS:				
In national currency		110,676,286		115,855,937
In Foreign Currency USD	41,171,417	12,705,787	16,410,000	2,722,813
		123,382,073		**118,578,750**
		135,930,360		**130,411,935**

The item of current accounts at the National Bank of Angola (BNA) includes deposits made to satisfy the requirements of the constitution and the maintenance of obligatory reserves.

On 31 December 2018, compulsory reserves were cleared in accordance with Instruction 10/2018 of 19 July and Directive No. 04 / DSP / DRO / 2018 of 19 July. On December 31st, 2017, they were cleared in accordance with the provisions of Instruction no. 06/2017 of 1 December. The mandatory reserves are recorded in local currency and in foreign currency, depending on the respective denomination of the liabilities that constitute their reserve base.

On 31 December 2018, the requirement to maintain mandatory reserves was calculated by applying a 17% quotient on eligible liabilities in national currency and 15% in foreign currency. On 31 December 2017, the requirement to maintain mandatory reserves was determined by applying a 21% rate on eligible liabilities in national currency and 15% in foreign currency.

The amount of up to 5% of the weekly arithmetic mean of the final daily balances recorded in the national currency cash account as well as the amount of up to 80% of the assets representing the value of the disbursements of currency credits granted on the last day of the week of creation of the credit portfolio, in the Agriculture, Livestock, Forestry and Fisheries sectors, provided that it has a maturity of 24 months or more.

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

The methodology for calculating impairment is described in Note 2.3. c) VI).

4. Cash and cash equivalents at other credit institutions

This item has the following composition:

	'18	'17
Demand deposits with correspondents abroad:		
Commerzbank	13,575,034	911,263
Banco BIC Português, S.A.	10,773,988	1,593,888
Banco BIC Cabo Verde, S.A.	3,099,643	5,408,747
Byblos Bank Europe, S.A.	863,974	379,087
Bank BIC Namíbia, Limited	617,482	108,778
Banca Popolare di Sondrio, S.A.	482,844	-
Others	546,378	143,582
	29,959,343	**8,545,345**
Check clearing	136,445	189,827
	30,095,788	**8,735,172**
Impairment (Note 16)	(28,025)	-
	30,067,763	**8,735,172**

On December 31, 2018 and 2017, the balance of the item "Check Clearing" refers to the checks presented for clearing in the sessions of the business days subsequent to the reference date of the financial statements.

The methodology for calculating impairment is described in Note 2.3. c) VI).

5. Applications with Central Banks and other credit institutions

This item has the following composition:

	'18	'17
Interbank Money Market Transactions	80,898,714	19,167,102
Interest to receive	158,583	41,287
	81,057,297	**19,208,389**
Transactions for the purchase of third-party securities with resale agreements	10,000,000	-
Interest to receive	5,915	-
	10,005,915	**-**
	91,063,212	**19,208,389**
Impairment (Note 16)	(55,030)	-
	91,008,182	**19,208,389**

The methodology for calculating impairment is described in Note 2.3. c) VI).

Transactions in the interbank money market correspond to time deposits with foreign credit institutions and are comprised of the following:

		'18		'17	
	Currency	**Foreign currency**	**National currency**	**Foreign currency**	**National currency**
In foreign credit institution:					
Banco BIC Português, S.A.	USD	95,500,000	29,471,969	20,000,000	3,318,480
Banco BIC Português, S.A.	EUR	39,900,000	14,085,299	55,950,000	10,373,130
			43,557,268		**13,691,610**
Byblos Bank Europe, S.A.	USD	67,000,000	20,676,668	-	-
Commerzbank	USD	40,000,000	12,344,280	10,000,000	1,659,240
Banco BIC Cabo Verde, S.A.	USD	14,000,000	4,320,498	23,000,000	3,816,252
Interest to receive			158,583		41,287
			81,057,297		**19,208,389**

A significant part of the term deposits with foreign credit institutions mentioned above are collateralizing the opening of documentary credits and other operations, in the context of contracted credit facilities and other agreements entered into with these financial institutions.

At 31 December 2018 and 2017, time deposits at credit institutions, excluding interest receivable and impairment, had the following structure, due to residual maturity terms:

	'18	'17
Up to one month	41,371,550	4,977,720
Between one and three months	28,340,468	7,802,352
Between three and six months	9,705,157	3,986,100
Between six months and one year	1,481,539	2,400,930
	80,898,714	**19,167,102**

At 31 December 2018 and 2017, time deposits at credit institutions bear interest at the following annual average rates, weighted by the respective nominal value of the investments:

	'18	'17
In US dollars	2.52%	2.47%
In Euros	0.01%	0.01%

At 31 December 2018, the applications with the BNA correspond to the purchase of third party securities with a Treasury Bonds agreement, and a resale agreement at a future date, at a price previously defined and agreed between the parties.

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

At 31 December 2018, the purchase of third party securities with a resale agreement were to mature in the first quarter of 2019.

6. Investments at amortized cost

This item has the following composition:

	'18	
	Interest rate	**Amount**
Treasury Bonds:		
In national currency		
Not readjustable	9.94%	68,247,987
Indexed to USD	7.27%	432,766,548
		501,014,535
In foreign currency (USD)	5.21%	72,724,243
		573,738,778
Treasury bills	18.13%	20,425,677
Other securities (Commercial paper)	4.00%	5,118,718
Earnings to receive		13,986,872
		613,270,045
Impairment (Note 16)		(1,213,930)
		612,056,115

At December 31, 2018, the Bank classified the Treasury Bonds recorded in "Investments at Amortized Cost - Treasury Bonds" in this portfolio, since they comply with the SPPI requirements and the associated business model consists of collecting the contractual cashflow.

In 2018, there was an increase in the items "Treasury bonds in domestic currency - USD-indexed" and "Treasury bonds denominated in foreign currency (USD)" (previously classified under "Held-to-maturity investments" (Note 8), mainly as a result of the devaluation of the Kwanza against the US dollar during the year.

As of December 31, 2018 the indexed distribution of Treasury Bonds, excluding income receivable, is as follows:

			'18
	Fixed rate	**Libor 6M**	**Total**
Treasury bonds:			
In national currency (Non readjustable)	68,247,987	-	68,247,987
In national currency (Indexed to USD)	432,766,548	-	432,766,548
In foreign currency (USD)	71,223,410	1,500,833	72,724,243
	572,237,945	**1,500,833**	**573,738,778**

As of December 31, 2018, Treasury Bonds, excluding income receivable and impairment, had the following structure, in accordance with the residual maturity dates:

	'18
Up to three months	45,446,606
Three to six months	16,532,068
Six months to a year	38,336,548
More than a year	473,423,556
	573,738,778

At December 31, 2018, the Bank classified the Treasury Bills registered in "Investments at Amortized Cost - Treasury Bills" in this portfolio, since they comply with SPPI requirements and the associated business model is to collect the contractual cash flows.

As at 31 December 2018, Treasury bills in the portfolio had the following structure, excluding income receivable and impairment, according to the residual maturity dates:

	'18
Up to three months	6,019,208
Three to six months	12,167,779
Six months to a year	2,238,690
	20,425,677

At 31 December 2018, other securities with a nominal value of EUR 14,500,000 correspond to commercial paper issued by a media company and maturing in the month following the reporting date of the financial statements (Note 31).

The methodology for calculating impairment is described in Note 2.3. c) VI).

The impacts of adopting IFRS 9 - Financial instruments are presented in Note 35.

7. Financial assets at fair value through profit or loss

This item has the following composition:

	'17	
	Interest rate	**Amount**
Financial assets held for trading:		
Treasury bills	21.27%	122,128,144
Other securities (Commercial paper)	4.00%	3,708,000
Income to receive		8,348,089
		134,184,233

In the context of the adoption of IFRS 9, financial assets that were recorded as "Fair value financial assets through profit or loss" at 31 December 2017 were reclassified as "Investments at amortized cost" (Note 6). The impacts of the transition to IFRS 9 are explained in more detail in Note 35.

As of December 31, 2017, as there were no indications of impairment and given that they were issued by the Angolan State, the Bank classified the securities recorded in the "Financial assets held for trading - Treasury bills" portfolios at risk level A - Minimum.

As at 31 December 2017, Treasury bills in the portfolio had the following structure, excluding income receivable, according to the residual maturity dates:

	'17
Up to three months	54,077,396
Three to six months	30,064,515
Six months to a year	37,986,233
	122,128,144

At 31 December 2017, other securities with a par value of EUR 20,000,000 corresponded to commercial paper issued by a media company and maturing in the month following the reporting date of the financial statements (Note 31).

8. Investments held to maturity

This item has the following composition:

	'17	
	Interest rate	**Amount**
Treasury bonds:		
In national currency		
Non readjustable	7.70%	87,355,827
Indexed to USD	7.31%	257,651,109
		345,006,936
In foreign currency (USD)	4.89%	39,907,460
		384,914,396
Income to receive		7,144,029
		392,058,425

The "Held-to-maturity investments" category ceased to be applicable with the adoption of IFRS 9 on 1 January 2018. Securities recorded in this category as at 31 December 2017 were reclassified to "Investments at amortized cost" (Note 6). The impacts of the transition to IFRS 9 are explained in more detail in Note 35.

As of December 31, 2017, as there were no indications of impairment and given that they were issued by the Angolan State, the Bank classified the Treasury Bonds as "Held-to-maturity investments" at the A-Minimum risk level.

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

At 31 December 2017, the distribution of debt securities by index, excluding income receivable, was as follows:

	'17		
	Fixed rate	**Libor 6M**	**Total**
Treasury bonds:			
In national currency (Non readjustable)	87,355,827	-	87,355,827
In national currency (Indexed to USD)	257,651,109	-	257,651,109
In foreign currency (USD)	29,997,400	9,910,060	39,907,460
	375,004,336	**9,910,060**	**384,914,396**

As of December 31, 2017, Treasury Bonds, excluding income receivable, had the following structure, in accordance with the residual maturity dates:

	'17
Up to three months	29,820,372
Three to six months	24,613,719
Six months to a year	67,927,038
More than a year	262,553,267
	384,914,396

9. Customer loans

This item has the following composition:

	'18	'17
National currency		
Current account overdrafts	1,023,118	1,403,795
Loans	114,731,392	137,279,677
Loans in current accounts	34,259,969	28,512,314
Loans to Employees	2,655,652	2,117,568
	152,670,131	**169,313,354**
Foreign currency		
Current account overdrafts	49,953	98,936
Loans	244,809,972	132,867,662
Loans in current accounts	3,604,675	1,342,245
Loans to Employees	18,359,394	8,984,976
	266,823,994	**143,293,819**
TOTAL ACTIVE CREDIT	**419,494,125**	**312,607,173**
Loans and interest in default:		
National currency	23,533,695	20,553,435
Foreign currency	71,586,241	24,383,752
TOTAL LOANS AND INTEREST IN DEFAULT	**95,119,936**	**44,937,187**
TOTAL LOANS	**514,614,061**	**357,544,360**
Income to receive - national currency	7,371,699	9,421,437
Income to receive - foreign currency	5,706,293	6,402,156
TOTAL INCOME TO RECEIVE	**13,077,992**	**15,823,593**
Commissions associated with amortized cost	(1,211,118)	(973,028)
	526,480,935	**372,394,925**
Impairment for credit (Note 16)	(130,225,746)	(87,956,827)
	396,255,189	**284,438,098**

The increase in "Foreign currency - Loans" and "Overdue credit and interest - Foreign currency" is mainly due to the depreciation of Kwanza in the year ended 31 December 2018.

At 31 December 2018 and 2017, the residual maturities of loans granted to customers, excluding overdue credit, present the following composition:

	'18	'17
Up to three months	61,840,422	47,486,664
Three to six months	29,193,598	28,754,669
Six months to a year	47,038,483	37,726,370
One to three years	48,228,606	27,585,799
Three to five years	66,187,928	44,378,303
Five to ten years	115,040,502	93,103,779
More than ten years	51,964,586	33,571,589
	419,494,125	**312,607,173**

As at 31 December 2018 and 2017, the breakdown of loans and advances to customers, excluding income receivable, between companies and individuals is as follows:

	'18			'17		
	Active	**In Default**	**Total**	**Active**	**In Default**	**Total**
Companies	343,474,611	79,309,127	422,783,738	263,001,815	35,608,596	298,610,411
Individuals	76,019,514	15,810,809	91,830,323	49,605,358	9,328,591	58,933,949
	419,494,125	**95,119,936**	**514,614,061**	**312,607,173**	**44,937,187**	**357,544,360**

At 31 December 2018 and 2017, the breakdown of loans granted to customers, excluding income receivable, was as follows:

	'18	'17
Fixed rate	375,408,296	251,519,611
Variable rate:		
Euribor 3M	8,825,375	4,635,000
Euribor 6M	4,843,366	660
Euribor 12M	467	2,543,687
Libor 1M	90,627	70,898
Libor 3M	1,501,190	935,845
Libor 6M	297,003	325,177
Libor 12M	7,176,996	4,007,086
Luibor 1M	7,096,199	622,111
Luibor 3M	13,408,274	6,151,007
Luibor 6M	51,115,293	45,380,766
Luibor 12M	44,850,975	41,352,512
	139,205,765	**106,024,749**
	514,614,061	**357,544,360**

On December 31 and January 1, 2018, the detail of the amount of the gross credit exposure, which also includes the guarantees provided and the documentary credits (Note 20), and the amount of impairment recorded for the individual and collective exposures analysed, corresponds to the following:

	31.12.18		01.01.18	
	Total exposure	**Impairment (Note 16)**	**Total exposure**	**Impairment (Note 16)**
Loans conceded	527,692,053	130,225,746	373,367,953	87,270,838
Guarantees given and documentary credit	108,683,636	4,459,613	70,265,091	1,869,026
Unused limits	20,983,471	147,117	21,144,535	268,406
	657,359,160	**134,832,476**	**464,777,579**	**89,408,270**

The methodology for calculating the credit impairment granted is described in Note 2.3.c) VI).

On December 31 and January 1, 2018, the loan portfolio had the following structure by segment:

	EXPOSURE					
Segment	**Total Exposure**	**Credit in Stage 1**	**Of which matured**	**Of which restructured**	**Credit in Stage 2**	**Of which matured**
Mortgage	53,507,874	32,824,866	3,509,240	485,816	2,376,102	1,253,537
Employees	2,748,870	2,723,176	2,918	-	6,001	6
Revolving	6,175,731	4,356,356	323,933	-	77,149	11,102
Other loans	47,975,251	27,534,976	385,268	33,029	349,095	17,263
Industry	39,954,717	26,977,001	6,799	1,071,170	202,616	-
Commerce and repairs	208,137,540	126,462,065	44,346,457	65,442,233	70,658	62,238
Construction	135,254,591	101,521,007	11,245,159	4,496,102	7,180,028	-
Services and others	131,824,712	63,926,475	1,413,809	6,200,754	3,027,575	-
Other companies	31,779,874	26,896,259	3,249,904	4,047,950	20	-
	657,359,160	**413,222,181**	**64,483,487**	**81,777,054**	**13,289,244**	**1,344,146**

	EXPOSURE					
Segment	**Total Exposure**	**Credit in Stage 1**	**Of which matured**	**Of which restructured**	**Credit in Stage 2**	**Of which matured**
Mortgage	31,007,047	22,320,471	3,294,892	736,634	745,227	187,771
Employees	2,299,546	2,287,226	19,698	-	6,433	-
Revolving	8,971,403	7,708,902	572,795	-	42,808	34,231
Other loans	32,824,318	8,911,877	379,596	45,682	99,751	7,311
Industry	33,226,154	24,570,402	3,944,215	3,782,170	320,205	10,539
Commerce and repairs	116,630,703	87,366,458	29,480,033	37,152,792	474,967	11,983
Construction	98,189,715	81,782,153	10,018,862	12,201,179	526,485	526,480
Services and others	136,178,491	87,172,480	6,304,060	21,677,278	2,411,691	4,984
Other companies	5,450,202	5,450,202	-	-	-	-
	464,777,579	**327,570,171**	**54,014,151**	**75,595,735**	**4,627,567**	**783,299**

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				IMPAIRMENT			
Of which restructured	Credit in stage 3	Of which maturing	Of which restructured	Total impairment	Credit in Stage 1	Credit in Stage 2	Credit in Stage 3
1,941	18,306,906	2,013,977	2,659,401	9,846,764	987,271	361,254	8,498,239
-	19,693	9,594	-	55,039	50,326	294	4,419
-	1,742,226	282,850	-	1,326,167	115,678	4,923	1,205,566
133,066	20,091,180	137,748	8,953,272	17,607,150	4,132,045	65,957	13,409,148
-	12,775,100	-	7,509,260	8,408,641	868,870	28,063	7,511,708
62,031	81,604,817	8,304,941	63,994,632	41,732,735	3,505,550	6,929	38,220,256
2,048,372	26,553,556	-	20,597,935	12,442,417	2,546,188	785,998	9,110,231
2,511,511	64,870,662	3,037,512	47,540,964	41,168,625	4,340,628	440,049	36,387,948
-	4,883,595	528,962	2,798,895	2,244,938	930,422	3	1,314,513
4,756,921	**230,847,735**	**14,315,584**	**154,054,359**	**134,832,476**	**17,476,978**	**1,693,470**	**115,662,028**

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				IMPAIRMENT			
Of which restructured	Credit in stage 3	Of which maturing	Of which restructured	Total impairment	Credit in Stage 1	Credit in Stage 2	Credit in Stage 3
80,140	7,941,349	1,710,870	738,494	4,573,727	762,394	112,647	3,698,686
-	5,887	767	-	54,944	52,841	416	1,687
-	1,219,693	60,074	-	1,128,586	196,331	5,969	926,286
12,696	23,812,690	5,092,900	5,945,511	10,975,000	300,596	18,318	10,656,086
5,375	8,335,547	1,508,042	3,864,942	6,679,019	2,603,634	37,202	4,038,183
35,045	28,789,278	5,253,505	14,875,045	25,780,149	15,352,493	24,572	10,403,084
526,480	15,881,077	2,511,864	6,743,318	9,628,430	6,468,617	78,870	3,080,943
-	46,594,320	22,352,573	33,539,016	30,588,415	8,507,219	769,408	21,311,788
-	-	-	-	-	-	-	-
659,736	**132,579,841**	**38,490,595**	**65,706,326**	**89,408,270**	**34,244,125**	**1,047,402**	**54,116,743**

On December 31 and January 1, 2018, the detail of the loan portfolio by segment and by year of concession of the operations, had the following structure:

	2018			2017			2016		
Year of the loan	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted
Mortgage	58	2,679,470	658,166	35	2,187,152	108,521	220	7,274,151	189,749
Employees	614	1,293,935	49,685	558	704,135	1,254	515	351,366	809
Revolving	1,715	33,879	79,947	8,769	104,879	7,287	2,840	96,988	4,267
Other loans	1,713	4,021,117	833,957	1,315	2,848,757	167,957	1,840	1,083,191	195,737
Industry	72	11,193,853	577,988	21	2,195,333	149,529	16	78,551	6,774
Commerce and repairs	332	41,520,658	4,946,762	89	8,908,949	2,038,949	71	5,160,031	927,335
Construction	77	57,236,775	4,515,042	29	11,277,341	216,081	13	3,081,354	69,061
Services and Others	141	13,626,021	1,463,962	77	6,939,196	458,302	59	9,632,432	152,104
Other companies	38	6,148,487	310,840	13	8,246,657	221,556	11	9,865,482	570,526
	4,760	**137,754,195**	**13,436,349**	**10,906**	**43,412,399**	**3,369,436**	**5,585**	**36,623,546**	**2,116,362**

	2017			2016			2015		
Year of the loan	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted
Mortgage	48	1,449,699	534,801	221	4,078,452	69,963	74	1,890,118	71,271
Employees	616	915,187	52,154	702	607,135	909	547	349,094	540
Revolving	1,169	28,979	174,137	1,043	111,204	2,094	1,349	268,260	2,481
Other loans	1,460	2,710,956	284,154	1,979	1,736,697	221,579	3,782	5,285,246	1,014,552
Industry	57	6,400,501	769,135	19	341,572	6,813	27	13,664,124	815,023
Commerce and repairs	183	17,627,153	1,817,693	75	4,905,670	554,917	158	35,821,767	12,126,843
Construction	41	23,599,624	2,457,998	15	14,662,843	126,274	59	33,057,220	4,745,598
Services and Others	131	13,954,001	2,760,389	69	10,646,766	273,024	143	69,639,606	15,048,630
Other companies	-	-	-	1	5,450,202	-	-	-	-
	3,705	**66,686,100**	**8,850,461**	**4,124**	**42,540,541**	**1,255,573**	**6,139**	**159,975,435**	**33,824,938**

2015			2014			2013 AND EARLIER			31.12.18 TOTAL		
Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted
69	1,898,023	213,790	94	2,576,482	157,879	806	36,892,596	8,518,659	1,282	53,507,874	9,846,764
391	158,998	399	200	31,791	60	544	208,645	2,832	2,822	2,748,870	55,039
3,954	204,427	4,109	4,639	1,103,206	19,111	22,612	4,632,352	1,211,446	44,529	6,175,731	1,326,167
3,121	6,501,121	1,761,850	1,407	14,509,448	2,770,092	931	19,011,617	11,877,557	10,327	47,975,251	17,607,150
20	12,459,493	459,577	36	3,354,505	1,681,974	147	10,672,982	5,532,799	312	39,954,717	8,408,641
121	57,839,156	18,632,686	147	9,430,786	1,092,854	723	85,277,960	14,094,149	1,483	208,137,540	41,732,735
44	34,559,618	4,381,599	46	8,651,811	409,627	150	20,447,692	2,851,007	359	135,254,591	12,442,417
82	55,696,928	22,490,270	116	5,693,646	2,685,704	419	40,236,489	13,918,283	894	131,824,712	41,168,625
7	370,968	2,823	21	3,090,981	40,699	51	4,057,299	1,098,494	141	31,779,874	2,244,938
7,809	**169,688,732**	**47,947,103**	**6,706**	**48,442,656**	**8,858,000**	**26,383**	**221,437,632**	**59,105,226**	**62,149**	**657,359,160**	**134,832,476**

2014			2013			2012 AND EARLIER			01.01.18 TOTAL		
Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted	Númber of operations	Amount	Impairment constituted
101	2,076,955	86,852	97	3,189,751	840,819	747	18,322,072	2,970,021	1,288	31,007,047	4,573,727
365	100,415	43	250	54,010	11	687	273,705	1,287	3,167	2,299,546	54,944
2,581	1,311,619	20,535	2,611	869,739	28,739	11,861	6,381,602	900,600	20,614	8,971,403	1,128,586
2,898	10,146,817	1,772,054	923	7,669,553	4,728,588	786	5,275,049	2,954,073	11,828	32,824,318	10,975,000
44	2,892,446	1,041,349	41	3,142,891	464,291	160	6,784,620	3,582,408	348	33,226,154	6,679,019
204	4,702,361	696,030	176	2,684,341	1,175,206	858	50,889,411	9,409,460	1,654	116,630,703	25,780,149
63	10,806,370	441,544	57	9,748,059	366,312	203	6,315,599	1,490,704	438	98,189,715	9,628,430
168	9,159,310	2,186,172	161	7,024,911	700,884	623	25,753,897	9,619,316	1,295	136,178,491	30,588,415
-	-	-	-	-	-	-	-	-	1	5,450,202	-
6,424	**41,196,293**	**6,244,579**	**4,316**	**34,383,255**	**8,304,850**	**15,925**	**119,995,955**	**30,927,869**	**40,633**	**464,777,579**	**89,408,270**

At 31 December and 1 January 2018, the detail of the amount of gross credit exposure and the amount of impairment recorded for the exposures analyzed individually and collectively by segment corresponds to the following:

					31.12.18	
	INDIVIDUAL IMPAIRMENT		COLLECTIVE IMPAIRMENT			
Segment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Mortgage	4,518,080	3,480,024	48,989,794	6,366,740	53,507,874	9,846,764
Employees	-	48,597	2,748,870	6,442	2,748,870	55,039
Revolving	1,023,764	901,930	5,151,967	424,237	6,175,731	1,326,167
Other loans	35,499,368	14,086,039	12,475,883	3,521,111	47,975,251	17,607,150
Industry	31,991,709	7,825,238	7,963,008	583,403	39,954,717	8,408,641
Commerce and repairs	184,533,544	40,010,593	23,603,996	1,722,142	208,137,540	41,732,735
Construction	127,666,959	12,298,113	7,587,632	144,304	135,254,591	12,442,417
Services and others	115,194,328	39,789,034	16,630,384	1,379,591	131,824,712	41,168,625
Other companies	19,137,576	1,767,661	12,642,298	477,277	31,779,874	2,244,938
	519,565,328	**120,207,229**	**137,793,832**	**14,625,247**	**657,359,160**	**134,832,476**

					01.01.18	
	INDIVIDUAL IMPAIRMENT		COLLECTIVE IMPAIRMENT			
Segment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Mortgage	2,231,271	1,870,766	28,775,776	2,702,961	31,007,047	4,573,727
Employees	-	51,500	2,299,546	3,444	2,299,546	54,944
Revolving	822,098	796,645	8,149,305	331,941	8,971,403	1,128,586
Other loans	20,598,352	8,434,896	12,225,966	2,540,104	32,824,318	10,975,000
Industry	26,954,710	6,388,163	6,271,444	290,856	33,226,154	6,679,019
Commerce and repairs	99,638,060	24,499,639	16,992,643	1,280,510	116,630,703	25,780,149
Construction	92,281,400	9,390,494	5,908,315	237,936	98,189,715	9,628,430
Services and others	108,053,887	26,247,578	28,124,604	4,340,837	136,178,491	30,588,415
Other companies	5,450,202	-	-	-	5,450,202	-
	356,029,980	**77,679,681**	**108,747,599**	**11,728,589**	**464,777,579**	**89,408,270**

As at 31 December and 1 January 2018, the restructured loan portfolio had the following composition:

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	STAGE 1			STAGE 2			STAGE 3			TOTAL		
Measure applied	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment
Restructuring	73	81,777,054	2,164,590	10	4,756,921	692,522	329	154,054,359	73,402,639	412	240,588,334	76,259,751
	73	**81,777,054**	**2,164,590**	**10**	**4,756,921**	**692,522**	**329**	**154,054,359**	**73,402,639**	**412**	**240,588,334**	**76,259,751**

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	STAGE 1			STAGE 2			STAGE 3			TOTAL		
Measure applied	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment	Number of operations	Total exposure	Impairment
Restructuring	86	75,595,735	20,032,816	11	659,736	95,574	232	65,706,326	25,455,409	329	141,961,797	45,583,799
	86	**75,595,735**	**20,032,816**	**11**	**659,736**	**95,574**	**232**	**65,706,326**	**25,455,409**	**329**	**141,961,797**	**45,583,799**

As at 31 December 2018 and 2017, the movement of into and out of the restructured loan portfolio was as follows:

	'18	'17
Initial balance of the restructured loan portfolio (gross of impairment)	**141,961,797**	**143,170,596**
Loans restructured in the period	61,748,905	7,653,754
Current interest on the restructured loan portfolio	(2,079,599)	3,780,679
Settlement of restructured credits (partial or total)	(12,632,631)	(12,652,538)
Exchange rate variation	51,483,204	9,306
Other	106,658	-
Final balance of the restructured loan portfolio (gross of impairment)	**240,588,334**	**141,961,797**

On December 31 and January 1, 2018, the detail of the fair value of the guarantees underlying the loan portfolio of the business, construction and real estate development, and mortgage segments is as follows:

	COMPANIES			
	REAL ESTATE		OTHER REAL GUARANTEES	
Fair Value	Number of properties	Amount	Number	Amount
< 50 MAOA	91	1,500,843	299	2,070,573
>= 50 MAOA and < 100 MAOA	23	1,714,055	34	2,329,446
>= 100 MAOA and < 500 MAOA	67	17,185,838	75	18,580,599
>= 500 MAOA and < 1,000 MAOA	32	23,200,575	27	20,854,553
>= 1,000 MAOA and < 2,000 MAOA	18	26,005,861	26	34,030,559
>= 2,000 MAOA and < 5,000 MAOA	19	61,239,575	15	42,992,038
>= 5,000 MAOA	13	174,067,879	15	170,045,257
	263	**304,914,626**	**491**	**290,903,025**

	COMPANIES			
	REAL ESTATE		OTHER REAL GUARANTEES	
Fair Value	Number of properties	Amount	Number	Amount
< 50 MAOA	116	2,009,936	477	3,561,716
>= 50 MAOA and < 100 MAOA	28	2,037,987	44	3,041,692
>= 100 MAOA and < 500 MAOA	68	15,392,858	93	22,966,877
>= 500 MAOA and < 1,000 MAOA	27	19,020,846	39	28,588,462
>= 1,000 MAOA and < 2,000 MAOA	27	38,779,378	19	26,560,845
>= 2,000 MAOA and < 5,000 MAOA	10	27,835,716	6	21,383,396
>= 5,000 MAOA	8	56,643,728	14	120,192,161
	284	**161,720,449**	**692**	**226,295,149**

31.12.18

CONSTRUCTION AND REAL ESTATE PROMOTION				MORTGAGE			
REAL ESTATE		OTHER REAL GUARANTEES		REAL ESTATE		OTHER REAL GUARANTEES	
Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
6	89,479	75	73,805	288	7,134,919	122	1,655,785
1	83,500	1	98,375	125	9,195,119	15	1,073,443
7	1,718,569	14	3,806,893	78	13,469,692	11	2,266,106
4	2,811,486	6	4,888,186	5	3,403,565	-	-
8	9,959,495	4	6,891,752	-	-	-	-
7	22,316,071	1	2,700,000	-	-	-	-
9	145,659,055	-	-	-	-	-	-
42	**182,637,655**	**101**	**18,459,011**	**496**	**33,203,295**	**148**	**4,995,334**

01.01.18

CONSTRUCTION AND REAL ESTATE PROMOTION				MORTGAGE			
REAL ESTATE		OTHER REAL GUARANTEES		REAL ESTATE		OTHER REAL GUARANTEES	
Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
5	89,479	85	83,281	405	8,492,354	152	2,212,923
-	-	2	193,031	78	5,025,765	15	1,086,146
10	2,875,614	19	5,169,029	28	4,993,674	6	1,026,830
5	3,090,235	6	5,021,520	-	-	-	-
8	10,238,928	1	1,699,234	-	-	-	-
5	15,706,829	5	16,463,074	-	-	-	-
8	79,250,146	-	-	-	-	-	-
41	**111,251,231**	**118**	**28,629,169**	**511**	**18,511,793**	**173**	**4,325,899**

On December 31 and January 1, 2018, the financing/guarantee ratio of the business, construction and real estate development, and housing segments had the following structure:

31.12.18

Segment/Ratio	Number of properties	Number of other real guarantees	Stage 1	Stage 2	Stage 3	Impairment
Companies						
With no associated guarantee	n.a.	n.a.	75,437,886	62,730	19,962,020	16,848,594
‹ 50%	167	462	37,457,910	-	2,956,235	1,746,920
≥ 50% and ‹ 75%	-	-	2,248,639	138	3,465,430	1,383,441
≥ 75% and ‹ 100%	4	3	20,367,702	1,280,366	34,507,998	17,098,394
≥ 100%	92	26	102,739,487	1,957,635	103,242,491	56,477,590
	263	**491**	**238,251,624**	**3,300,869**	**164,134,174**	**93,554,939**
Construction and real estate promotion						
With no associated guarantee	n.a.	n.a.	51,234,324	4,736,546	2,798,605	3,706,371
‹ 50%	40	101	20,863,440	52,089	3,006,223	2,493,939
≥ 50% and ‹ 75%	-	-	742,406	-	-	9,318
≥ 75% and ‹ 100%	-	-	15,961,308	1,703,640	737,006	991,659
≥ 100%	2	-	12,719,529	687,753	20,011,722	5,241,130
	42	**101**	**101,521,007**	**7,180,028**	**26,553,556**	**12,442,417**
Mortgage						
With no associated guarantee	n.a.	n.a.	18,565,261	1,558,154	8,782,175	6,474,269
‹ 50%	408	137	1,371,734	-	617,085	2,568,125
≥ 50% and ‹ 75%	5	-	605,810	-	1,299,563	373,112
≥ 75% and ‹ 100%	5	-	904,721	-	481,960	134,720
≥ 100%	78	11	11,377,340	817,948	7,126,123	296,538
	496	**148**	**32,824,866**	**2,376,102**	**18,306,906**	**9,846,764**
	801	**740**	**372,597,497**	**12,856,999**	**208,994,636**	**115,844,120**

01.01.18

Segment/Ratio	Number of properties	Number of other real guarantees	Stage 1	Stage 2	Stage 3	Impairment
Companies						
With no associated guarantee	n.a.	n.a.	75,200,968	531,882	11,672,667	13,145,075
‹ 50%	13	197	21,381,523	139,661	2,720,467	1,107,194
≥ 50% and ‹ 75%	8	18	11,200,798	-	1,508,297	4,660,692
≥ 75% and ‹ 100%	24	26	10,323,132	10,575	25,813,095	9,395,019
≥ 100%	239	451	86,453,121	2,524,745	42,004,619	34,739,603
	284	**692**	**204,559,542**	**3,206,863**	**83,719,145**	**63,047,583**
Construction and real estate promotion						
With no associated guarantee	n.a.	n.a.	34,726,676	5	3,823,504	3,127,751
‹ 50%	-	71	14,745,926	-	699,236	276,290
≥ 50% and ‹ 75%	-	-	-	-	-	-
≥ 75% and ‹ 100%	6	3	16,190,172	526,480	-	1,280,161
≥ 100%	35	44	16,119,379	-	11,358,337	4,944,228
	41	**118**	**81,782,153**	**526,485**	**15,881,077**	**9,628,430**
Mortgage						
With no associated guarantee	n.a.	n.a.	11,653,921	515,419	3,616,471	3,041,704
‹ 50%	19	12	730,555	-	127,811	63,565
≥ 50% and ‹ 75%	25	4	578,536	-	579,888	218,240
≥ 75% and ‹ 100%	43	2	848,596	18,009	435,299	195,242
≥ 100%	424	155	8,508,863	211,799	3,181,880	1,054,976
	511	**173**	**22,320,471**	**745,227**	**7,941,349**	**4,573,727**
	836	**983**	**308,662,166**	**4,478,575**	**107,541,571**	**77,249,740**

On 31 December and 1 January 2018, the distribution of the credit portfolio measured by internal risk grades had the following structure:

31.12.18

	LOW RISK LEVEL			MEDIUM RISK LEVEL	HIGH RISK LEVEL			
Segment	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**Total**
Mortgage	440,894	33,145,039	8,418,892	3,440,039	1,893,714	3,376,691	2,792,605	53,507,874
Employees	-	2,718,492	25,084	2,491	881	-	1,922	2,748,870
Revolving	78,541	4,286,255	92,187	385,159	432,623	113,022	787,944	6,175,731
Other loans	53,952	9,108,151	11,433,203	11,895,815	6,993,758	3,657,189	4,833,183	47,975,251
Industry	19,302	25,215,525	4,101,261	4,842,417	-	4,561,439	1,214,773	39,954,717
Commerce and repairs	254,406	127,892,079	33,757,166	5,019,214	4,397,547	32,077,568	4,739,560	208,137,540
Construction	3,323	100,767,684	24,208,647	335,867	5,147,166	739,809	4,052,095	135,254,591
Services and others	1,722,439	49,397,756	22,980,665	7,792,616	42,343,550	284,787	7,302,899	131,824,712
Companies Others	200	24,659,635	6,213,528	15,500	688,391	1,189	201,431	31,779,874
	2,573,057	**377,190,616**	**111,230,633**	**33,729,118**	**61,897,630**	**44,811,694**	**25,926,412**	**657,359,160**

01.01.18

	LOW RISK LEVEL			MEDIUM RISK LEVEL	HIGH RISK LEVEL			
Segment	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**Total**
Mortgage	815,187	21,095,033	3,990,892	1,033,450	1,340,729	1,254,445	1,477,311	31,007,047
Employees	-	2,284,063	10,022	4,410	-	-	1,051	2,299,546
Revolving	99,589	7,548,285	140,889	42,184	157,441	161,419	821,596	8,971,403
Other loans	50,950	8,866,703	7,305,623	6,320,460	5,110,364	2,552,080	2,618,138	32,824,318
Industry	110,477	20,108,746	4,209,311	5,328,653	153,249	2,664,525	651,193	33,226,154
Commerce and repairs	230,277	73,738,632	15,131,771	2,552,326	4,236,798	18,268,427	2,472,472	116,630,703
Construction	3,723	72,291,221	18,596,520	416,140	3,604,267	965,369	2,312,475	98,189,715
Services and others	218,816	79,951,523	15,567,131	6,324,362	27,547,236	484,989	6,084,434	136,178,491
Companies Others	-	5,450,202	-	-	-	-	-	5,450,202
	1,529,019	**291,334,408**	**64,952,159**	**22,021,985**	**42,150,084**	**26,351,254**	**16,438,670**	**464,777,579**

At 31 December and 1 January 2018, the risk factors associated with the impairment model by segment are as follows:

	31.12.18			01.01.18		
	PROBABILITY OF DEFAULT (%)			PROBABILITY OF DEFAULT (%)		
Segment	**Stage 1**	**Stage 2**	**Loss given default (%)**	**Stage 1**	**Stage 2**	**Loss given default (%)**
Mortgage	7.40%	94.96%	27.10%	7.40%	95.61%	23.49%
Employees	0.72%	50.59%	11.50%	0.67%	42.25%	11.53%
Revolving	8.18%	59.31%	52.14%	7.06%	65.79%	34.61%
Other loans	6.97%	78.50%	52.55%	6.33%	36.43%	40.43%
Industry	8.21%	82.24%	35.40%	7.12%	69.15%	30.84%
Commerce and repairs	9.87%	83.13%	18.46%	7.69%	18.41%	16.02%
Construction	4.96%	44.53%	19.90%	6.71%	79.51%	19.16%
Services and others	8.16%	81.18%	36.56%	6.67%	71.71%	35.96%
Companies Others	5.49%	69.48%	29.64%	-	-	-
	7.69%	**67.31%**	**27.32%**	**6.56%**	**62.85%**	**34.66%**

In the year ended 31 December 2018, the Bank carried out write-offs in the amount of mAKZ 167,931. In the year ended 31 December 2017, the Bank did not write-off assets (Note 16).

The remaining disclosures related to "Loans and advances to customers" are presented in Note 32.

10. Non-current assets available for sale

This item has the following composition:

	'18	'17
Real Estate		
Properties received in lieu of payment	17,026,573	16,845,874
Real estate projects - Employees	4,202,578	4,254,356
	21,229,151	**21,100,230**
Impairment for non current assets available for sale (Nota 16)	(1,834,253)	(1,834,253)
	19,394,898	**19,265,977**

As of December 31, 2018 and 2017, the balance of "Real estate received in lieu of payment" corresponded to real property received as payment of debts related to loans granted. At the same dates, the impairment amount included estimated losses on the realization of these assets.

As at 31 December 2018 and 2017, the balance of "Real Estate Projects - Employees" refers to real estate projects that are under construction and are intended to be sold to Bank Employees.

For the years 2018 and 2017, the movement in "Real estate received in lieu of payment" and "Real estate projects - Collaborators" was as follows:

	GROSS ASSETS				
	Balance on 31-12-2017	**Increases**	**Sales**	**Regularizations**	**Balance on 31-12-2018**
Properties received in lieu of payment	16,845,874	378,222	(197,523)	-	17,026,573
Real estate projects - Employees	4,254,356	840,076	(502,401)	(389,453)	4,202,578
	21,100,230	**1,218,298**	**(699,924)**	**(389,453)**	**21,229,151**

	GROSS ASSETS			
	Balance on 31-12-2016	**Increases**	**Sales**	**Balance on 31-12-2017**
Properties received in lieu of payment	10,327,353	8,729,175	(2,210,654)	16,845,874
Real estate projects - Employees	3,733,831	522,499	(1,974)	4,254,356
	14,061,184	**9,251,674**	**(2,212,628)**	**21,100,230**

The adjustments to "Real Estate Projects - Employees" include the net transfers to "Other tangible assets" in the amount of mAKZ 101,750 (Note 11).

At 31 December 2018 and 2017, the detail of the fair value and the net book value of the real estate received by assignment or execution, by type of property, has the following structure:

Type of property	31.12.18 Number of properties	31.12.18 Fair value of the asset	31.12.18 Net accounting value	01.01.18 Number of properties	01.01.18 Fair value of the asset	01.01.18 Net accounting value
Terrain						
Urban	5	5,585,787	2,385,053	5	3,003,224	2,221,956
Rural	2	3,160,136	1,469,061	2	1,699,062	1,467,903
Buildings under construction						
Housing	1	n.d.	1,572,550	1	n.d.	1,454,847
Buildings already built						
Commercial spaces	6	12,375,611	5,185,285	6	6,653,805	5,102,222
Housing	7	15,060,143	4,580,371	6	8,055,444	4,764,693
	21	**36,181,677**	**15,192,320**	**20**	**19,411,535**	**15,011,621**

As of December 31, 2018 and 2017, the detail of the net book value of the real estate received by way of seniority is as follows:

'18

Time since payment in kind/ execution	‹ 1 year	≥ 1 year and ‹ 2,5 years	≥ 2,5 years and ‹ 5 years	≥ 5 years	Total
Terrain					
Urban	-	426,805	1,875,704	82,544	2,385,053
Rural	-	1,469,061	-	-	1,469,061
Buildings under construction					
Housing	-	1,572,550	-	-	1,572,550
Buildings already built					
Commercial spaces	-	5,045,765	139,520	-	5,185,285
Housing	6,187	4,178,804	352,319	43,061	4,580,371
	6,187	**12,692,985**	**2,367,543**	**125,605**	**15,192,320**

'17

Time since payment in kind/ execution	‹ 1 year	≥ 1 year and ‹ 2,5 years	≥ 2,5 years and ‹ 5 years	≥ 5 years	Total
Terrain					
Urban	316,804	110,002	1,795,150	-	2,221,956
Rural	1,467,903	-	-	-	1,467,903
Buildings under construction					
Housing	1,454,847	-	-	-	1,454,847
Buildings already built					
Commercial spaces	10,978	4,966,572	124,672	-	5,102,222
Housing	4,173,184	-	591,509	-	4,764,693
	7,423,716	**5,076,574**	**2,511,331**	**-**	**15,011,621**

11. Other tangible and intangible assets

The movements in these items in the year ended 31 December 2018 were as follows:

GROSS ASSETS

	Balance on 31-12-2017	Increases	Sales and write offs	Transfers	Regularizations	Balance on 31-12-2018
Other tangible assets:						
Bank held properties	9,716,785	208,645	-	573,020	127,696	10,626,146
Work on rented buildings	1,786,301	18,207	-	325,983	-	2,130,491
Equipment	8,263,690	362,879	(8,535)	102,952	352,284	9,073,270
Artistics assets	4,217	-	-	-	-	4,217
	19,770,993	**589,731**	**(8,535)**	**1,001,955**	**479,980**	**21,834,124**
Fixed assets in progress	1,597,374	1,045,629	-	(769,455)	(384,663)	1,488,885
	21,368,367	**1,635,360**	**(8,535)**	**232,500**	**95,317**	**23,323,009**
Intangible assets:						
Sublets	149,815	-	-	-	-	149,815
Deed fees	4,383	-	-	-	-	4,383
Multiannual fees	35,289	-	-	-	-	35,289
Automatic data handling system	472,479	261,043	-	-	-	733,522
Other fixed assets	233,180	-	-	(232,500)	-	680
	895,146	**261,043**	**-**	**(232,500)**	**-**	**923,689**
	22,263,513	**1,896,403**	**(8,535)**	**-**	**95,317**	**24,246,698**

ACCUMULATED AMORTIZATIONS

	Balance on 31-12-2017	Amortization	Sales and write offs	Transfers	Balance on 31-12-2018
Other tangible assets:					
Bank held properties	1,311,644	203,984	-	(50)	1,515,578
Work on rented buildings	1,624,589	123,140	-	38,799	1,786,528
Equipment	5,728,114	742,157	(5,673)	-	6,464,598
	8,664,347	**1,069,281**	**(5,673)**	**38,749**	**9,766,704**
Intangible assets:					
Sublets	149,815	-	-	-	149,815
Deed fees	4,383	-	-	-	4,383
Multiannual fees	35,289	-	-	-	35,289
Automatic data handling system	358,696	82,019	-	-	440,715
Other fixed assets	39,428	-	-	(38,749)	679
	587,611	**82,019**	**-**	**(38,749)**	**630,881**
	9,251,958	**1,151,300**	**(5,673)**	**-**	**10,397,585**

Adjustments include net transfers between "Other tangible assets" and "Non-current assets held for sale - Real estate projects - Employees" in the amount of mAKZ 101,750 (Note 10).

Changes in these captions in the year ended 31 December 2017 were as follows:

GROSS ASSETS

	Balance on 31-12-2016	Increases	Sales and write offs	Transfers	Regularizations	Balance on 31-12-2017
Other tangible assets:						
Properties for own use	9,301,332	612,546	(353,595)	156,502	-	9,716,785
Work on rented buildings	1,776,703	9,598	-	-	-	1,786,301
Equipment	7,804,751	451,840	(23,406)	30,505	-	8,263,690
Artistics assets	4,217	-	-	-	-	4,217
	18,887,003	**1,073,984**	**(377,001)**	**187,007**	**-**	**19,770,993**
Fixed assets in progress	1,050,526	794,333	-	(187,007)	(60,478)	1,597,374
	19,937,529	**1,868,317**	**(377,001)**	**-**	**(60,478)**	**21,368,367**
Intangible assets:						
Sublets	149,815	-	-	-	-	149,815
Deed fees	4,383	-	-	-	-	4,383
Multi-annual cost	35,289	-	-	-	-	35,289
Automatic data handling system	366,353	106,126	-	-	-	472,479
Other fixed assets	679	232,501	-	-	-	233,180
	556,519	**338,627**	**-**	**-**	**-**	**895,146**
	20,494,048	**2,206,944**	**(377,001)**	**-**	**(60,478)**	**22,263,513**

ACCUMULATED AMORTIZATIONS

	Balance on 31-12-2016	Amortization	Sales and write offs	Regularizations	Balance on 31-12-2017
Other tangible assets:					
Bank held properties	1,133,203	191,406	(12,965)	-	1,311,644
Work on rented buildings	1,598,192	26,349	-	48	1,624,589
Equipment	5,001,140	738,466	(11,492)	-	5,728,114
	7,732,535	**956,221**	**(24,457)**	**48**	**8,664,347**
Intangible assets:					
Sublets	149,815	-	-	-	149,815
Deed fees	4,383	-	-	-	4,383
Multiannual fees	35,289	-	-	-	35,289
Automatic data handling system	340,384	18,312	-	-	358,696
Other fixed assets	679	38,749	-	-	39,428
	530,550	**57,061**	**-**	**-**	**587,611**
	8,263,085	**1,013,282**	**(24,457)**	**48**	**9,251,958**

At December 31, 2018 and 2017, the item of property, plant and equipment in progress corresponded essentially to the costs incurred in acquiring the space and paying to suppliers for works that are being carried out on premises owned or leased by the Bank, in particular for the future installation of administrative services, new Branches and other facilities, which are scheduled to be inaugurated in the years following the balance sheet date.

At 31 December 2018 and 2017, the details of the item "Equipment" were as follows:

	'18			'17		
	Gross value	Accumulated Amortizations	Net value	Gross value	Accumulated Amortizations	Net value
Machines and tools	1,955,797	(1,108,803)	846,994	1,546,573	(970,749)	575,824
Interior installations	2,300,695	(1,510,263)	790,432	2,145,781	(1,327,156)	818,625
Furniture and material	1,625,591	(1,142,888)	482,703	1,519,740	(1,024,225)	495,515
Computer equipment	2,070,292	(1,803,611)	266,681	1,995,356	(1,567,192)	428,164
Transport material	713,610	(655,501)	58,109	674,247	(632,523)	41,724
Other equipment	407,285	(243.532)	163,753	381,993	(206,269)	175,724
	9,073,270	**(6,464,598)**	**2,608,672**	**8,263,690**	**(5,728,114)**	**2,535,576**

12. Investment in subsidiaries, associated companies and joint ventures

This item's details are as follows:

	'18		'17	
	Stake (%)	National Currency	Stake (%)	National Currency
GI10:				
Financial stake	30.00	216,358	30.00	150,286
EMIS:				
Stake in capital	4.63	47,706	4.63	47,706
Shareholder loans		122,921		122,921
		170,627		**170,627**
ABANC:				
Shareholder loans		24,224		24,224
		411,209		**345,137**

On December 31, 2018 and 2017, the Bank held a 4.63% interest in the capital of EMIS - Empresa Interbancária de Serviços, S.A.R.L. (EMIS). EMIS was constituted in Angola with the function of management of electronic means of payments and complementary services.

Following the EMIS General Meeting held in December 2011, it was decided to increase the capital by USD 4,800,000, with Banco BIC contributing the amount of USD 338,291, which was settled in January 2012. In addition, thee were additional payments by Banco BIC in the amount of USD 1,182,480, settled in two equal tranches of USD 591,240 in August and September 2012.

At the Extraordinary General Meeting of the Angolan Association of Banks (ABANC), of which the Bank is a member, held on July 28, 2009, an investment plan for fixed assets was approved.

13. Other assets

This item has the following composition:

	'18	'17
Foreign exchange operations	93,914	77,150
Other assets:		
Angola Investe subsidies	3,348,733	1,370,135
VISA Collateral	2,863,078	3,158,813
Collection commission receivable	999,047	938,960
Taxes to recover	558,137	319,148
Till errors	179,183	178,143
Rents and leasing	156,317	113,852
VISA	137,800	669,622
Clinical Services	129,044	158,671
Office supplies	73,874	48,314
Advance payment for EDEL	21,496	11,558
Advance payment - Angolan Kwanza	1,737	1,740
Advance payment - Cheques	-	62,863
Others	170,312	3,223,522
	8,638,758	**10,255,341**
	8,732,672	**10,332,491**

At December 31, 2018 and 2017, the caption "Foreign exchange transactions" included the amounts of the purchase and sale of foreign currencies receivable, in the amounts of mAKZ 93,914 and mAKZ 77,150, respectively. The amounts payable are recorded under "Other liabilities" (Note 18).

At 31 December 2018 and 2017, the net value between the currencies sold and the currencies acquired, converted at the exchange rate vis-à-vis the Kwanza at the balance sheet date, can be broken down as follows:

'18

CURRENCY ACQUIRED			CURRENCY SOLD			
	BALANCE SHEET VALUE			BALANCE SHEET VALUE		
Currency	Amount	mAKZ	Currency	Amount	mAKZ (note 18)	Net value
ZAR	4,400,000	93,914	USD	(306,413)	(94,561)	(647)
		93,914			**(94,561)**	**(647)**

'17

CURRENCY ACQUIRED			CURRENCY SOLD			
	BALANCE SHEET VALUE			BALANCE SHEET VALUE		
Currency	Amount	mAKZ	Currency	Amount	mAKZ (note 18)	Net value
EUR	380,000	70,451	USD	(455,696)	(75,611)	(5,160)
ZAR	500,000	6,699	USD	(40,698)	(6,753)	(54)
		77,150			**(82,364)**	**(5,214)**

The balance of the item "Angola Investe Bonuses" refers to the amount receivable from the State (Ministry of Economy), related to the interest subsidy of credits granted under the Angola Investe program. As of December 31, 2018, interest subsidies due since May 2017 have been collected.

Under the terms of the agreement between Banco BIC and Visa International, the Bank undertakes to maintain a collateral deposit with VISA's custodian Bank (Barclays Bank London until September 2017 and subsequently United Overseas Banking Limited), with the amount determined on the basis of the volume of transactions. At 31 December 2018 and 2017, this collateral deposit amounted to approximately USD 9,277,424 and USD 19,037,710 (mAKZ 2,863,078 and mAKZ 3,158,813, respectively) and was remunerated at the interest rate of 0.15%. Additionally, on December 31, 2017, the balance of the collateral deposit includes amounts from Banco Sol, S.A., arising from the acquiring service, in the amount of USD 16,923,013 (mAKZ 2,807,934) (Note 14). On December 31st, 2018, the balance of the collateral deposit corresponds in full to Banco BIC, and the amounts recorded under "Funds from Central Banks and other credit institutions - Banco Sol - Collateral Visa" were fully paid to the Bank during the second half of 2018.

The "Receivables Collection Fee" item refers to the amount receivable from the Ministry of Finance for the tax collection service provided in some of the Bank's Branches. As of December 31, 2018, collection fees due from January 2017 were pending.

On December 31, 2018 and 2017, the balance of "Recoverable taxes" corresponds to the provisional assessment of industrial tax carried out in 2018 and 2017, respectively.

The cash deficits are provisioned under the caption "Other provisions" (Note 16).

On December 31, 2017, the balance of "Advances - Checks" corresponds to advances made by the Bank to customers related to the purchase of checks from foreign Banks not yet collected on that date. These accounts receivable are collected from the corresponding Bank at the beginning of the following financial year.

At 31 December 2018 and 2017, the balance of "Other" caption includes mAKZ 44,282 and mAKZ 68,404, respectively, of doubtful assets, which are fully provisioned under "Other provisions" (Note 16). At December 31, 2017, the "Other" caption also includes mAKZ 2,950,000, referring to amounts in currencies pending liquidation.

14. Deposits with Central Banks and other credit institutions

These items have the following composition:

	'18	'17
Deposits with credit institutions in the country:		
Operations in the interbank money market:		
From other credit institutions in the country	13,500,000	4,000,000
Interest to pay	254,795	7,233
	13,754,795	**4,007,233**
Deposits with credit institutions abroad:		
Operations in the interbank money market:		
Banco BIC Cabo Verde, S.A. - USD	55,549,260	19,910,880
Banco BIC Cabo Verde, S.A. - EUR	-	15,295,500
Interest to pay	40,119	18,120
	55,589,379	**35,224,500**
Current account overdrafts:		
Banco BIC Português, S.A.	-	712,512
Commerzbank	-	1,556
	-	**714,068**
	55,589,379	**35,938,568**
Binding deposits:		
Imports - Foreign Currency	25,833,444	10,126,432
Pre-paid Visa	11,924,630	7,468,424
Others	252,300	178,059
	38,010,374	**17,772,915**
Certified cheques - National Currency	1,247,564	1,210,144
Banco Sol - VISA Colateral (note 13)	-	2,807,934
	1,247,564	**4,018,078**
	39,257,938	**21,790,993**
Securities sales transactions with repurchase agreement:		
Sales operations with repurchase agreement (Note 8)	-	11,396,036
Interest to pay	-	95,817
	-	**11,491,853**
	108,602,112	**73,228,647**

On December 31, 2018 and 2017, the deposits with credit institutions in the country - Interbank money market operations earned interest at the following annual average rates, weighted by the respective nominal value of the applications:

	'18	'17
In Angolan Kwanza	20.00%	16.50%

On December 31, 2018 and 2017, the resources of credit institutions in the country - Interbank money market operations, excluding interest payable, had the following structure, according to the residual maturity dates:

	'18	'17
Up to a month	-	4,000,000
From three to six months	13,500,000	-
	13,500,000	**4,000,000**

As at 31 December 2018 and 2017, deposits with credit institutions abroad - Interbank money market operations earned interest at the following annual average rates, weighted by the respective nominal value of the applications:

	'18	'17
In US dollars	5.20%	4.25%
In Euros	-	3.00%

As at 31 December 2018 and 2017, resources of foreign credit institutions - Interbank money market operations, excluding interest payable, had the following structure, in accordance with the residual maturity dates:

	'18	'17
Up to a month	-	35,206,380
Between three and six months	55,549,260	-
	55,549,260	**35,206,380**

The item "Imports linked to imports - Foreign Currency" refers to the amounts deposited by customers that are ringfenced for the settlement of documentary import credits with other credit institutions.

15. Customer deposits and other advances

These items have the following composition:

	'18	'17
Demand deposits for residentes:		
In National Currency		
Public sector, administrative	9,069,551	4,976,412
Public sector, business	1,805,544	1,559,120
Businesses	179,839,791	230,449,009
Individuals	112,939,264	110,579,685
	303,654,150	**347,564,226**
In Foreign Currency		
Public sector, administrative	216,712	351,947
Public sector, business	238,341	225,825
Businesses	71,996,793	48,140,897
Individuals	32,827,460	22,176,965
	105,279,306	**70,895,634**
Demand deposits, non residente:		
In National Currency	3,293,997	5,408,346
In Foreign Currency	610,076	347,071
	3,904,073	**5,755,417**
TOTAL DEMAND DEPOSITS	**412,837,529**	**424,215,277**
Term deposits for residents:		
In National Currency		
Public sector, administrative	8,479,091	7,035,357
Public sector, business	1,235,890	891,500
Businesses	206,544,134	185,932,489
Individuals	36,597,688	29,959,462
Interest to pay	4,695,991	3,355,430
	257,552,794	**227,174,238**
In Foreign Currency		
Public sector, business	9,542,843	5,787,277
Businesses	86,661,332	43,523,979
Individuals	146,345,986	80,329,299
Interest to pay	2,696,223	1,437,554
	245,246,384	**131,078,109**
Term deposits, non residents:		
In National Currency	91,345	35,720
Interest to pay	3,082	1,616
	94,427	**37,336**
In Foreign Currency	591,263	357,367
Interest to pay	3,982	2,353
	595,245	**359,720**
TOTAL TERM DEPOSITS	**503,488,850**	**358,649,403**
Other deposits	4,369,854	4,369,851
	920,696,233	**787,234,531**

At 31 December 2018 and 2017, customer demand deposits were not remunerated, except for specific situations, defined in accordance with the guidelines of the Bank's Board of Directors.

As of December 31, 2018 and 2017, the customer deposits, excluding interest payable, had the following structure per currency and average interest rate:

	'18			'17		
	Interest rate	Amount in currency	Amount in mAKZ	Interest rate	Amount in currency	Amount in mAKZ
In thousands of Angolan Kwanza	8.12%		252,948,148	9.25%		223,854,528
In US dollars	4.91%	751,994,114	232,070,647	4.88%	741,933,502	123,104,575
In Euros	2.85%	31,360,644	11,070,777	2.92%	37,180,944	6,893,347
			496,089,572			**353,852,450**

At December 31, 2018 and 2017, customer deposits, excluding interest payable, had the following structure, in accordance with the residual maturity dates:

	'18	'17
Up to three months	271,230,248	175,934,543
Three to six months	162,616,710	131,424,790
Six months to a year	62,226,465	46,452,614
One to three years	15,766	40,142
More than three years	383	361
	496,089,572	**353,852,450**

As at 31 December 2018 and 2017, the caption "Other deposits" referred to operations of withdrawal orders that were pending settlement in the accounts of Banco BIC's customers.

16. Provisions and impairment

The movement in provisions and impairment of the Bank during the years 2018 and 2017 was as follows:

'18

	Balance on 31-12-2017	Adjustment for transition to IFRS 9 (Note 35)	Balance on 01-01-2018	Reinforcements	Repositions and cancellations	Foreign exchange variations	Utilizations	Transfers	Balance on 31-12-2018
Impairment:									
Cash at other credit institutions	-	3,852	3,852	24,173	-	-	-	-	28,025
Aplications with Central Banks and other credit institutions	-	15,355	15,355	39,675	-	-	-	-	55,030
Investments at cost	-	666,782	666,782	547,148	-	-	-	-	1,213,930
Customer loans	87,956,827	(685,989)	87,270,838	9,863,564	(792,325)	35,280,507	(167,931)	(1,228,907)	130,225,746
Non-current assets available for sale	1,834,253	-	1,834,253	-	-	-	-	-	1,834,253
	89,791,080	**-**	**89,791,080**	**10,474,560**	**(792,325)**	**35,280,507**	**(167,931)**	**(1,228,907)**	**133,356,984**
Provisions:									
Guarantees provided	2,137,432	-	2,137,432	263,827	(928,650)	1,905,214	-	1,228,907	4,606,730
Retirement pensions	3,434,627	-	3,434,627	621,075	-	3,073,120	-	-	7,128,822
Other provisions	467,548	-	467,548	318,677	-	451,447	(977)	-	1,236,695
	6,039,607	**-**	**6,039,607**	**1,203,579**	**(928,650)**	**5,429,781**	**(977)**	**1,228,907**	**12,972,247**
	95,830,687	**-**	**95,830,687**	**11,678,139**	**(1,720,975)**	**40,710,288**	**(168,908)**	**-**	**146,329,231**

'17

	Balance on 31-12-2016	Reinforcements	Foreign exchange variations	Utilizations	Transfers	Regularizations	Balance on 31-12-2017
Impairment:							
Customer loans	74,680,868	14,027,637	4,846	-	(1,385,509)	628,985	87,956,827
Non-current assets available for sale	446,251	-	-	-	1,388,002	-	1,834,253
	75,127,119	**14,027,637**	**4,846**	**-**	**2,493**	**628,985**	**89,791,080**
Provisions:							
Guarantees provided	2,139,701	-	224	-	(2,493)	-	2,137,432
Retirement pensions	3,036,026	398,200	401	-	-	-	3,434,627
Other provisions	361,780	174,905	52	(82,961)	-	13,772	467,548
	5,537,507	**573,105**	**677**	**(82,961)**	**(2,493)**	**13,772**	**6,039,607**
	80,664,626	**14,600,742**	**5,523**	**(82,961)**	**-**	**642,757**	**95,830,687**

The effect of exchange rate variation on the movement of provisions is reflected in the caption "Foreign exchange gains and losses" (Note 26).

The Bank has a provision for retirement pensions, the balance of which at December 31, 2018 and 2017 amounted to mAKZ 7,128,822 and mAKZ 3,434,627, equivalent to approximately USD 23,100,000 and USD 20,700,000, respectively.

As mentioned in note 2.3. l), the liabilities that the Bank may incur under the supplementary retirement and survivors' pension program have been calculated through an actuarial valuation carried out by an independent expert with reference to 31 December 2018 and 2017.

At 31 December 2018 and 2017, the number of Employees considered for the actuarial study amounted to 2,068 and 2,067, respectively. At that time, there are no pensioners for retirement or survival to consider in the plan.

The changes occurring at the demographic level in the years ended December 31, 2018 and 2017 can be detailed as follows:

	ACTIVE EMPLOYEES
TOTAL NUMBER ON DECEMBER 31, 2016	2,069
Exits:	
Of active Employees	(63)
Entries	61
TOTAL NUMBER ON DECEMBER 31, 2017	**2,067**
Exits:	
Of active Employees	(26)
For mortality	(3)
Entries	30
TOTAL NUMBER ON DECEMBER 31, 2018	**2,068**

On December 31, 2018 and 2017 past service liabilities, provisions for retirement pensions and respective degree of liability coverage were detailed as follows:

	'18	'17
Total liabilities for past services		
Liabilities for past services from active Employees	5,306,192	2,647,465
TOTAL LIABILITIES FOR PAST SERVICES	**5,306,192**	**2,647,465**
Provision for retirement pensions	7,128,822	3,434,627
Excess/(Insufficiency of) coverage	1,822,630	787,162
Level of coverage for liabilities	134%	130%

The evolution of the degree of coverage of liabilities for the years 2018, 2017, 2016, 2015 and 2014 is presented as follows:

	'18	'17	'16	'15	'14
Total liabilities for past services	5,306,192	2,647,465	2,362,830	1,776,881	1,205,609
Provision for retirement pensions	7,128,822	3,434,627	3,036,026	2,151,509	1,388,651
Excess/(Insufficiency of) coverage	1,822,630	787,162	673,196	374,628	183,042
Level of coverage for liabilities	134%	130%	128%	121%	115%

On December 31, 2018 and 2017, the balance of "Other provisions" is intended to cover possible contingencies arising from the Bank's activity, as well as to reflect potential losses on the realization of accounts receivable and other assets (Note 13).

17. Income taxes

On December 31, 2018 and 2017, income tax expenses recorded in profit or loss, as well as the tax burden, measured by the ratio between the charge for income tax and profit for the year before tax, can be presented as follows:

	'18	'17
Total industrial tax recognized in profit or losses	2,684,435	1,802,805
Pretax Profit	53,688,703	36,056,109
Effective industrial tax rate	5.00%	5.00%

On December 31, 2018 and 2017, the reconciliation between the nominal rate and the effective tax rate can be demonstrated as follows:

	'18		'17	
	Rate	Tax	Rate	Tax
Pretax profits		53,688,703		36,056,109
Tax assessed on nominal base rate	30.00%	16,106,611	30.00%	10,816,833
Fiscal benefits on public debt securities or equivalent:				
Interest and income equivalent (Note 21)	-32.17%	(17,273,319)	-40.94%	(14,761,661)
Net profit from financial operations:				
Results from securities (Note 21)	0.00%	-	-0.05%	(17,919)
Costs not accepted for tax purposes:				
Taxes	2.52%	1,353,859	1.95%	702,163
Provisions	4.77%	2,559,469	1.64%	592,599
Other	1.98%	1,062,558	0.39%	142,343
	7.09%	**3,809,178**	**-7.00%**	**(2,525,642)**
Use of fiscal losses		(3,809,178)		-
ESTIMATE FOR INDUSTRIAL TAX	**5.00%**	**2,684,435**	**5.00%**	**1,802,805**

In 2017, the Bank assessed tax losses. However, it did not recognize the respective deferred tax assets. In addition, the Bank recognized a tax estimate of approximately 5% of pre-tax income (historical average effective tax rate) recorded under "Other liabilities" (Note 18).

In 2018 and 2017, costs with the IAC are recorded in the income statement, under "Other operating income - Taxes and non-interest-related taxes" and amounting to mAKZ 4,350,858 and mAKZ 2,293 .791, respectively (Note 28).

On December 31, 2018 and 2017, based on the amounts established for the two taxes, Industrial and IAC, the joint effective rate is equivalent to 13.10% and 11.36%, respectively.

18. Other liabilities

This item has the following composition:

	'18	'17
Obligations of a fiscal nature		
Industrial tax – Levy on Services	1,274,130	1,257,284
Taxes on remuneration	1,127,592	699,672
Tax on capital application	1,092,187	545,384
Stamp duty	134,794	50,121
Special contribution for banking operations	-	(10,541)
Other taxes	6,243	2,912
	3,634,946	**2,544,832**
Foreign exchange operations		
Costs for buying and selling foreign currencies (Note 13)	94,561	82,364
Obligations of a civil nature		
Deferred income - Guarantees	93,955	91,736
Obligations of an administrative/commercial nature:		
Interest on restructured credit	7,304,562	4,176,392
Personnel - salaries and other remuneration		
Vacation and vacation subsidy	2,113,030	1,219,592
Personnel charges	-	989,957
Clinical services	-	64,878
Others	103	103
	2,113,133	**2,274,530**
Specialized services	646,280	296,279
VISA cards	529,906	1,269,156
Deferred commissions	319,030	480,433
Communications and shipping expenditures		
Data circuit	169,852	120,175
Communications	50,000	40,105
Others	9,025	6,366
	228,877	**166,646**
Commercial and industrial suppliers	43,553	126,981
Maintenance and repair	14,007	40,602
Security and monitoring	-	107,273
Credit for buying goods and rights	-	57,223
Other creditors	-	29
Other administrative costs	16,412,055	15,332,236
	27,611,403	**24,327,780**
	31,434,865	**27,046,712**

On December 31, 2018 and 2017, the balance of "Taxation on Remuneration" refers to the Income Tax to be paid to the Tax Administration in the month following the month in which it is recorded.

At 31 December 2018 and 2017, the balance of the caption "Tax on capital investments" refers to the tax payable on interest on current accounts, interest on time deposits, and money market borrowings, and Treasury Bonds and other securities in the portfolio.

At 31 December 2018 and 2017, the balance of "Restructured loan interest" refers to interest on loans that have been the subject of restructuring operations, which will only be recognized in the income statement at the time of their receipt.

The balance of "Personnel costs" refers to the Bank's estimate of the performance bonus of its Employees for the year 2017, which was settled in 2018. The Employee performance bonus for the year 2018, was settled in December 2018 (Note 29).

The balance of "VISA Cards" corresponds to amounts to be settled relating to VISA cards.

At 31 December 2018 and 2017, the caption "Other administrative costs" includes the reinforcement of the tax estimate in the amounts of mAKZ 8,019,905 and mAKZ 5,335,470, respectively (Note 17).

In addition, at that time, the balance of "Other administrative expenses" includes approximately mAKZ 3,681,060 and mAKZ 4,906,427 relating to the amount payable related to a set of commercial, organizational and other services rendered by related entities of the Bank, respectively.

In addition, on the same dates, this item also includes approximately mAKZ 3,189,890 and mAKZ 3,187,316 relating to the amount to be recognized for financing denominated in Kwanzas, whose contract provides for the updating of the amount of credit granted according to the devaluation of the national currency against the US Dollar.

On December 31, 2017, the balance of "Other Administrative Costs" included also the movements made in ATM's / POS and TPA's of Banco BIC in the last days of the period and awaiting compensation by EMIS.

19. Shareholders Equity

The changes in shareholders equity in the years ended 31 December 2018 and 2017 were as follows:

	Share Capital	Reserve for updating of shareholders equity	Legal reserves	Other reserves	Reserve for fair value	Net profit for the year	Total Shareholders Equity
Balance on 31 December 2016	3,000,000	5,810,077	28,983,692	39,648,831	1,863,577	33,662,750	112,968,927
Application of the net profits for the year 2016:							
Distribution of dividends	-	-	-	-	-	(26,930,200)	(26,930,200)
Transfer to legal reserve	-	-	6,732,550	-	-	(6,732,550)	-
Updating shareholders	-	13,461	-	-	-	-	13,461
Integral result equity for the year	-	-	-	-	(1,863,577)	34,253,304	32,389,727
BALANCE ON 31 DECEMBER, 2017	**3,000,000**	**5,823,538**	**35,716,242**	**39,648,831**	**-**	**34,253,304**	**118,441,915**
Application of the net result for the year 2016:							
Capital increase	17,000,000	-	-	(17,000,000)	-	-	-
Distribution of dividends	-	-	-	-	-	(27,402,644)	(27,402,644)
Transfer to legal reserve	-	-	6,850,660	-	-	(6,850,660)	-
Updating shareholders	-	91,956,505	-	-	-	-	91,956,505
Integral result for the year	-	-	-	-	-	51,004,268	51,004,268
BALANCE ON 31 DECEMBER, 2018	**20,000,000**	**97,780,043**	**42,566,902**	**22,648,831**	**-**	**51,004,268**	**234,000,044**

Capital

The Bank was incorporated with a share capital of mAKZ 522,926 (equivalent to 6,000,000 USD on the date of incorporation), represented by 522,926 registered shares of one thousand Angolan Kwanza each, and was fully subscribed and paid in cash.

During 2006, the Bank increased its capital by mAKZ 1,088,751 (equivalent to 14,000,000 USD) and, later, at the General Meeting of 1 December 2006, from USD 20,000,000 to USDr 30,000,000, fully paid in cash, to be represented by 2,414,511 registered shares of 1,000 Angolan Kwanza each.

In the first half of 2014, the Bank increased its capital by incorporating free reserves in the amount of mAKZ 585,498, which was represented by 3,000,000 shares, with the nominal value of one thousand Angolan Kwanza each. The purpose of the increase in capital was to comply with the provisions of Notice No. 14/2013, of November 15, of the National Bank of Angola, which sets the minimum value of the capital of financial institutions at mAKZ 2,500,000.

In the first half of 2018, the Bank increased its capital by incorporating free reserves in the amount of mAKZ 17,000,000, which was represented by 20,000,000 shares, with the nominal value of one thousand Angolan Kwanza each. The purpose of the increase in capital was to comply with the provisions of Notice 02/2018, of March 2, of the National Bank of Angola, which provides for the modification of the minimum capital stock required for Financial Institutions operating in Angola, from mAKZ 2,500,000, applicable up to the year ended December 31, 2017, to mAKZ 7,500,000, starting in 2018.

At 31 December 2018 and 2017, the Bank's shareholder structure is as follows:

		'18
Shareholders	**Number of shares**	**Percentage**
Sociedade de Participações Financeiras, Lda.	5,000,000	25.00%
Fernando Leonídio Mendes Teles	4,000,000	20.00%
Finisantoro Holding Limited	3,500,000	17.50%
Telesgest B.V.	3,500,000	17.50%
Luís Manuel Cortez dos Santos	1,000,000	5.00%
Manuel Pinheiro Fernandes	1,000,000	5.00%
Sebastião Lavrador	1,000,000	5.00%
Other shareholders	1,000,000	5.00%
	20,000,000	**100.00%**

		'17
Shareholders	**Number of shares**	**Percentage**
Sociedade de Participações Financeiras, Lda.	750,000	25.00%
Fernando Leonídio Mendes Teles	600,000	20.00%
Finisantoro Holding Limited	525,000	17.50%
Telesgest B.V.	525,000	17.50%
Luís Manuel Cortez dos Santos	150,000	5.00%
Manuel Pinheiro Fernandes	150,000	5.00%
Sebastião Lavrador	150,000	5.00%
Other shareholders	150,000	5.00%
	3,000,000	**100.00%**

On December 31, 2018 and 2017, in compliance with the provisions of paragraph 3 of article 446 of Law no. 1/2004, of February 13, which falls under the Companies Law, the number of shares held by the members of the Bank's administrative and supervisory bodies, as well as the stake percentages held are as follows:

				'18
Shareholders	**Position**	**Acquisition**	**Number of shares**	**% stake**
Isabel José dos Santos	Non executive board member	Face value	8,500,000	42.50%
Fernando Leonídio Mendes Teles	Chairman	Face value	7,500,000	37.50%
Fernando José Aleixo Duarte	Board member	Face value	200,000	1.00%
Graziela do Céu Rodrigues Esteves	Board member	Face value	200,000	1.00%
Graça Maria dos Santos Pereira	Board member	Face value	200,000	1.00%

				'17
Shareholders	**Position**	**Acquisition**	**Number of shares**	**% stake**
Isabel José dos Santos	Non executive board member	Face value	1,275,000	42.50%
Fernando Leonídio Mendes Teles	Chairman	Face value	1,125,000	37.50%
Fernando José Aleixo Duarte	Board member	Face value	30,000	1.00%
Graziela do Céu Rodrigues Esteves	Board member	Face value	30,000	1.00%
Graça Maria dos Santos Pereira	Board member	Face value	30,000	1.00%

Application of results

On April 26, 2018, at a General Meeting, the proposal for the application of the results presented by the Board of Directors and contained in the Management Report was approved, so that the positive net result at the end of 2017, in the amount of mAKZ 34,253,304, 20% was transferred to the legal reserve, in the amount of mAKZ 6,850,660 and 80% for the distribution of dividends to shareholders, amounting to mAKZ 27,402,644.

On April 27, 2017, at a General Meeting, the proposal for the application of the results presented by the Board of Directors and contained in the Management Report was approved, so that the positive net result at the end of 2016, in the amount of mAKZ 33,662,750, 20% was transferred to legal reserve in the amount of mAKZ 6,732,550 and 80% for the distribution of dividends to shareholders amounting to mAKZ 26,930,200.

Legal Reserve

Under current legislation, the Bank must establish a legal reserve fund up to the competition of its capital. To this end, a minimum of 10% of net income for the previous year (20% up to the publication of Law 12/2015 - Basic Law of Financial Institutions on 17 June 2015) is transferred annually to this reserve) . This reserve can only be used to cover accumulated losses when the remaining reserves are exhausted.

Revaluation Reserve

The revaluation reserves represent reserves for updating shareholder equity.

20. Off balance sheet items

These items have the following compsition:

	'18	'17
GUARANTEES GIVEN AND OTHER CONTINGENT LIABILITIES		
Guarantees given	78,935,451	61,866,055
Open Documentary credits	29,748,185	8,399,036
Irrevocable commitments	17,302,454	9,089,319
	125,986,090	**79,354,410**
RESPONSIBILITIES FOR SERVICES RENDERED		
Services rendered by the institution		
Custody of securities	152,956,953	138,417,501
Charges - in the country	12,844,044	7,380,663
Charges - abroad	427,551	138,980
	166,228,548	**145,937,144**
Services rendered by third parties		
Charges and figures	(29,997)	(16,128)
	166,198,551	**145,921,016**

The methodology for calculating the credit impairment granted is described in Note 2.3. c) VI).

Provisions assigned to "Guarantees and other contingent liabilities" are shown under "Provisions - Provision of guarantees" (Note 16) and amounted to 4,606,730 mAKZ and 2,137,432 mAKZ in 2018 and 2017 respectively.

21. Financial margin

These items present the following composition:

	'18	'17
INTEREST AND SIMILAR INCOME:		
From loans:		
Interest	42,825,362	43,797,188
Commissions	682,524	735,559
	43,507,886	**44,532,747**
From marketable securities:		
Treasury Bonds		
Indexed to USD	37,051,902	20,841,746
Non readjustable	8,165,036	9,875,380
Foreign Currency	3,167,462	1,984,221
	48,384,400	**32,701,347**
Treasury bills	11,585,341	15,782,548
Other - Commercial Paper	234,767	157,378
	11,820,108	**15,939,926**
From liquidity applications:		
Abroad	876,662	210,099
In the country	23,135	47,590
Third-party securities with repurchase agreements	50,000	653,539
	949,797	**911,228**
TOTAL INTEREST AND SIMILAR INCOME	**104,662,191**	**94,085,248**
INTEREST AND SIMILAR COSTS:		
From deposits:		
Demand	40,340	54,039
Term	33,471,257	26,503,684
	33,511,597	**26,557,723**
From liquidity holdings:		
Deposits with other credit institutions	4,681,732	1,346,782
Securities sold with repurchase agreement	117,858	167,278
	4,799,590	**1,514,060**
TOTAL INTEREST AND SIMILAR COSTS	**38,311,187**	**28,071,783**
FINANCIAL MARGIN	**66,351,004**	**66,013,465**

22. Income and costs from services and commissions

This item presents the following composition:

	'18	'17
INCOME		
Commissions for guarantees and endorsements	2,649,775	2,075,387
Commissions on EMIS transactions	2,624,754	2,166,869
Commissions for documentary loans and remittance	1,449,916	535,194
Commissions for VISA	1,150,114	686,274
Commissions for payment orders issued	981,336	633,328
Commissions for collection – Finance Ministry	583,040	418,174
Commissions for automatic payment terminals	110,223	119,704
Commissions for managing certified current accounts	95,626	87,705
Other Commissions	338,403	227,389
	9,983,187	**6,950,024**
COSTS		
Commissions for EMIS transactions	(1,428,572)	(1,103,936)
Commissions for VISA	(72,315)	(54,452)
Other Commissions	(160,718)	(132,278)
	(1,661,605)	**(1,290,666)**
	8,321,582	**5,659,358**

The "Commission for Guarantees and Guarantees" item corresponds to the linear distribution of commissions charged on the issuance of guarantees.

The heading "Commissions on transactions of EMIS - Income" corresponds to the fees charged by the Bank to customers for operations processed by EMIS. The item "EMIS Transaction Fees - Costs" refers to fees paid by the Bank for transactions processed by EMIS.

23. Results from investments at amortized cost

As at 31 December 2018, the item "Investment results at amortized cost" corresponds to the proceeds from the sale of Treasury bills, as well as to the proceeds from the sale of treasury bonds that were close to maturity.

24. Results from financial assets available for sale

As at 31 December 2017, the caption "Available-for-sale financial assets" referred to the gain on the sale of the total shares of Banco BPI, S.A. in portfolio.

25. Results from investments held to maturity

As at 31 December 2017, the caption "Held-to-maturity investments" corresponded to the gains recorded in the occasional sale of Treasury Bonds that were close to maturity.

26. Foreign exchange results

or the years ended December 31, 2018 and 2017, this item corresponds essentially to the foreign exchange gains and losses obtained in the portfolio of securities issued in or indexed to Foreign Currency and to the deposits of customers in National Currency indexed to Foreign Currency, foreign currency purchase and sale transactions carried out by the Bank, as well as in the revaluation of the exchange position as described in Note 2.3. b), and has the following composition:

			'18			'17
	Profits	Losses	Net	Profits	Losses	Net
Results from Treasury Bonds indexed to USD	211,447,226	-	211,447,226	653,047	-	653,047
Results from notes and coins	272,938	(7,824)	265,114	43,079	(1,094)	41,985
Results from indexed customer deposits	-	(62,408,744)	(62,408,744)	-	(252,806)	(252,806)
Results from currencies	183,248,034	(215,434,447)	(32,186,413)	21,421,778	(19,000,381)	2,421,397
	394,968,198	**(277,851,015)**	**117,117,183**	**22,117,904**	**(19,254,281)**	**2,863,623**

27. Results from the sale of other assets

At 31 December 2018 and 2017, the item "Results from disposal of other assets" corresponds to the gains recorded in the disposal of tangible fixed assets.

28. Other results from activity

This item presents the following composition:

	'18	'17
Reimbursement of expenditures		
From payment orders	857,319	300,451
Others	134,623	44,516
	991,942	**344,967**
Income for various services rendered:		
Sale of currency/withdrawals	355,300	268,932
Issuance of cheques	65,678	53,794
Others	239,299	176,114
	660,277	**498,840**
Expenditures	653,708	231,300
Multicaixa card	492,350	166,191
Others	537,141	1,067,798
	3,335,418	**2,309,096**
Taxes and fees not related to results:		
Taxes on capital applications (Note 17)	(4,350,858)	(2,293,791)
Other taxes and fees	(428,608)	(230,797)
	(4,779,466)	**(2,524,588)**
Settlement of debit balances	(121,523)	(89,618)
Other costs and losses	(346,605)	(916,557)
	(468,128)	**(1,006,175)**
	(1,912,176)	**(1,221,667)**

The item "Other" corresponds to revenue from ATMs, cash and cash, income from account closure, as well as various adjustments.

The item "Other costs and losses" relates to litigation and notary services, judicial services, housing allowances and various settlements.

29. Personnel costs

These items have the following composition:

	'18	'17
REMUNERATION		
Monthly remuneration		
Base salary	7,204,162	4,689,474
Shift exemption	1,914,129	1,289,730
Transport expenses supplement	723,238	483,011
Wage supplement	636,585	430,868
Subsidy for gaps	317,836	224,768
Seniority	181,089	91,886
	10,977,039	**7,209,737**
Additional Remuneration		
Lunch subsidy	1,779,377	1,248,274
Vacation subsidy	1,196,078	585,734
Christmas subsidy	1,116,251	643,180
	4,091,706	**2,477,188**
Other remuneration	478,862	317,847
	15,547,607	**10,004,772**
VARIABLE REMUNERATION - PERFORMANCE BONUS		
Settled during the year	7,350,386	7,026,418
To be settled (Note 18)	-	989,957
	7,350,386	**8,016,375**
Obligatory social fees	678,724	433,692
Optional fees	537,476	822,645
	24,114,193	**19,277,484**

30. Third-party services and supplies

These items have the following composition:

	'18	'17
Security and monitoring	2,143,660	1,950,963
Communications and postal fees	1,773,150	1,560,584
Printing and consumable materials	1,262,158	841,727
Specialized services		
Consulting and auditing	520,322	186,270
IT	391,805	137,756
Others	156,704	111,631
	1,068,831	**435,657**
Conservation and repair	796,038	648,499
Renting and leasing	736,922	757,011
Insurance	623,883	67,894
Water, energy and fuel	437,789	508,082
Travel and lodging	285,127	217,835
Advertising	274,044	246,796
Cleaning services	234,440	230,398
Subcriptions and donations	174,339	148,046
Employee training	9,250	18,428
Others	380,898	577,611
	10,200,529	**8,209,531**

In 2018, the item "Specialized Services - Consulting and Auditing" includes mAKZ 265,970 of costs for services provided under the agreement entered into with Banco BIC Português, S.A. (Note 31).

31. Related entities

At December 31, 2018 and 2017, the main balances maintained by the Bank with related entities are as follows:

	Banco BIC Português S.A.	Banco BIC Cabo Verde S.A.	Bank BIC Namibia, limited	Shareholders and entities held by shareholders	Members of the Board of Directors and the Fiscal Board	'18 Total
ASSETS						
Deposits with other credit institutions (Note 4)	10,773,988	3,099,643	617,482	-	-	14,491,113
Applications at other credit insitutions (Note 5)	43,575,391	4,366,733	-	-	-	47,942,124
Investment at amortized cost (Note 6)	-	-	-	5,121,561	-	5,121,561
Customer loans (Note 9)	-	-	-	130,407,362	136,801	130,544,163
Other assets (Nota 13)	1,737	-	-	3,923	-	5,660
	54,351,116	**7,466,376**	**617,482**	**135,532,846**	**136,801**	**198,104,621**
LIABILITIES						
Deposits with other credit institutions (Note 14)	-	55,589,379	-	-	-	55,589,379
Customer deposits (Note 15)	-	-	-	36,268,231	799,252	37,067,483
Other liabilities (Note 18)	349,820	-	-	3,695,217	-	4,045,037
	349,820	**55,589,379**	**-**	**39,963,448**	**799,252**	**96,701,899**
OFF BALANCE SHEET						
Guarantees and endorsements given (Note 20)	-	-	-	12,869,040	-	12,869,040
Open documentary credits (Note 20)	-	-	-	6,622,217	-	6,622,217
	-	**-**	**-**	**19,491,257**	**-**	**19,491,257**
EARNINGS STATEMENT						
Interest on Liquidity and Loan Applications	317,084	91,734	-	14,169,493	6,186	14,584,497
Interest on Liquidity and Deposit Resources	-	2,484,416	-	1,296,835	12,570	3,793,821
Commissions for guarantees and endorsements given	-	-	-	450,966	-	450,966
Third-party supplies and services (Note 30)	265,970	-	-	-	-	265,970
	583,054	**2,576,150**	**-**	**15,917,294**	**18,756**	**19,095,254**

'17

	Banco BIC Português S.A.	Banco BIC cabo verde S.A.	Bank BIC Namibia, limited	Shareholders and entities held by shareholders	Members of the Board of Directors and the Fiscal Board	Total
ASSETS						
Deposits with other credit institutions (Note 4)	1,593,888	5,408,747	108,778	-	-	7,111,413
Applications at other credit insitutions (Note 5)	13,692,563	3,856,488	-	-	-	17,549,051
Financial assets at fair value through profits and losses (note 7)	-	-	-	3,716,652	-	3,716,652
Customer loans (Note 9)	-	-	-	112,598,165	111,570	112,709,735
Other assets (Note 13)	1,740	-	-	3,376	-	5,116
	15,288,191	**9,265,235**	**108,778**	**116,318,193**	**111,570**	**141,091,967**
LIABILITIES						
Deposits with other credit institutions (Note 14)	712,512	35,224,500	-	-	-	35,937,012
Customer deposits (Note 15)	-	-	-	31,877,336	364,434	32,241,770
Other liabilities (Note 18)	-	-	-	4,917,531	-	4,917,531
	712,512	**35,224,500**	**-**	**36,794,867**	**364,434**	**73,096,313**
OFF BALANCE SHEET						
Guarantees and endorsements given (Note 20)	-	-	-	9,145,475	-	9,145,475
Open documentary credits (Note 20)	-	-	-	2,434,772	-	2,434,772
	-	**-**	**-**	**11,580,247**	**-**	**11,580,247**
STATEMENT OF RESULTS						
Credits and Interest and Liquidity Aplications	2,709	110,541	-	12,119,286	7,202	12,239,738
Deposits and Interest from liquidity depositis	40	1,317,851	-	778,067	10,757	2,106,715
Endorsements given Commissions for guarantees	-	-	-	280,850	-	280,850
	2,749	**1,428,392**	**-**	**13,178,203**	**17,959**	**14,627,303**

32. Disclosure relative to financial instruments

Risk management policies

The Bank has defined a set of principles, strategies, policies, systems, processes, rules and procedures with a view to ensuring an efficient and profitable performance for the activity in the medium and long term, ensuring the effective use of assets and resources, as well as such as the continuity of the business, through proper management and control of risks, prudent and correct evaluation of assets and liabilities, as well as the implementation of mechanisms for prevention and protection against errors and fraud.

Interest rate risk

Within the scope of interest rate risk, the International and Financial Division and the Risk Division regularly monitor structural interest rate risk, based on analyses of the sensitivity of the financial margin and the economic value in view of the variations in the interest rate risk curves.

With the introduction of the monitoring of interest rate risk in the banking portfolio, under the terms of Bank of Angola Notice No. 08/2016, internal measures are being taken to identify the exposure to interest rate risk in value of the cash flows associated with the banking portfolio, on an ongoing basis, and the impact may not be equal to or greater than 20% of the Bank's own regulatory capital, which is decisive for the adoption of corrective measures by the National Bank of Angola.

Liquidity risk

Liquidity risk consists of the Bank's potential inability to meet its borrowing repayment obligations without incurring significant losses, either through burdensome financing conditions (financing risk) or through the sale of assets below market values (market liquidity risk).

Short-term investments in the Bank's own portfolio, with a maturity of up to 12 months, aim to maximize liquidity surpluses in addition to the interbank money market applications, contributing positively to the Bank's net interest income. This includes Treasury bills and the acquisition of Repurchase Agreements (Repos).

The control and reporting of liquidity risk to the National Bank of Angola is carried out in accordance with Instruction No. 19/2016 Liquidity Risk and No. 26/2016 - Liquidity Risk Governance, reporting on a fortnightly and monthly basis the observation ratio and the liquidity ratio.

Market risk

Market risks consist of potential losses that may be recorded by a particular portfolio, as a result of changes in rates (interest or exchange rate) and / or prices of the different financial instruments that comprise it, not only considering the correlations between them, but also their volatilities.

Market risk is continuously managed by the Bank, with daily information on the valuation of financial instruments in the portfolio.

Foreign Exchange risk

To control exchange rate risk, the Bank pursues a prudent asset and liability management policy in Foreign Currency, which significantly reduces the associated exchange rate risk. The objective is to permanently hedge foreign exchange exposure to exchange rate risk, and also to establish procedures for daily reconciliation of the exchange position between the Trading Room and Accounting.

Counterparty credit risk

In the risk of credit concentration, Banco BIC adopts a policy aimed at reducing the individual and sectoral concentration indices by increasing and diversifying the portfolio of Clients and counterparties.

Balance Sheet

Financial instrument categories

As at 31 December 2018 and 2017, the different categories of financial instruments are as follows:

	'18		
	Valued at amortized cost	**Impairment**	**Net value**
ASSETS			
Cash and deposits at Central Banks	135,930,360	-	135,930,360
Deposits at other credit institutions	30,095,788	(28,025)	30,067,763
Applications at Central Banks and other credit institutions	91,063,212	(55,030)	91,008,182
Investments at amortized costs	613,270,045	(1,213,930)	612,056,115
Customer loans	526,480,935	(130,225,746)	396,255,189
Other assets	8,732,672	-	8,732,672
	1,405,573,012	**(131,522,731)**	**1,274,050,281**
LIABILITIES			
Deposits from Central Banks and other credit institutions	(108,602,112)	-	(108,602,112)
Customer deposits and other advances	(920,696,233)	-	(920,696,233)
Other liabilities	(31,434,865)	-	(31,434,865)
	(1,060,733,210)	**-**	**(1,060,733,210)**
	344,839,802	**(131,522,731)**	**213,317,071**

	'17			
	Valued at fair value	**Valued at amortized cost**	**Impairment**	**Net value**
ASSETS				
Cash and deposits at Central Banks	-	130,411,935	-	130,411,935
Deposits at other credit institutions	-	8,735,172	-	8,735,172
Applications at Central Banks and other credit institutions	-	19,208,389	-	19,208,389
Financial assets at fair value through profit or losses	134,184,233	-	-	134,184,233
Investments held to maturity	-	392,058,425	-	392,058,425
Customer loans	-	372,394,925	(87,956,827)	284,438,098
Other assets	-	10,332,491	-	10,332,491
	134,184,233	**933,141,337**	**(87,956,827)**	**979,368,743**
LIABILITIES				
Deposits from Central Banks and other credit institutions	-	(73,228,647)	-	(73,228,647)
Customer deposits and other advances	-	(787,234,531)	-	(787,234,531)
Other liabilities	-	(27,046,712)	-	(27,046,712)
	-	**(887,509,890)**	**-**	**(887,509,890)**
	134,184,233	**45,631,447**	**(87,956,827)**	**91,858,853**

Statement of income and other comprehensive income

Items of income, expenses, gains or losses

At 31 December 2018 and 2017, net gains and losses on financial instruments were as follows:

	'18		
	BY RETURN RESULTS		
	Gains	**Losses**	**Net**
ASSETS			
Deposits with other credit institutions	-	(24,173)	(24,173)
Applications with Central Banks and other credit institutions	949,797	(39,675)	910,122
Investments at amortized costs	61,214,754	(547,148)	60,667,606
Customer loans	43,603,512	(9,071,239)	34,532,273
	105,768,063	**(9,682,235)**	**96,085,828**
LIABILITIES			
Deposits from Central Banks and other credit institutions	-	(4,799,590)	(4,799,590)
Customer deposits and other advances	-	(33,511,597)	(33,511,597)
	-	**(38,311,187)**	**(38,311,187)**
	105,768,063	**(47,993,422)**	**57,774,641**
OFF BALANCE SHEET			
Guarantees given and documentary credit	4,099,691	-	4,099,691
	4,099,691	**-**	**4,099,691**

'17

	BY RETURN RESULTS			FOR OTHER INTEGRAL INCOME		
	Gains	**Losses**	**Net**	**Gains**	**Losses**	**Net**
ASSETS						
Applications at Central Banks and other credit institutions	911.228	-	911.228	-	-	-
Financial assets at fair value through profit and losses	15.939.926	-	15.939.926	-	-	-
Financial assets available for sale	2.665.530	-	2.665.530	-	(2.662.229)	(2.662.229)
Investments held to maturity	34.363.565	-	34.363.565	-	-	-
Customer loans	44.620.452	(14.027.637)	30.592.815	-	-	-
	98.500.701	**(14.027.637)**	**84.473.064**	**-**	**(2.662.229)**	**(2.662.229)**
LIABILITIES						
Deposits from Central Banks and other credit institutions	-	(1.514.060)	(1.514.060)	-	-	-
Customer deposits and other advances	-	(26.557.723)	(26.557.723)	-	-	-
	-	**(28.071.783)**	**(28.071.783)**	**-**	**-**	**-**
	98.500.701	**(42.099.420)**	**56.401.281**	**-**	**(2.662.229)**	**(2.662.229)**
OFF BALANCE SHEET						
Guarantees given and documentary credit	2.610.581	-	2.610.581	-	-	-
	2.610.581	**-**	**2.610.581**	**-**	**-**	**-**

At 31 December 2018 and 2017, interest income and expenses on financial instruments not measured at fair value through profit or loss were as follows:

	'18			'17		
	Income	**Expenditures**	**Net**	**Income**	**Gastos**	**Net**
ASSETS						
Applications at Central Banks and other credit institutions	949,797	-	949,797	911,228	-	911,228
Investments at amortized costs	60,204,508	-	60,204,508	n.a	n.a	n.a
Financial assets at fair value through profit and losses	-	-	-	15,939,926	-	15,939,926
Investments held to maturity	n.a	n.a	n.a	32,701,347	-	32,701,347
Customer loans	42,825,362	-	42,825,362	43,797,188	-	43,797,188
	103,979,667	**-**	**103,979,667**	**93,349,689**	**-**	**93,349,689**
LIABILITIES						
Deposits from Central Banks and other credit institutions	-	(4,799,590)	(4,799,590)	-	(1,514,060)	(1,514,060)
Customer deposits and other advances	-	(33,511,597)	(33,511,597)	-	(26,557,723)	(26,557,723)
	-	**(38,311,187)**	**(38,311,187)**	**-**	**(28,071,783)**	**(28,071,783)**
	103,979,667	**(38,311,187)**	**65,668,480**	**93,349,689**	**(28,071,783)**	**65,277,906**

In the years ended December 2018 and 2017, income and commissions expenses not included in the calculation of the effective rate of instruments not measured at fair value through profit or loss are immaterial.

Other disclosure

Fair value

The comparison between the fair value and the balance sheet value of the main assets and liabilities at 31 December 2018 and 2017 is presented as follows:

'18

	FAIR VALUE OF FINANCIAL INSTRUMENTS REGISTERED ON THE BALANCE SHEET					
	Accounting (net)	At fair value	At amortized cost	Total	Difference	Total accounting value
ASSETS						
Cash and deposits at Central Banks credit	135,930,360	-	135,930,360	135,930,360	-	135,930,360
Deposits at other institutions	30,067,763	-	30,067,763	30,067,763	-	30,067,763
Applications at Central Banks and other credit institutions	91,008,182	-	91,008,182	91,008,182	-	91,008,182
Investments held to maturity	612,056,115	-	612,056,115	612,056,115	-	612,056,115
Customers loans	396,255,189	-	396,255,189	396,255,189	-	396,255,189
	1,265,317,609	**-**	**1,265,317,609**	**1,265,317,609**	**-**	**1,265,317,609**
LIABILITIES						
Deposits from Central Banks and other credit institutions	(108,602,112)	-	(108,602,112)	(108,602,112)	-	(108,602,112)
Customer deposits and other advances	(920,696,233)	-	(920,696,233)	(920,696,233)	-	(920,696,233)
	(1,029,298,345)	**-**	**(1,029,298,345)**	**(1,029,298,345)**	**-**	**(1,029,298,345)**
	236,019,264	**-**	**236,019,264**	**236,019,264**	**-**	**236,019,264**

'17

	FAIR VALUE OF FINANCIAL INSTRUMENTS REGISTERED ON THE BALANCE SHEET					
	Accounting (net)	At fair value	At amortized cost	Total	Difference	Total accounting value
ASSETS						
Cash and deposits at Central Banks credit	130,411,935	-	130,411,935	130,411,935	-	130,411,935
Deposits at other institutions	8,735,172	-	8,735,172	8,735,172	-	8,735,172
Applications at Central Banks And other credit institutions	19,208,389	-	19,208,389	19,208,389	-	19,208,389
Financial assets at fair value through profit and losses	134,184,233	134,184,233	-	134,184,233	-	134,184,233
Investments at amortized cost	392,058,425	-	392,058,425	392,058,425		392,058,425
Customers loans	284,438,098	-	284,438,098	284,438,098	-	284,438,098
	969,036,252	**134,184,233**	**834,852,019**	**969,036,252**	**-**	**969,036,252**
LIABILITIES						
Deposits from Central Banks and other credit institutions	(73,228,647)	-	(73,228,647)	(73,228,647)	-	(73,228,647)
Customer deposits and other advances	(787,234,531)	-	(787,234,531)	(787,234,531)	-	(787,234,531)
	(860,463,178)	**-**	**(860,463,178)**	**(860,463,178)**	**-**	**(860,463,178)**
	108,573,074	**134,184,233**	**(25,611,159)**	**108,573,074**	**-**	**108,573,074**

The assumptions used in the preparation of this chart were as follows:

- For the items "Cash and cash equivalents at Central Banks" and "Cash and cash equivalents at other credit institutions", since these are cash or short-term investments, the Bank considers that the book value is a reasonable approximation of their fair value. The same rationale was applied to "Applications to Central Banks and other credit institutions".
- For "Investments at amortized cost" and considering that i) there is no active transactional market that supports the fair value of the financial asset; ii) there are no transactions representing the fair value of the assets; and iii) the assumption that Treasury Bond rates correspond to market rates; we consider that the fair value corresponds to the recovery value of the asset, that is, the respective balance sheet value.
- For "Held-to-maturity investments" and given that i) there is no active transactional market that supports the fair value of the financial asset; ii) there are no transactions representing the fair value of the assets; and iii) the assumption that Treasury Bond rates correspond to market rates; we consider that the fair value corresponds to the recovery value of the asset, that is, the respective balance sheet value.
- Regarding "Loans and advances to customers", the fair value was considered as the balance sheet value.
- For "Funds from Central Banks and other credit institutions", since these are cash or very short-term resources, the Bank considers that the book value is a reasonable approximation of their fair value.
- The fair value of "Customer funds and other loans" was considered equal to the balance sheet value.

Nature and extent of risks arising from financial instruments

Credit risk

At 31 December and 1 January 2018, the maximum exposure to credit risk by type of financial instrument can be summarized as follows:

	31.12.18			01.01.17		
	Gross accounting value	Impairment	Net accounting value	Gross accounting value	Impairment	Net accounting value
BALANCE SHEET						
Cash and equivalents at Central Banks	135,930,360	-	135,930,360	130,411,935	-	130,411,935
Cash equivalents at other credit institutions	30,095,788	(28,025)	30,067,763	8,735,172	(3,852)	8,731,320
Applications at Central Banks and other credit institutions	91,063,212	(55,030)	91,008,182	19,208,389	(15,355)	19,193,034
Investments at amortized cost	613,270,045	(1,213,930)	612,056,115	526,242,658	(666,782)	525,575,876
Customer loans	526,480,935	(130,225,746)	396,255,189	372,394,925	(87,270,838)	285,124,087
	1,396,840,340	**(131,522,731)**	**1,265,317,609**	**1,056,993,079**	**(87,956,827)**	**969,036,252**
OFF BALANCE SHEET						
Guarantees given and documentary credits	108,683,636	(4,606,730)	104,076,906	70,265,091	-	70,265,091
	1,505,523,976	**(136,129,461)**	**1,369,394,515**	**1,127,258,170**	**(87,956,827)**	**1,039,301,343**

At 31 December and 1 January 2018, the financial assets are composed as follows, in accordance with the benchmark rating used by the Bank:

31.12.18

	Rating origin	Rating level	Gross exposure	Impairment	Net exposure
Cash and equivalents at Central Banks	Internal rating	Minimum	135,930,360	-	135,930,360
Cash equivalents at other credit institutions	Internal rating	Very low	30,095,788	(28,025)	30,067,763
Applications at Central Banks and other credit institutions	Internal rating	Minimum	-	-	-
		Very low	91,063,212	(55,030)	91,008,182
			91,063,212	**(55,030)**	**91,008,182**
Investments at amortized cost	Internal rating	Minimum	608,148,484	(1,208,399)	606,940,085
		Very low	5,121,561	(5,531)	5,116,030
			613,270,045	**(1,213,930)**	**612,056,115**
Customer loans	Internal rating	Minimum	1,307,442	-	1,307,442
		Very low	265,911,472	(2,849,693)	263,061,779
		Low	97,424,491	(13,473,376)	83,951,115
		Moderate	29,817,746	(11,640,598)	18,177,148
		High	61,884,991	(38,708,066)	23,176,925
		Very high	44,232,651	(37,651,870)	6,580,781
		Maximum	25,902,142	(25,902,142)	-
			526,480,935	**(130,225,746)**	**396,255,189**
			1,396,840,340	**(131,522,731)**	**1,265,317,609**

01.01.18

	Rating origin	Rating level	Gross exposure	Impairment	Net exposure
Cash and equivalents at Central Banks	Internal rating	Minimum	130,411,935	-	130,411,935
Cash equivalents at other credit institutions	Internal rating	Very low	8,735,172	(3,852)	8,731,320
Applications at Central Banks and other credit institutions	Internal rating	Minimum	-	-	-
		Very low	19,208,389	(15,355)	19,193,034
			19,208,389	**(15,355)**	**19,193,034**
Investments at amortized cost	Internal rating	Minimum	522,526,006	(662,768)	521,863,238
		Very low	3,716,652	(4,014)	3,712,638
			526,242,658	**(666,782)**	**525,575,876**
Financial assets available for sale	Internal rating	Very low	-	-	-
Customer loans	Internal rating	Minimum	360,158	-	360,158
		Very low	211,090,562	(9,208,258)	201,882,304
		Low	56,534,411	(8,885,055)	47,649,356
		Moderate	19,941,337	(7,646,275)	12,295,062
		High	42,038,635	(24,577,055)	17,461,580
		Very high	26,012,522	(20,536,895)	5,475,627
		Maximum	16,417,300	(16,417,300)	-
			372,394,925	**(87,270,838)**	**285,124,087**
			1,056,993,079	**(87,956,827)**	**969,036,252**

The Bank uses internal ratings, in accordance with the levels of risk recommended by Notice No. 11/2014 of 17 December, issued by BNA, and the main assumptions for the attribution of these were:

- The exposures recorded under "Cash and cash equivalents at Central Banks", "Investments at amortized cost" and "Held-to-maturity financial assets" are mainly assumed by the National Bank of Angola and by the Angolan State and, consequently, classified with a minimum risk level;

- "Cash and cash equivalents at other credit institutions" are mainly related entities and do not show signs of impairment.

- "Loans to customers" were classified according to the characteristics and risks of the operation and the borrower.

On 31 December and 1 January 2018, the geographical concentration of credit risk may be presented as follows:

				31.12.18
	Angola	Other African countries	Europe	Total
Cash and cash equivalentes at Central Banks	135,930,360	-	-	135,930,360
Cash equivalents at other credit institutions	136,445	3,936,120	26,023,223	30,095,788
Applications at Central Banks and other credit institutions	10,005,914	4,366,733	76,690,565	91,063,212
Investments at amortized cost	608,148,484	-	5,121,561	613,270,045
Customer loans	526,480,935	-	-	526,480,935
	1,280,702,138	**8,302,853**	**107,835,349**	**1,396,840,340**

				01.01.18
	Angola	Other African countries	Europe	Total
Cash and cash equivalentes at Central Banks	130,411,935	-	-	130,411,935
Cash equivalents at other credit institutions	189,827	5,629,410	2,915,935	8,735,172
Applications at Central Banks and other credit institutions	-	3,856,204	15,352,185	19,208,389
Investments at amortized cost	522,526,006	-	3,716,652	526,242,658
Customer loans	372,394,925	-	-	372,394,925
	1,025,522,693	**9,485,614**	**21,984,772**	**1,056,993,079**

At 31 December and 1 January 2018, the sectoral concentration of customer loans may be presented as follows:

31.12.18

	CUSTOMER LOANS							IMPAIRMENT	
	Coming due	Interest to receive	Past due	Guarantees given and documentary credit	Unused limits	Total exposure	relative weight	Value	Impairment /total exposure
COMPANIES									
Commerce	106,476,030	3,207,225	20,930,969	36,103,848	9,521,419	176,239,491	27%	17,072,259	10%
Construction	25,253,506	1,739,316	47,144	28,438,263	5,184,113	60,662,342	9%	28,571,878	47%
Agriculture, Livestock Hunting and Forestry	22,890,866	2,104,919	6,150,514	1,774,098	25,664	32,946,061	5%	4,249,455	13%
Other recreational activities, associations and services	30,739,690	492,187	3,744,319	5,757,100	703,337	41,436,633	6%	7,829,107	19%
Real estate activity, rentals and Services Rendered to companies	51,431,150	2,852,995	4,465,002	9,400,818	163,168	68,313,133	10%	7,346,271	11%
Manufacturing industries	19,795,040	1,708,987	4,371,673	7,827,484	1,350,998	35,054,182	5%	6,475,603	18%
Lodging and Restaurants (restaurants and similar)	19,114,686	303.835	8,862,616	-	31,750	28,312,887	4%	17,748,016	63%
Transport, Warehouses and Communications	4,858,837	34,557	6,517,180	2,485,539	72,150	13,968,263	2%	5,411,667	39%
Education, Health and Social Action	18,631,302	22,227	2,632,103	-	69,782	21,355,414	3%	9,339,476	44%
Civil service and Obligatory Social Security	7,073,763	-	1,316,217	-	30,421	8,420,401	1%	51,459	1%
Extractive industries (Crude oil and Natural Gas Others)	1,918,852	71,567	1,047,290	1,163,063	196,808	4,397,580	1%	1,355,722	31%
Fishing	2,935,514	15,877	59,632	608,564	1,181	3,620,768	1%	133,675	4%
Production and Distribution of Electricity, Gas and Water	32,354,116	-	19,019,744	690,148	4,938	52,068,946	8%	182	0%
Financial and Insurance activities	251	-	144,724	-	5,210	150,185	0%	42,722	28%
	343,473,603	**12,553,692**	**79,309,127**	**94,248,925**	**17,360,939**	**546,946,286**	**83%**	**105,627,492**	**19%**
INDIVIDUALS									
Consumption	7,800,276	19,706	1,693,028	-	-	9,513,010	1%	4,665,398	49%
Mortgage	51,792,553	50,146	1,665,175	-	-	53,507,874	8%	9,260,988	17%
Other purposes	16,427,693	454,448	12,452,606	14,434,711	3,622,532	47,391,990	7%	15,278,598	32%
	76,020,522	**524,300**	**15,810,809**	**14,434,711**	**3,622,532**	**110,412,874**	**17%**	**29,204,984**	**26%**
	419,494,125	**13,077,992**	**95,119,936**	**108,683,636**	**20,983,471**	**657,359,160**	**100%**	**134,832,476**	**21%**

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	CUSTOMER LOANS							IMPAIRMENT	
	Coming due	Interest to receive	Past due	Guarantees given and documentary credit	Unused limits	Total exposure	relative weight	Value	Impairment /total exposure
COMPANIES									
Commerce	63,620,906	1,839,361	11,110,607	17,643,141	4,746,995	98,961,010	18%	13,295,806	13%
Construction	42,425,679	5,033,431	7,203,734	25,626,044	4,043,477	84,332,365	15%	17,803,139	21%
Agriculture, Livestock Hunting and Forestry	42,216,012	2,398,368	3,067,739	2,292,966	65,189	50,040,274	9%	2,767,105	6%
Other recreational activities, associations and services	28,085,788	730,121	2,256,279	4,034,558	624,242	35,730,988	6%	6,050,925	17%
Real estate activity, rentals and Services Rendered to companies	25,717,057	1,738,990	2,742,155	7,317,253	4,125,965	41,641,420	7%	4,682,353	11%
Manufacturing industries	18,876,850	1,506,586	1,873,936	1,032,054	183,333	23,472,759	4%	4,836,989	21%
Lodging and Restaurants (restaurants and similar)	15,980,215	2,057,714	1,541,287	-	71,278	19,650,494	3%	12,130,517	62%
Transport, Warehouses and Communications	3,142,554	27,869	4,940,781	1,524,438	302,368	9,938,010	2%	4,541,207	46%
Education, Health and Social Action	11,149,334	87,798	417,236	999,829	60,170	12,714,367	2%	5,129,241	40%
Civil service and Obligatory Social Security	5,662,953	35,654	6	-	39,362	5,737,975	1%	48,062	1%
Extractive industries (Crude oil and Natural Gas Others)	3,682,375	13,449	429,516	703,000	51,312	4,879,652	1%	896,665	18%
Fishing	2,338,363	14,285	86	55,620	4,921	2,413,275	0%	32,507	1%
Production and Distribution of Electricity, Gas and Water	727	-	25,191	-	11,348	37,266	0%	50	0%
Financial and Insurance activities	103,002	13,357	43	-	5,368	121,770	0%	119	0%
	263,001,815	**15,496,983**	**35,608,596**	**61,228,903**	**14,335,328**	**389,671,625**	**69%**	**72,214,685**	**19%**
INDIVIDUALS									
Consumption	8,636,747	24,330	1,189,264	-	-	9,850,341	2%	1,536,108	16%
Mortgage	30,215,269	146,741	645,037	-	-	31,007,047	6%	4,071,259	13%
Other purposes	10,753,342	155,539	7,494,290	9,036,188	6,809,207	34,248,566	6%	11,586,218	34%
	49,605,358	**326,610**	**9,328,591**	**9,036,188**	**6,809,207**	**75,105,954**	**13%**	**17,193,585**	**23%**
	312,607,173	**15,823,593**	**44,937,187**	**70,265,091**	**21,144,535**	**464,777,579**	**83%**	**89,408,270**	**19%**

On December 31 and January 1, 2018, the item Credit had the following composition:

31.12.18

	Credit coming and interest to receive	CLASS OF DEFAULT			Total
		Stage 1	Stage 2	Stage 3	
CUSTOMER LOANS					
Credit without impairment	5,210,811	-	29	292,139	5,502,979
With impairment attributed based on individual analysis					
Loans and interest	334,476,391	3,272,839	647,359	81,753,560	420,150,149
Impairment	(73,512,623)	(81,746)	(98,850)	(42,145,996)	(115,839,215)
	260,963,768	**3,191,093**	**548,509**	**39,607,564**	**304,310,934**
With impairment attributed based on collective analysis					
Loans and interest in default	92,884,915	48,455	232,755	8,872,800	102,038,925
Impairment	(8,609,152)	(180)	(27,834)	(5,749,365)	(14,386,531)
	84,275,763	**48,275**	**204,921**	**3,123,435**	**87,652,394**
Associated Commissions at amortized cost	(1,211,118)	-	-	-	(1,211,118)
	349,239,224	**3,239,368**	**753,459**	**43,023,138**	**396,255,189**

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	Credit coming and interest to receive	CLASS OF DEFAULT			Total
		Stage 1	Stage 2	Stage 3	
CUSTOMER LOANS					
Credit without impairment	1,652,250	-	811	128,089	1,781,150
With impairment attributed based on individual analysis					
Loans and interest	253,286,274	-	63,926	38,837,672	292,187,872
Impairment	(57,760,278)		(24,818)	(21,318,024)	(79,103,120)
	195,525,996	**-**	**39,108**	**17,519,648**	**213,084,752**
With impairment attributed based on collective analysis					
Loans and interest in default	73,492,242	31,793	906,279	4,968,617	79,398,931
Impairment	(4,695,660)	(145)	(57,145)	(3,414,768)	(8,167,718)
	68,796,582	**31,648**	**849,134**	**1,553,849**	**71,231,213**
Associated Commissions at amortized cost	(973,028)	-	-	-	(973,028)
	265,001,800	**31,648**	**889,053**	**19,201,586**	**285,124,087**

On 31 December and 1 January 2018, the breakdown of credit in default without impairment is as follows:

31.12.18

	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CUSTOMER LOANS				
Credit and interest in default				
Without impairment based on collective analysis	-	29	292,139	292,168
	-	**29**	**292,139**	**292,168**

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	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CUSTOMER LOANS				
Credit and interest in default				
Without impairment based on collective analysis	-	811	128,089	128,900
	-	**811**	**128,089**	**128,900**

As of December 31 and January 1, 2018, the composition of overdue credit with impairment is as follows:

31.12.18

	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CUSTOMER LOANS				
Credit and interest in default				
With impairment based on individual analysis	3,272,839	647,359	81,753,560	85,673,758
Without impairment based on collective analysis	48,455	232,755	8,872,800	9,154,010
	3,321,294	**880,114**	**90,626,360**	**94,827,768**

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	CLASS OF DEFAULT			
	Stage 1	Stage 2	Stage 3	Total
CUSTOMER LOANS				
Credit and interest in default				
With impairment based on individual analysis	-	63,926	38,837,672	38,901,598
Without impairment based on collective analysis	31,793	906,279	4,968,617	5,906,689
	31,793	**970,205**	**43,806,289**	**44,808,287**

Currently, the Bank does not yet have automatic means of capturing credit operations being restructured, namely operations whose conditions and guarantees have been renegotiated due to the deterioration of credit risk or default. Nevertheless, in the continuous development of information systems and credit risk analysis, renegotiated credit operations have been identified.

In the years ended December 31 and January 1, 2018, the Bank renegotiated operations due to the deterioration of credit risk or default. On 31 December and 1 January 2018, the amount of renegotiated credit (excluding unused limits) amounts to:

31.12.18

	CREDIT				
	Coming due	Interest to receive	In default	Total	Impairment
COMPANIES	177,123,924	5,683,512	45,407,737	228,215,173	68,993,454
Individuals					
Consumer	369,815	1,766	222,930	594,511	220,914
Mortgage	3,053,226	3,076	90,857	3,147,159	1,294,310
Other purposes	5,489,966	991	3,033,876	8,524,833	5,750,135
	8,913,007	**5,833**	**3,347,663**	**12,266,503**	**7,265,359**
	186,036,931	**5,689,345**	**48,755,400**	**240,481,676**	**76,258,813**

01.01.18

	CREDIT				
	Coming due	Interest to receive	In default	Total	Impairment
COMPANIES	113,936,395	9,535,566	10,930,510	134,402,471	41,232,154
Individuals					
Consumer	137,639	271	81,873	219,783	85,512
Mortgage	1,468,693	64,826	21,892	1,555,411	382,381
Other purposes	3,853,408	-	1,930,724	5,784,132	3,883,752
	5,459,740	**65,097**	**2,034,489**	**7,559,326**	**4,351,645**
	119,396,135	**9,600,663**	**12,964,999**	**141,961,797**	**45,583,799**

On December 31 and January 1, 2018, the guarantees or other collateral executed in the scope of credit operations are as follows:

	31.12.18			01.01.18		
	Gross assets	Impairment	Net assets	Gross assets	Impairment	Net assets
Non current assets available for sale						
Property received in lieu of payment	17,026,573	(1,834,253)	15,192,320	16,845,874	(1,834,253)	15,011,621
	17,026,573	**(1,834,253)**	**15,192,320**	**16,845,874**	**(1,834,253)**	**15,011,621**


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Liquidity risk

At 31 December 2018 and 2017, the capital associated with the financial instruments, according to their contractual maturity, is as follows:

	Spot	up to 1 month	3-6 months	More than 6 months
ASSETS				
Cash and cash equivalents at Central Banks	135,930,360	-	-	-
Cash equivalents at other credit institutions	30,095,788	-	-	-
Applications at Central Banks and other credit institutions	-	51,371,550	28,340,468	9,705,157
Investments at amortized costs	-	15,134,988	41,449,544	28,699,847
Customer loans	-	16,462,217	45,378,205	29,193,598
Other assets	8,732,672	-	-	-
	174,758,820	**82,968,755**	**115,168,217**	**67,598,602**
LIABILITIES				
Deposits of Central Banks and other credit institutions	39,257,938	-	55,549,260	13,500,000
Customer deposits and other advances	417,207,383	95,124,821	176,105,427	162,616,710
Other liabilities	31,434,865	-	-	-
	487,900,186	**95,124,821**	**231,654,687**	**176,116,710**
	(313,141,366)	**(12,156,066)**	**(116,486,470)**	**(108,518,108)**

	Spot	up to 1 month	3-6 months	More than 6 months
ASSETS				
Cash and cash equivalents at Central Banks	130,411,935	-	-	-
Cash equivalents at other credit institutions	8,735,172	-	-	-
Applications at Central Banks and other credit institutions	-	4,977,720	7,802,352	3,986,100
Financial assets at fair value through profit and losses	-	17,267,306	40,518,090	30,064,515
Investments held to maturity	-	7,585,394	22,234,978	24,613,719
Customer loans	-	35,548,816	11,937,848	28,754,669
Other assets	10,332,491	-	-	-
	149,479,598	**65,379,236**	**82,493,268**	**87,419,003**
LIABILITIES				
Deposits of Central Banks and other credit institutions	22,505,061	50,602,416	-	-
Customer deposits and other advances	428,585,128	67,677,976	108,256,567	131,424,790
Other liabilities	27,046,712	-	-	-
	478,136,901	**118,280,392**	**108,256,567**	**131,424,790**
	(328,657,303)	**(52,901,156)**	**(25,763,299)**	**(44,005,787)**

At December 31, 2018 and 2017, the amount of the residual term "Indeterminate" refers to overdue credit.

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RESIDUAL CONTRACTUAL TERMS

Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	More than 5 years	Indeterminate	Total
-	-	-	-	-	135,930,360
-	-	-	-	-	30,095,788
1,481,539	-	-	-	-	90,898,714
40,575,238	303,594,461	160,964,750	8,864,345	-	599,283,173
47,038,483	48,228,606	66,187,928	167,005,088	95,119,936	514,614,061
-	-	-	-	-	8,732,672
89,095,260	**351,823,067**	**227,152,678**	**175,869,433**	**95,119,936**	**1,379,554,768**
-	-	-	-	-	108,307,198
62,226,465	15,766	266	117	-	913,296,955
-	-	-	-	-	31,434,865
62,226,465	**15,766**	**266**	**117**	**-**	**1,053,039,018**
26,868,795	**351,807,301**	**227,152,412**	**175,869,316**	**95,119,936**	**326,515,750**

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RESIDUAL CONTRACTUAL TERMS

Between 6 months and 1 year	Between 1 year and 3 years	Between 3 and 5 years	More than 5 years	Indeterminate	Total
-	-	-	-	-	130,411,935
-	-	-	-	-	8,735,172
2,400,930	-	-	-	-	19,167,102
37,986,233	-	-	-	-	125,836,144
67,927,038	120,137,035	116,657,329	25,758,903	-	384,914,396
37,726,370	27,585,799	44,378,303	126,675,368	44,937,187	357,544,360
-	-	-	-	-	10,332,491
146,040,571	**147,722,834**	**161,035,632**	**152,434,271**	**44,937,187**	**1,036,941,600**
-	-	-	-	-	73,107,477
46,452,614	40,142	96	265	-	782,437,578
-	-	-	-	-	27,046,712
46,452,614	**40,142**	**96**	**265**	**-**	**882,591,767**
99,587,957	**147,682,692**	**161,035,536**	**152,434,006**	**44,937,187**	**154,349,833**

Interest rate risk

At 31 December 2018 and 2017, the breakdown of financial instruments by exposure to interest rate risk is as follows:

'18

	EXPOSURE A			
	Fixed rate	Variable rate	Not subject to interest rate risk	Total
ASSETS				
Cash and cash equivalents at Central Banks	-	-	135,930,360	135,930,360
Cash equivalents at other credit institutions	-	-	30,067,763	30,067,763
Applications at Central Banks and other credit institutions	90,898,714	-	-	90,898,714
Investments at amortized costs	597,782,340	1,500,833	-	599,283,173
Customer loans	293,072,949	126,421,176	-	419,494,125
Other assets	-	-	8,732,672	8,732,672
	981,754,003	**127,922,009**	**174,730,795**	**1,284,406,807**
LIABILITIES				
Deposits of Central Banks and other credit institutions	69,049,260	-	39,257,938	108,307,198
Customer deposits and other advances	913,296,955	-	-	913,296,955
Other liabilities	-	-	31,434,865	31,434,865
	982,346,215	**-**	**70,692,803**	**1,053,039,018**
	(592,212)	**127,922,009**	**104,037,992**	**231,367,789**

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	EXPOSURE A			
	Fixed rate	Variable rate	Not subject to interest rate risk	Total
ASSETS				
Cash and cash equivalents at Central Banks	-	-	130,411,935	130,411,935
Cash equivalents at other credit institutions	-	-	8,735,172	8,735,172
Applications at Central Banks and other credit institutions	19,167,102	-	-	19,167,102
Financial assets at fair value through profit and losses	125,836,144	-	-	125,836,144
Investments held to maturity	375,004,336	9,910,060	-	384,914,396
Customer loans	214,302,094	98,305,079	-	312,607,173
Other assets	-	-	10,332,491	10,332,491
	734,309,676	**108,215,139**	**149,479,598**	**992,004,413**
LIABILITIES				
Deposits of Central Banks and other credit institutions	51,316,483	-	21,790,994	73,107,477
Customer deposits and other advances	782,437,578	-	-	782,437,578
Other liabilities	-	-	27,046,712	27,046,712
	833,754,061	**-**	**48,837,706**	**882,591,767**
	(99,444,385)	**108,215,139**	**100,641,892**	**109,412,646**

At 31 December 2018 and 2017, the overdue credit in the interest rate risk exposure was not considered.

At 31 December 2018 and 2017, the development of the nominal value of the financial instruments with exposure to interest rate risk, according to their maturity or date of reinstatement, is presented in the table below:

'18

RESIDUAL CONTRACTUAL TERMS

	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Indeterminate	Total
ASSETS									
Applications with Central Banks and other credit institutions	51,371,550	28,340,468	9,705,157	1,481,539	-	-	-	-	90,898,714
Investments at amortized cost	21,154,196	63,028,464	75,660,346	37,240,021	303,594,461	89,741,340	8,864,345	-	599,283,173
Customer loans	263,303,720	34,628,038	31,972,781	87,038,758	2,550,828	-	-	-	419,494,125
	335,829,466	**125,996,970**	**117,338,284**	**125,760,318**	**306,145,289**	**89,741,340**	**8,864,345**	**-**	**1,109,676,012**
LIABILITIES									
Deposits from Central Banks and other credit institutions	-	55,549,260	13,500,000	-	-	-	-	-	69,049,260
Customer deposits and other advances	417,222,843	95,125,091	176,105,428	162,616,786	62,226,807	-	-	-	913,296,955
	417,222,843	**150,674,351**	**189,605,428**	**162,616,786**	**62,226,807**	**-**	**-**	**-**	**982,346,215**
	(81,393,377)	**(24,677,381)**	**(72,267,144)**	**(36,856,468)**	**243,918,482**	**89,741,340**	**8,864,345**	**-**	**127,329,797**

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RESIDUAL CONTRACTUAL TERMS

	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Indeterminate	Total
ASSETS									
Applications with Central Banks and other credit institutions	4,977,720	7,802,352	3,986,100	2,400,930	-	-	-	-	19,167,102
Financial assets at fair value through profit and losses	17,267,306	40,518,090	30,064,515	37,986,233	-	-	-	-	125,836,144
Investments at amortized cost	7,585,393	30,825,954	55,712,826	59,041,285	119,330,105	86,659,929	25,758,904	-	384,914,396
Customer loans	179,448,255	35,389,844	34,536,039	55,419,467	7,813,568	-	-	-	312,607,173
	209,278,674	**114,536,240**	**124,299,480**	**154,847,915**	**127,143,673**	**86,659,929**	**25,758,904**	**-**	**842,524,815**
LIABILITIES									
Deposits from Central Banks and other credit institutions	50,602,415	-	-	-	-	-	-	714,068	51,316,483
Customer deposits and other advances	496,263,107	108,256,565	131,458,790	46,419,132	39,984	-	-	-	782,437,578
	546,865,522	**108,256,565**	**131,458,790**	**46,419,132**	**39,984**	**-**	**-**	**714,068**	**833,754,061**
	(337,586,848)	**6,279,675**	**(7,159,310)**	**108,428,783**	**127,103,689**	**86,659,929**	**25,758,904**	**714,068**	**8,770,754**

Market risk

Market risk corresponds to the risk of changes in fair value or cash flows of financial instruments due to changes in market prices, including the following risks: interest rate, exchange rate and price.

Foreign Exchange risk

At 31 December 2018 and 2017, the financial instruments are as follows, by currency:

						'18
	Kwanzas	Indexed to US dollar	US dollars	Euros	Other currencies	Total
ASSETS						
Cash and equivalents at Central Banks	122,190,316	-	12,785,210	950,546	4,288	135,930,360
Cash equivalents at other credit institutions	136,445	-	21,850,057	7,274,396	806,865	30,067,763
Applications at Central Banks and other credit institutions	10,005,915	-	66,931,982	14,070,285	-	91,008,182
Investments at amortized cost	118,258,283	416,653,933	72,027,869	5,116,030	-	612,056,115
Customer loans	145,782,777	-	236,680,783	13,791,629	-	396,255,189
Non current assets available for sale	19,394,898	-	-	-	-	19,394,898
Other tangible assets	13,556,305	-	-	-	-	13,556,305
Intangible assets	292,808	-	-	-	-	292,808
Investments in subsidiaries, Associated companies and joint ventures	194,852	-	-	216,357	-	411,209
Other assets	5,757,531	-	2,874,502	1,789	98,850	8,732,672
	435,570,130	**416,653,933**	**413,150,403**	**41,421,032**	**910,003**	**1,307,705,501**
LIABILITIES						
Deposits from Central Banks and other credit institutions	31,763,501	-	63,882,102	12,717,893	238,616	108,602,112
Deposits from customers and other advances	458,482,967	110,482,255	332,669,754	18,545,990	515,267	920,696,233
Provisions	632,577	-	11,165,802	1,173,790	78	12,972,247
Other liabilities	14,705,480	-	16,728,194	1,191	-	31,434,865
	505,584,525	**110,482,255**	**424,445,852**	**32,438,864**	**753,961**	**1,073,705,457**
	(70,014,395)	**306,171,678**	**(11,295,449)**	**8,982,168**	**156,042**	**234,000,044**

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	Kwanzas	Indexed to US dollar	US dollars	Euros	Other currencies	Total
ASSETS						
Cash and equivalents at Central Banks	127,363,022	-	2,739,691	305,498	3,724	130,411,935
Cash equivalents at other credit institutions	189,827	-	2,750,598	5,725,108	69,639	8,735,172
Applications at Central Banks and other credit institutions	-	-	8,834,917	10,373,472	-	19,208,389
Investments held to maturity	89,361,962	262,528,730	40,167,733	-	-	392,058,425
Customer loans	151,853,753	-	125,835,355	6,748,990	-	284,438,098
Non current assets available for sale	19,265,977	-	-	-	-	19,265,977
Other tangible assets	12,704,020	-	-	-	-	12,704,020
Intangible assets	307,535	-	-	-	-	307,535
Investments in subsidiaries, Associated companies and joint ventures	194,852	-	-	150,285	-	345,137
Other assets	14,858,413	-	3,269,613	(7,805,497)	9,962	10,332,491
	546,566,942	**262,528,730**	**183,597,907**	**19,214,508**	**83,325**	**1,011,991,412**
LIABILITIES						
Deposits from Central Banks and other credit institutions	17,425,636	-	33,918,384	21,855,298	29,329	73,228,647
Customer deposits and other advances	503,353,450	81,200,549	190,298,023	12,243,867	138,642	787,234,531
Provisions	267,108	-	4,582,729	1,189,752	18	6,039,607
Other liabilities	21,780,629	-	5,248,737	17,346	-	27,046,712
	542,826,823	**81,200,549**	**234,047,873**	**35,306,263**	**167,989**	**893,549,497**
	3,740,119	**181,328,181**	**(50,449,966)**	**(16,091,755)**	**(84,664)**	**118,441,915**

As at 31 December 2018, the balance of the item "Investments at amortized cost" includes the amounts of mAKZ 416,653,933, respectively, relating to National Currency Treasury Bonds indexed to the US Dollar.

As at 31 December 2017, the balance of "held-to-maturity investments" includes the amounts of mAKZ 262,528,730, respectively, relating to National Currency Treasury Bonds indexed to the US Dollar.

As at 31 December 2018 and 2017, the balance of "Deposits - Term Deposits" includes the amounts of mAKZ 110,482,255 and mAKZ 81,200,549, respectively, relating to Term Deposits, of customers, in national currency indexed to the US Dollar.

Both of the aforementioned transactions are indexed to the AKZ / USD exchange rate of purchase of BNA and, therefore, subject to exchange rate updating.

At 31 December 2018 and 2017, the impact on the fair value of financial instruments sensitive to exchange rate risk of parallel movements in the 5%, 10% and 20% be demonstrated by the following tables:

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	-20%	-10%	-5%	+5%	+10%	+20%
CURRENCY						
US dollars	59,228,000	29,614,000	14,807,000	(14,807,000)	(29,614,000)	(59,228,000)
Euros	1,802,848	901,424	450,712	(450,712)	(901,424)	(1,802,848)
Other currencies	31,438	15,719	7,859	(7,859)	(15,719)	(31,438)
	61,062,286	**30,531,143**	**15,265,571**	**(15,265,571)**	**(30,531,143)**	**(61,062,286)**

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	-20%	-10%	-5%	+5%	+10%	+20%
CURRENCY						
US dollars	26,175,643	13,087,822	6,543,911	(6,543,911)	(13,087,822)	(26,175,643)
Euros	(3,218,351)	(1,609,175)	(804,588)	804,588	1,609,175	3,218,351
Other currencies	(16,933)	(8,466)	(4,233)	4,233	8,466	16,933
	22,940,359	**11,470,181**	**5,735,090**	**(5,735,090)**	**(11,470,181)**	**(22,940,359)**

The impact of exchange rate variations on Treasury Bonds and Term Deposits indexed to the US dollar is reflected in the line of "US dollars".

Interest rate risk

At 31 December 2018 and 2017, the impact on the fair value of interest rate risk-sensitive financial instruments of parallel movements in the benchmark interest rate curve of 50, 100 and 200 basis points (bp), respectively , can be demonstrated by the following tables:

'18

	INTEREST RATE VARIATIONS					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
ASSETS						
Applications with Central Banks and other credit institutions	222,850	111,425	55,712	(55,712)	(111,425)	(222,850)
Investments at amoritzied cost	19,611,923	9,805,961	4,902,981	(4,902,981)	(9,805,961)	(19,611,923)
Customer loans	1,876,300	938,150	469,075	(469,075)	(938,150)	(1,876,300)
	21,711,073	**10,855,536**	**5,427,768**	**(5,427,768)**	**(10,855,536)**	**(21,711,073)**
LIABILITIES						
Deposits from Central Banks and other credit institutions	(274,958)	(137,479)	(68,739)	68,739	137,479	274,958
Customer deposits and other advances	(5,955,240)	(2,977,620)	(1,488,810)	1,488,810	2,977,620	5,955,240
	(6,230,198)	**(3,115,099)**	**(1,557,549)**	**1,557,549**	**3,115,099**	**6,230,198**
	15,480,875	**7,740,437**	**3,870,219**	**(3,870,219)**	**(7,740,437)**	**(15,480,875)**

	INTEREST RATE VARIATIONS					
	-200 BP	-100 BP	-50 BP	+50 BP	+100 BP	+200 BP
ASSETS						
Applications with Central Banks and other credit institutions	91,983	45,991	22,996	(22,996)	(45,991)	(91,983)
Financial assets at fair value through profits and losses	903,139	451,570	225,785	(225,785)	(451,570)	(903,139)
Investments held to maturity	13,999,325	6,999,663	3,499,831	(3,499,831)	(6,999,663)	(13,999,325)
Customer loans	1,514,400	757,200	378,600	(378,600)	(757,200)	(1,514,400)
	16,508,847	**8,254,424**	**4,127,212**	**(4,127,212)**	**(8,254,424)**	**(16,508,847)**
LIABILITIES						
Deposits from Central Banks and other credit institutions	(40,482)	(20,241)	(10,120)	10,120	20,241	40,482
Customer deposits and other advances	(2,354,836)	(1,177,418)	(588,709)	588,709	1,177,418	2,354,836
	(2,395,318)	**(1,197,659)**	**(598,829)**	**598,829**	**1,197,659**	**2,395,318**
	14,113,529	**7,056,765**	**3,528,383**	**(3,528,383)**	**(7,056,765)**	**(14,113,529)**

For the preparation of these maps, the Bank used the methodology and assumptions described in Notice no. 08/2016, of May 22, on interest rate risk in the banking book.

33. Reporting by segment

In order to comply with the requirements of IFRS 8, the Bank adopted the following business segments:

- Trading and sales: this comprises the banking activity related to the management of the securities portfolio itself, money market and foreign exchange transactions, reception and transmission of orders in relation to one or more financial instruments and execution of orders on behalf of Clients;
- Retail banking: this includes banking with individuals and sole proprietors, such as the receipt of deposits and other repayable funds, loans, the granting of guarantees and the assumption of other commitments. It also includes the total amount due to the Bank by customers or group of connected customers;
- Commercial banking: credit and fundraising activities with companies, as well as the taking of funds to meet the commitments of the granting of credit;
- Other: comprises all business segments that were not included in the previous business lines.

The breakdown of the main assets, liabilities and income items by business lines at 31 December 2018 and 2017 is as follows:

Business lines

					'18
	Trading and sales	Retail banking	Commercial banking	Others	Total
ASSETS					
Cash and cash equivalents at Central Banks	135,930,360	-	-	-	135,930,360
Cash equivalents at other credit institutions	30,067,763	-	-	-	30,067,763
Applications at Central Banks and other credit institutions	91,008,182	-	-	-	91,008,182
Investments at amortized cost	612,056,115	-	-	-	612,056,115
Customer loans	-	94,496,715	301,758,474	-	396,255,189
Other assets	-	-	-	42,387,892	42,387,892
TOTAL NET ASSETS	**869,062,420**	**94,496,715**	**301,758,474**	**42,387,892**	**1,307,705,501**
LIABILITIES					
Deposits of Central Banks and other credit institutions	108,602,112	-	-	-	108,602,112
Customer deposits and other advances	-	558,138,892	362,557,341	-	920,696,233
Other liabilities	-	-	-	44,407,112	44,407,112
TOTAL LIABILITIES	**108,602,112**	**558,138,892**	**362,557,341**	**44,407,112**	**1,073,705,457**

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	Trading and sales	Retail banking	Commercial banking	Others	Total
ASSETS					
Cash and cash equivalents at Central Banks	130,411,935	-	-	-	130,411,935
Cash equivalents at other credit institutions	8,735,172	-	-	-	8,735,172
Applications at Central Banks and other credit institutions	19,208,389	-	-	-	19,208,389
Financial assets at fair value through profits and losses	134,184,233	-	-	-	134,184,233
Investments held to maturity	392,058,425	-	-	-	392,058,425
Customer loans	-	73,616,873	210,821,225	-	284,438,098
Other assets	-	-	-	42,955,160	42,955,160
TOTAL NET ASSETS	**684,598,154**	**73,616,873**	**210,821,225**	**42,955,160**	**1,011,991,412**
LIABILITIES					
Deposits of Central Banks and other credit institutions	73,228,647	-	-	-	73,228,647
Customer deposits and other advances	-	455,997,107	331,237,424	-	787,234,531
Other liabilities	-	-	-	33,086,319	33,086,319
TOTAL LIABILITIES	**73,228,647**	**455,997,107**	**331,237,424**	**33,086,319**	**893,549,497**

The main allocation criteria used by the Bank in the construction of these tables were the following:

- "Customer Loans" and "Customer Deposits and advances" were segregated based on the business area where the transaction originated, such as Individuals and Businesses Management, Business Centers, Investment Centers or Private Banking.
- The items "Deposits of other credit institutions" and "Deposits from Central Banks" have been allocated to "Trading and sales" since the purpose is to be used in the normal business of the Bank.
- Other assets and liabilities were considered under "Other", given the impossibility of segmental allocation.

The breakdown of the main assets, liabilities and items by geographical markets at 31 December 2018 and 2017 is as follows:

Geographic markets

'18

	Angola	Other African countries	Europe	Others	Total
ASSETS					
Cash and cash equivalents at Central Banks	135,930,360	-	-	-	135,930,360
Cash equivalents at other credit institutions	136,445	3,936,120	25,995,198	-	30,067,763
Applications at Central Banks and other credit institutions	10,005,914	4,366,733	76,635,535	-	91,008,182
Investments at amortized cost	606,934,302	-	5,121,813	-	612,056,115
Customer loans	396,255,189	-	-	-	396,255,189
Non current assets held to maturity	19,394,898	-	-	-	19,394,898
Other tangible assets	13,556,305	-	-	-	13,556,305
Intangible assets	292,808	-	-	-	292,808
Investments in subsidiaries, associated companies and joint ventures	194,852	-	216,357	-	411,209
Other assets	5,860,059	-	1,737	2,870,876	8,732,672
TOTAL NET ASSETS	**1,188,561,132**	**8,302,853**	**107,970,640**	**2,870,876**	**1,307,705,501**
LIABILITIES					
Deposits from Central Banks and other credit institutions	53,012,733	55,589,379	-	-	108,602,112
Customer Deposits and other advances	912,509,815	393,940	2,471,431	5,321,047	920,696,233
Other liabilities	44,407,112	-	-	-	44,407,112
TOTAL LIABILITIES	**1,009,929,660**	**55,983,319**	**2,471,431**	**5,321,047**	**1,073,705,457**

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	Angola	Other African countries	Europe	Others	Total
ASSETS					
Cash and cash equivalents at Central Banks	130,411,935	-	-	-	130,411,935
Cash equivalents at other credit institutions	189,826	220,663	8,324,683	-	8,735,172
Applications at Central Banks and other credit institutions	-	3,856,204	15,352,185	-	19,208,389
Financial assets at fair value through profit and losses	130,467,581	-	3,716,652	-	134,184,233
Investments held to maturity	392,058,425	-	-	-	392,058,425
Customer loans	284,438,098	-	-	-	284,438,098
Non current assets available for sale	19,265,977	-	-	-	19,265,977
Other tangible assets	12,704,020	-	-	-	12,704,020
Intangible assets	307,535	-	-	-	307,535
Investments in subsidiaries, associated companies and joint ventures	194,852	-	150,286	-	345,137
Other assets	7,171,938	-	1,740	3,158,813	10,332,491
TOTAL NET ASSETS	**977,210,186**	**4,076,867**	**27,545,546**	**3,158,813**	**1,011,991,412**
LIABILITIES					
Deposits from Central Banks and other credit institutions	37,290,079	35,224,500	714,068	-	73,228,647
Customer Deposits and other advances	784,307,977	430,913	321,105	2,174,536	787,234,531
Other liabilities	33,086,319	-	-	-	33,086,319
TOTAL LIABILITIES	**854,684,375**	**35,655,413**	**1,035,173**	**2,174,536**	**893,549,497**

34. Subsequent events

There are no relevant subsequent events to report.

35. Application of IFRS 9 – Financial Instruments

As described in Note 2.1 "Basis of presentation", the Bank first adopted IFRS 9 - Financial instruments on 1 January 2018, replacing IAS 39 - Financial instruments: recognition and measurement, which was in force until 31 December 2017.

IFRS 9 introduced new requirements related essentially to the classification and measurement of financial instruments and to the determination of impairment losses on financial assets.

Classification and measurement of financial instruments

IFRS 9 introduced changes in the classification categories of financial assets, in accordance with IAS 39. The main impacts on the Bank's financial statements are described in sub-item c) below.

The standard had no impact on the classification and measurement of the Bank's financial liabilities.

Determination of impairment losses on financial assets

IFRS 9 replaces the "loss incurred" model in IAS 39 with a forward-looking model of "expected credit losses (ECL)", which considers the expected losses over the life of financial instruments. Thus, in the determination of the ECL, macroeconomic factors as well as other forward-looking information are taken into account, whose changes impact the expected losses.

The requirements of IFRS 9 were generally applied by the Bank retrospectively by adjusting the opening balance sheet at the date of initial application (1 January 2018). Nevertheless, as permitted by the transitional provisions of IFRS 9, the Bank chose not to restate the comparative balances of the previous period. The differences in the book values of the financial assets and liabilities resulting from the adoption of IFRS 9 were recognized in other reserves and results carried forward on 1 January 2018.

The impact of the adoption of IFRS 9 on the Bank's financial statements is detailed below.

a) Impact of the adoption of IFRS 9 at the level of shareholders equity

The impact of the implementation of IFRS 9 on 1 January 2018 in the Bank's shareholders equity was as follows:

	Other items for shareholders equity	Other accumulated integral income	Other reserves and earnings transferred	Total Shareholders equity
SHAREHOLDERS EQUITY ON DECEMBER 31, 2017 - BEFORE IFRS 9	**43,076,842**	**-**	**75,365,073**	**118,441,915**
Impairment (Note 16)				
Cash equivalents at other credit institutions	-	-	(3,852)	(3,852)
Applications with Central Banks and other credit institutions	-	-	(15,355)	(15,355)
Investments at amortized cost	-	-	(666,782)	(666,782)
Customer loans	-	-	685,989	685,989
Total Impact	-	-	-	-
SHAREHOLDERS EQUITY ON JANUARY 1, 2018 - AFTER IFRS 9	**43,076,842**	**-**	**75,365,073**	**118,441,915**

b) Reconciliation of balance sheet amounts in IAS 39 and IFRS 9

The impacts on the Bank's balance sheet arising from the adoption of IFRS 9 with reference to January 1, 2018 are detailed as follows:

	IAS 39 31-12-2017	Reclassifications	Remeasurement	IFRS 9 01-01-2018
ASSETS				
Cash and cash equivalents at Central Banks	130,411,935	-	-	130,411,935
Cash equivalents at other credit institutions	8,735,172	-	(3,852)	8,731,320
Applications at Central Banks and other credit institutions	19,208,389	-	(15,355)	19,193,034
Investments at amortized cost	-	526,242,658	(666,782)	525,575,876
Financial assets at fair value through profit and losses	134,184,233	(134,184,233)	-	-
Investments held to maturity	392,058,425	(392,058,425)	-	-
Customer loans	284,438,098	-	685,989	285,124,087
Non current assets available for sale	19,265,977	-	-	19,265,977
Other tangible assets	12,704,020	-	-	12,704,020
Intangible assets	307,535	-	-	307,535
Investments in subsidiaries, associated companies and joint ventures	345,137	-	-	345,137
Other assets	10,332,491	-	-	10,332,491
TOTAL ASSETS	**1,011,991,412**	**-**	**-**	**1,011,991,412**
LIABILITIES				
Deposits from Central Banks and other credit institutions	73,228,647	-	-	73,228,647
Customer deposits and other advances	787,234,531	-	-	787,234,531
Provisions	6,039,607	-	-	6,039,607
Other liabilities	27,046,712	-	-	27,046,712
TOTAL LIABILITIES	**893,549,497**	**-**	**-**	**893,549,497**
SHAREHOLDERS EQUITY				
Equity capital	3,000,000	-	-	3,000,000
Revaluation reserves	5,823,538	-	-	5,823,538
Other reserves and transferred results	75,365,073	-	-	75,365,073
Net profit for the year	34,253,304	-	-	34,253,304
TOTAL SHAREHOLDERS EQUITY	**118,441,915**	**-**	**-**	**118,441,915**
TOTAL LIABILITY AND SHAREHOLDER EQUITY	**1,011,991,412**	**-**	**-**	**1,011,991,412**

The following lines explain in greater detail the impacts of the adoption of IFRS 9 on the classification and measurement of financial instruments and the determination of impairment losses on financial assets.

c) Classification and measurement of financial instruments

The table below presents the measurement category and the accounting value of the financial instruments, in accordance with IAS 39 and IFRS 9, on January 1, 2018:

IAS 39			IFRS 9		
Category	**Measurement**	**Accounting value**	**Category**	**Measurement**	**Accounting value**
Cash and equivalents at Central Banks	Amortized cost	130,411,935	Cash and equivalents at Central Banks	Amortized cost	130,411,935
Cash equivalents at other credit institutions	Amortized cost	8,735,172	Cash equivalents at other credit institutions	Amortized cost	8,731,320
Applications at Central Banks and other credit institutions	Amortized cost	19,208,389	Applications at Central Banks and other credit institutions	Amortized cost	19,193,034
Financial assets at fair value through profits and losses	FVTPL (designated)	134,184,233	Investments at amortized costs	Amortized cost	525,575,876
Investments held to maturity	Amortized cost	392,058,425			
Customer loans	Amortized cost	284,438,098	Customer loans	Amortized cost	285,124,087

Notes: FVTPL - Fair value through profit and losses

d) Reconciliation of the book value of the balance sheet in IAS 39 and IFRS 9

The table below shows the reconciliation between the carrying amounts of the financial assets according to the measurement categories of IAS 39 and IFRS 9 on 1 January 2018 (transition date):

		FINANCIAL ASSETS AT AMORTIZED COST			
	Notes	IAS 39 31-12-2017	Reclassification	Remeasurement	IFRS 9 01-01-2018
Cash and cash equivalents at Central Banks					
Open balance under IAS 39		130,411,935	-	-	130,411,935
Remeasurement: losses for impairment	(A)	-	-	-	-
Final balance under IFRS 9		130,411,935	-	-	130,411,935
Cash equivalents at other credit institutions					
Opening balance under IAS 39		8,735,172	-	-	8,735,172
Remeasurement: losses for impairment	(A)	-	-	(3,852)	(3,852)
Final balance under IFRS 9		8,735,172	-	(3,852)	8,731,320
Applications with Central Banks and other credit institutions					
Opening balance under IAS 39		19,208,389	-	-	19,208,389
Remeasurement: losses for impairment	(A)	-	-	(15,355)	(15,355)
Final balance under IFRS 9		19,208,389	-	(15,355)	19,193,034
Investments at amortized cost					
Opening balance under IAS 39		-	-	-	-
Transfer: from investments held to maturity (IAS 39)	(C)	-	392,058,425	-	392,058,425
Transfer: from assets at fair value through profit and losses (IAS 39)	(D)	-	134,184,233	-	134,184,233
Remeasurement: losses for impairment	(B)	-	-	(666,782)	(666,782)
Final balance under IFRS 9		-	526,242,658	(666,782)	525,575,876
Investmentos held to maturity					
Opening balance under IAS 39		392,058,425	-	-	392,058,425
Transfer: to investments at amortized cost (IFRS 9)	(C)	-	(392,058,425)	-	(392,058,425)
Final balance under IFRS 9		392,058,425	(392,058,425)	-	-
Customer loans					
Opening balance under IAS 39		284,438,098	-	-	284,438,098
Remeasurement: losses for impairment	(B)	-	-	685,989	685,989
Final balance under IFRS 9		284,438,098	-	685,989	285,124,087
TOTAL FINANCIAL ASSETS AT AMORTIZED COST		**834,852,019**	**134,184,233**	**-**	**969,036,252**

		FINANCIAL ASSETS AT JUST VALUE THROUGH PROFIT AND LOSSES			
	Notes	IAS 39 31-12-2017	Reclassification	Remeasurement	IFRS 9 01-01-2018
Financial assets designated at fair value through profit and losses					
Opening balance under IAS 39		134,184,233	-	-	134,184,233
Transfer: to Investments at amortized costp (IFRS 9)	(D)	-	(134,184,233)	-	(134,184,233)
Final balance under IFRS 9		134,184,233	(134,184,233)	-	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE THRPOUGH PROFITS AND LOSSES		**134,184,233**	**(134,184,233)**	**-**	**-**

Notes:

(A) As part of the application of the requirements of IFRS 9, the Bank determined additional impairment losses for the following financial assets against "Retained earnings":
- Cash and cash equivalents at other credit institutions;
- Applications to Central Banks and other credit institutions; and
- Investments at amortized cost.

(B) Reversal of impairment for loans to customers, resulting from the application of the new methodology for recognition of impairment losses.

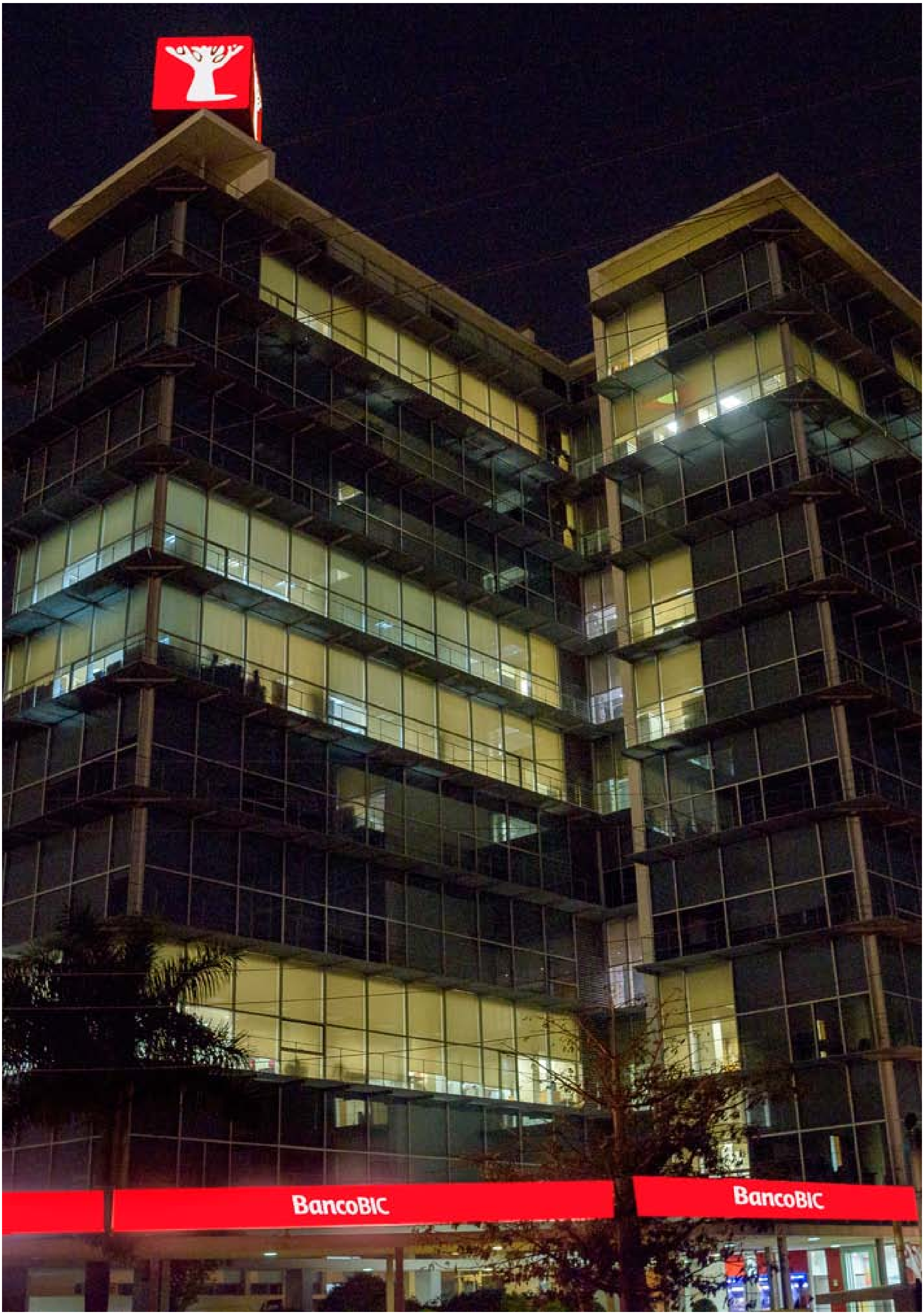
(C) Reclassified debt instruments, following the elimination of the previous category of IAS 39, without change in its measurement basis, from "Held-to-maturity investments" to "Investments at amortized cost" (new category in accordance with IFRS 9).

(D) Classification in "Investments at amortized cost" of debt securities previously in "Financial assets at fair value through profit or loss", whose business model is "held to collect" and whose characteristics of the contractual cash flows fall within the scope definition of SPPI.

e) Reconciliation of impairment losses on the balance sheet between IAS 39 and IFRS 9

The table below shows the reconciliation between the book values of impairment and provisions on the balance sheet according to the measurement categories of IAS 39 and IFRS 9 as of 1 January 2018 (the date of initial application):

Measurement category	Losses for impairment IAS 39/ IAS 37	Reclassification	Remeasurement	Losses for impairment/ IFRS 9 provisions
Cash equivalents at other credit institutions	-	-	3,852	3,852
Applications at Central Banks and other credit institutions	-	-	15,355	15,355
Investments at amortized cost	-	-	666,782	666,782
Customer loans	87,956,827	-	(685,989)	87,270,838
	87,956,827	**-**	**-**	**87,956,827**
Guarantees and commitments made	2,137,432	-	-	2,137,432
	90,094,259	**-**	**-**	**90,094,259**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REPORT OF THE INDEPENDENT AUDITOR

Introduction

1. We examined the financial statements of Banco BIC S.A., which include the Balance Sheet as of December 31, 2108, which shows a total of 1,307,705,501 thousand Angolan kwanza and a total capital of 234,000,044 thousand Angolan kwanza, including a net profit of 51,004,268 thousand Angolan kwanza, as well as the income statement, with results and other integral income, the changes to equity and the cash-flows for the year, and the corresponding notes.

Responsibility of the Board of Directors for the Financial Statements

2. The Board of Directors is responsible for the appropriate preparation and presentation of these financial statements, in accordance with the International Financial Reporting Standards issued by the IASB – International Accounting Standards Board, and for the internal control that it determines necessary to prepare the financial statements to ensure there are no material distortions resulting from fraud or error.

Responsibility of the Auditor

3. Our responsibility is to express an independent opinion on these Financial Statements based on our audit, which was carried out in accordance with the Technical Standards of the Accountants and Accounting Experts Association of Angola. These standards oblige us to comply with ethical requirements and to plan and execute the audit so as to obtain a reasonable guarantee that the Financial Statements are free of material distortions.

4. An audit involves carrying out procedures to obtain auditing evidence of the amounts and disclosures in the financial statements. The procedures chosen depend on the judgment of the auditor, including the evaluation of the risks of material distortion of the financial statements due to fraud or error. In evaluating these risks, the auditor considers the relevant internal controls for the appropriate preparation and presentation of the financial statements by the company in order to prepare auditing procedures that are appropriate to the circumstances, but not with the intent of expressing an opinion about the efficacy of the company's internal controls. An audit also includes the evaluation of the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We are certain that the auditing evidence we obtained is sufficient and appropriate to sustain our qualified auditing opinion.

C&S – Assurance and Advisory, S.A. | Rua Kwamme N'Krumah, nº 31 – 6º B | Maianga | Luanda | Angola
NIF: 500 002 85 50 | Tlm: 244 923 443 149 |

Basis for the qualified Opinion

6. As described in Note 2.3, line j), the Bank is partially applying the principles defined by IAS 29 – Financial reporting in hyperinflationary economies ("IAS 29), by updating its equity on a monetary basis, which it did in 2008 and again starting in May 2016. However, the Angolan Banking Association (ABANC) and the National Bank of Angola (BNA) have issued an interpretation noting that the requirements of IAS 29 have not been totally met in order for Angola to be considered hyperinflationary and, as a consequence, with the exception of the aforementioned partial application, the Board of Directors of the Bank decided to continue to not apply in full the dispositions of that Standard in its financial statements of December 31, 2018, in line with what had been its position with reference to December 31, 2017. On December 31, 2018 the accumulated rate of inflation for the preceding three years was more than 100%, regardless of the index used, which is an objective and quantitative condition that leads us to consider, in addition to the existence of other conditions described in IAS 29, that the functional currency of the financial statements of the Bank of December 31, 2018 corresponds to the currency of a hyperinflationary economy. In these circumstances, in order to present its financial statements for that date, the Bank should have fully adopted the dispositions set out in that standard, including the updating of its non-financial assets, in particular the "Other tangible assets," revalued the various components of its shareholder equity, as well as restating the financial statements of the previous year, presented for comparison purposes. However, we did not obtain information sufficient that would allow us to quantify with rigor the effects relative to the increases in assets and in shareholder equity of the Bank on December 31, 2018, which we consider to be significant.

Opinion

7. In our opinion, except for the possible effects of the material described in paragraph 6 above, the financial statements present, in a form that is true and appropriate, in all materially relevant aspects, the financial position of Banco BIC, S.A. on December 31, 2018, the result and integral income of its operations, the changes to its shareholders equity and the cash-flows for the year ending on that date, in conformity with the International Financial Reporting Standards issued by the IASB – International Accounting Standards Board (Note 2).

Luanda, April 22, 2019

C&S – Assurance and Advisory, S.A.
Registered with the Accountants and Accounting Experts Association of Angola with nr. E20180018 and with the Capital Markets Commission with nr. 001/AE/CMC/02-19
Represented by:

Eurico César Gomes da Silva
(Accounting Expert nr. 20120074)

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Supervisory Board Report

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders of Banco BIC, S.A.

1. As set out in the law and the bylaws of the company, we present the report of the supervisory activity carried out as well as our opinion on the financial statements presented by the Board of Directors of Banco BIC, SA (Bank) for the year ending December 31, 2018.

2. Over the course of the year we accompanied, with the periodicity and to the extent we considered appropriate, the evolution of the Bank's activity, the regularity of the accounting registry and the compliance with the applicable legal and statutory standards. We also received, from the Board of Directors and from diverse divisions of the Bank, the information and clarifications requested, which were necessary for the issuance of our opinion.

3. We analyzed the content of the Auditor's Report, issued by C&S – Assurance and Advisory, S.A., which is reproduced in its entirety here and which contains a qualified opinion as referred to in paragraph 6 of its report.

4. We are obliged to inform the shareholders that the non-application in full of the dispositions set out in IAS 29 – Financial reporting in hyperinflationary economies results from the instructions issued by the National Bank of Angola, the financial sector regulator, and by ABANC, which presents an analysis of the Angolan economy considering that it is not hyperinflationary. Instructions issued by the National Bank of Angola, as supervisor and regulator of the financial sector, are obligatory and must be applied under the laws and regulations of the country.

5. As part of our functions, we examined the Balance Sheet for December 31, 2018, the financial statements, the results and other integral income, the changes to shareholders equity and the cash-flows for the year ending on that day, and the corresponding notes, including the accounting policies and value measurement criteria used.

6. In addition, we analyze the Management Report for 2018 prepared by the Board of Director and the proposal for the application of results it included.

7. Given the above, and taking into consideration the work carried out, we are of the opinion that the General Meeting should:

    a. Approve the Management Report for the year ending December 31, 2018

    b. Approve the accounts relative to that year, and

    c. Approve the proposal for the application of results.

8. We would like to express our recognition of the Board of Directors and the Bank's divisions, for their collaboration with us.

Luanda, April 22, 2019

The Supervisory Board

Sérgio Henrique Borges Serra
Chairman

Maria Ivone de Freitas Pereira dos Santos
Member

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