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Tunda Vala Rift (Tundavala), with a view over Bibala.
Huíla.

Approval of the Board of Directors

The members of the Board of "Banco Comercial Angolano, S.A." are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in this report.

To satisfy this responsibility the Bank has put in place systems of internal accounting and administrative control, to ensure that its assets are safeguarded and that transactions are executed and recorded in accordance with the rules and procedures adopted.

The audited financial statements for the year ended on the 31st of December 2015, presented herewith were approved by the Board of Directors and are signed on its behalf by:

Francisco da Silva Cristovão
Chairman

Mateus Filipe Martins
Chief Executive Officer

Luanda, April 12th, 2016

Enormous baobab tree near Xangongo.
Cunene.

Banco Comercial Angolano

Board Report 2015

Board Report 2015

The operating strategy adopted by the bank since 2009 ensured a satisfactory profitability (the shareholders' equity more than doubled) notwithstanding several adverse situations, such as, the 2010 financial crisis, the current economic crisis derived from the low crude oil prices in the market, the new regulations implemented by the Angolan Central Bank in order to reduce the risk of failures in the banking sector, and the review of the tax system which resulted in a higher tax burden for both individuals and corporates.

For the period 2015-2017 the focus is on improving efficiency across the bank and also attaining greater balance sheet growth. In order to achieve these objectives, a lot of effort will go into:

- Growing and diversifying the customer base;
- Sourcing stable term deposits at a reasonable cost of funding;
- Reducing the concentration risk for the advances portfolio and the deposits through the diversification of the advances book in terms of type of clients and industry sectors.

The above means that there is a need for a closer relationship with the customers and also the provision of services closer to the customers through a wide footprint and alternative distribution channels. In this regards, one of the key objectives that has to be achieved by the end of 2017 is an increase in our branch network to at least 50 branches in 14 out of 18 provinces in the country in an effort to guarantee a growth of the customer base to at least 100 000 customers of which 80% to 90% would have debit cards and at least 60% would be on our electronic banking channels such as internet banking, SMS banking and Mobile banking. In addition to these already existing products and services, the bank will seek to launch new and innovative products and services in the near future.

The bank will also continue to invest in:

- the improvement of compliance processes and systems in the customer on boarding, payment filtering for sanctions purposes and the improvement of risk management systems and tools for Anti Money Laundering purposes;
- perfecting the IT and operational infrastructure to ensure sustainable growth;
- training and capacitating of our staff members at all levels;
- increasing shareholders' equity in order to provide solidity to the bank;
- the upgrade of the bank's IT and Business Continuity Management Plans and infrastructure and;
- creating value for all stakeholders.

The bank's vision continues to be "A referenced universal bank in Angola focusing mainly on corporate and institutional banking yet maintaining a close eye on the prospects offered by the individual customer segment".

The bank's mission continues to be to "Create value for our stakeholders by providing world class banking services to our clients through maintaining excellent relationships with all those who contribute to the bank's growth;

consolidating the banks image, reputation and prestige and ultimately by increasing our market share".

Financial Indicators

Assets

In 2015, the bank realised a growth of 51% in its total assets, due to an increases in: cash and cash equivalents, in order to comply with the statutory obligations with the Central Bank – 146% (i.e. statutory reserves and a RTGS for participation on the weekly foreign currency auctions); trade and securities investment – 21%; more loans granted to the economy – 38%; and the investment on fixed assets – 54%.

Liabilities

On the liabilities side, just like on the asset side, there was a similar significant increase of 58% due to more demand deposits captured resulting in an increase of 106% in these deposits.

Equity

The equity increased as a result of the net profit from the previous financial year.

Income Statement

The net interest margin increased by 70%, as a result of the investment realised in more loans and advances (with a 57% contribution) and in trade securities resulting in greater returns from these instruments (32%).

On the other hand, the non-interest margin increased slightly, as a result of the incoming fees received (53%), and the foreign exchange profits (11%).

Proposal for the appropriation of the 2015 profits

In accordance with the Angolan financial Institutions laws, we propose that the after tax profit, amounting to AKZ 1.483.302 thousand be appropriated as follows:

AKZ 1.213.172 thousand to be allocated to accumulated reserves;

AKZ 270.630 thousand to be declared as dividends at the rate of AKZ 43,30 per share.

Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive officer

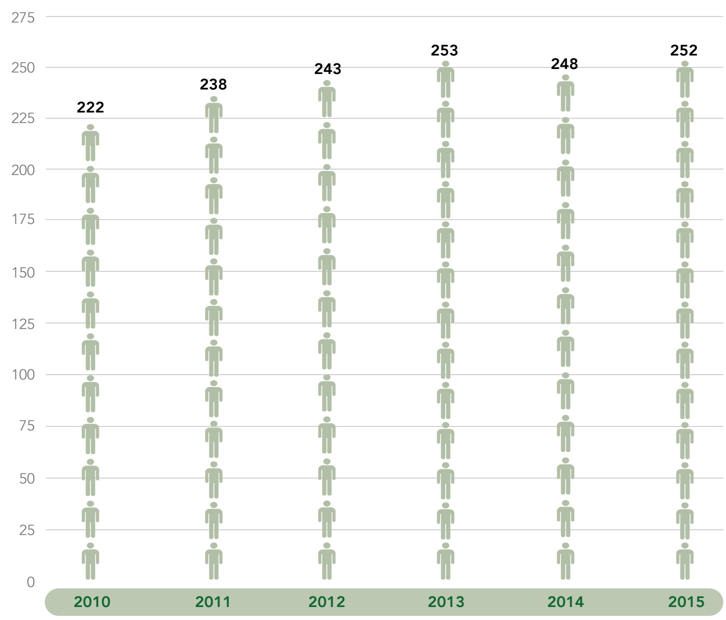
Katchillwa Falls (Zootechnical Station Waterfull or Humpata Waterfall)
near the Zootechnical Station in Humpata.
Huíla.

Growth of BCA

Growth of BCA

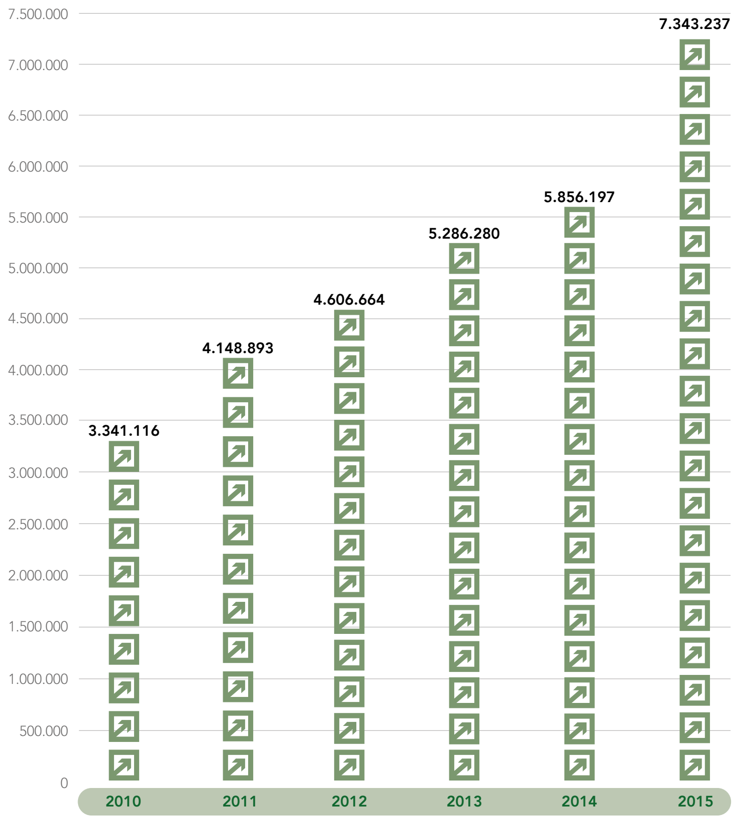
Customers

Total Employees

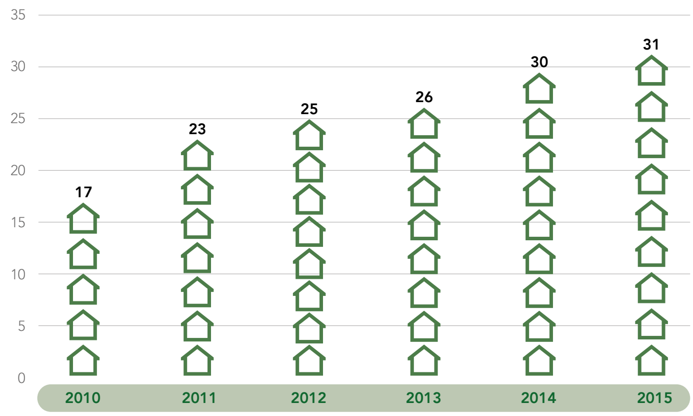


Banco Comercial Angolano

Equity

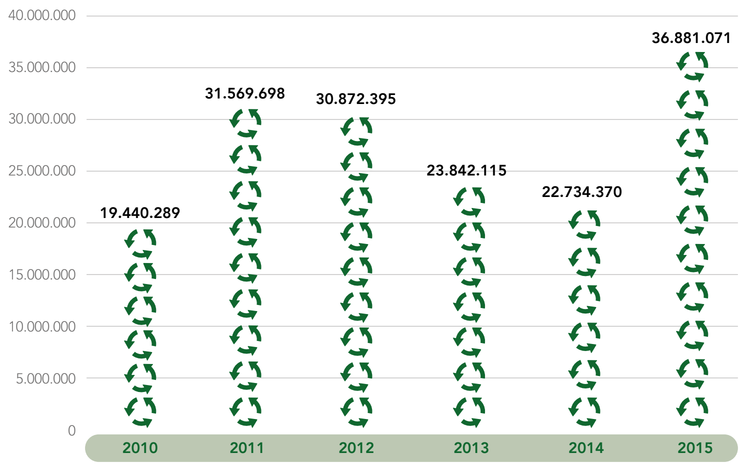


Branches

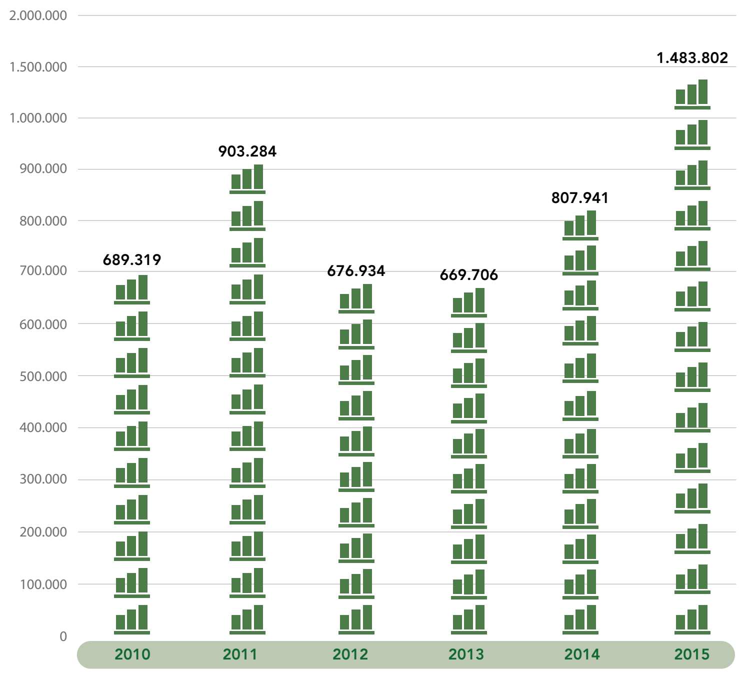


Growth of BCA

Customers Assets



Net Profits



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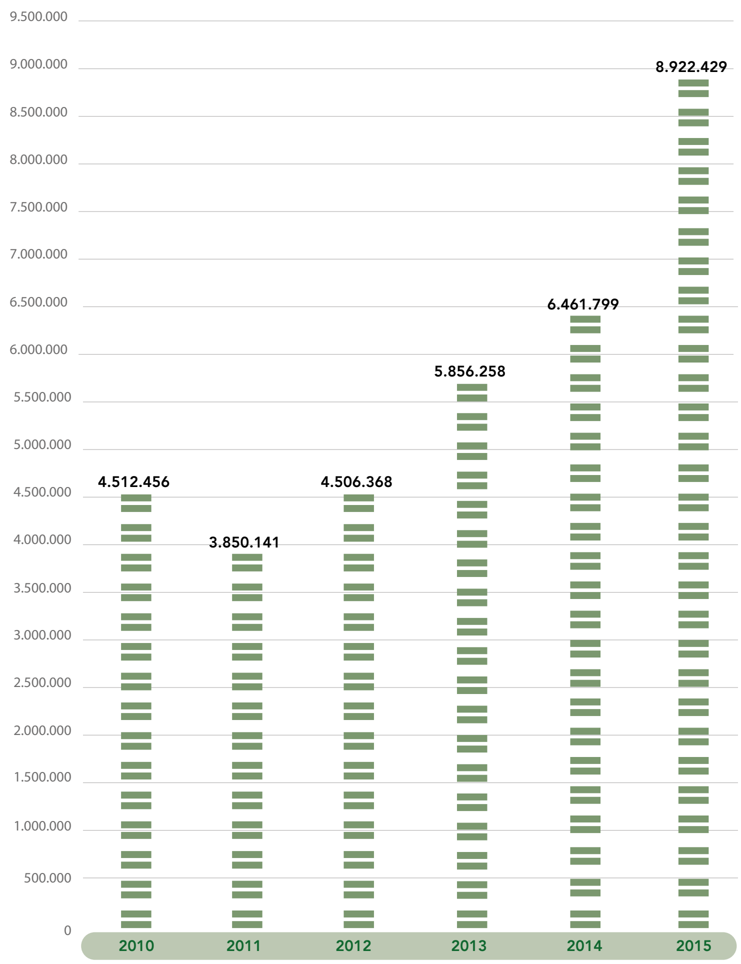
Loans



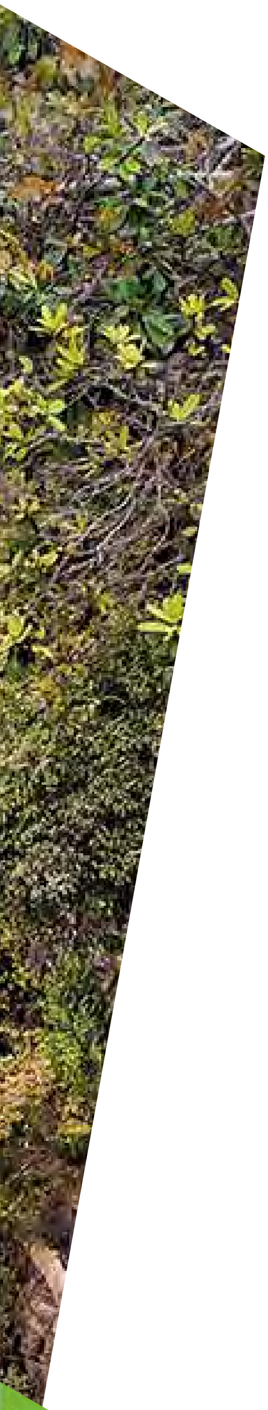
Near the mouth of the River Dande, where you can see the river water mingling with the Atlantic Ocean.
Bengo.

Key Indicators

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Balance Sheet				
Total Assets	46.844.708	346.190	30.924.788	300.641
Loans and Advances	8.922.429	65.938	6.461.799	62.819
Customers Liabilities	36.881.071	272.557	22.734.370	221.016
Shareholders' Equity	7.343.237	54.267	5.856.197	56.932
Activity				
Net Interest Income (NII)	2.543.977	21.022	1.498.935	15.216
Net Operating Margin (NOM)	4.650.734	38.431	3.288.588	33.384
Operating Costs (OC)	2.789.031	23.047	2.345.993	23.815
Operating Profit (OP)	1.861.703	15.379	942.595	9.569
Net Profit (NP)	1.483.802	12.261	807.941	8.202
NII/NOP	54,7%	54,7%	45,6%	45,6%
Non-Int. Income/NII	90,5%	90,5%	120,6%	120,6%
Cost-to-Income	55,5%	55,5%	67,0%	67,0%
OP/ Average Assets	6,0%	6,0%	7,6%	7,6%
Solidity				
Non-Perfoming Loans/Total Loans	3,7%	3,7%	6,9%	6,9%
Provisions/Non-Perfoming Loans	128,2%	128,2%	53,7%	53,7%
Return on Avg. Assets (ROAA)	3,2%	3,2%	2,6%	2,6%
Return on Equity (ROE)	22,5%	22,5%	14,5%	14,5%
Capital Adequacy Ratio	47,8%	47,8%	44,1%	44,1%
Fixed Assets Ratio	77,9%	77,9%	73,8%	73,8%
Gearing Ratio (Debt/equity)	593,2%	593,2%	496,0%	496,0%
Top 20 Loans/Equity	75,3%	75,3%	85,7%	85,7%

Kalandula (formerly Duke of Bragança) falls, with a view over the River Lucala downstream from the falls. It is the largest tributary of the River Kwanza. Malanje.

Governance and Management Structure



GOVERNANCE STRUCTURE

General Assembly

Vice-Chairman	Mário António de Sequeira e Carvalho
Secretary	José Francisco Luís António

Board of Directors

Chairman (Non-executive)	Francisco da Silva Cristóvão
Director (Non-executive)	António Daniel Pereira dos Santos
Director (Executive)	Mateus Filipe Martins
Director (Executive)	Mathias Tohana Nleya
Director (Executive)	José Carlos de Almeida Marques

MANAGEMENT STRUCTURE

Executive Commitee

Chief Executive Officer	Mateus Filipe Martins
Director	Mathias Tohana Nleya
Director	José Carlos de Almeida Marques

Heads of Department

· Head of Finance	Helder Lisboa
· Head of Risk and Credit	Tatiana Muhongo
· Head of Treasury	Bo Kronback
· Head of Internal Audit	Hirondina Ferreira
· Head of Human Resources	Hernani Cambinda
· Head of Operations	Zuleica Pereira
· Head of Infrastructure & Branch Epansion	João Reis
· Head of IT	Pedro Bernardo
· Head of Legal	Delfina Cumandala
· Compliance Officer and Head of Policies & Procedures	Lizeth Lemos
· Head of Retail Banking	Mário Leitão
· Head of Corporate Banking	José Carlos de Almeida Marques

The River Kwanza seen from the Kissama National Park, Bengo.

BCA
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Corporate Governance Statement

Corporate Governance Statement

The Board of Directors remains committed to the maintenance of the highest corporate governance standards in the operations and structures of the Bank. In order to align the bank's governance structures with best practices and also the new Central Bank regulation, Notice 01/2013, the following were created at the board of directors level:

a) Board of Director Executive Office

Is composed by the three executive directors, and is headed by the Chief Executive. In accordance with the "Banco Comercial Angolano" statutory policies, and the Executive Office rules, the board of directors is empowered to manage the Bank.

The three Executive Directors have, according to BCA statutory policies, their duties shared among their commercial and control supporting areas, in the light of the Board of Directors rules and as disposed by the BNA Notice number 1/2013 of the 22 of Marsh.

b) Risk, Compliance and Audit Commission

Is ruled by a Non Executive Director and composed by the Executive Director, the financial Executive Director, and the Executive Director for the Control area; the Coordinating Director for the Credit and Risk area; the head of Internal Audit Department and the Compliance Officer.

c) Staff remuneration and Heads of department appointment commission

Chaired by the Chief Executive Officer, it is composed by the Executive Directors, Non Executive Director, Coordinating Directors, Retail Banking and Finance head departments.

d) Credit committee of the Board of Directors

Chaired by the Non-Executive Chairman, this committee is composed by the two Non-Executive Directors and one Executive Director. It analyses, discusses and approves the credit processes up to USD 2.000.000, and appreciates and approves the recommendations of the Management Credit Committee.

Despite the fact that the Bank running management has been allocated to the Board of the Directors, the following committees were created:

CMC (Management Committee)

This Committee is composed by the Executive Directors (EXCO) and the heads of all the departments in the bank. It discusses, recommends the implementation and changes to the bank's policies and, procedures among other things. Meetings of this committee are held on a monthly basis and are chaired by the CEO.

Executive Credit Committee

The Executive Credit Committee is comprised by the Executive Directors and the heads of the Credit, Risk, Legal, Retail and Corporate banking departments. It analyses and approves, should that be the case, loans and advances up to a maximum of USD 2.000.000, and recommends loan facilities above this sanctioning level to the Board Credit Committee for approval. This Committee meets whenever loan applications within the above criteria are presented and is chaired by the CEO.

Investments Committee

It is composed by all Executive Directors and the heads of Credit and Risk, Legal, Retail Banking, corporate banking departments, and the compliance officer. It assesses and decides on the bank liquidity placement with the Money Market and trade and security investments. The committee meets by the CEO invitation.

Staff Credit Committee

This committee is made up of the heads of the credit department, human resources department and the legal department. It analyses and approves staff loans and advances and recommends approved loans for ratification by the management credit committee.

Board Credit Committee

This committee is made up of 2 non executive directors and 1 executive director. It analyses and approves loans and advances above USD 2.000.000 as recommended for approval by the management credit Committee. The Committee is chaired by the Non Executive Chairman of the board.

New products committee

This Committee is made up of the heads of the Retail banking, Corporate banking, Credit and Risk, Marketing and Information Technologies departments and is chaired by the Executive Director for Retail and Corporate Banking. This Committee is responsible for analysing, discussing and recommending the implementation of new products within the bank.

Asset and Liability Committee (ALCO)

The Asset and Liability Committee (ALCO) is composed by the Executive Directors and the heads of the following departments: Financial, Credit, Market Risk, Corporate Banking, Retail banking and Treasury. The ALCO has the responsibility of assessing, recommending, and supporting the bank's operations by adding value to the business through the effective management of liquidity and market risks, determining risk appetite for these classes, managing assets mix and maximising the bank's income. This committee meets ordinarily every month and is chaired by the Finance Director.

Loan Recoveries Committee

The Loan Recoveries Committee is comprised by the Executive Directors, the heads of Credit and Risk, Legal, Retail and Corporate banking. It discusses and decides on actions to be taken to recover non performing loans and to limit credit losses. The committee meets once a month and is chaired by the CEO.

Risk management committee

This Committee meets on a quarterly basis to review and recommend risk management policies, procedures and profiles for the following risks:

- Operational risk;
- Reputational risk;
- Money laundering risk;
- Compliance and legal risk.

The Committee meetings are chaired by the CEO.

Branch expansion operational group

This Committee defines the branch expansion strategy and evaluates the associated costs together with discussing and monitoring progress on all new branch projects. It is chaired by the CEO and is composed of two Executive Directors, the head of the infrastructure department and any other ad-hoc members.

Technical support operational group

The technical support committee is responsible for the design and functioning of all the IT infrastructure of the bank. It is composed by two Executive Directors and the head of the IT department and the IT security Manager.

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Banco Comercial Angolano

The River Kwanzaseen from the Kissama National Park. Bengo.

Sunrise in the Tunda Vala region (Tundavala). Dry branch of a tree in the midst of the vegetation typical of this altitude. Huíla.

Banco Comercial Angolano

Risk Management Report

Risk Management Report

Risk management is a core capability of "Banco Comercial Angolano" (BCA) and is integral to the execution of its activities, evaluating strategic alternatives and setting objectives aligned with its strategy.

BCA's philosophy is underpinned by its objective of creating stakeholders value through sustainable and profitable growth, consistent with shareholders' expectations of the group's risk-bearing capacity and risk appetite.

The BCA Risk Management System considers six major types of risks, as displayed below (Figure 1).

BCA's risk and ethical culture is aligned with its risk philosophy. The bank's objective is to ensure that a world-class risk management culture is sustained throughout its operations.

The Risk Management System is governed by the following principles:

- Board commitment in defining, formalizing, implementing and reviewing the risk management system, installing in BCA, a culture driven for prudential management of the risks;
- Periodic review of the bank structure, to assure a proper distribution and segregation of responsabilities so that execution and validation activities are not assigned to the same employee;
- Correct, accurate, and reliable data output;
- All employees must be submitted to a risk and compliance training, and must adopt a proactive rather than a reactive attitude;

Figure 1

· The risk management system implemented is not only a result of compliance with legal obligations issued by the regulator, but a result of best practices in the market, leading to the operations efficiency and effectiveness as well.

There are several players who intervene in the Risk Management and Internal Control Systems, each one, with specific duties and responsabilities. Three major lines of defence are defined: (Figure 2)

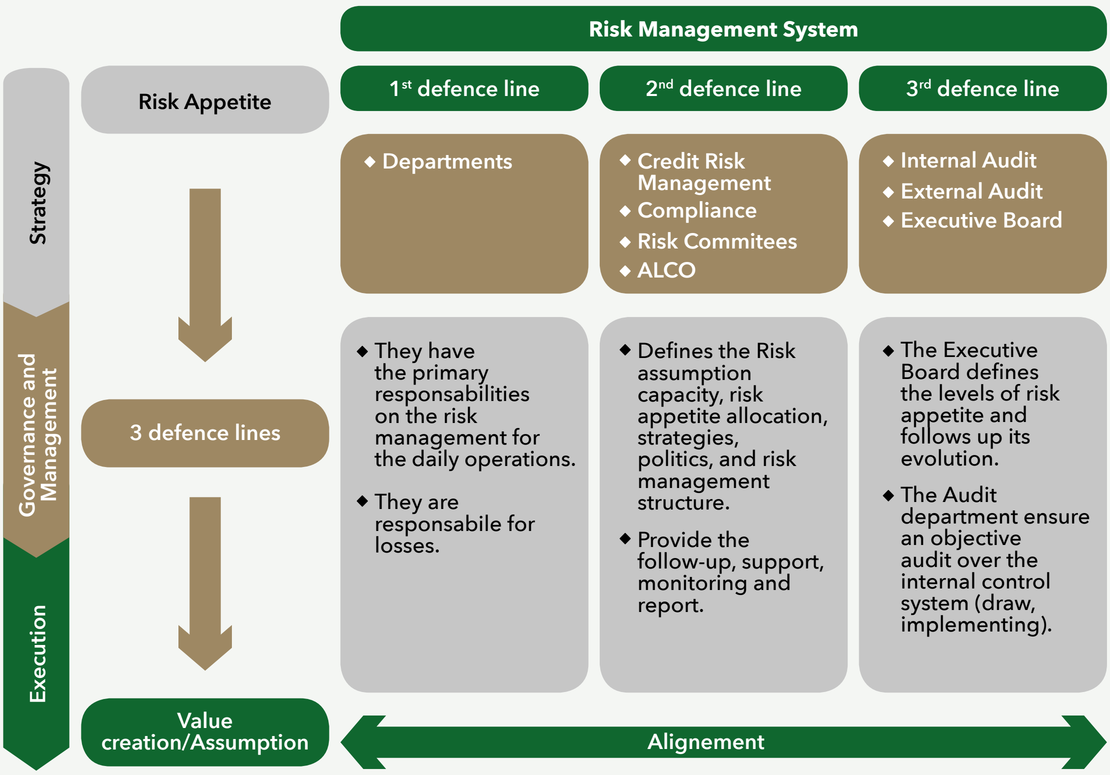


Figure 2

Risk Management Report

Credit Risk

The loan risk refers to the risk of financial loss (capital and/or revenue) as a result of a debtor default, for any reason. Credit risk arises from a potential failure to meet financial commitments contractually established by a borrower or counterparty in transactions. The credit risk exists mainly in loans exposures, credit lines and guarantees associated with the possibility of financial losses resulting from the failure of borrowers or counterparties, particularly in loans granted to small, medium and large companies, small businesses, private individuals and other financial institutions.

The Bank endeavours to grant loan facilities based on loan principles with appropriate returns, balancing the risk and the revenue. The general policy is to find primary motivation in the:

- Merits of the business;
- Debtor's financial position;
- Transaction (the decision should never be based on guarantee only).

A balance between risk and customer quality service must be held. A quality service does not imply granting loans to entities that are not creditworthy.

The credit risk assessment procedure uses qualitative and quantitative methodologies, to ensure that all risks are addressed, either through automated calculations or through the customer relationship. The Bank will not grant loans of any nature to any customer lacking the capacity to pay back the debt.

The aim of the Bank is to concede loans to any companies and/or individuals, based on their own financial capacity and not exclusively based on the main company confidence, others debtors, or the granted guarantee base.

Facilities should be granted to an individual or a company in whose name the assets used as security are registered.

Assessment of the individuals and companies financial profile varies depending on the sector, individuals, and efforts should be made in order to use comparative studies as a guideline, where available.

It is essential to develop mutual trust and confidence through personal contact with customers to whom we are conceding loans. In the case of businesses, we must visit its physical location, at least once a year, preferably at the time facilities assessment is undertaken.

In general, the bank will seek unlimited guarantees and cession or loans accounts capitalization (except of partnerships) of the directors/ partners/ curators as guarantee for the facilities granted to companies, corporations, partnerships, curators and spouses, in the case of individuals.

The following organs are responsible for credit sanctioning on behalf of the bank, according to their responsibilities: Credit Department, Staff Loans Committee, Executive Credit Committee, and the Board Credit Committee.

Strategic Risk

The strategic risk is derived from adverse changes in the business environment, unresponsiveness to these changes and inadequate strategic management decisions that could inhibit the bank from achieving its long term objectives/goals.

Liquidity Risk

The liquidity risk is the risk of compromising the financial capacity of the bank, in such a way that the current operations cannot be financed and the financial commitments cannot be accomplished in due time. In accordance with Basel III, issued after the "subprime crisis", which has a goal of adopting the banks with enough equity to face liquidity crisis, the Central bank, in cooperation with local banks, is developing instruments to assess the liquidity risk exposure. This will be done through regulatory calculations that take into consideration the weighting of different classes of assets, liabilities and off balance sheet exposures in both local and foreign currency based on their maturity profiles. The central bank has established a minimum liquidity ratio that all banks will have to comply with and which seeks to avert a liquidity crisis in the banking sector.

The risk of commercial liquidity refers to the risk of the incapacity for covering the open positions of financial instruments in a fast way and in enough value at market prices, preventing adverse financial impacts, resultant so much of liquidity shortage in the Market or for the fact of the market to meet contained.

The careful administration of the liquidity is fundamental for the viability of the Bank. The administration of the liquidity risk includes a general approach on the Balance Sheet structure, which consolidates and synthesizes all of the origins and application of the liquidity, for besides including the analysis of the liquidity, of the profitability and of the sensibility of the different elements of the assets and liabilities relatively to variations of the interest tax. The liquidity risk management is developed independent and regularly by the Director of Risk and it is reported to the Assets and liabilities Committee (ALCO) and the Executive Board.

The effective management of liquidity risk seeks to achieve the following main objectives:

- To satisfy the customer requirements for cash withdrawals, loans and advances and other short-term liquidity requirements;
- To ensure that there is a buffer for any seasonal changes to demand for liquid assets are adequately catered for;

Risk Management Report

- To ensure the right balance between covering cyclical fluctuations in customer demand and the holding of excessive liquid assets with low returns;
- To minimise the potential negative impact of changes in market conditions that may affect the bank; and
- To provide security against the negative consequences that may be generated by a loss of confidence by customers resulting in a run on banks.

To reach the objectives above proposed, the following instruments are used for liquidity management:

- Monitor and manage the liquidity cost in the Bank through daily meetings of liquidity;
- Assure that the Bank possesses, at any moment, a certain amount of net assets as protection against an unexpected movement in the cash flow ;
- Consider and manage the characteristics and the risks of the different liquidity sources, adopting appropriate funding strategies (including the constitution of a wallet of bottoms, diversified and stable), according to the Bank's needs of liquidity;
- Reduce the liquidity risk emanated from improper funding source concentrations — to guarantee the appropriate diversification of deposits structure, to examine the trust level in a certain specific source of funding;
- Consider the need of diversification of the liquidity sources, assets' stability and the readiness of the alternative sources of funding to the liquidity.

In general, the liquidity risk is managed by the approach on the cash flow, with the final purpose of assuring an appropriate level of monthly liquidity (avoiding an improper concentration of funds, as well as accomplishing with the limits of cash flows expressed as percentage of the total deposits and current accounts) through the funding strategy optimization, always considering the weighted interest rate and the projected growth in the Balance Sheet.

The liquidity risk process monitoring includes:

- Monthly Cash flows expressed as percentage of the total deposits and current accounts;
- Required reserves and other required regulations.

The Treasury and Markets department of the Bank is responsible for the liquidity regulations accomplishment, issued by the Board of Directors.

Market Risk

Market risk derives from the potential negative impacts or losses due to adverse movements in the banks trading book or portfolio instruments such as stocks, bonds and commodities prices. Market risk arises mainly from short positions in bonds and equity instruments, currencies, commodities and derivatives.

The evaluation of market risk considers:

- The price volatility of the positions portfolio, such as, bonds, securities, foreign currencies, commodities and derivatives;
- The concentration risk in portfolio, through identification of significant positions: in the same type of product, in the same currency, in the same counterparty or related counterparties, to the same collaterals or guarantors;
- The effects of correlation between positions, affected by common risk factors;
- The position amount in assets with low liquidity (reduced volume of transactions).

Market risk is categorized by the following risks: market risk, exchange rate risk and interest rate risk.

Exchange Rate Risk

The exchange rate risk results from adverse movements in exchange rates resulting from currency positions caused by the existence of financial instruments denominated in different currencies.

This risk is based on changes in the price of instruments that correspond to open positions in foreign currencies (transaction risk), changes in book value for the conversion into the currency of bookkeeping of open positions in foreign currencies (conversion risk) and change of the bank competitive position due to significant variations in exchange rates (economic risk of exchange rate).

Evaluation of Exchange Rate Risk considers:

- Total amount of positions subjected to reevaluation by the conversion to the base currency;
- Volatility of the relevant exchange rates;
- Analysis of the magnitude of impacts on income and capital due to different scenarios of evolution in currency rates, through a simulations.

Interest Rate Risk

The risk of interest rate is derived from movements in interest rates resulting from discrepancies in the amount, the maturity or the repricing terms of interest rates observed in financial instruments with interest receivable and payable.

Through matched funds transfer pricing and asset/liability repricing, risk is transferred from businesses. The inherent mismatch is managed centrally within an agreed risk tolerance at net income level. In doing so, the effects of interest rates on other aspects of the business, which may offset the impact of interest rates on net interest income, are also considered.

The assessment of interest rate risk should consider:

- Evolution trend of interest rates in different time horizons;
- Gap analysis that details, by maturity periods or repricing, which the liquid position at risk of interest rate.

Quantitative limits for interest rate risk are established to meet BCA's goal of containing its exposure to adverse consequences arising from changes in prevailing interest rates.

The Bank should use models of simulation of liquid incomes of interest (projections) to evaluate its exposure to short term interest rate alterations. The management Board can annually establish and approve limits of sensibility for liquid income of interests. At least, the Bank should quarterly measure the sensibility for its liquid incomes of interest according to variations of the interest rate. The results propitiated by the models of simulation of liquid incomes of interest illustrate the premature impact, in at least two different and hypothetical sceneries, of variations in the interest rates, for the periods of at least one year. One of the sceneries contemplates, as much as possible, the best estimate relatively to the more probable future conditions of the interest rate. Another of the sceneries reflects the Board's estimative relatively an extremely adverse level of the interest rate and it is used to evaluate the behaviour of the liquid incomes of interest in tension conditions.

Reward profiles of the risk with an interest rate to twelve months (with the defined reward as the accomplishment or about accomplishment of the variable destiny - as they are liquid incomes of interests and their expected components and the defined risk as the negative variation of the variable destiny), for the income of the liquid interest and their components, they are quantified and appraised through an approach of understanding simulation.

This simulation approach collects a variety of possible sceneries of interest rate. In the development of sceneries of interest rates, several factors are considered such as the level and the prevalent structure of interest rates, as well as the historical movements.

The interest rates can have a direct or indirect influence in the business in the following way:

- Assets Margin: The assets margin at risk is the impact that adverse movements at price, volumes and assets composition level (product type, structures of the customers' base) have in the value of the Bank assets. Regarding the connection between the assets price and the loans risk, the expected loans losses constitute an intrinsic cost to the loan business. The loan risk is, however, managed as a part of the normal management activities process and the loans portfolio monitoring, according to the current loans risk policies;

- Liabilities Margin: The liabilities margin at risk is the impact that the adverse movements at prices and liability composition level (product type, etc.) have in the value of the bank liabilities;
- Exploration Result: measured through the negative deviation from the set fees level, commissions and service rate, as a consequence of the business risk resulting from the non accomplishment of the sales objectives, reduction of prices due to pressures of the competitors and the reduction on the transactions volume. The risk associated to revenues from the trading and investment activities is managed as an integral part of the market, trade and investment risk;
- Operating expenses: measured through the negative deviation from the set operating expenses level, which can happen due to the occurrence of no planned costs, inadequate costs control and under-use of the installed capacity.

Operational Risk

BCA defines the operational risk as the risk caused by inadequate internal processes, people or systems, the possibility of internal and external fraud, the information systems failure to prevent unauthorized access, to ensure data integrity or ensure business continuity in the event of failure, arising from violations or non-conformities in relation to laws, regulations, contracts, codes of conduct, established practices or ethical principles.

Operational risk management forms part of the day-to-day responsibilities of all business units and specialist function management. Several specialist functions also attend to specialised areas of operational risk management contained within the causal structure of the operational risk definition.

BCA follows the Basic Indicator Approach (BIA) in managing operational risk for now, however, the intention is to migrate towards the more sophisticated forms of quantifying operational risk as stipulated in Basel II. The current approach helps manage operational risk as this helps to:

- Reduce the operational risk management events and associated financial losses;
- Strengthen the BCA brand and the bank's economic capital;
- Satisfy the central bank requirements;
- Make a proactive follow-up of significant operational risk management events, ineffective controls and possible breaches of indicative limits;
- Establish appropriate risk appetite and tolerance;
- Delegate competencies and authorisation limits;

- Define the resource allocation format.

A record loss resulting from operational risk situations in order to create historical data base to be used in the future to move to an internal developed calculation model and operational risk management, is kept to be the most efficient of the three models accepted by Basel II.

Reputational Risk

Reputational risk results from the adverse perception of the image of the institution by customers, counterparties, shareholders, investors, supervisors and the general public.

The evaluation of Reputational Risk considers:

- The trust degree that clients place in the institution, particularly, in terms of financial strength and honesty in business transactions, which can be evaluated through the evolution of customer base, customers rotation, questionnaires or surveys results and/or any opinion studies conducted by the bank with its customers and the image that results from press stances;
- The perception of clients, suppliers and other counterparties on the institution behavior regarding the duty of confidentiality, ethical principles, legal dispositions and common practices, through tracking of evolution in quantitative and substantive claims of counterparts and litigations, the evolution of quantitative or substantive claims made to Central Bank or press news;
- The perception of investors and analysts regarding transparency, sufficiency and credibility of information released by the institution, the legal and ethical principles and practices implemented, in the form of financial analysts reports, the evolution of the note attributed and the quality of financial reports issued;
- The satisfaction degree of employees, expressed in through questionnaires and/ or any opinion polls conducted by the institution to its employees.

Sunrise in the Tunda Vala region (Tundavala). Dry branch of a tree in the midst of the vegetation typical of this altitude. Huíla.

Slavery Museum, Mussulo Bay.
Luanda.

Banco Comercial Angolano

Macroeconomic Overview

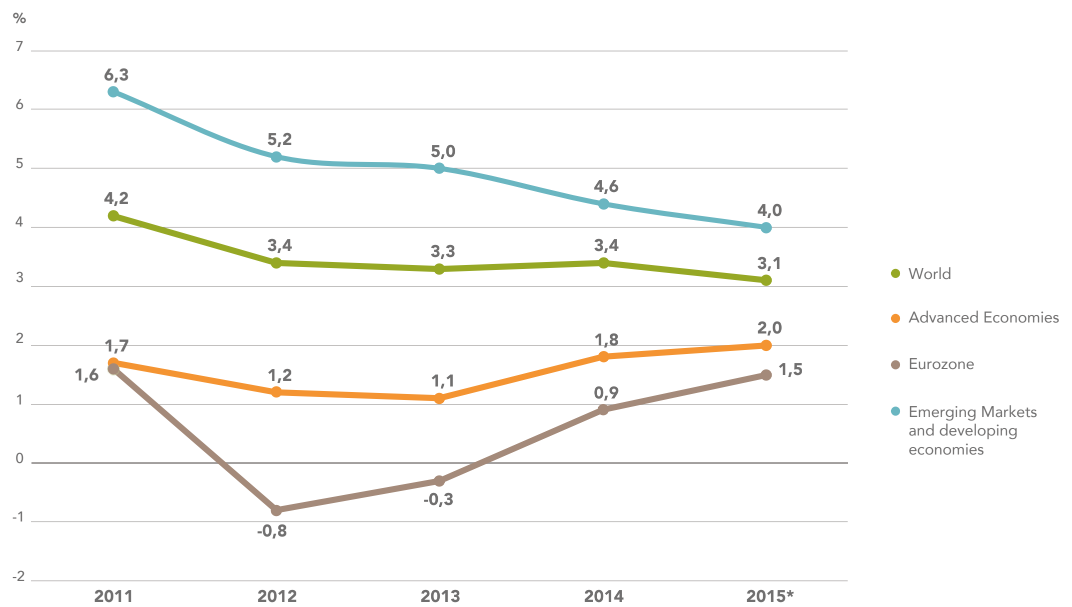
Macroeconomic Overview

Global Economy

The year under review was marked by a slowdown compared to 2014. GDP growth in 2015 is estimated at 3.1%, a reduction of 0.3 percentage points compared to the previous year. Among the various reasons for this reduction are the slowdown of emerging economies and lacklustre recovery in economic activity in the advanced economies.

The persistent fall of commodity prices also contributed to the slowdown, by bringing downward pressure on the currencies of emerging economies, as did the consequences of the so-called contagion effect among the economies, mainly between China and the oil and metals exporting countries.

GDP growth percentage – Global Economy



Source: IMF

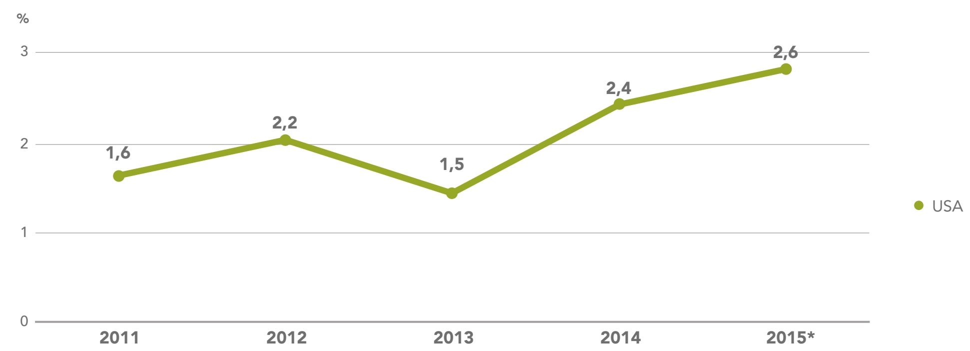
** The 2015 figures are World Economic Outlook projections dated October 2015.*

Developed Economies

United States of America (USA)

The US economy continues to be the world's largest, with GDP of almost USD 18 trillion, well ahead of China with USD 11.4 trillion and Japan with USD 4.1 trillion. With the exception of a small group, the US is almost the only country of the developed economies that is performing positively. GDP growth is improving and rose to 2.6% in 2015.

GDP growth percentage – USA



Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

This advance is fairly positive when viewed in the light of Canada's performance (one of the largest US trading partners), where GDP fell from 1.4% to 1%.

The unemployment rate is continuously falling and is now considered to be at its "natural" level, which means wage and price pressures.

Unemployment rate – USA

Country	2011	2012	2013	2014	2015*
USA	4,2	3,4	3,3	3,4	3,1

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

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With regard to inflation, the US goal is 2%. Due to the dynamics of the economy the rate is rising, though still modest.

End-of-period inflation – USA

Country	2011	2012	2013	2014	2015*
USA	3,1	1,8	1,3	0,6	0,9

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

Following the crisis of 2008, the US introduced quantitative easing (monetary expansion) measures, aimed at maintaining a considerable amount of liquidity in the banking system to encourage banks to boost lending to businesses and individuals. The policy entails massive purchases of securities of banks by the Federal Reserve Bank (FED), as a means of injecting liquidity into the banks. The FED considered the effect of this monetary expansion sufficiently positive. It came to an end in late 2014. The result of this measure was an increase of the FED Funds rate in December 2015 – the first since 2008.

Eurozone

The Eurozone continued to grow moderately, having added 0.6 percentage points to growth in 2014, to stand at 1.5% in 2015.

This growth is based on a broad diversification among the countries of the zone. Ireland is the pacesetter with 4.8% growth, followed by Luxembourg at 4.4%.

Considering just the four largest countries, which account for 76% of the GDP of the Eurozone, growth was uneven. Spain is in front at 3.1%, in the middle are Germany and France at 1.5% and 1.2%, respectively (close to the Eurozone average) and Italy still has a weak economy with a growth of 0.8%. The only country with a negative growth is Greece, at -2.3%, indicating that the country still has structural problems to overcome.

GDP growth percentage – Eurozone countries

Country	2011	2012	2013	2014	2015*
Germany	3,7	0,6	0,4	1,6	1,5
France	2,1	0,2	0,7	0,2	1,2
Italy	0,6	-2,8	-1,7	-0,4	0,8
Spain	-0,6	-2,1	-1,2	1,4	3,1
Portugal	-1,8	-4,0	-1,6	0,9	1,6
Greece	-8,9	-6,6	-3,9	0,8	-2,3
...					
Eurozone	**1,6**	**-0,8**	**-0,3**	**0,9**	**1,5**

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

The Eurozone's economic problems are clearly revealed when analysing jobless rates. The average of the zone is twice that of the US, though there are major differences between the various countries. At the top is Greece with 26.8%, in line with the negative growth of its economy. Spain also has a high rate, despite the relative decline over the past three years. Portugal, Italy and France have rates close to the regional average. And the best unemployment rate is that of Germany.

Unemployment rate – Eurozone countries

Country	2011	2012	2013	2014	2015*
Greece	17,9	24,4	27,5	26,5	26,8
Spain	21,4	24,8	26,1	24,5	21,8
Cyprus	7,9	11,9	15,9	16,1	16,0
Portugal	12,7	15,5	16,2	13,9	12,3
Italy	8,4	10,6	12,2	12,7	12,2
France	9,1	9,7	10,3	10,3	10,2
Germany	5,9	5,4	5,2	5,0	4,7
...					
Eurozone	**10,2**	**11,4**	**12,0**	**11,6**	**11,0**

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

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During 2014 the Eurozone was exposed to a threat of deflation, and the European Central Bank (ECB) implemented measures to prevent price declines with a view toward revitalising the economy. One of them was the introduction of negative rates on placements of liquidity with the ECB by the banks, the purpose being to induce the banks to boost their lending and thus spur investment. Another initiative introduced early in 2015 was the launch of a quantitative easing programme similar to that of the US. The ECB announced the monthly purchase of bonds in the sum of EUR 60 billion. This injection of liquidity into the banking system encouraged banks to extend credit.

Year-end inflation – Eurozone countries

Country	2011	2012	2013	2014	2015*
Italy	3,7	2,6	0,7	-0,1	1,9
Spain	2,4	2,9	0,3	-1,0	0,7
Germany	2,3	2,1	1,2	0,2	0,2
France	2,7	1,5	0,8	0,0	0,1
Portugal	3,5	2,1	0,2	-0,3	0,0
...					
Eurozone	**2,7**	**2,5**	**1,3**	**0,4**	**0,2**

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

Italy has the highest inflation, estimated at 1.9%, revealing structural problems, with weak economic numbers and high unemployment. The success of this quantitative easing is doubtful because the banks have difficulties in increasing their portfolios of loans to companies and to households given their already high levels of debt.

With regard to public expenditure, there are still limitations due to high debt levels. Thus, on average, the Eurozone has a 70% debt to GDP ratio. Since the maximum level of debt should stand at 60%, the possibilities of governments (in general) stimulating their economies are remote.

Net debt as percentage of GDP – Eurozone

Country	2011	2012	2013	2014	2015*
Eurozone	58,2	66,3	69,0	70,0	70,1

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

Japan and Other Developed Asian Countries

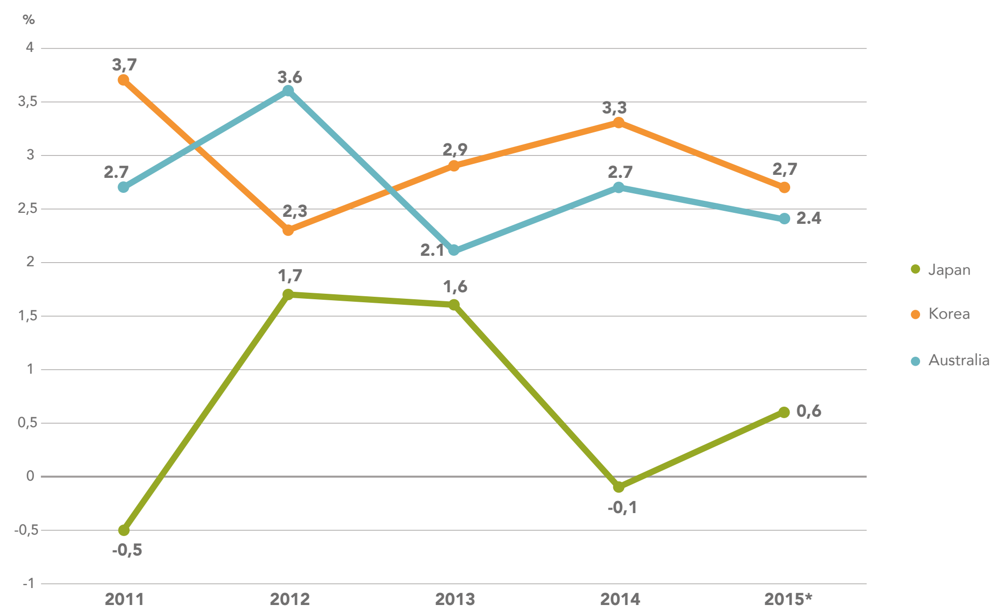
This group includes three countries of great weight: Japan, Korea and Australia, which respectively rank third, eleventh, and twelfth amongst the world's largest economies.

Contrary to Korea and Australia, Japan has difficulties in maintaining a reasonable pace of growth. In 2014 it recorded negative growth and in 2015 its GDP growth is estimated at just 0.6%.

Although the rates of growth of Korea and Australia have slowed they are still well above that of Japan.

Macroeconomic Overview

Growth by percentage

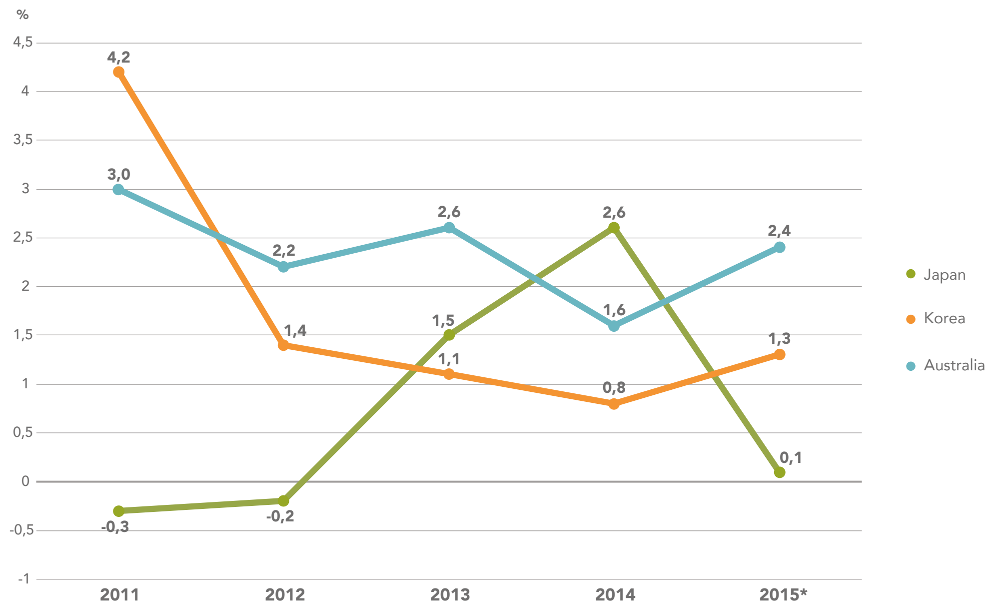


Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

The Central Bank of Japan also used quantitative easing as a tool to increase liquidity in its banking system. During several years Japan experienced deflation and, in 2015, it was expected to have a rate slightly above zero. Korea and Australia have more comfortable inflation figures.

End-of-period inflation



Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

Japan is also characterised by very high public debt, which limits future government measures to stimulate the economy.

Net public debt as percentage of GDP

Country	2011	2012	2013	2014	2015*
Japan	127,2	129,0	122,9	126,1	126,0
Korea	31,1	31,1	33,9	35,4	37,7
Australia	8,1	11,2	13,2	15,6	17,5

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

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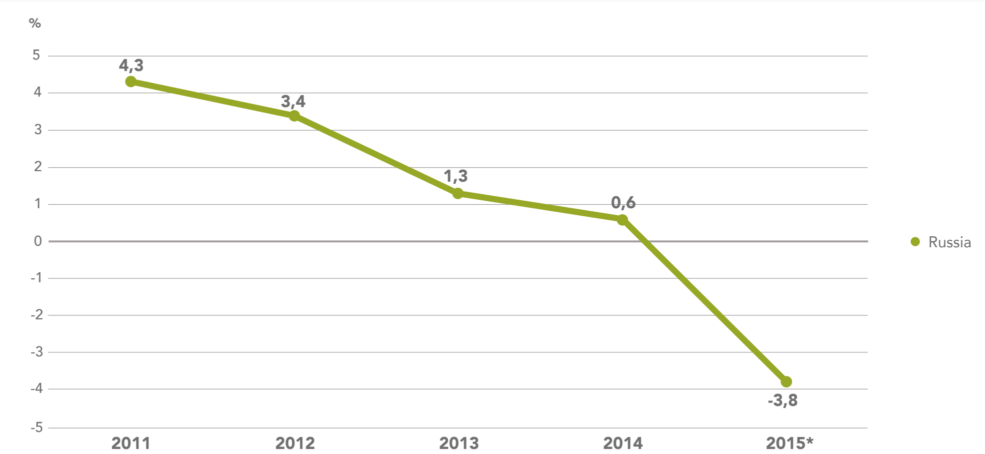
Japan is actively using the exchange rate as a means to improve the economy and ensure a positive balance of payments. The exchange rate of the US dollar against the Japanese yen rose from 80 to 125 in August 2015. Due to Japan's structural problems the market brought the USD/JPY lower.

Developing Economies and Emerging Markets

Russia

Russia's GDP dropped drastically, as a result of sanctions imposed because of the war of occupation of the Ukraine and falling oil prices.

GDP growth percentage – Russia



Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

With the brutal decline of the value of exports, the Russian rouble devalued by 50% between the end of 2014 and the end of 2015.

Asia

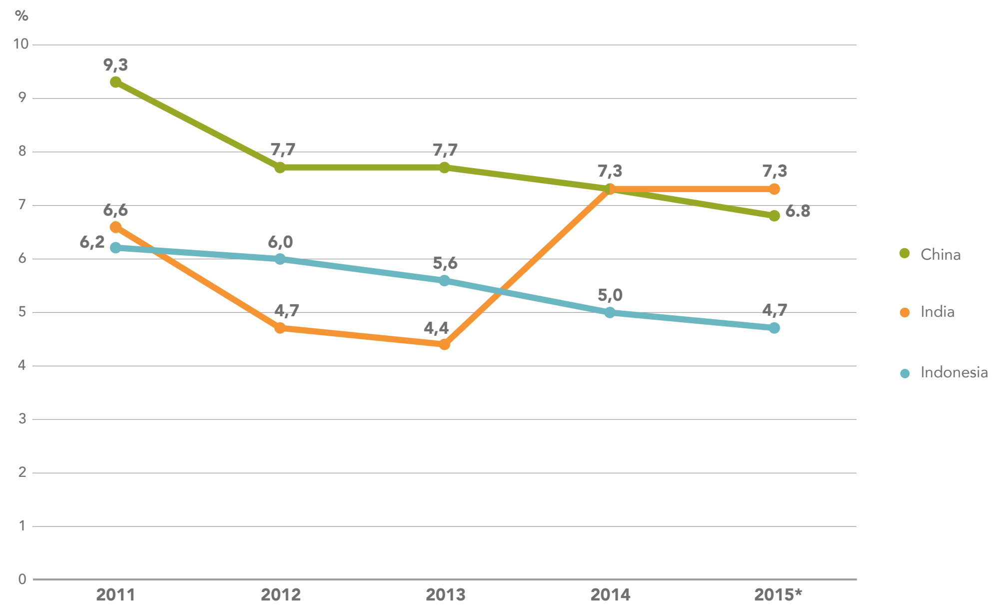
China, India and Indonesia account for 50% of the GDP of the region's countries.

China, the Asian colossus, has recently adopted policies for sustainable growth. The large growth rates recorded over the past three decades were based on high rates of investment, about half of the GDP in

some years, and high exports. Investment levels such as these can render projects unprofitable or even a waste for the investor, and one effect of this was the ballooning of the real-estate bubble. China is therefore redefining its growth strategy at this time, focusing more on domestic consumption to maintain strong GDP growth, to the detriment of investment and exports.

Growth in India, currently Asia's largest at 7.3% in 2015, is the result of recent reforms in economic policies, which consisted of increased investment and took advantage of falling oil prices. It should be pointed out that, in addition to the favourable conditions described, the difference of 2.9 percentage points between the growth rates in 2013 and 2014 is partly the result of the revision by India's Central Statistics Office (CSO) of the national accounts in order to make them more detailed and comparable with those of other countries.

GDP growth percentage



Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

Macroeconomic Overview

Indonesia's GDP, estimated at 4.7% in 2015, was below the target of 5.7% due to the global downturn in 2015. The government has increased investments in infrastructure and stimulated private investment. But with the low prices of goods, tax revenue and exports did not reach the expected levels.

Latin America and the Caribbean

South America again experienced economic difficulties similar to those six years ago at the height of the global financial crisis. In 2015, the South American economy contracted 1.5%, this time influenced by Brazil and Venezuela to a greater extent.

As Brazil is dependent to a certain extent on commodities, mainly agricultural, the fall of these prices had a clear effect on its export revenues. With the deterioration of the balance of payments current account, Brazil suffered constant devaluation – from a 2.70 exchange rate against the dollar in early 2015 to almost 4.00 at the end of 2015. As a result, the GDP measured in USD fell drastically.

GDP nominal growth in USD billions – South America

Country	2011	2012	2013	2014	2015*
Brazil	2.613	2.412	2.391	2.347	1.800
Mexico	1.171	1.187	1.262	1.291	1.161
Argentina	559	608	622	543	579
Colombia	336	370	380	378	274
Chile	251	265	277	258	240
Peru	171	193	202	203	180
Venezuela	298	298	218	206	132
...					
South America	**5.874**	**5.843**	**5.899**	**5.799**	**4.949**

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

This situation holds for most countries as shown in the above table, not only for the 7 countries of greater weight shown in the table, but also to South America as a whole.

Venezuela recorded the biggest drop, the projections suggesting a contraction of 10% in 2015, reflecting the political issues exacerbated by sanctions, and an ever-increasing deterioration of the economic climate.

GDP growth percentage – South America

Country	2011	2012	2013	2014	2015*
Brazil	2,7	1,0	2,3	0,1	-3,0
Mexico	4,0	3,9	1,1	2,1	2,3
Argentina	8,9	1,9	4,3	0,5	0,4
Colombia	6,6	4,2	4,3	4,6	2,5
Chile	5,7	5,5	4,2	1,9	2,3
Peru	6,5	6,0	5,8	2,4	2,4
Venezuela	4,2	5,6	1,0	-4,0	-10,0
...					
South America	**4,6**	**3,1**	**2,7**	**0,7**	**-1,5**

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

GDP has fallen in three countries: Brazil, Venezuela and Ecuador. Growth in the remaining countries is modest.

Sub-Saharan Africa

With the fall of oil prices and other commodities, the economic slowdown in China, which until the threshold of 2015 was the biggest export destination for most countries of sub-Saharan Africa, and the risks that international finance entails, it is not too pessimistic to expect that the region will have grown 3.8% in 2015, 1.2 percentage points less than in 2014.

Macroeconomic Overview

GDP growth percentage – Sub-Saharan Africa

Country	2011	2012	2013	2014	2015*
Nigeria	7,4	6,6	6,3	6,3	4,0
South Africa	3,6	2,5	1,9	1,5	1,4
Angola	3,9	5,2	4,1	4,8	3,5
Kenya	4,4	4,6	5,6	5,3	6,5
Ethiopia	11,4	8,5	9,7	10,3	8,7
Tanzania	7,9	5,1	7,3	7,0	6,9
DRC	6,9	7,1	8,5	9,2	8,4
...					
Sub-Saharan Africa	**5,5**	**4,9**	**4,9**	**5,0**	**3,8**

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

The 7 countries listed in the above table account for 75% of the GDP of sub-Saharan Africa.

The adverse effects of the oil price fall are clear to see in the GDP growth rates of Nigeria and Angola. Nigeria, which in two consecutive years grew by 6.3%, fell by 2.3 percentage points to stand at 4%. Angola lost 1.3 percentage points compared to growth of 2014, with October projections suggesting a growth rate of 3.5%.

GDP nominal growth in USD billions – Sub-Saharan Africa					
Country	2011	2012	2013	2014	2015*
Nigeria	248	467	522	574	515
South Africa	404	397	366	350	324
Angola	104	115	124	129	106
Kenya	34	50	55	61	66
Ethiopia	31	43	47	52	58
Tanzania	34	39	44	48	46
DRC	25	28	33	36	39
...					
Sub-Saharan Africa	1.459	1.533	1.614	1.680	1.510

Source: IMF

** The 2015 figures are World Economic Outlook projections dated October 2015.*

South Africa fell back slightly due to the difficulties of the export sector, public finance and the business climate in general.

With a more developed and diversified economy, Kenya achieved GDP growth of 1.2% to stand at 6.5%.

The situation is also positive in low-income economies that, due to investments in infrastructure and increased private consumption, continue to have the best growth rates.

Macroeconomic Overview

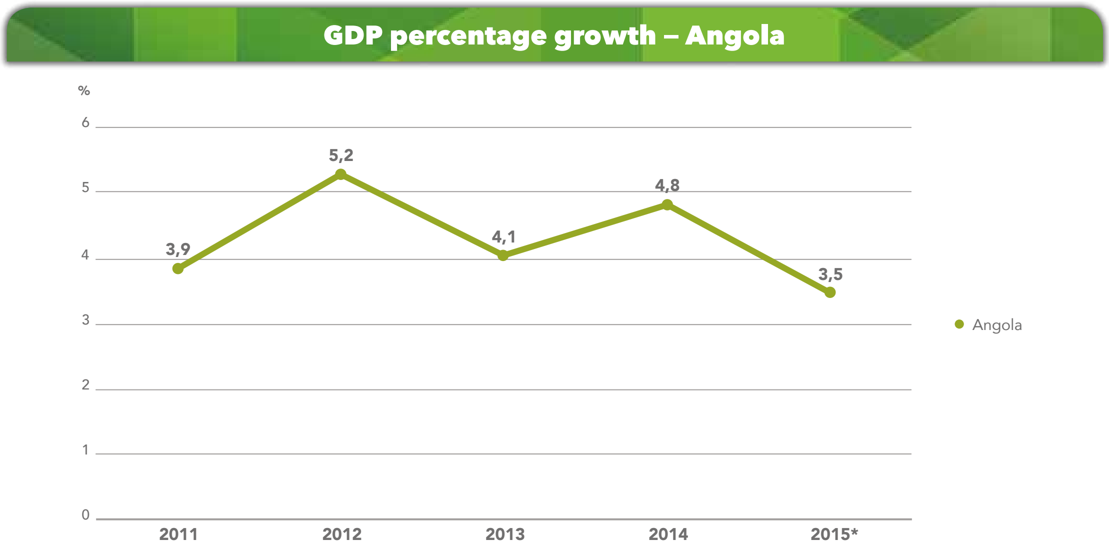
Angolan Economy

Overview of Economic Growth and Social Issues

The year under review began with great concerns for the country, which had to revise its Budget in the first quarter, after the revenue forecast was adjusted downward by 35.7 per cent due mainly to the effect of oil prices, which fell from USD 81/bl in the initial Budget to USD 40/bl in the revised budget.

The fluctuations in the reference oil price for Angola's exports, BRENT, sluggish oil demand and the incipient fruits of the diversification of the economy led institutions to predict lower future economic growth rates than the 3.5 per cent rate forecast for 2015.

More recent news, such as that of rating agency Fitch, point to 2.5% growth in 2016, and another, from the Economist Intelligence Unit (EIU), portends growth of just 1.1% for that year, though both agree that only in 2017 will the economic scenario promise a resumption of growth, with prospects for improvement in the price of the main export product.



Source: IMF

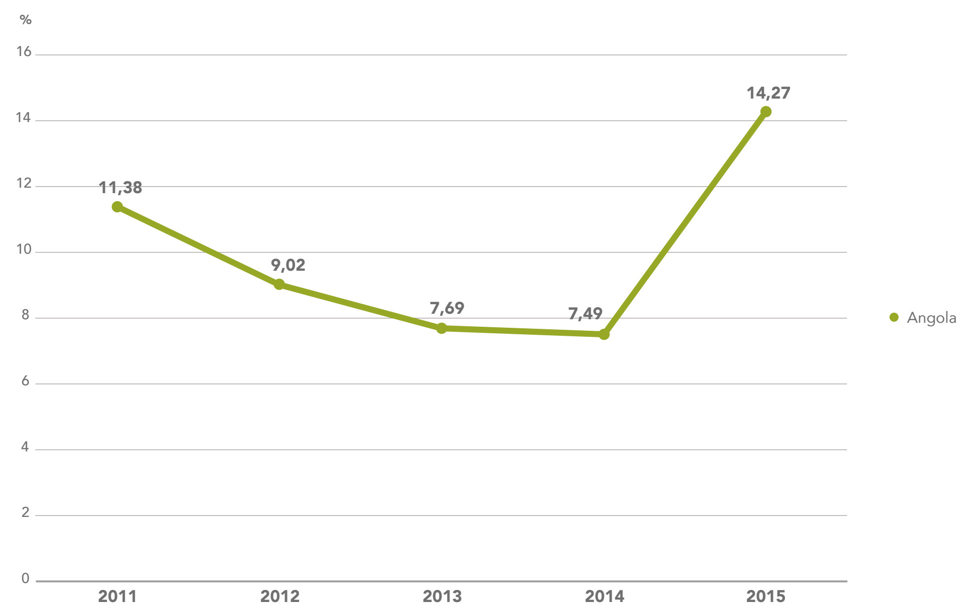
** The 2015 figures are World Economic Outlook projections dated October 2015.*

According to the final data of the 2014 Census, the country human development improved, with a life expectancy at birth of 60.29 years. However, this figure is far above that published by the UNDP in its latest Human Development Index report for 2015, suggesting a 52.3 years life expectancy at birth of Angolans and is in contradiction with the US National Institute on Aging, which, last March, stated that the life expectancy at birth is 55.6 years and not the figure published in the 2014 Census.

Inflation

The year under review marks not only the return to double-digit inflation, but also a twofold increase in the cost of living compared to the 2014 figures. The inflation rate in 2015 is 6.78 percentage points higher than that of 2014. The revised Budget for 2015 was prepared with an expected inflation on 7%, which has always been far lower than that observed, for two main reasons: the higher costs of imports, a spillover effect of the depreciation of the Kwanza that up until a given point had served as the main curb on inflation, and the effect of the cuts in fuel subsidies.

Inflation – Angola



Source: BNA

Macroeconomic Overview

Currency and Monetary Policies

The national currency authority's management of the exchange rate during a lengthy long period of time gave off clear signs of unsustainability with gradual devaluations in 2015 and a devaluation of about 15% at the beginning of 2016, all as a legacy of the fall of oil revenues, the source of foreign exchange.

USD / AKZ Exchange rate - BNA Selling price

	2011	2012	2013	2014	2015
End-of-year exchange rate	95,52	96,072	97,862	102,94	135,988
% change	2,70%	0,60%	1,90%	5,19%	32,10%
Average exchange rate	**94,13**	**95,659**	**96,808**	**98,814**	**121,739**

Source: BNA

Reflecting the small inflow of USD, the amounts of USD sold by the BNA in auctions held in 2015 fell by 9% from the amounts sold in 2014, and during this period the currencies sold at auction were directed at sectors targeted as priorities, the greater part for the import of current consumer goods, sacrificing capital expenditure.

Amounts of USD sold in auctions, in USD millions

	2011	2012	2013	2014	2015
Amounts per year	14.888	18.201	19.282	19.175	17.484
Increase in %	28%	22%	6%	-1%	-9%
Monthly average	**1.241**	**1.517**	**1.607**	**1.598**	**1.457**

Source: BNA

The country's foreign exchange reserves continue the downward trend begun in 2014, reaching at 24,704 million USD in 2015. According to BNA, despite this reduction, these reserves are still sufficient to support six months of imports.

Foreign exchange reserves in USD millions

	2011	2012	2013	2014	2015
Foreign exchange reserves	26.084	30.632	32.213	27.795	24.704

Source: BNA

Money supply increased by 12% in 2015 compared with the 2014 figures. The M3 measured in national currency increased more slowly than in past years and the weight of foreign currency as a proportion of the money supply increased by 7% in 2015, when in the five previous years it had fallen by 2% on average, reflecting the widespread idea of economic agents to set aside reserves in foreign currency given the depreciation of the Kwanza.

Money supply in AKZ millions

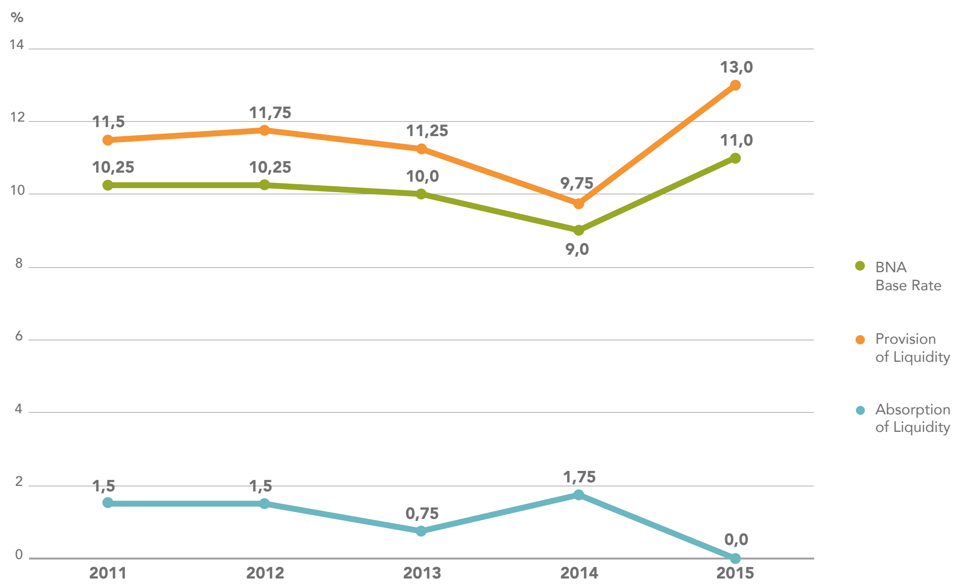
	2011	2012	2013	2014	2015	Variação
AKZ and Foreign Currency M3	3.673.111	3.883.037	4.396.681	5.110.120	5.711.899	12%
AKZ M3	1.916.380	2.156.467	2.650.018	3.411.644	3.902.817	14%
FE M3	1.756.731	1.726.570	1.746.663	1.698.476	1.809.083	7%
FE weigth as % of M3	48%	44%	40%	33%	32%	

Source: BNA

Signalling a restrictive monetary policy, during 2015 the BNA increased the base rate on five occasions, from 9% at the end of December 2014 to 11% at the end of December 2015.

Macroeconomic Overview

BNA rates



Source: BNA

State Budget and Tax Policy

The 2015 Budget was revised, with a 35.7% reduction of revenue, to AKZ 2,692.6 billion, and a spending cut of 33% to AKZ 3,499.1 billion, investment falling by 53% as a result of the adjustment of expectations for oil prices, which were cut from an overoptimistic USD 81/bl, to USD 40/bl.

The Government has outlined a set of priorities for tax policy that can be summarised as:

- Increasing non-oil revenues, with enlargement of the tax base and optimisation and modernisation of the public revenue collection system;

And on the spending side:

- Rationalisation of public expenditure in the State-owned enterprise sector, as part of the optimisation and subsidisation of the economy and other financial support provided by the State to public undertakings.

General State Budget (in AKZ billions)	2011		2012		2013		2014		2015	
Oil sector revenue	3.817	80%	4.050	80%	3.282	72%	2.962	69%	1.039	39%
Other sectors revenue	711	15%	744	15%	1.119	24%	1.128	26%	1.437	53%
Other revenues	248	5%	246	5%	169	4%	233	5%	217	8%

Source: BNA

The revised 2015 Budget predicts that the weight of the oil sector as a proportion of revenue will drop significantly, down to 39% compared to 69% last year. This reduction is possible because weak investments in the sector by operators may well mean that the rights of the concessionaire will fall 57.7%, as provided for by the Budget.

Foreign Sector

With regard to transactions with non-residents, the 2015 data have not yet been fully compiled by the institutions that constitute the primary source.

This notwithstanding, the Fast Foreign Trade Statistics Information Sheet (FIR ECE) of the National Statistics Institute (INE) for the 3rd quarter of 2015 and the revelations of the BNA Inflation Report for the 3rd quarter of 2015, show that up to September there was a goods trade surplus of around USD 10 billion. However, the trend of the Services account, historically and annually negative in the proportion of twice that balance, plus the Financial and Capital balances with the deficit recorded in 2014, leads us to predict that the 2015 year-end deficit will not be far distant from the deficit of that year, despite the fact that the BNA is restricting technical-assistance contracts with non-residents.

Macroeconomic Overview

Trade balance (in USD millions)

	2011	2012	2013	2014	2015[1]
Exports	67.310	71.093	68.246	59.170	14.212
Oil/oil derivatives	65.591	69.716	66.902	57.642	13.892
Diamonds	1.205	1.160	1.167	1.335	3
Agriculture and others	514,2	217,6	177,4	193	317
Imports	20.228	23.717	27.344	28.587	4.157
Trade balance	47.028	47.376	40.081	30.583	10.055

Source: BNA and INE (National Statistics Institute)
[1] The 2015 data included only transactions until September 2015. The FIR ECE data are in AKZ. The average BNA selling rate up to September 2015 (116,99 AKZ/USD) was used for their conversion into USD

Oil exports (million barrels)

	2011	2012	2013	2014	2015
Barrels of oil exported	586,4	617,0	609,3	586,9	669,8
Barrels of oil/day	1,6	1,7	1,7	1,6	1,8
Average price	110	112	108	96	40

Source: Ministry of Finance and 2015 State Budget Revised

If exports continue as seen through September 2015, oil will represent its traditional volume of not less than 97% of the total volume of the Country's exports.

Major trading partners (millions USD) [2]

Exports	2015	% country	% Group	Imports	2015	% country	% Group
France	5.799	41%		China	768	18%	
China	3.542	25%		Portugal	665	16%	
India	745	5%	78%	USA	387	9%	56%
Spain	600	4%		South Africa	271	7%	
USA	379	3%		Brazil	235	6%	
Total Exports	14.212			Total Imports	4.157		

Source: INE (National Statistics Institute)
[2] The 2015 data included only transactions until September 2015. The FIR ECE data are in AKZ. The average BNA selling rate up to September 2015 (116,99 AKZ/USD) was used for their conversion into USD

There are changes to Angola's five biggest trading partners, Canada and Taiwan relinquishing their places to France and Spain. By the third quarter, France came to be the largest trading partner, receiving 41% of Angolan exports. In all, the five largest partners account for 78% of Angola's trade with the rest of the world.

The weight of public debt in relation to the GDP rose by 3.31 percentage points to stand at 45.8% of GDP, and according to the Ministry of Finance, this is still a sustainable level.

Public debt (USD billions)

	2011	2012	2013	2014	2015
Domestic government debt	12	12	15	21	22
External Government debt	20	22	29	29	25
State-owned enterprise external debt	10	9	14	10	12[3]
Total publi debt	32	34	45	50	47
Public debt/GDP	31,1%	30,1%	35,7%	42,5%	45,8%

Source: Debt Management Unit (UGD) and 2016 State Budget
[3] There are still no official data on the debt of State-owned enterprises in 2015. This is only an estimate, the average figures for the past two years.

The degree of uncertainty hovering over the economy is reflected in the Central Bank's monetary policy measures and in the change of investment policy by commercial banks.

Arcos Lagoon (formerly São João do Sul Lagoon), Namibe.

BCA
Banco Comercial Angolano

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Av. Comandante Valódia, 83-A
Tel: (+244) 222 448 842/48/49
Fax: (+244) 222 449 516
E-mail: bca@bca.co.ao
SWIFT: COMLAOLU

Deolinda Rodrigues
Rua Deolinda Rodrigues, 477
Estrada de Catete - Luanda
Tel/Fax: (+244) 222 260 063/2376

N'gola Kiluanji
Rua N'gola Kiluanji, 183
São Paulo - Luanda
Tel: (+244) 222 384 508/40
Fax: (+244) 222 384 570

Rainha Ginga
Rua Rainha Ginga, 8 - B
Coqueiros - Luanda
Tel: (+244) 222 334 160/3289/3678
Fax: (+244) 222 330 189

Major Kanhangulo
Rua Major Kanhangulo, 288
Ingombota - Luanda
Tel: (+244) 222 330 932/1097
Fax: (+244) 222 330 802

Morro Bento
Rua Pedro Castro Van-Dúnem
Estrada Nacional - Talatona
Bairro Morro Bento

Torres da Imporáfrica
Rua Kwame N'Kruma, Edifício
Torres Imporafrica R/C
Bairro Maculusso
Tel/Fax: (+244) 222 208 222/01

Aeroporto Internacional 4 de Fevereiro
Área das Chegadas Internacionais
Bairro do Cassenda
Tel: (+244) 222 204 200/02

Porto de Luanda
Guiché Único das Alfândegas
Rua Padre José Maria Antunes
Tel: (+244) 222 206 000

Missão
Rua da Missão, 42
Tel: (+244) 222 641 313

Funda Coca-Cola
Funda Fábrica Coca-Cola

Porto Seco de Viana
Tel: (+244) 222 641 346

EDEL Sambizanga

Colégio Pitruca
Nova Vida
Tel: (+244) 222 641 329

Hospital do Prenda
Tel: (+244) 222 641 357

Hipermercado Jumbo
Tel: (+244) 222 641 359

EDEL Viana
Tel: (+244) 222 641 332

CABINDA

Cabinda
Largo Lopes Pim-Pim
Tel: (+244) 231 220 125
Fax: (+244) 231 222 127

Aeroporto Cabinda
Av. Duque de Chiasi
Aeroporto de Cabinda
Tel: (244) 231 223 148
Fax: (+244) 231 223 149

Porto de Cabinda
Tel: (+244) 222 641 364

Posto Fronteiriço de Massabi
Tel: (+244) 222 641 308

BENGUELA

Benguela
Rua Comandante Kassanje, 1
Tel:(+244) 272 23704/42/43/44/71
Fax: (+244) 272 236 640

LOBITO

Lobito
Av. 25 de Abril, Bairro 28
Edifício da ENE
Tel: (+244) 272 226 606/7/8/9/10
Fax: (+244) 272 611

Porto do Lobito

CUNENE

Santa Clara
Rua Principal de Sta. Clara
Próximo da Alfândega Sta. Clara
Tel: (+244) 222 641 361

HUAMBO

Aeroporto do Huambo
Aeroporto Albano Machado
Tel: (+244) 222 641 354

Huambo
Av. da Independência
Tel: (+244) 222 641 353

UÍGE

Comércio Uíge
Convergência à Rua do Comércio,
23-A com a Rua da Ambuila, 20

ENE Uíge
Rua Comandante Bula
Tel: (+244) 222 641 335

MALANGE

Malange
Rua António Enes
(por baixo do Hotel Gigante)
Aeroporto de Cabinda
Tel:(+244) 222 641 331

HUILA

ENE Lubango
Rua 11 de Novembro, Edifício da ENE
Tel: (+244) 927 561 111

2 - Indirect: Limited service branches

ATM Machines (45)
POS (123)

Porto Condo Falls, also known as the Porto Condo Rapids, on the River Cuanza near Cangandala. Malanje.

Banco Comercial Angolano

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For the year ended 31 December 2015

Balance Sheet

	Notes	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Assets					
Cash and cash equivalents	3	17.250.231	127.482	7.001.782	68.070
Placements with other banks	4	1.219.488	9.012	1.830.063	17.791
Trading and Investment securities	5	13.746.180	101.587	11.351.672	110.357
Loans and advances	6	8.922.429	65.938	6.461.799	62.819
Equity investments	7	70.871	524	70.871	689
Intangible assets	8	541.902	4.005	745.836	7.251
Property, equipment and other tangible assets	8	4.712.642	34.827	3.064.800	29.795
Pending operations	9	69.147	511	19.585	190
Other Assets	10	311.818	2.304	378.380	3.679
Total Assets		46.844.708	346.190	30.924.788	300.641
Liabilities					
Deposits from other banks	11	–	–	696.837	6.774
Deposits from clients					
a) Demand	12	27.346.639	202.096	13.293.911	129.239
b) Term	12	9.411.106	69.550	9.293.139	90.345
Other pending liabilities	13	369.109	2.728	181.918	1.769
Foreign exchange operations	14	123.326	911	147.320	1.432
Other liabilities	15	2.175.126	16.075	1.379.584	13.412
Prov for potential liabilities	16	76.165	563	75.882	738
Total Liabilities		39.501.471	291.923	25.068.591	243.709
Equity					
Capital	17	2.500.000	27.208	2.500.000	27.208
Capital maintenance reserve	18	82.579	-	82.579	–
Fair value adjustment	18	71.924	532	(29.824)	(290)
Other reserves	18	3.204.932	23.685	2.495.501	24.260
Foreign currency translation reserve		–	(9.419)	–	(2.448)
Retained income for the year		1.483.802	12.261	807.941	8.202
Total Equity		7.343.237	54.267	5.856.197	56.932
Total Liabilities and Total Equity		**46.844.708**	**346.190**	**30.924.788**	**300.641**

Income Statement

	Notes	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Interest and other similar income	19	2.772.646	22.912	1.732.293	17.585
Interest and other similar expenses	20	(228.669)	(1.890)	(233.358)	(2.369)
Net interest margin		2.543.977	21.022	1.498.935	15.216
Fee and commission income	21	1.085.708	8.972	711.938	7.227
Results of financial operations	22	1.240.290	10.249	1.115.281	11.322
Other income	23	7.527	62	4.712	48
Fee and commission expenses	24	(30.801)	(255)	(23.665)	(240)
		2.302.724	19.028	1.808.266	18.357
Impairment losses on loans	28	(195.967)	(1.619)	(18.613)	(189)
Operating margin		4.650.734	38.431	3.288.588	33.384
Salaries and other payroll expenses	25	(1.214.806)	(10.038)	(977.656)	(9.924)
Third party supplies	26	(747.648)	(6.178)	(633.849)	(6.434)
Other admin expenses	27	(335.059)	(2.769)	(283.179)	(2.875)
Taxes and similar expenses	29	(94.429)	(781)	(39.069)	(397)
Depreciation	8	(297.070)	(2.455)	(281.903)	(2.862)
Prov. for Potential Responsibilities	30	(102.130)	(844)	(95.627)	(930)
Retirement compensation prov.	16	–	–	(6.509)	(107)
Other gains/ (expenses)	31	2.111	18	(28.201)	(286)
		(2.789.031)	(23.047)	(2.345.993)	(23.815)
Operating profit		1.861.703	15.384	942.595	9.569
Non-operating results/(Loss)	32	(634)	(5)	5.752	58
		1.861.069	15.379	948.347	9.627
Provision for Income taxes	33	(377.267)	(3.118)	(140.406)	(1.425)
Net profit for the year		**1.483.802**	**12.261**	**807.941**	**8.202**

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For the year ended 31 December 2015

Cash Flow Statement

	Notes	2015 AKZ'000	2014 AKZ'000
Profit before tax		1.861.069	948.347
Add:			
Depreciation	8	297.070	281.903
Retirement compensation prov	15	102.130	91.930
Loan loss provisions	28	195.967	18.613
Non Operating Results	32	6.386	3.399
Less:			
Dividend paid	18	(98.510)	(195.237)
Tax paid	16	(134.712)	(428.744)
Cash flows from operating activities		2.229.400	720.211
(Increase) in loans and advances	6	(2.648.578)	(605.541)
Decrease/(Increase) in other assets	10	66.562	(209.495)
(Increase)/Decrease/ in pending operations	9	(49.562)	133.014
(Increase)/Decrease/ in deposit from other banks	11	(696.837)	674.553
Increase in other liabilities	15	550.004	467.101
(Decrease)/Increase/ in foreign exchange operations	14	(23.994)	94.270
Decrease/ (Increase) in other pending liabilities	13	187.191	(324.675)
		(385.814)	949.438
Investing activities			
Purchase of fixed assets	8	(1.752.499)	(837.774)
Purchase of trading and investment securities	5	(2.394.508)	(7.958.143)
Placements with other banks	4	610.575	8.936.475
Equity investments		–	–
		(3.536.432)	140.558
Financing activities			
Demand deposits	12	14.052.728	(2.426.024)
Term deposits	12	117.967	1.224.009
		14.170.695	(1.202.015)
Decrease in cash and cash equivalents		10.248.449	(112.019)
Opening balance of cash and cash equivalents	3	7.001.782	7.113.801
Closing balance of cash and cash equivalents	**3**	**17.250.231**	**7.001.782**

Statement of Changes in Shareholders' Equity

AKZ'000	Capital	Own Shares	Reserves and Profits for the Previous Year	Profits for the Year	Total
Balance 01-01-2015	**2.500.000**	**–**	**2.548.256**	**807.941**	**5.856.197**
Net Profit	–	–	807.941	675.861	1.483.802
Changes in the potential reserves	–	–	101.748	–	101.748
Total of integral Income for the Year	**2.500.000**	**–**	**3.457.945**	**1.483.802**	**7.441.747**
Reserves Appropriation	–	–	(98.510)	–	(98.510)
Balance 31-12-2015	**2.500.000**	**–**	**3.359.435**	**1.483.802**	**7.343.237**

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For the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

1. CONSTITUTION AND ACTIVITY

Banco Comercial Angolano, S.A. ("BCA" or "the Bank"), with its head office in Luanda, is a 100% Angolan owned private company.

The Bank was formed on the 17th of March 1997 and started its business activity on the 23rd of March 1999. BCA's business goal is to operate as a bank and to provide loans, using any financial operations as appropriate and investing in bonds or other financial instruments, such as Money transfer, Insurance sales.

At the end of 2015, the Bank operated 31 branches throughout the country, one of which was opened during 2015.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. COMPARABILITY OF INFORMATION

These financial statements are presented in such a way as to allow comparison with those of the prior year in accordance with the new chart of accounts Contif.

2.2. BASIS OF PRESENTATION

The financial statements are prepared in Kwanza (AKZ) on the historic cost basis, except for fixed assets which are restated as permitted by Angolan legislation, and in accordance with the accounting principles and rules of the General Plan of Accounting for Financial Institutions established by the National Bank of Angola (Central Bank).

Currency of presentation

Since it started its activities, the Bank has applied the accounting and presentation practices required of financial institutions by the Angolan regulations. These regulations require that the accounts are maintained in the local currency, the Kwanza, using the principles of the multi-currency system.

However, the Board has decided that the US Dollar (USD) is the Bank's functional currency as it is the currency most representative of the Bank's international operations. As a result, financial information is presented in both currencies. The AKZ/USD exchange rates used in the preparation of this financial statement were as follows:

Year ended on	Average rate	Closing rate
31.12.2014	98,509	102,863
31.12.2015	121,015	135,315

The financial statements in AKZ were converted to USD using the following rates:

- Historical – Shareholders' equity;
- Closing – All other assets and liabilities;
- Average – Income statement.

Exchange differences arising from this conversion process are included in Shareholders' Equity, in the account denominated as "Foreign Currency Translation Reserve".

2.3. ACCOUNTING POLICIES

The following accounting principles have been applied in preparing the financial statements and have been consistently applied except where stated:

a) Accrual principle

Costs and income are recorded in the period to which they relate, independent of the period in which they are paid or received in accordance with the accruals concept.

b) Purchasing power adjustments

The financial statements take into account the effects of changes in the purchasing power of the local currency, should the cumulative inflation rate in the past three years as reflected in the Consumer price Index (CPI) as disclosed by the National Statistical Institute (INE) exceed 100%.

c) Loan loss provisions

The Credit Risk provision policy has been modified, with effect from the 31st of March 2008, in the light of the notice 9/07 issued by the BNA (Angolan central bank) on the 12th of September 2007, which was then revoked by regulation 03/12 on the 28th of March 2012.

The regulations of 28 March 2012 require specific provisions that are calculated according to the following criteria.

Classification of Operations and Credit Provisions

As from the date credit is granted to a customer, a provision must be created based on the classification of the customers risk. This risk is determined after an analysis is made of the quality of the customer and the actual use of the credit.

Risk	Risk level	Minimum provision to be constituted
None	A	0%
Lowest	B	1%
Low	C	3%
Moderate	D	10%
High	E	20%
Highest	F	50%
Loss	G	100%

The credit classification by risk level must be reviewed:

1. Yearly, based on the client quality and in relation to the operation.
2. Monthly, if there is a delay on the capital and/ or interest installment.

Number of days delay	Minimum risk level
Up to 15 days	A
15 to 30	B
30 to 60	C
60 to 90	D
90 to 150	E
150 to 180	F
Over 180	G

The bank applies a doubled delay for the monthly check, as its loan portfolio has an overall delays above 24 months (as fixed by the article n° 10 of the rule n° 03/2012)

d) Other provisions

Provisions are recognised when the bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Should there be no probability of an outflow that can be determined with certainty a contingent liability exists. Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless they are remote.

The Bank has constituted "guarantees provided" whose levels attribution observe, as for credits provisions, the 3/2012 BNA Law. The provisions for the labours retirement compensation is set in accordance with the article 262 of the labour law, and the article n° 3 of the Decree n° 76/05, issued on 12 October 2005. With the application of the new Labour Law n° 07/2015, issued on 15 June 2015, the Bank did no reinforcement of this provision for the year of 2015.

e) Transactions in foreign currency

Transactions in foreign currency are accounted for in accordance with the multi-currency system principles under which each transaction is initially registered in the currency in which it is carried out. As a result, balances expressed in foreign currency are converted to Kwanzas on monthly basis and at the end of every accounting period by applying the average buying and selling rate published by the National Bank of Angola. The exchange rate used at the year end to convert US Dollars into Kwanza is the rate set out in Note 2.2.

f) Trading and investment securities

Trading and investment securities are recorded at the transaction value on trade date and then classified based on the bank's ability and intentions into one or more of the following classifications:

1. Trading assets – Investments acquired for the purpose of generating short term fluctuations in price or dealer's margin. Trading assets are held at fair value and unrealised gains and losses are accounted for as non-interest income in the income statement.
2. Held-to-maturity – Investments with a fixed maturity date and where the bank has a firm intention and ability to hold the investment to such date. The investments are held at amortised cost and reviewed where appropriate.
3. Available-for-sale – Investments normally held to maturity, but that may be sold in response to a need for liquidity owing to changes in interest rates, Exchange rates or other economic conditions.

Subsequent to initial recording all trading assets and available-for-sale assets are measured at fair value with the gains and losses arising from a change in the fair value being recorded as follows:

1. Through the income statement for trading assets and

2. Through equity net of tax for available-for-sale assets.

Impairments that are considered to be permanent in nature are recognised as losses immediately in the period and taken to the income statement and are not reversible in future periods.

Central bank bills and treasury bills are issued at a discount and registered in the books at the amount actually paid and at the end of the year. The fair value is calculated using the criteria above.

All the treasury bonds are registered in the books at the amount paid on the date of purchase.

All bonds held in the Banks portfolio are registered at the amount paid and classified as Available-for-Sale.

The fair-value calculation method used by the bank takes into account:

i. For the bonds with a maturity under a year: the average price for similar financial instruments, considering the operations maturity date, the credit risk and the instrument currency; the price established by the Central Bank; the probable net value gained by the adoption of an internal assessment model;

ii. For the quoted bonds: the quotation value at a specific date, or if not available, the average price of negotiation on the previous working day.

In the case of bonds for which there is no quotation in the market with regular transactions, with a maturity under a year, they are valued at their buying costs, as this is understood as the best approach to their market value.

Risk Classes Classification

The Bank classifies its trading and investment securities assets at the following levels, taking into account the same criteria established by the Central Bank for loans provisions:

Risk	Risk level	Minimum provision to be constituted
None	A	0%
Lowest	B	1%
Low	C	3%
Moderate	D	10%
High	E	20%
Highest	F	50%
Loss	G	100%

g) Equity investment

Investments in associates

Investments in associates are those where the bank holds directly or indirectly at least 10% shares in any business and in which it exercises some significant influence. These investments are recorded in the books using the Equity Method. In accordance with this method, the investment is initially recognised at cost and adjusted thereafter for post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Other equity investments

Other equity investments (where the bank holds less than 10% or does not exercise significant influence) are recognised at cost in Kwanzas, whether the original investment was done in local currency or in foreign currency less any post acquisition impairment losses.

h) Property, plant and equipment

Intangible assets comprise establishment costs and software and are amortized on the straight line basis over three years from the year in which they are incurred.

The tangible assets are registered at its acquisition cost. Acquisition costs include all costs required to bring the assets to their present useful state, such as associated taxes, brokerage fees, notary fees, etc.

Depreciation is calculated monthly by the constant shares method on the straight line basis using the maximum rates permitted by Angolan tax law in accordance with the following periods that do not differ substantially from the assets' useful lives:

	Useful life (years)
Premises Owned	50
Improvements to leasehold premises	3 - 25
Computer equipment	3
Vehicles	3
Other fixed assets	2 - 10

In order to comply with clause 2 of Article 7 of Decree 6/96 of 26 January 1996, depreciation of the annual increase in those assets that have been re-valued is accounted for only in the accounting period following that in which the revaluation took place; depreciation is accounted for monthly on the straight line basis over the remaining useful life of the asset concerned.

i) Income tax

The tax currently payable is calculated at 30% of the taxable profit for the year.

The tax law in Angola determines that all tax declarations for the previous 5 years are still subject to additional reviews and audits and hence the tax Office can order the bank to make changes to the tax expenses presented and hence result in a change in the taxable income. To this end, it means that the tax returns for 2010 to 2014 still fall within this legal requirement. Management, however, does not foresee that any material changes could be effected by the tax Office on the self-declarations that were submitted for the period stated above.

Deferred tax is provided for on a comprehensive basis using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The income derived from government bonds (short term treasury bills and long term bonds) issued by the state in accordance with the Public Debt Framework Act (Law n° 16/02 of 5 December), and Decrees 51 and 52/03 of 8 July, is exempt from Income Tax as stipulated in item 1 of article 23 of the Income Tax Code. The code specifically states that income from Angolan Government bonds should not be considered as taxable income in the calculation of income tax liabilities.

The Bank is submitted to the "Urban Properties Tax", which is applied over the value of its premises used for its normal activities, as per the Law 18/11 of 21 April 2011. The Bank is also submitted to indirect taxes, such as, tax on imported goods, stamp tax, consumption tax.

Investment Income Tax (Residents and Non-residents Tax on Income) - IAC

The presidential decree n° 5/11 of 30 December, introduced several legislative changes to the IAC code, as a consequence of the running fiscal reform.

The IAC incidence is on the interests from financial placements of the bank, such as: Interbank lending and Bills interests, and Treasury Bills interests.

The generic IAC tax rate is 10%, but a 5% tax can be applied for interest on government bonds with a tenor over 3 years. This tax is a deductable expense in the preparation of the annual tax declaration, as detailed in the article 81° a) of the tax law.

j) Loans and advances

Loans are financial assets recorded initially at their contract value, when granted by the Bank, or their paid value, when acquired from other banks.

Interest and other similar income, as well as other gains and expenses regarding loans and advances operations are spread during the tenor of the loan against the profits accounts, regardless to the moment their payments are either requested or made. The reponsabilities for the guarantees and securities are recorded in the off-balance accounts by their risk value.

All loans and advances to clients , as well as guarantees and securities provided, are subject to loan loss provisions, calculated in line with notice n.° 3/2012, issued on 28 March by the Central Bank, and as detailed in note 2.3 c) above.

k) Impairment

Financial assets are reviewed at each reporting date to determine if there is objective evidence of impairment. If such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the recoverable amount is less than the carrying amount.

In considering whether or not indications of impairment exist, the bank takes into account the following factors:

a) An asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;

b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;

c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease an asset's recoverable amount materially;

d) The carrying amount of the net assets of the entity is more than its market capitalisation;

e) Evidence is available of obsolescence or physical damage of an asset;

f) Significant changes with an adverse effect on the entity have taken place during the period, in the extent to which, or manner in which an asset is used or expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset and reassessing the useful life of an asset as finite rather than indefinite; and

g) Evidence is available from internal reporting that indicates the economic performance of an asset is, or will be, worse than expected.

l) Principal estimates and provisions

The financial statements include estimates which were made in conditions of uncertainty, however, no hidden or excessive reserves were created.

Provisions were constituted on the basis of present constructive or legal obligations as a result of past events where it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made.

m) Impact of Kwanza devaluation at 01 January 2016

On the 1st of January, 2016 a 15% of Kwanza devaluation occurred, leading the exchange rate of a dollar to Kwanza from 135,315 to 155,612. The impact of this variation to the bank accounts is displayed at the Note 38.

3. CASH AND CASH EQUIVALENTS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Cash:				
- Local currency	1.620.302	11.974	1.616.232	15.712
- Foreign currency	593.166	4.384	185.612	1.804
	2.213.468	16.358	1.801.844	17.516
Balances at the National Bank of Angola (BNA)				
- Local currency	13.087.285	96.717	2.224.486	21.627
- Foreign currency	213.121	1.575	1.158.752	11.265
	13.300.406	98.292	3.383.238	32.892
Outstanding cheques	183	1	1.671	16
NOSTRO accounts	1.736.174	12.831	1.815.029	17.646
	1.736.357	12.832	1.816.700	17.662
	17.250.231	**127.482**	**7.001.782**	**68.070**

In accordance with Instructions n° 16/15 of 22 July, the coefficient for the statutory reserve required by the National Bank of Angola is 25% (of which up to 10% can be accomplished by the government bonds), 50%, and 100%, for the total deposits, expressed in local currency, of clients, local and central governments, respectively. The coefficient for the statutory reserve required by the National Bank of Angola is 15%, for clients total deposits, and 100% for the local and central government deposits, both in foreign currency. The reserve requirement is calculated weekly on the arithmetic average of balances on each day of the week. These deposits do not earn interest.

At 31 December 2015, the balances at the National Bank of Angola (BNA) both in local currency and foreign currency are to comply with minimum reserve requirements, and for the weekly foreign currency purchase.

4. PLACEMENTS WITH OTHER BANKS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
With local banks	–	–	750.036	7.291
With foreign banks	1.218.003	9.001	1.078.542	10.485
Gold coins	1.485	11	1.485	15
	1.219.488	**9.012**	**1.830.063**	**17.791**

At 31 December 2015 and 31 December 2014, placements with local and foreign banks had a residual maturity under 60 days.

The interest rate of placement at 31 December 2015 was as follows:

- USD – 0,36%

While, at 31 December 2014 were as follow:

- AKZ – 1,75%
- EUR – 0,25%
- USD – 0,46%

5. TRADING AND INVESTMENT SECURITIES

On the 31 December 2015 and 2014, the trading and investment securities were classified as "Available for Sale", in accordance with the accounting policy described on note 2.3.. They were as displayed below:

2015							
Thousands of Kwanzas	Buying Costs	Potential Capital Gains	Nominal Value Adjust.	Fair Value Adjust.	Deferred Profit	Provisions	Balance
Treasury bills – LCY	1.488.735	–	–	–	82.987	–	1.571.722
Treasury bonds – LCY:							
- Indexed to USD	3.253.618	398.645	–	(24.096)	17.750	–	3.645.917
- Non adjustable	6.063.200	–	(4.164)	(108.408)	96.227	–	6.046.855
- MINFIN	1.100.000	–	(43.981)	(23.419)	3.666	–	1.036.266
Treasury bonds – FCY:							
- USD Bonds	1.439.752	–	–	(141.121)	7.792	–	1.306.423
- Subordinates bonds	135.315	–	–	1.148	3.887	(1.353)	138.997
	13.480.620	**398.645**	**(48.145)**	**(295.896)**	**212.309**	**(1.353)**	**13.746.180**

2014							
Thousands of Kwanzas	Buying Costs	Potential Capital Gains	Nominal Value Adjust.	Fair Value Adjust.	Deferred Profit	Provisions	Balance
Treasury bills – LCY	3.142.025	–	–	–	118.756	–	3.260.781
Treasury bonds – LCY:							
- Indexed to USD	51.286	2.850	–	–	74	–	54.210
- Non adjustable	7.360.500	–	(18.216)	(42.606)	110.801	–	7.410.479
Treasury bonds – FCY:							
- USD Bonds	514.315	–	–	–	7.036	–	521.351
- Subordinates bonds	102.863	–	–	–	3.017	(1.029)	104.851
	11.170.989	**2.850**	**(18.216)**	**(42.606)**	**239.684**	**(1.029)**	**11.351.672**

During the financial year of 2015, the Bank aquired government bonds in dollars, valued at USD 5.640 thousands (Akz 753.177 thousand) , to comply with the Instruction n° 19/2015, of 02 December, from 04 January 2016.

The Bank received a total of AKZ 1.100.000 thousand in Government Bonds, resulting from its share in the Finance Ministry Trading, as foreseen. At December 2014, this balance was recognised on Loans and Advances (note 6).

At 31 December 2015, the Treasury Bills are recorded at their buying costs, in accordance with the accounting policy described in Note 2.3, f).

The Government Bonds are classified at the risk level A, while the Subordinate Bonds amounts are recognised at the risk level B.

The maturity profile of the above-mentioned Trading and Investment Securities is as follows:

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Treasury and central bank bills:				
Up to 6 months	–	–	3.260.781	31.700
From 6 months to 1 year	1.571.722	11.615	–	–
	1.571.722	11.615	3.260.781	31.700
Treasury bonds:				
Up to 6 months	–	–	–	–
From 6 months to 1 year	–	–	1.556.902	15.136
More than 1 year	12.174.458	89.972	6.533.989	63.521
	12.174.458	89.972	8.090.891	78.657
	13.746.180	**101.587**	**11.351.672**	**110.357**

The average interest rate are displayed below:

	2015 %	2014 %
Treasury Bills	7,49	5,03
Indexed treasury Bonds	7,51	7,00
Non adjustable treasury Bonds	7,00	7,00
Treasury Bonds – Finance Ministry	7,63	–
Treasury Bonds – in US Dollars	6,64	7,37

The bank adopted a trading and investment securities policy complying with angolan market reality, in accordance with risk controls, mainly the liquidity and market risks.

6. LOANS AND ADVANCES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Internal Loans				
- Loans	3.980.647	29.418	5.805.689	56.441
- Overdrafts	4.592.813	33.941	226.946	2.206
- Other Loans	335.167	2.477	189.527	1.843
Non performing Loans and Interest	332.297	2.456	443.583	4.312
Accrued interest				
- Advances	77.621	574	4.243	41
- Loans and Other Loans	29.962	221	29.941	291
	9.348.507	69.087	6.699.929	65.134
Loans loss Provisions	(426.078)	(3.149)	(238.130)	(2.315)
	8.922.429	**65.938**	**6.461.799**	**62.819**

Loan loss provisions for non-performing loans, including overdue capital and interest and doubtful accounts are calculated in accordance with Notice 03/2012, of the Central Bank.

The basic principles that BCA is using in granting loans and advances are as follow:

- Granting of loans is subject to a rigorous process which ensures the accomplishment of the defined strategy and the regulatory laws issued by the central bank;
- In the credit risk assessment and evaluation process the bank takes into consideration the marginal effect of each loan on the whole loans and advances portfolio, the industry/sector limits, and the financial stability of the customer;

- In order to mitigate the credit risk, especially in ensuring the reduction of losses resulting from the loan granting process, the board of directors has emphasised the need for continuous improvement of the internal control environment and credit risk governance and hence approved the constitution of a Loan Recovery Committee in this regard.

At 31 December 2015 and 2014 the bank major customer represented 39,60% and 16,82% of the loan portfolio, respectively. The total of the top twenty customers represented in those dates 59,16% and 74.93% of the loan portfolio, respectively..

At 31 December 2015 and 2014 the loans granted to the bank shareholders or to companies managed by them was 225.250 thousand Kwanzas and 305.207 thousand Kwanzas, respectively.

At 31 December 2015 the sector analysis of loans provided by the bank was as follows:

	2015 AKZ'000	2015 USD'000	%
Construction	19.843	147	1
Wholesale and retail	589.464	4.356	6
Electricity Supply	5.996.671	44.316	64
Service supply and housing	260.686	1.927	3
Individuals	2.481.843	18.341	26
	9.348.507	**69.087**	**100**

At 31 December 2014 the sector analysis of loans provided by the bank was as follows:

	2014 AKZ'000	2014 USD'000	%
Construction	85.071	827	1
Wholesale and retail	338.299	3.289	5
Transport and communication	34.492	335	1
Service supply and housing	4.181.769	40.653	62
Individuals	2.060.298	20.030	31
	6.699.929	**65.134**	**100**

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Loans and advances by currency:

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Kwanzas	8.503.674	62.843	5.809.443	56.477
US Dollars	839.314	6.203	890.398	8.656
Other Currencies	5.519	41	88	1
	9.348.507	**69.087**	**6.699.929**	**65.134**

At 31 December 2015 and 2014, the annual average loans interest rate (excluding the advances) was 15,42% and 15,20%, respectively, for the loans conceded in local currency, and 8,84% and 9,10%, respectively, for the loans conceded in foreign currency.

At 31 December 2015, the loans and advances by credit risk and by loans loss provision were as follow:

Thousand of Kwanzas	Performing Loans	Non Performing Loans	Total	Provisions Rate	Provisions
Level A	4.360.737	–	4.360.737	–	-
Level B	4.389.011	82.445	4.371.456	1%	(73.172)
Level C	119.292	71.191	190.483	3%	(8.097)
Level D	46.925	3.127	50.052	10%	(8.713)
Level E	9.704	39.664	49.368	20%	(9.874)
Level F	6.836	4.978	11.814	50%	(11.625)
Level G	183.705	130.892	314.597	100%	(314.597)
Sum of Loans	9.016.210	332.297	9.348.507		(426.078)
Loans Loss Provisions	(209.164)	(216.914)	(426.078)		(426.078)
Total	**8.807.046**	**115.383**	**8.922.429**		**(426.078)**

At 31 December 2014, the loans and advances by credit risk and by loans loss provision were as follow:

Thousand of Kwanzas	Performing Loans	Non Performing Loans	Total	Provisions Rate	Provisions
Level A	1.900.076	–	1.900.076	–	(106)
Level B	3.915.603	259.629	4.175.232	1%	(63.116)
Level C	251.735	38.916	290.651	3%	(12.205)
Level D	168.167	9.287	177.454	10%	(27.137)
Level E	11.567	17.991	29.558	20%	(5.912)
Level F	–	–	–	50%	(2.696)
Level G	9.198	117.760	126.958	100%	(126.958)
Sum of Loans	6.256.346	443.583	6.699.929		(238.130)
Loans Loss Provisions	(100.701)	(137.429)	(238.130)		(238.130)
Total	**6.155.645**	**306.154**	**6.461.799**		**(238.130)**

Comparative analysis of loans and advances by credit risk classification:

	2015											
	Risk	A	B	C	D	E	F	G	WO	Payments	Total	2014 Portfolio
2014	A	54,58%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	45,42%	0,00%	30,81%	2.064.388.891
	B	86,76%	0,22%	0,07%	0,07%	0,00%	0,00%	2,23%	10,65%	0,00%	60,55%	4.056.703.696
	C	0,00%	8,55%	32,44%	6,41%	10,31%	0,00%	25,43%	15,49%	1,36%	3,99%	267.540.123
	D	0,00%	0,30%	0,00%	0,26%	1,27%	0,00%	74,79%	23,38%	0,00%	2,23%	149.386.772
	E	0,00%	5,71%	7,55%	0,00%	39,13%	0,00%	33,79%	13,83%	0,00%	0,44%	29.558.757
	F	0,00%	0,00%	19,22%	0,00%	0,00%	0,00%	0,28%	80,50%	0,00%	0,08%	5.392.480
	G	0,00%	2,69%	0,00%	0,00%	0,00%	6,43%	58,78%	0,00%	32,10%	1,89%	126.958.147
Total		30,81%	60,55%	3,99%	2,23%	0,44%	0,08%	1,89%	0,66%	21,82%	100,00%	
2014 Portfolio		2.064.388.891	4.056.703.696	267.540.123	149.386.772	29.558.757	5.392.480	126.958.147	44.397.105	1.462.129.015		6.699.928.866

Maturity profile of loans and advances:

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Loans and advances:				
In foreign currency:	57.942	428	119.596	1.163
Up to 1 year	229.128	1.694	301.577	2.932
From 1 to 5 years	557.763	4.122	464.750	4.518
More than 5 years	844.833	6.244	885.923	8.613
In local currency:				
Up to 1 year	820.661	6.105	2.136.928	20.774
From 1 to 5 years	2.996.880	22.148	3.426.455	33.311
More than 5 years	15.699	116	18.675	181
Overdrafts	4.670.434	34.515	231.948	2.255
	8.503.674	62.843	5.814.006	56.521
	9.348.507	**69.087**	**6.699.929**	**65.134**

The loans and advances of more than 5 years, in foreign currency are essentially house loans conceded to some workers.

For the financial years of 2015 and 2014, bad debts have been deducted from the assets by use of loans provisions, which were rated at G level amounting to AKZ 58.880 thousand and AKZ 26.246 thousand, respectively.

During 2015 there were no loans restructured.

The loans provisions movement during the year of 2015 can be found in Note 28.

7. PARTICIPAÇÕES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
EMIS – Empresa Interbancária de Serviços:				
Capital	26.253	194	26.253	255
Supplements	44.980	333	44.980	438
Capital . Impairment	(362)	(3)	(362)	(4)
	70.871	**524**	**70.871**	**689**

These investments are valued in accordance with Note 2.3. (g). The supplements are remunerated at 6 months libor rate plus 325 base point.

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8. INTANGIBLE ASSETS

2015 INTANGIBLE ASSETS						
Thousand of Kwanzas	Opening Balance	Increases	Transfer	Other	Write off	Closing Balance
Cost						
Software	116.970	5.177	–	–	–	122.147
Expansion related	1.060	–	–	–	–	1.060
Works in rented properties	1.073.745	4.388	(160.002)	–	–	918.131
Other intangible assets	14.462	5.031	–	–	–	19.493
	1.206.237	14.596	(160.002)	–	–	1.060.831
Depreciation						
Software	(97.828)	(10.599)	–	–	–	(108.427)
Expansion related	(647)	(353)	–	–	–	(1.000)
Works in rented properties	(352.235)	(67.170)	23.923	–	–	(395.482)
Other intangible assets	(9.691)	(4.329)	–	–	–	(14.020)
	(460.401)	(82.451)	23.923	–	–	(518.929)
Net						
Software	19.142	(5.422)	–	–	–	13.720
Expansion related	413	(353)	–	–	–	60
Works in rented properties	721.510	(62.782)	(136.079)	–	–	522.649
Other intangible assets	4.771	702	–	–	–	5.473
	745.836	**(67.855)**	**(136.079)**	**–**	**–**	**541.902**

2014 INTANGIBLE ASSETS						
Thousand of Kwanzas	Opening Balance	Increases	Transfer	Other	Write off	Closing Balance
Cost						
Software	109.479	7.735	–	–	(244)	116.970
Expansion related	1.060	–	–	–	–	1.060
Works in rented properties	1.029.218	393	44.134	–	–	1.073.745
Other intangible assets	14.462	–	–	–	–	14.462
	1.154.219	8.128	44.134	–	(244)	1.206.237
Depreciation						
Software	(84.805)	(13.023)	–	–	–	(97.828)
Expansion related	(294)	(353)	–	–	–	(647)
Works in rented properties	(277.131)	(75.104)	–	–	–	(352.235)
Other intangible assets	(5.782)	(3.909)	–	–	–	(9.691)
	(368.012)	(92.389)	–	–	–	(460.401)
Net						
Software	24.674	(5.288)	–	–	(244)	19.142
Expansion related	766	(353)	–	–	–	413
Works in rented properties	752.087	(74.711)	44.134	–	–	721.510
Other intangible assets	8.680	(3.909)	–	–	–	4.771
	786.207	**(84.261)**	**44.134**	**–**	**(244)**	**745.836**

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2015 TANGIBLE ASSETS						
Thousand of Kwanzas	Opening Balance	Increases	Transfer	Other	Write off	Closing Balance
Cost						
Buildings	1.879.192	5.306	182.848	–	–	2.067.346
Equipment	1.443.574	65.804	19.950	–	–	1.529.328
Capital WIP	798.095	1.666.793	(42.796)	(12.388)	–	2.409.704
	4.120.861	1.737.903	160.002	(12.388)	–	6.006.378
Depreciation						
Buildings	(129.467)	(78.220)	(23.923)	–	–	(231.610)
Equipment	(926.594)	(136.399)	–	867	–	(1.062.126)
Capital WIP	–	–	–	–	–	–
	(1.056.061)	(214.619)	(23.923)	867	–	(1.293.736)
Net						
Buildings	1.749.725	(72.914)	158.925	–	–	1.835.736
Equipment	516.980	(70.595)	19.950	867	–	467.202
Capital WIP	798.095	1.666.793	(42.796)	(12.388)	–	2.409.704
	3.064.800	**1.523.284**	**136.079**	**(11.521)**	**–**	**4.712.642**

The increase in capital Work in Progress in 2015, is due to the starting of the 20 Branch construction Project across the whole country.

2014 TANGIBLE ASSETS						
Thousand of Kwanzas	Opening Balance	Increases	Transfer	Other	Write off	Closing Balance
Cost						
Buildings	1.416.849	62.208	400.135	–	–	1.879.192
Equipment	1.253.770	115.454	74.350	–	–	1.443.574
Capital WIP	741.512	651.984	(518.619)	(76.782)	–	798.095
	3.412.131	829.646	(44.134)	(76.782)	–	4.120.861
Depreciation						
Buildings	(77.739)	(51.728)	–	–	–	(129.467)
Equipment	(788.807)	(137.786)	–	(1)	–	(926.594)
Capital WIP	–	–	–	–	–	–
	(866.546)	(189.514)	–	(1)	–	(1.056.061)
Net						
Buildings	1.339.110	10.480	400.135	–	–	1.749.725
Equipment	464.963	(22.332)	74.350	(1)	–	516.980
Capital WIP	741.512	651.984	(518.619)	(76.782)	–	798.095
	2.545.585	**640.132**	**(44.134)**	**(76.783)**	**–**	**3.064.800**

9. PENDING OPERATIONS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Other debtors	529	4	1.984	19
Expense advances	68.618	507	17.601	171
	69.147	**511**	**19.585**	**190**

At 31 December 2015 the expense advances is composed by the amounts advanced to the branches to acquire consumables.

10. OTHER ASSETS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Electronic settlements	2.698	20	11.428	111
EMIS	8.839	65	7.193	70
Customs Gains	9.658	71	20.501	199
Deferred Tax	27.170	201	12.782	124
Stock Exchange	–	–	25.716	250
- Investiment	33.829	250	25.716	250
- Impairment	(33.829)	(250)	–	–
International School	–	–	95.627	930
- Investiment	240.559	1.778	191.254	1.860
- Impairment	(240.559)	(1.778)	(95.627)	(930)
Suppliers Advance	19.087	141	19.087	186
Stationery	120.297	889	57.440	559
Accruals	75.233	556	65.287	635
- Health Insurance	40.207	297	26.605	259
- Rental and Hire	29.869	221	32.467	316
- Others	5.157	38	6.215	60
Sectional purchase ABANC HQ	20.529	152	21.736	211
Unsold vehicle licence discs	22.973	170	10.945	106
Others	5.334	39	30.638	298
	311.818	**2.304**	**378.380**	**3.679**

The unsold licence vouchers, amounting to AKZ 22.973, in the Bank's possession at 31 December 2015 are to be sold to the public as an agent authorized by the Tax National Administration, from which the Bank receives a 11% commission.

The bank share for the ABANC (Banker´s Association) acquisition is to be depreciated for 20 years from 2013.

The account "Customs Gains" is composed by commissions to be received from the Customs Service for the work rendered.

The deferred tax is a result of the advance income tax for 2015, paid in August 2015, in the light of the law 19/14.

The International School is a school building project with international standard, at "Lar do Patriota", (Luanda-Benfica), whose viability studies ended in 2014.The Rudimba Shopping balance has been transferred to this account. During 2015, the Management decided to book a provision at its total amount.

11. DEPOSITS FROM OTHER BANKS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
On Demand:				
From banks in the country	–	–	514.776	5.000
From foreign banks	–	–	182.061	1.774
	–	**–**	**696.837**	**6.774**

12. DEPOSITS FROM CLIENTS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Demand deposits:				
In local currency	24.788.540	183.191	10.018.238	97.394
In foreign currency	2.558.099	18.905	3.275.673	31.845
	27.346.639	202.096	13.293.911	129.239
Term deposits:				
In local currency	7.795.757	57.612	6.987.642	67.932
In foreign currency	1.615.349	11.938	2.305.497	22.413
	9.411.106	69.550	9.293.139	90.345
	36.757.745	**271.646**	**22.587.050**	**219.584**

On the 31 of December 2015 and 2014, the major bank deposit was 27,83% and 24,73% of all deposits, respectively. The Top 20 deposits represented 72,54% and 62,73% of all deposits.

Term deposits as per maturity:

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Term Deposits in foreign currency:				
Up to 3 months	261.334	1.931	1.522.670	14.803
From 3 to 6 months	83.391	616	613.197	5.961
From 6 to 12 months	1.270.624	9.391	169.630	1.649
	1.615.349	11.938	2.305.497	22.413
Term Deposits in local currency:				
Up to 3 months	1.228.064	9.076	5.280.243	51.333
From 3 to 6 months	2.860.695	21.141	1.215.680	11.819
From 6 to 12 months	3.706.998	27.395	491.719	4.780
	7.795.757	57.612	6.987.642	67.932
	9.411.106	**69.550**	**9.293.139**	**90.345**

13. OTHER PENDING LIABILITIES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Bankers cheques	246.401	1.821	137.754	1.340
Cheques resources	3.163	23	5.727	56
Withholding Income Tax	5.348	40	2.899	28
Withholding Urban Property Tax	5.504	41	974	9
Cashier excesses	1.103	8	2.302	22
Others	107.590	795	32.262	314
	369.109	**2.728**	**181.918**	**1.769**

In the "Others" accounts there are the amounts concerned with "Credit Transfer System" (AKZ 9.041 thousand), GA insurance (AKZ 7.227 thousand), MoneyGram (AKZ 27.673 thousand), and the payments due to suppliers (AKZ 21.421 thousand).

14. FOREIGN EXCHANGE OPERATIONS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Amounts held as collateral for foreign exchange operations	123.326	911	147.320	1.432

The balance on this account represents cash collateral for customer letters of credit which were yet to be liquidated at 31 December 2015.

15. OTHER LIABILITIES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Suppliers	1.176.585	8.695	825.456	8.025
Provisions	395.575	2.923	288.284	2.803
Staff	94.236	696	41.836	407
Deferred Tax	30.825	228	–	–
Fiscal obligations	401.588	2.969	156.050	1.517
Others	76.317	564	67.958	660
	2.175.126	**16.075**	**1.379.584**	**13.412**

Fiscal Obligations refer essentially to the amounts of AKZ 377.267 thousand (2014: AKZ 140.406 thousand), owing for corporate income tax; income tax deducted from employees' salaries, stamp tax and social. All these amounts will be paid in 2016.

The deferred tax are a result of the fair value calculation of the trading and investment securities (see Notes 5 and 18).

There are in Provisions account the amount of incurred costs whose invoices were not received as at 31 December 2015, such as, health care (AKZ 121.784 thousand), rent (AKZ 57.537 thousand), and others.

16. PROVISIONS FOR POTENCIAL LIABILITIES

	2015 AKZ'000	2014 AKZ'000
Opening Balance	75.882	65.676
Provisions for the Year	–	6.509
Translation Reserve	963	3.697
Used	(680)	–
Closing Balance	**76.165**	**75.882**

The provisions for potential liabilities are the compensation for workers retirement, which were reinforced on yearly basis, as per the former Angolan Labour Law n°02/00 of 11 February de 2000, revoked on the 13 September 2015 by the application of the law n° 07/2015 of 15 June 2015.

17. CAPITAL

The share capital of the bank is AKZ 2.500.000.000, represented by 6.250.000 shares of a nominal value of AKZ 400 each. The net profit per share is 23,74%.

At 31 December 2015 the bank shareholders structure was as follows:

	Number of Shares	%
SADINO, Lda	817.528	13,08
Salomão José Luheto Xirimbimbi	690.587	11,05
GEFI	609.104	9,75
Fundo de Pensões	583.330	9,33
José Francisco Luís António	576.338	9,22
Julião Mateus Paulo "Dino Matrosse"	437.500	7,00
Mateus Filipe Martins	383.242	6,13
Afonso Domingos Van-Dúnem "Mbinda"	312.501	5,00
Casa Smart	237.552	3,80
Fernando José de Franca Van-Dunen	195.765	3,13
José Jaime Agostinho de S. Freitas	195.765	3,13
Visgosol	166.667	2,67
Lopo Fortunato Ferreira do Nascimento	130.962	2,10
Abel Fernandes da Silva	113.851	1,82
António Mosquito Mbakassy	113.851	1,82
Pedro de Castro Van-Dunem (Herdeiros)	112.552	1,80
João Manuel de Oliveira Barradas	92.754	1,49
Augusto da Silva Tomás	90.042	1,44
Marcolino José Carlos Moco	90.042	1,44
Dumilde das Chagas Rangel	54.023	0,86
IMPORAFRICA-IMOBILIÁRIA Lda.	54.023	0,86
Valentim Amões (Herdeiros)	47.008	0,75
Generoso Hermenegildo G. de Almeida	45.020	0,72
Benvindo Rafael Pitra (Herdeiros)	33.333	0,53
Estevão Pitra	16.665	0,27
Isaac Francisco Mário dos Anjos	16.665	0,27
José Amaro Tati	16.665	0,27
Santos Matoso Júnior	16.665	0,27
Total	**6.250.000**	**100,00**

18. STATEMENT OF SHAREHOLDERS' EQUITY

Thousand of Kwanzas	Capital	Capital Maintenance Reserve	Other reserves	Fair value adjustment	Retained income	Total
Balance 01-01-2015	2.500.000	82.579	2.495.501	(29.824)	807.941	5.856.197
Appropriation of 2014 retained income	–	–	709.431	–	(709.431)	–
Dividends	–	–	–	–	(98.510)	(98.510)
Reserves Incorporation	–	–	–	–	–	–
2014 Fair value adjustment	–	–	–	29.824	–	29.824
2015 Fair value adjustment	–	–	–	(207.127)	–	(207.127)
Capital Gains/Losses of Bonds	–	–	–	279.051	–	279.051
Profits for the year	–	–	–	–	1.483.802	1.483.802
Balance 31-12-2015	**2.500.000**	**82.579**	**3.204.932**	**71.924**	**1.483.802**	**7.343.237**

The Capital Maintenance Reserve was calculated in accordance with the accounting policy described in Note 2.3. (i)

The legal and other reserves represent amounts that have been appropriated from prior period profits in accordance with legal requirements.

As the Notice nº 2/2015 does not allow the Banks to use the trade and investment securities indexed to dollars in the calculation of the foreign exchange position, the Bank decided to recognise the potential capital gains and losses from the Kwanza valuation/devaluation, in the reserves.

The fair value adjustment is issued from the trade and investment securities assessment that are available for sale. The total fair value adjustment amounting to 295.896 thousand of kwanzas (note 5), which were deducted from the 398.645 thousand of Kwanzas (note 5) of the potential capital gains of the treasury bonds indexed to US Dollars, giving the remaining amount of 102.749 thousand of Kwanzas. With the net deferred tax deduction, amounting to AKZ 30.825 thousand, the remaining net fair value adjustment is AKZ 71.924 thousand.

19. INTEREST AND OTHER SIMILAR INCOME

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Loans & Advances to Customers	1.497.329	12.374	906.461	9.202
Term deposits with Banks abroad	1.406	12	5.676	58
Interbank lending	295.337	2.440	157.058	1.594
Other debtors and investments	89.315	738	28.243	287
Treasury Bills	889.259	7.348	634.855	6.444
	2.772.646	**22.912**	**1.732.293**	**17.585**

20. INTEREST AND OTHER SIMILAR EXPENSES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Deposits	224.552	1.856	199.881	2.029
On funds related to Treasury bills with repurchase agreements	4.117	34	33.477	340
	228.669	**1.890**	**233.358**	**2.369**

21. FEE AND COMMISSION INCOME

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Withdrawal fees	38.585	319	22.459	228
From general banking services	1.045.859	8.643	660.349	6.703
From guarantees given by the Bank	1.264	10	29.130	296
	1.085.708	**8.972**	**711.938**	**7.227**

The fees and commissions from general banking services are derived from the intermediation in import operations, MoneyGram Transfers, insurance and others.

22. RESULTS OF FINANCIAL OPERATIONS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Gains from FX transactions	1.361.639	11.252	1.167.346	11.851
Losses from FX transactions	(121.349)	(1.003)	(52.065)	(529)
	1.240.290	**10.249**	**1.115.281**	**11.322**

23. OTHER INCOME

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Cheque account fees	7.238	59	3.956	40
Reimbursement of expenses	227	2	701	7
Other	62	1	55	1
	7.527	**62**	**4.712**	**48**

24. FEES PAID

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Electronic settlements fees	(21.556)	(178)	(16.594)	(168)
Fees paid to Nostro banks	(9.245)	(77)	(70.71)	(72)
	(30.801)	**(255)**	**(23.665)**	**(240)**

25. SALARIES AND OTHER PAYROLL EXPENSES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Social Insurance	50.182	415	38.573	392
Other benefits	78.667	650	38.767	393
Staff Salaries	968.789	8.005	824.966	8.374
Others	117.168	968	75.350	765
	1.214.806	**10.038**	**977.656**	**9.924**

The Bank had 252 employees at 31 December 2015 (248 at 31 December 2014).

26. THIRD PARTY SUPPLIES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Communication costs	148.126	1.224	106.293	1.079
Repairs and maintenance	29.627	245	30.813	313
Professional services	88.510	731	79.473	807
Travel and other related costs	32.175	266	56.842	577
Third party supplies	172.640	1.427	165.827	1.683
Marketing	79.930	660	53.880	547
Rentals	183.809	1.519	138.500	1.406
Insurance	12.831	106	2.221	22
	747.648	**6.178**	**633.849**	**6.434**

27. GENERAL AND ADMINISTRATIVE EXPENSES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Computer costs	81.711	675	47.015	477
Security costs	129.886	1.073	124.322	1.262
Cash transportation costs	48.876	404	44.011	447
Staff training	15.106	125	13.869	141
Clean casual labours	31.280	259	21.725	221
Others	28.200	233	32.237	327
	335.059	**2.769**	**283.179**	**2.875**

28. IMPAIRMENT LOSSES ON LOANS

The impairment losses on loans movement during the year was:

Thousand of Kwanzas	2015	2014
Opening balance	238.130	245.763
Reinforcements	460.910	88.487
Deductions	(264.943)	(69.874)
Impairment Losses on loans for the year	195.967	18.613
Used	(8.019)	(26.246)
Closing Balance	**426.078**	**238.130**

29. TAXES AND SIMILAR EXPENSES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Taxes and similar expenses	94.429	781	39.069	397
	94.429	**781**	**39.069**	**397**

There are in this account taxes charged on the bank incoming fees and interest, withhold by other banks; stamp tax withhold in accordance with the n° 23.3 of Presidential Decree n° 3/14; fees paid by the for use of SPTR service provided by the Central Bank.

30. PROVISIONS FOR POTENTIAL RESPONSABILITIES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Provisions for potential responsabilities	(102.130)	(844)	(95.627)	(930)
	(102.130)	**(844)**	**(95.627)**	**(930)**

31. OTHER EXPENSES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Gains on Fixed Assets	3.292	28	1.032	10
Regulation's Penalty	(326)	(3)	(90)	(1)
Other Profits and Costs	(855)	(7)	(29.143)	(295)
	(2.111)	**(18)**	**(28.201)**	**(286)**

There are in the account "Other Profits and Costs" the amounts of the International School impairment (AKZ 68.301 thousand), and the bank stock exchange share impairment (AKZ 33.829 thousand).

32. NON-OPERATING RESULTS/LOSS

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Bad debt recoveries	2.179	17	2.727	27
Prior period gains	314	2	4.413	45
Prior period losses	(3.127)	(24)	(1.388)	(14)
	(634)	**(5)**	**5.752**	**58**

33. INCOME TAXES

The tax reconciliation at 31 December 2015 and 2014 is presented as follows:

	2015 AKZ'000	2014 AKZ'000
Profit before tax	1.861.069	948.347
Non deductable costs	400.062	172.714
Tax exempt income	(1.003.576)	(645.035)
Taxable profits	1.257.555	476.026
Nominal tax rate	30%	30%
Income tax payable	377.267	142.808
Deduction of IAC paid (65%)	-	2.402
Net Income tax payable	377.267	140.406
Effective tax rate	**20%**	**15%**

The income tax for 2015 was calculated according to the new Income Tax Law (Law 19/14), applied from January 2015. The tax exempt income is comprised of interest income generated by government bonds, and the "Banco Keve" subordinate bonds, placements with the Central Bank, and the interest on EMIS equity investment.

34. OFF BALANCE SHEET ITEMS AND CONTINGENCIES

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Guarantees provided and other liabilities				
Guarantees and securities provided	(15.000)	(111)	(971.626)	(9.446)
Letters of Credit issued	45.603	337	830.562	8.074
	(30.603)	**(226)**	**(141.064)**	**(1.372)**
Guarantees received				
Guarantees received	**14.153.455**	**104.596**	**8.832.516**	**85.867**

35. RELATED PARTY DISCLOSURE

At 31 December 2015 and 2014, the main balances and deals held with the related party, were as follow:

	2015 AKZ'000	2015 USD'000	2014 AKZ'000	2014 USD'000
Assets:				
Loanes and advances	225.250	1.665	305.207	2.967
	225.250	**1.665**	**305.207**	**2.967**
Liabilities:				
Deposits	692.937	5.121	350.725	3.410
	692.937	**5.121**	**350.725**	**3.410**

Financial Statements

For the year ended 31 December 2015

36. BALANCE SHEETS BY CURRENCY

	2015 Local Currency (Expressed in AKZ)	2015 Foreign Currency (Expressed in AKZ)	2015 Total
ASSETS			
Cash and cash equivalents	14.707.770	2.542.461	17.250.231
Placements with other banks	1.485	1.218.003	1.219.488
Trading and Investment securities	12.300.760	1.445.420	13.746.180
Loans and advances	8.077.596	844.833	8.922.429
Equity investments	70.871	–	70.871
Intangible assets	541.902	–	541.902
Property, equipment and other tangible assets	4.712.642	–	4.712.642
Pending operations	61.906	7.241	69.147
Other assets	248.847	62.971	311.818
	40.723.779	6.120.929	46.844.708
LIABILITIES			
Deposits from other banks	–	–	–
Deposits from clients	32.584.297	4.173.448	36.757.745
Other pending liabilities	326.501	42.608	369.109
Foreign exchange operations	–	123.326	123.326
Other liabilities	1.615.026	560.100	2.175.126
Provisions for potential liabilities	150	76.015	76.165
	34.525.974	4.975.497	39.501.471
EQUITY			**7.343.237**

	2014 Local Currency (Expressed in AKZ)	2014 Foreign Currency (Expressed in AKZ)	2014 Total
ASSETS			
Cash and cash equivalents	3.842.390	3.159.392	7.001.782
Placements with other banks	751.521	1.078.542	1.830.063
Trading and Investment securities	10.725.470	626.202	11.351.672
Loans and advances	5.564.514	897.285	6.461.799
Equity investments	70.871	–	70.871
Intangible assets	745.836	–	745.836
Property, equipment and other tangible assets	3.064.800	–	3.064.800
Pending operations	15.958	3.627	19.585
Other assets	158.166	220.214	378.380
	24.939.526	5.985.262	30.924.788
LIABILITIES			
Deposits from other banks	–	696.837	696.837
Deposits from clients	17.005.890	5.581.160	22.587.050
Other pending liabilities	152.933	28.985	181.918
Foreign exchange operations	–	147.320	147.320
Other liabilities	1.128.557	251.027	1.379.584
Provisions for potential liabilities	150	75.732	75.882
	18.287.530	6.781.051	25.068.591
EQUITY			**5.856.197**

37. SUBSEQUENT EVENTS

From 31 December 2015 to the date of the financial statements approval, there were no significant facts affecting the financial position and/or performance of the Bank that required adjustment and/or disclosure.

38. IMPACT OF KWANZA DEVALUATION OF 01 JANUARY 2016

	31/12/2015 Foreign Currency (Expressed in AKZ)	01/01/2016 Foreign Currency (Expressed in AKZ)	Variation
ASSETS			
Cash and cash equivalents	2.542.461	2.919.016	376.555
Placements with other banks	1.218.003	1.400.743	182.740
Trading and Investment securities	1.445.420	1.662.627	217.207
Loans and advances	844.833	971.554	126.721
Equity investments	–	–	–
Intangible assets	–	–	–
Property, equipment and other tangible assets	–	–	–
Pending operations	7.241	4.417	(2.824)
Other assets	62.971	72.700	9.729
	6.120.929	7.031.057	910.128
LIABILITIES			
Deposits from other banks	–	–	–
Deposits from clients	4.173.448	4.796.784	623.336
Other pending liabilities	42.608	45.137	2.529
Foreign exchange operations	123.326	141.825	18.499
Other liabilities	560.100	601.667	41.567
Provisions for potential liabilities	76.015	87.417	11.402
	4.975.497	5.672.830	697.333
IMPACT OF DEVALUATION			**212.795**

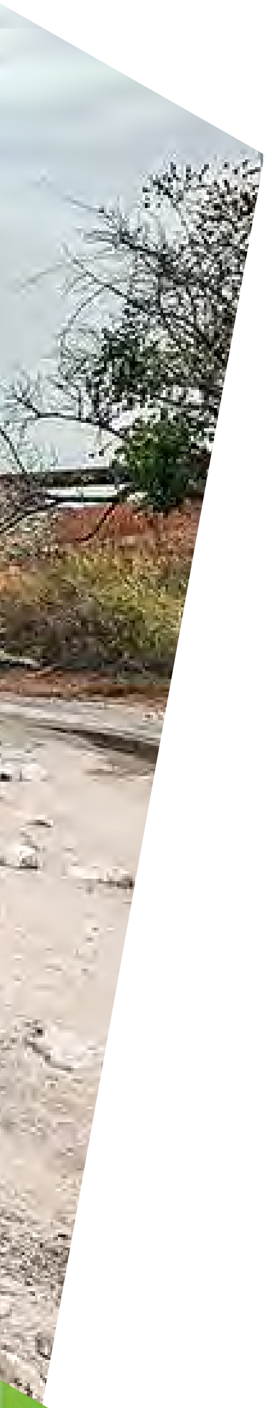
The impact of the Kwanza devaluation that occurred on 01 January 2016 was positive for BCA, due to the fact that the Bank keeps a long net open position in foreign currency.

BCA

Banco Comercial Angolano

Porto Condo Falls, also known as the Porto Condo Rapids on the River Cuanza near Cangandala. Malanje.

The Sumbe salt flats, along the Sumbe-Gabela road, Kwanza Sul.



Report and Opinion of the Fiscal Council

Dear Shareholders,

In accordance with the Angolan Legal and Regulatory requirements, the fiscal council is required to issue a report in respect of its activities and issue an opinion in respect of the Financial Statements of the "Banco Comercial Angolano" (BCA) for the financial year ended 31 December 2015.

Throughout the year the Fiscal Council continually monitored the company´s activities and verified its accounting records as well as the related supporting documentation. The Fiscal council wishes to recognize that it received complete cooperation from the Board of Directors in obtaining any information it considered necessary to fulfill its responsibilities.

The banks financial statements were audited by its external auditors, whose opinion is that the financial statements present fairly, in all material aspects, the financial position of BCA at 31 December 2015, the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Angola for the banking sector.

Having taken into consideration the external auditors report, it is the opinion of the Fiscal Council that the Shareholders Assembly should approve the Annual Report and Financial Statements for the 2015 financial year.

The Fiscal Council, 14th April 2016

Paul de Sousa
Chairman of the Fiscal Council

Esperança Cahango
Member of the Fiscal Council

Independent Auditor´s Report

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To the Board of directors of
Banco Comercial Angolano

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Banco Comercial Angolano, S.A.. These financial statements comprise the balance sheet at December 31, 2015 with total assets of 46.844.708 thousands of Kwanzas, net equity of 7.343.237 thousands of Kwanzas and profit for the year of 1.483.802 thousands of Kwanzas, and the profit and loss account, statement of changes in equity and a statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Angola applicable to the banking sector and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the

PricewaterhouseCoopers (Angola), Limitada
Edifício Presidente - Largo 17 de Setembro, n.° 3, 1° andar – sala 137, Luanda- República de Angola
T: +244 227 286 109, +244 222 311 295, www.pwc.com/ao

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assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Banco Comercial Angolano, S.A. as at December 31, 2015 and of its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Angola applicable to the banking sector.

For PricewaterhouseCoopers (Angola), Lda

Ricardo Santos

Ricardo Santos

Partner

Luanda, April 12, 2016

PricewaterhouseCoopers (Angola), Limitada
Edifício Presidente - Largo 17 de Setembro, n.º 3, 1º andar – sala 137, Luanda- República de Angola
T: +244 227 286 109, +244 222 311 295, www.pwc.com/ao

Banco Comercial Angolano

Av. Comandante Valódia, 83-A
Tel: (+244) 222 448 842 / 48 / 49
Fax: (+244) 222 449 516
E-mail: bca@bca.co.ao

www.bca.co.ao

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