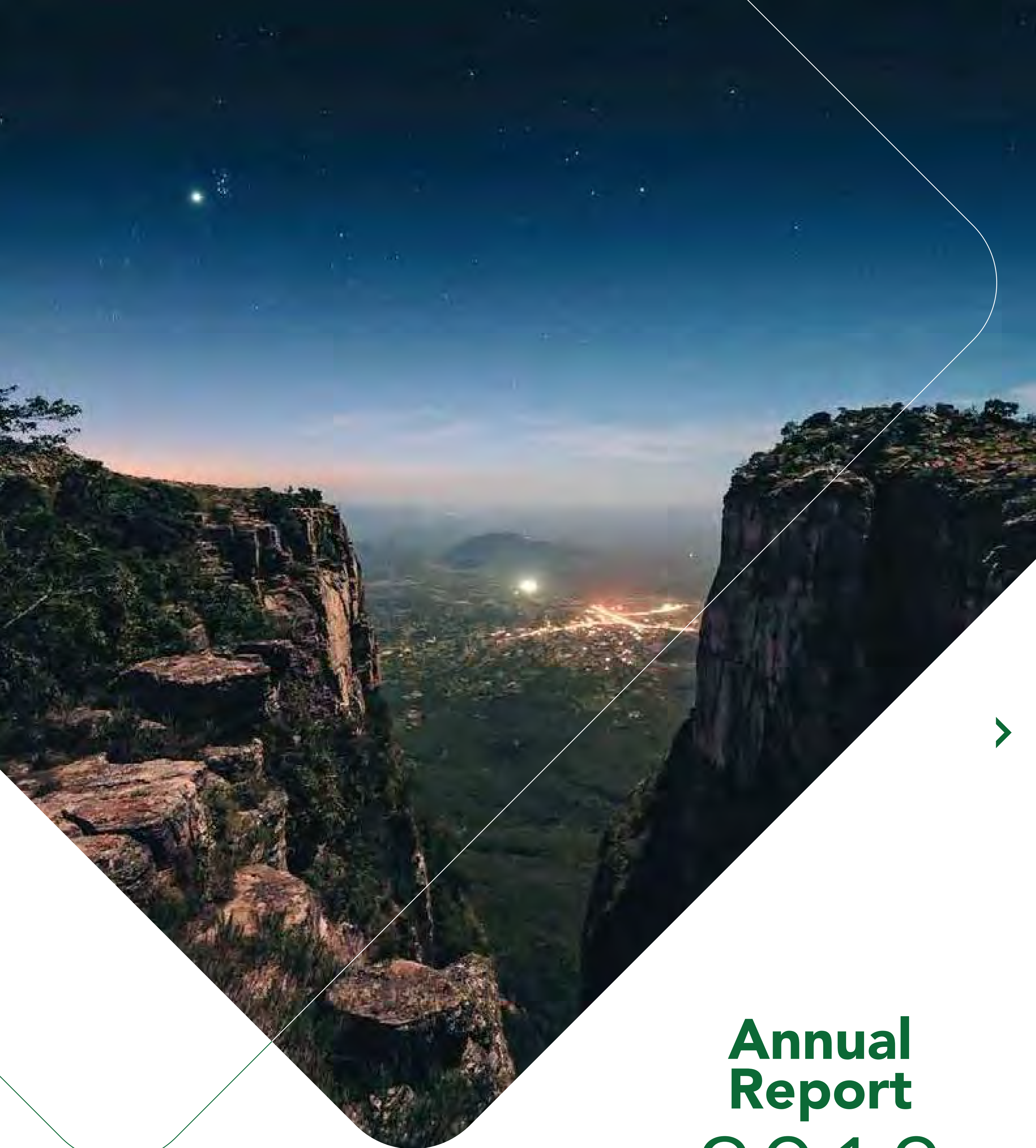


Annual Report 2018

BCA
Banco Comercial Angolano

INDEX

Sumbe Salt Flat at Gabela.
Kwanza Sul Province

BCA
Banco Comercial Angolano

APPROVAL BY THE BOARD OF DIRECTORS

Fisherman in his Mokoro (canoe) at Cuando river.
Moxico Province

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 2018, 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, 23 April 2019

M'bridge Falls at Cuimba, M'Banza-Kongo.
Zaire Province

Banco Comercial Angolano

MANAGEMENT REPORT 2018

The year 2018, was marked by the beginning of the recovery from the adverse effects on the national economy in the years 2016 and 2017, due to the depressed price of crude oil. The economy diversification programme has started, but the weight of crude oil in the State's budget is still predominant, not withstanding the fact that revenues continue to fall due to the reduction of daily production, (in compliance with OPEC decisions).

In terms of the priorities, the following tasks were concluded in 2018:

- The implementation of Notice No. 02/2018, which establishes the minimum share capital of comercial banks at AKZ 7.50 billion;
- The adoption of policies and procedures to ensure compliance with the requirements of the Foreign Account Tax Compliance Act (FATCA);
- The full implementation of policies, procedures, regulations, operational and IT systems to ensure full compliance with Anti Money Laundering and Combating of Financial Terrorism (AML/CFT) best practice.

In the operational field, the following issues are permanently in our agenda:

- the increase and diversification of customers base;
- the acquiring of stable and profitable deposits; and
- the decrease of loan risk concentration, as a result of the Bank loan portfolio diversification.

Our network currently comprises 40 branches located in 13 of the country's 18 provinces. We intend to capture a customer base of more than 100,000 over the next 3 years, of which we expect 80 to 90% to hold debit cards, and at least 60% to have access to electronic channels, such as the Internet and SMS banking. The development of new products and new lines of business is also one of our goals.

In the field of Human Resources, as service providers, it is in the efficiency and qualification of our human capital that lies the key to the differentiation of our brand. In this context, training actions were carried out, such as in international accounting and financial reporting standards, in particular IFRS 9, Value Added Tax (VAT), anti-money laundering and terrorism financing

In addition to human resources training, with the frequency of various training courses, we have already been administering to all our staff members in terms of customer centric training courses, we focus attention on client needs in order to:

1. Improve service delivery to our clients;
2. Transfer of know-how to front end staff; and
3. Improve the perception of clients with regards the BCA brand.

Other tasks remaining at the top of our agenda are:

- Recapitalisation of the bank;
- Continuing efforts in order to find a long-term solution for the bank's head office building;
- migrating to a new core banking system, whose conclusion is scheduled for the end of 2019;
- Implementation of VAT;
- Consolidation and enhancement of our digital banking solutions.

In terms of corporate social responsibility, significant attention is being given to solve social problems directly affecting the workers and their families, and the society in general, with emphasis on social, health, and sporting initiatives. We will seek to enlarge our action to the community affected by our work.

The bank's vision continues to be "An universal bank in Angola focusing mainly on corporate and institutional banking yet maintaining a close eye on the prospects offered by the retail 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 2018, the bank registered a 40% increase of its assets, compared to the previous year, due to a 68% increase in shareholders' equity and a 29% increase in liabilities. The major impacts occured in " Balances at other Credit Institutions ", whose growth was more than twice the amount of the same item in 2017; " Cash and Balances at Central Banks (95%); "Financial Assets at Fair Value through Other Comprehensive Income" (56%); and "Other Assets" (89%), among others.

Liabilities

The 29% increase, registered in total liabilities, derives from the growth of "Demand Deposits" (24%); of "Term deposits (36%); of "Other Liabilities" (79%); and "Income taxes" (31%).

Equity

Shareholders' Equity increased by 68%, as a result of the Net Profit for the Year growth.

Income statement

The net income of 2018 grew more than three times the 2017´s. This increase derives from the growth of the results of financial operations in more than four times the 2017´s; The exponential growth of the results of financial operations contributed significantly to the increase of the non interest margin by more than 2017´s double; the Net Interest Margin (NIM) increased by 10%. The above mentionned facts, diluted the expected effect of the increase in the "Operating Costs" (25%).

Proposal for the appropriation of the 2018 profits

In accordance with the Angolan financial Institutions laws, we propose that the after tax profit, amounting to AKZ 8.081.511 thousand be appropriated as follows:

1. AKZ 1.860.948 thousand to be distributed; and
2. The remaining net income profit to be allocated to accumulated reserves.

Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive Officer

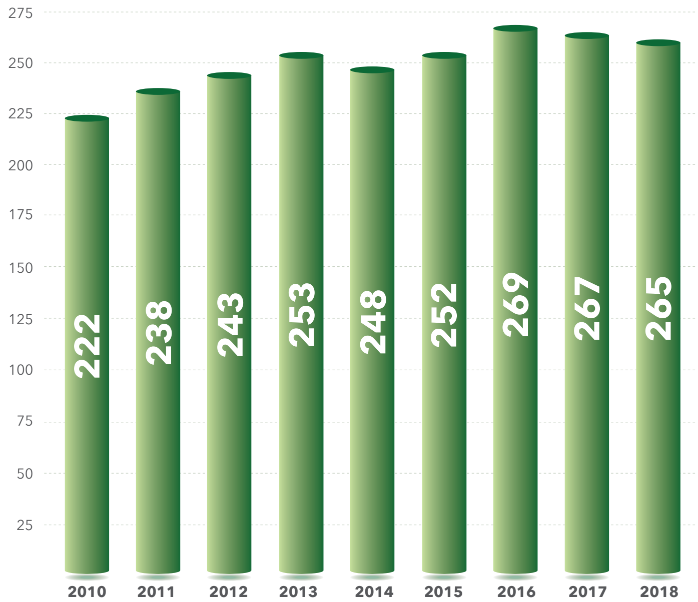
View of Baixa de Kassanje at Tala Mungongo.
Malanje Province.

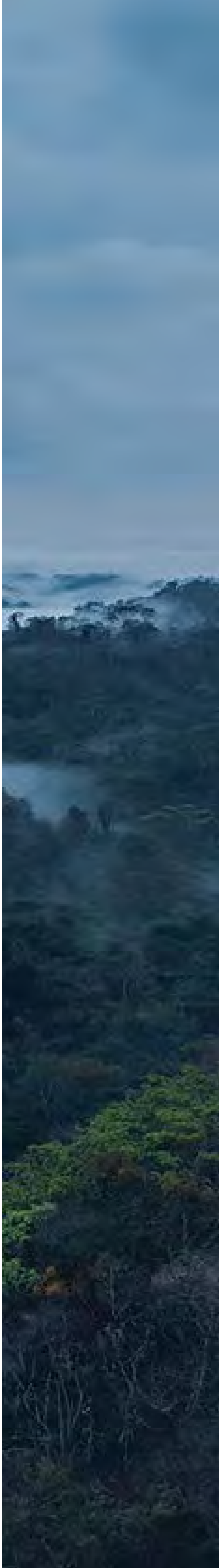
GROWTH OF BCA

GROWTH OF BCA

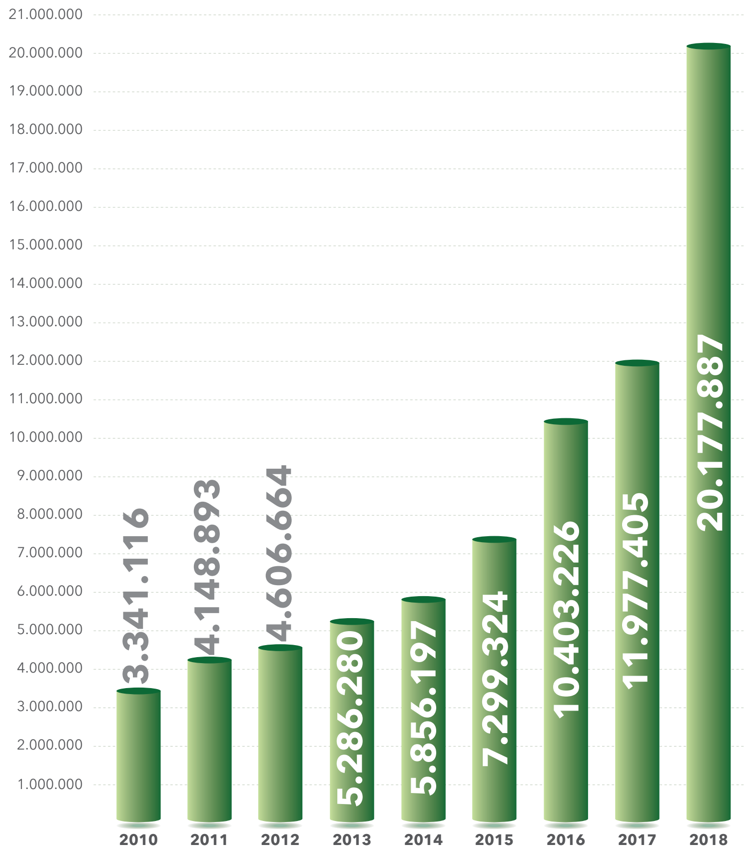
Customers

Employees

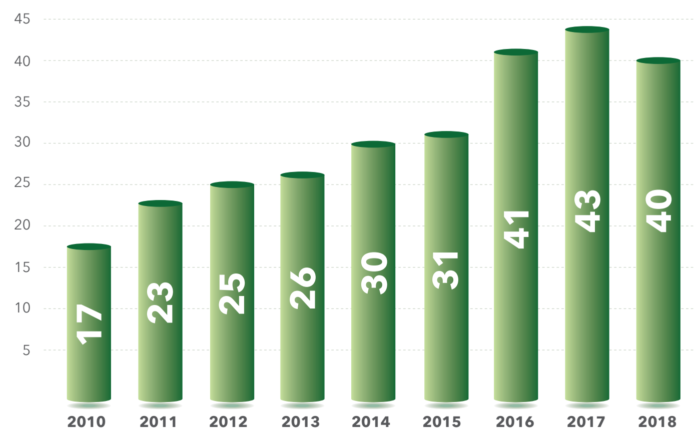




Equity (AKZ'000)

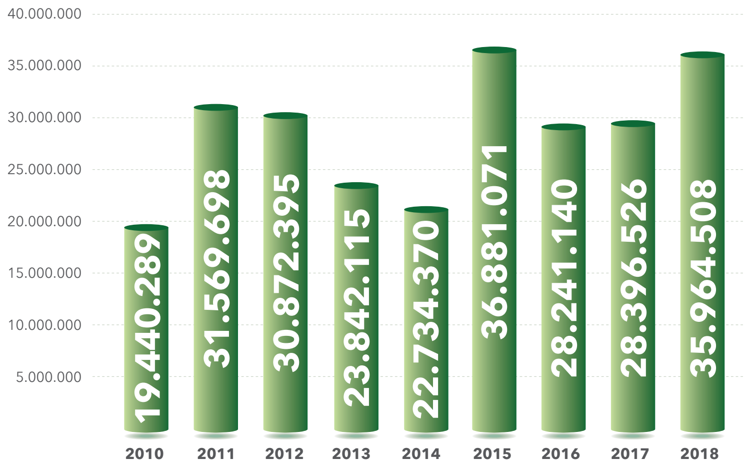


Branches

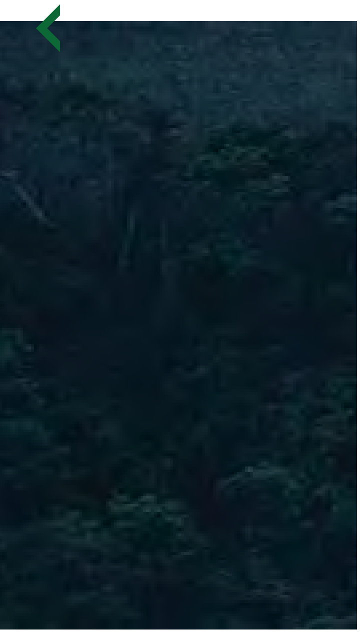


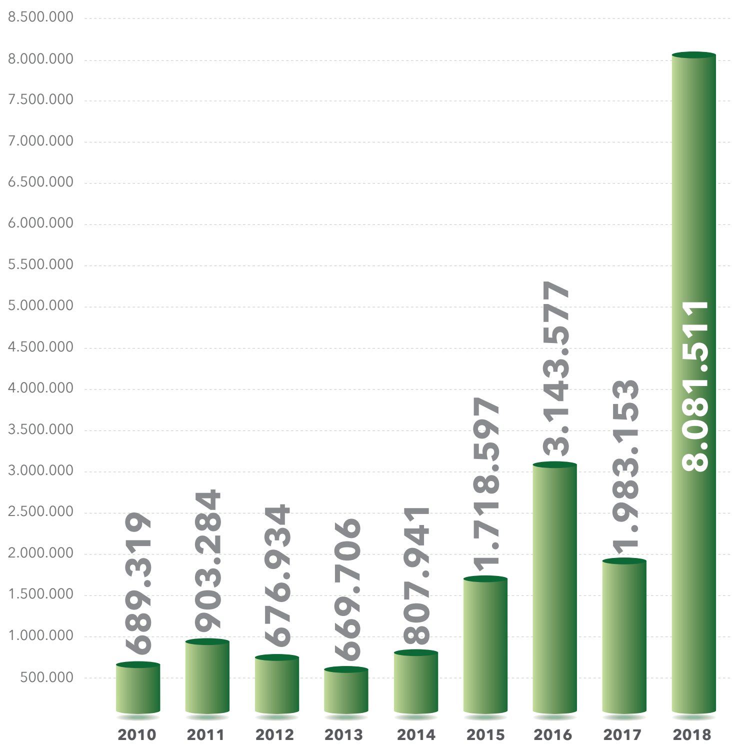
GROWTH OF BCA

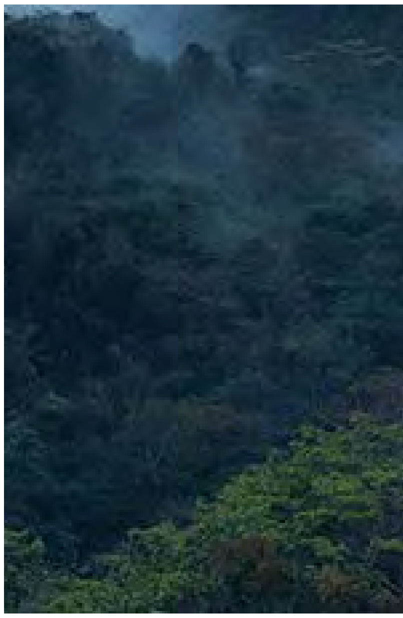
Customers Assets (AKZ'000)

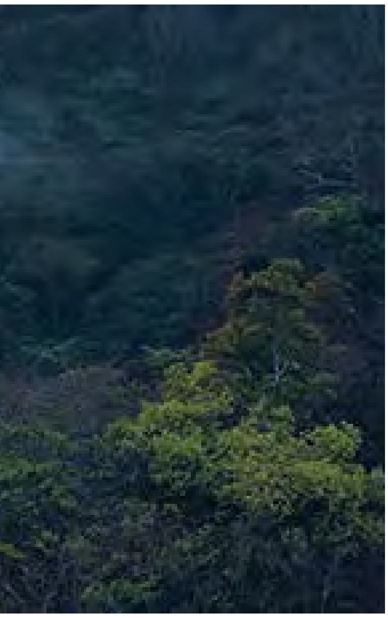


Net Profit (AKZ'000)

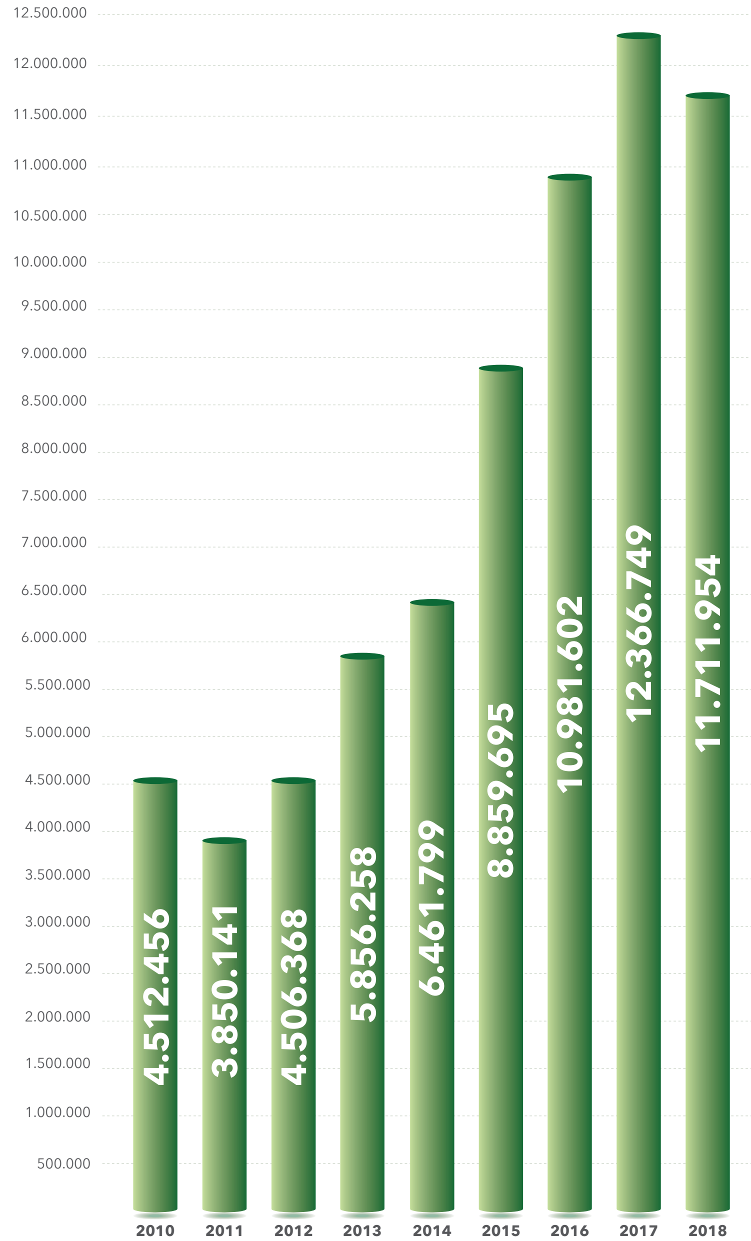


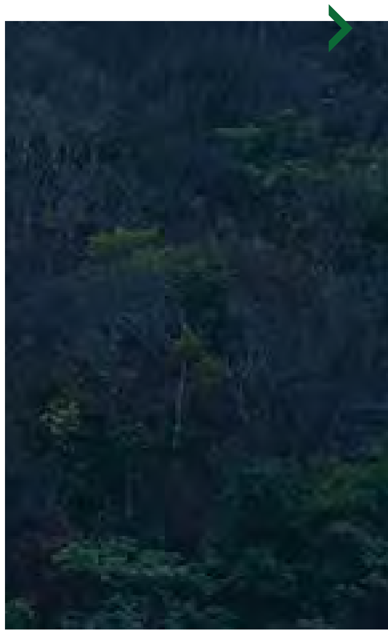






Loans (AKZ'000)





KEY INDICATORS

Lobito Bay.
Benguela Province.

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Balance Sheet						
Total Assets	59.862.292	193.005	42.694.563	257.314	43.919.888	264.733
Loans and Advances	11.711.954	37.761	12.366.749	74.533	10.981.602	66.193
Customers Liabilities	35.964.508	115.955	28.396.526	171.143	28.241.140	170.227
Shareholders´ Equity	20.177.887	65.057	11.977.405	72.186	10.403.226	62.642
Activity						
Net Interest Margin (NIM)	3.377.225	13.040	3.230.767	19.472	3.694.621	22.525
Net Operating Margin (NOM)	13.673.694	52.798	6.419.773	38.693	7.383.374	45.015
Operating Costs (OC)	4.375.220	16.612	3.604.467	21.724	3.362.245	20.499
Operating Profit (OP)	4.680.977	17.598	2.677.559	16.138	4.073.501	24.835
Net Profit (NP)	8.081.511	32.262	1.983.153	11.953	3.143.577	19.165
NIM/NOM	24,7%	24,7%	50,3%	50,3%	50,0%	50,0%
Non Interest Margin/ NIM	304,9%	304,9%	95,9%	95,9%	99,5%	99,5%
Cost-to-Income	32,0%	32,0%	56,8%	56,8%	45,5%	45,5%
Operating Costs/Average Assets	7,3%	7,3%	8,4%	8,4%	7,7%	7,7%
Solidity						
Non-Performing Loans/ Total Loans	4,0%	4,0%	3,6%	3,6%	3,2%	3,2%
Provisions/ Non-Performing Loans	119,1%	119,1%	66,0%	66,0%	94,0%	94,0%
Return On Average Assets (ROAA)	13,5%	13,5%	4,6%	4,6%	7,2%	7,2%
Return On Equity (ROE)	50,3%	50,3%	17,7%	17,7%	35,5%	35,5%
Capital Adequacy Ratio	64,0%	64,0%	49,4%	49,4%	39,7%	39,7%
Other Tangible Assets and Intangible Assets Ratio	31,0%	31,0%	56,8%	56,8%	54,1%	54,1%
Gearing Ratio (Debts/ Equity)	198,0%	198,0%	308,2%	308,2%	319,0%	319,0%
Top 20 Loans/ Equity	77,0%	77,0%	82,7%	82,7%	85,6%	85,6%

GOVERNANCE AND MANAGEMENT STRUCTURE

Water falls of Condo Harbour at Kwanza river, near Kangandala.
Malanje Province.

FISCAL COUNCIL

Chairman
João Paulo Borges de Sousa

Member
Esperança Cahango

GENERAL ASSEMBLY

Chairman
Mário António de Sequeira e Carvalho

Vice-Chairman
José Francisco Luís António

Secretary
João Muotonguela

EXTERNAL AUDIT

KPMG Angola – Audit, Tax, Advisory, S.A.

BOARD OF DIRECTORS

Chairman
Francisco da Silva Cristóvão (Non Executive)

Director
António Daniel Pereira dos Santos
(Non Executive - Independent)

Director
Mateus Filipe Martins

Director
Mathias Tohana Nleya

Director
Tatiana Moreira Paiva Muhongo

BOARD OF DIRECTORS COMMITTEE

Risk, Compliance and Audit Committee

Staff Remuneration and Heads of Department Appointment Committee

EXECUTIVE COMMITTEE

Chief Executive Officer
Mateus Filipe Martins

Executive Director
Mathias Tohana Nleya

Executive Director
Tatiana Moreira Paiva Muhongo

DISTRIBUTION OF PORTFOLIOS

Chief Executive Officer Mateus Filipe Martins	Executive Director Mathias Tohana Nleya	Executive Director Tatiana Moreira Paiva Muhongo
Executive Committee Consultancy Office José Marques Adolfo Martins e Delfina Cumandala	**General Operations** Evanilda Marimba (Head)	**Risk Management** Sónia Pinto (Head of Department)
Internal Audit Madalena Salvador (Deputy Head)	**Accounting** Helder Lisboa (Head)	**Compliance Officer** Simão Barbosa (Deputy Head)
Legal and Corporate Governance Hernani Cambinda (Coordinating Manager)	**Treasury** Bo Kronback (Head)	**Policies and Procedures** Lizeth Lemos (Coordinating Manager)
Infrastructure and Branch Expansion João Manuel Pinto dos Reis (Head)	**Reconciliations Department** Pedro Cristóvão (Head)	**Marketing and Corporate Social Responsibilities** Leonor Cadete (Executive Assistant)
IT Pedro Bernardo (Head)		
Human Resources Soque Caricoco (Deputy Head)		
Retail Banking Mário Leitão (Coordinating Manager) Hirondina Ferreira (Deputy Head)		
International Operations António Alves (Deputy Head)		
Corporate Banking Cesaltina Pinto Head of Private and Enterprise Center Fernando Muturi Luanda Enterprise Center Hermenegildo Puna Viana Enterprise Center Leonor Bento Lar do Patriota Enterprise Center		
E-Banking Department Marisa Ribeiro (Head)		
Central Vault Joaquim Daniel (Head of Department)		

SUBCOMMITTEES OF THE EXECUTIVE OFFICE

(CMC) Management Committee

Executive Credit and Investment Committee

Assets and Liabilities Committee (ALCO)

Loan Recovery Committee

Branch Expansion Steering Committee

A Baobab at Mussulo Bay.
Luanda Province.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is a set of relationship, politics, and processes, engaging the shareholders and the employees of the Bank, together with the supervisory bodies, the external auditors, and other financial agents, with a view to reaching the strategic objectives, promoting transparency throughout the organisation, and performing adequate control and monitoring of the activities of the Bank.

The Board of Directors is composed of five members, two of whom are non executive, and the remaining three are executive:

- **Non Executive Chairman:** Francisco da Silva Cristóvão;
- **Non Executive and Independent Director:** António Daniel Pereira dos Santos**;**
- **Executive Director and Chief Executive Officer:** Mateus Filipe Martins;
- **Executive Director:** Mathias Tohana Nleya;
- **Executive Director:** Tatiana Moreira Paiva Muhongo.

The Board of Directors is the management governance body, and in accordance with the "Banco Comercial Angolano" statutory policies, it meets ordinarily on quaterly basis, or when convened by its Chairman, or suggested by the two Directors. The decisions of the Board of Directors are taken by a majority of members.

One of Non Executive Directors is the Chairman of the Board of Directors (Francisco da Silva Cristóvão) and the second Non Executive Director (António Daniel Pereira dos Santos) is the chairman of the board of Risk Audit and Compliance Committee. As a Non Executive Director, António Daniel Pereira dos Santos, fulfils the requirements of independence.

The Executive Committee of the Board of Director is composed of three Executive Directors, among who, one is its Chief Executive Officer.

In acordance with BCA statutory policies, and in the light of the Board of Directors rules, the Executive Committee is responsible for ongoing management of the Bank.

The three Executive Directors, in the light of the Board of Directors rules of January 2015, have their duties shared as follows:

The three Executive Directors, in the light of the Board of Directors rules of January 2015, have their duties shared as follows:

- **Chief Executive Officer (**Mateus Filipe Martins) – Suppport Departments, such as, Human resources, IT; Infrastrutures; International operations; Legal; Policies and Procedures; Internal Audit; Retail and Corporate Banking;
- **Executive Director** (Mathias Tohana Nleya) – Control Departments, such as, Credit; Operations; Accounting; Treasury; Forex Control and Reconciliations; and Routines controls;
- **Executive Director** (Tatiana Muhongo) – Risk Management; Compliance; Marketing and Corporate Social Responsibility.

The Executive Committee, despite the duties among its members, meets to discuss issues of Executive Committee, periodically. Their meeting are held whenever convened by its Chairman.

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 committees were created at the board of directors level:

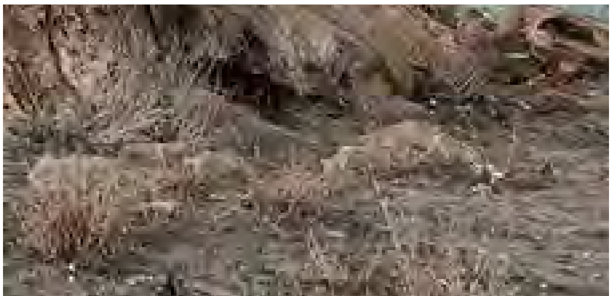
- **Board of Directors Executive Office** is composed by the three executive directors, and is headed by the Chief Executive. In

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 March;

- **Risk, Compliance and Audit Committee** – is ruled by a Non Executive Director and composed of 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;
- **Staff remuneration and Heads of department appointment Committee** – chaired by the Chief Executive Officer, it is composed of the Executive Directors, Non Executive Director, Coordinating Directors, Retail Banking and Finance head department**s**;
- **Credit Committee of the Board of Directors** – chaired by the Non-Executive Chairman, this committee is composed of the two Non-Executive Directors and one Executive Director. It analyses, discusses and approves the credit processes, 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 of 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.

CORPORATE GOVERNANCE STATEMENT

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 Executive Director for the control area.

Branch expansion Steering Committee

This group 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 the Executive Director for the commercial area, Coordinating Manager for administrative services, the heads of the infrastructure, retail, corporate, and IT departments.

Technical support Steering Committee

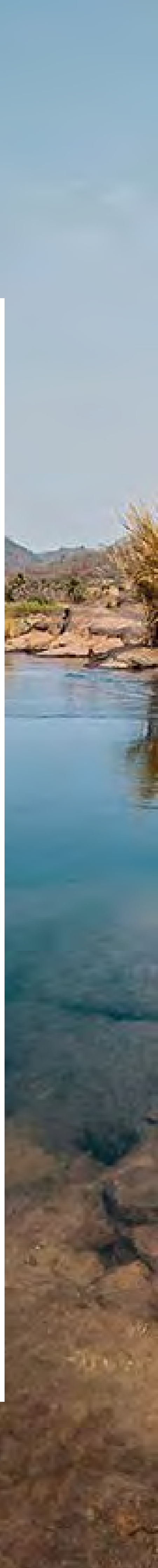
The technical support operational group is responsible for the design and functioning of all the IT infrastructure of the bank. It is composed by two Executive Directors and the head of the IT department and the IT security Manage.

Besides the committees and commissions abave referred, the Bank introduced an organigramme that considers the segregration of tasks, policies, procedures and processes, in order to strengthen the internal control environment, which is the key role for an efficient system of Corporate Governance. The Departments of Internal Audit, Risk Management and Compliance, through monitoring other departments, ensure that the internal control environment works efficiently and in a continued manner.

MACROECONOMIC VIEW

Kwanza River at the border between Kwanza Norte and Kwanza Sul provinces, near Quilemba.

MACROECONOMIC VIEW



GLOBAL ECONOMY

The global economy, which had been expanding steadily since the middle of 2016, decelerated in the second half of 2018 and returned to 2017 growth levels.

The 3.7% growth in the global economy was primarily the result of weak performance in the Eurozone, where growth slid 0.4% as a result of sluggish exports and energy costs that during most of 2018 were higher than in 2017.

Another significant factor affecting global growth forecasts was the slower expansion of the advanced economies in 2017. These countries contributed 60 bp to economic growth 2016-2017, but only 10 bp 2017-2018.

Zone	2014	2015	2016	2017	2018*
World	3,6	3,5	3,3	3,7	3,7
Advanced economies	2,1	2,3	1,7	2,3	2,4
Eurozone	1,4	2,1	1,9	2,4	2,0
Emerging markets and developing economies	4,7	4,3	4,4	4,7	4,7

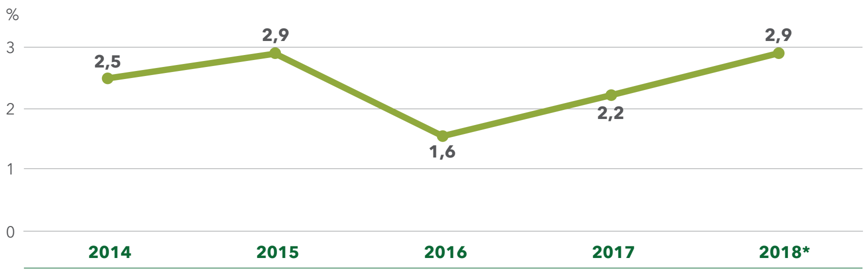
Source: IMF

** World Economic Outlook (October 2018) projections.*

USA

The American fiscal stimulus programme continues, creating a climate that has lifted the country's economic expansion from 2.2% to 2.9%, although trade wars will endanger growth in the next few years.

GDP growth (%) – USA



Source: IMF

** World Economic Outlook (October 2018) projections.*

Thanks to the tax credit packages offered under the Tax Increase Prevention Act, which encouraged new investment and additions to current investments, unemployment fell 0.6% from 4.4% to 3.8%.

Unemployment				
2014	2015	2016	2017	2018*
6,2	5,3	4,9	4,4	3,8

Source: IMF

** World Economic Outlook (October 2018) projections.*

Inflation dropped from 2.2% in 2017 to 2.1%, largely as a result of the end of the Fed's debt purchasing programme of recent years. Inflationary pressure reduced as liquidity was drawn out of the market.

However, higher employment forced the Fed to raise the key interest rate 0.25% at the end of 2018 from 2.00-2.25% to 2.25-2.50% to contain the pressure higher pay rates might create.

Inflation at the end of the period				
2014	2015	2016	2017	2018*
0,5	0,7	2,2	2,2	2,1

Source: IMF

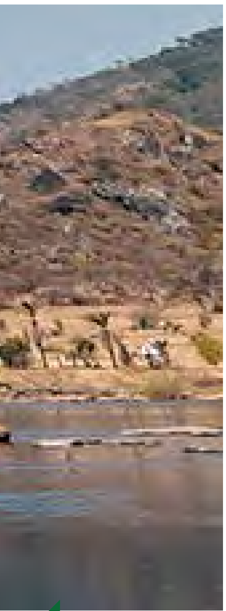
** World Economic Outlook (October 2018) projections.*

Eurozone

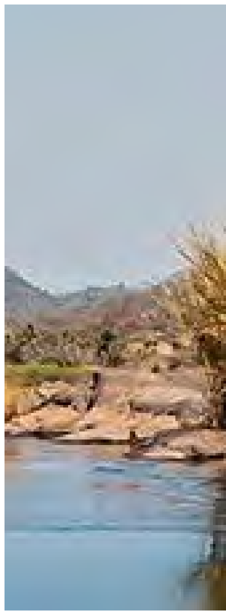
As stated in the previous page, economic growth in the Eurozone was 2.0% (2.4% in 2017).

Sluggish export growth, higher average oil prices impacting energy consumption in importing countries - with all the implications this has for industry - new fuel emission standards for the automotive industry, sovereign and financial risk in some Eurozone countries and figures that did little to boost investment or household consumption were just some of the factors that pushed down economic growth in the Zone.

MACROECONOMIC VIEW



GDP (%) – Eurozone					
Country	**2014**	**2015**	**2016**	**2017**	**2018***
Malta	8,2	9,5	5,2	6,7	5,7
Ireland	8,7	25,0	4,9	7,2	4,7
Slovenia	3,0	2,3	3,1	5,0	4,5
Luxemburg	5,8	2,9	3,1	2,3	4,0
Cyprus	-1,4	2,0	3,4	3,9	4,0
Czech Republic	2,8	3,9	3,3	3,4	3,9
Latvia	1,9	3,0	2,2	4,5	3,7
Estonia	2,9	1,7	2,1	4,9	3,7
Lithuania	3,5	2,0	2,3	3,9	3,5
Netherlands	-0,1	1,4	2,0	2,2	2,9
Austria	0,8	1,1	1,5	3,0	2,8
Spain	1,4	3,6	3,2	3,0	2,7
Finland	-0,6	0,1	2,5	2,8	2,6
Portugal	0,9	1,8	1,6	2,7	2,3
Greece	0,7	-0,3	-0,2	1,4	2,0
Germany	2,2	1,5	2,2	2,5	1,9
France	1,0	1,0	1,1	2,3	1,6
Belgium	1,3	1,4	1,4	1,7	1,5
Italy	0,1	1,0	0,9	1,5	1,2
Eurozone	**1,4**	**2,1**	**1,9**	**2,4**	**2,0**



Source: IMF

** World Economic Outlook (October 2018) projections.*

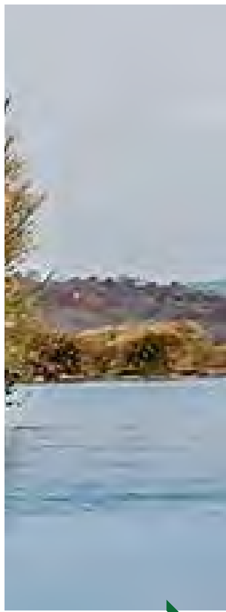
Of the 19 countries shown on the table above, just 4 - among the smallest, with the exception of the Netherlands - enjoyed growth. The others, including the 4 biggest economies in the Zone (Germany, France, Italy and Spain) saw growth slip 0.3-0.8% against 2017.

Paradoxically, despite failing economic expansion, unemployment dropped in almost all Eurozone countries, mainly because of workforce stagnation caused by lack of any significant increase either in population or investment since 2017.

Unemployment in the Eurozone fell 0.8% from 9.1% in 2017 to 8.3 in 2018.

Unemployment – Eurozone

Country	2014	2015	2016	2017	2018*
Greece	26,5	24,9	23,6	21,5	19,9
Spain	24,4	22,1	19,6	17,2	15,6
Italy	12,6	11,9	11,7	11,3	10,8
Cyprus	16,1	14,9	13,0	11,1	9,5
Czech Republic	13,2	11,5	9,7	8,1	7,5
:::					
Portugal	13,9	12,4	11,1	8,9	7,0
:::					
Estonia	7,4	6,2	6,8	5,8	6,7
Luxemburg	7,1	6,8	6,3	5,8	5,4
Austria	5,6	5,7	6,0	5,5	5,2
Malta	6,3	5,9	5,3	4,6	4,1
Germany	5,0	4,6	4,2	3,8	3,5
Zona Euro	**11,6**	**10,9**	**10,0**	**9,1**	**8,3**



Source: IMF

** World Economic Outlook (October 2018) projections.*

In four of the countries in the table above (Greece, Spain, Italy and Cyprus) unemployment was above the average for the Zone. Germany proved its solidity with a lower rate of unemployment.

Inflation rose in much of the Eurozone and fell in just a few countries. The Zone average therefore increased 1.9%, close to the ECB target (2%).

Year end inflation – Eurozone

Country	2014	2015	2016	2017	2018*
Portugal	-0,3	0,3	0,9	1,6	4,7
Estonia	0,1	-0,2	2,4	3,8	3,0
Czech Republic	-0,1	-0,5	0,2	2,0	2,8
Latvia	0,3	0,4	2,1	2,2	2,7
Cyprus	-0,9	-0,5	0,1	-0,4	2,4
Lithuania	-0,2	-0,2	2,0	3,8	2,2
Spain	-1,0	0,0	1,6	1,1	2,2
Malta	0,4	1,3	1,0	1,3	2,1
Slovenia	0,1	-0,4	0,5	1,7	2,1
Belgium	-0,4	1,5	2,2	2,1	1,9
Italy	0,0	0,1	0,5	1,0	1,9
Austria	0,7	1,0	1,5	2,3	1,9
Germany	-0,1	0,2	1,6	1,6	1,8
Ireland	-0,3	0,3	-0,3	-0,1	1,8
Finland	0,6	-0,2	1,1	0,5	1,6
France	0,1	0,3	0,8	1,3	1,6
Netherlands	-0,1	0,5	0,7	1,2	1,5
Greece	-2,5	0,4	0,3	1,0	0,9
Luxemburg	-1,0	0,8	1,5	1,5	0,7
Eurozone	**-0,2**	**0,2**	**1,1**	**1,4**	**1,9**

Source: IMF

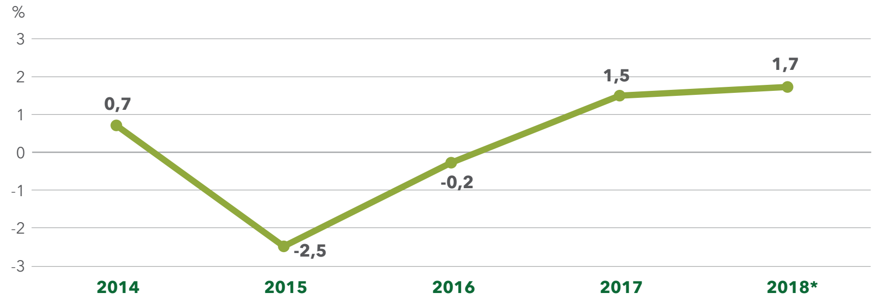
** World Economic Outlook (October 2018) projections.*

Even though annual inflation for the Eurozone was close to the ECB target, some economists expect its expansionist policy to continue - not through quantitative easing (which has already ended) but through other ways of injecting liquidity into the market, since the true level of inflation created by injecting money into the market will be low.

Russia

As the table below shows, Russia has come out of the 2015-2016 recession with GDP at +1.7% in 2018.

GDP growth (%) – Russia



Source: IMF

** World Economic Outlook (October 2018) projections.*

The improvement was helped by government policy, reviving domestic demand, higher oil prices and an around 16% devaluation of the rouble.

The increase in, or recovery of, domestic demand was the main cause of the 3.6% rise in inflation.

Year-end inflation – Russia

2014	2015	2016	2017	2018*
11,4	12,9	5,4	2,5	3,6

Source: IMF

** World Economic Outlook (October 2018) projections.*

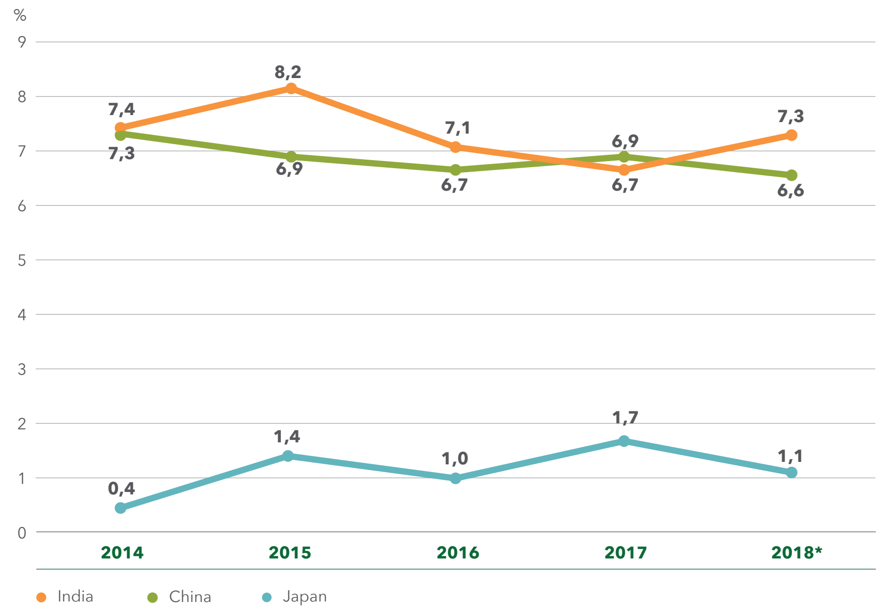
MACROECONOMIC VIEW

Asian Economies

Of the big developing Asian economies, only India saw GDP improve - from 6.7% to 7.3% on the back of increased investment (mainly direct foreign investment), an area in which it overtook China by 20.43% thanks to the receipt of more than USD 39 billion in 2018.

China's growth rate dropped 30 bp in 2018 following restrictive financial measures and lower exports when foreign demand fell as a result of trade tensions with the USA.

GDP growth (%) – Asia



Source: IMF

** World Economic Outlook (October 2018) projections.*

Japan started 2018 with rather uninspiring growth prospects and it was not until the second quarter that things changed as domestic demand and public spending increased. Goods exports nevertheless fell, placing negative pressure on economic expansion, assisted by the impact on business of floods, typhoons and earthquakes.

All these factors were largely responsible for the 1.1% contraction in the economy in 2018.

Inflation rose in the three biggest economies.

The Bank of Japan set a 2% inflation target but actual inflation was 1.4% following higher domestic demand, the rise in oil prices and a monetary policy, introduced in July 2018, of buying in government bonds.

In India basic inflation rose when central government decided to increase the house rental allowance for IAS officers, leading several States to revue their own civil service salaries.

Inflation went up in China essentially in line with rising food prices caused by bad weather, and higher accommodation and entertainment costs following a significant increase in tourist numbers.

Year-end inflation – Asia					
Country	**2014**	**2015**	**2016**	**2017**	**2018***
India	5,3	5,3	3,6	4,6	5,1
China	1,5	1,6	2,1	1,8	2,6
Japan	2,5	0,2	0,3	0,6	1,4

Source IMF

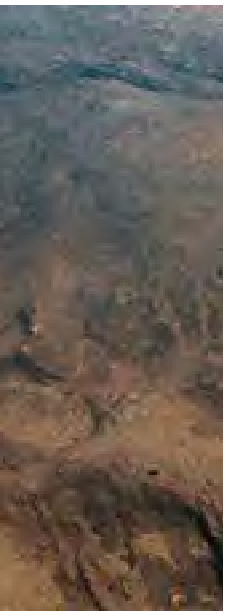
** World Economic Outlook (October 2018) projections.*

South America and the Caribbean

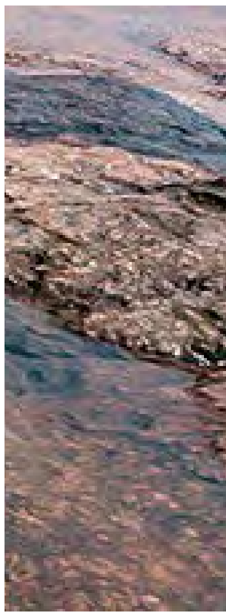
Politics continued to dictate the economic picture for the region as some countries remained afflicted by almost permanent political instability.

Having climbed out of recession in 2017, Brazil grew 40 bp in 2018 to 1.4% thanks to a steady monetary and fiscal policy and better investment and consumption figures.

Peru, Chile, Colombia and Mexico were the strongest economies (+2.2% to +4.1%).



GDP growth (%) - South America and the Caribbean					
Country	**2014**	**2015**	**2016**	**2017**	**2018***
Peru	2,4	3,3	4,0	2,5	4,1
Chile	1,8	2,3	1,3	1,5	4,0
Colombia	4,7	3,0	2,0	1,8	2,8
Mexico	2,8	3,3	2,9	2,0	2,2
Brazil	0,5	-3,5	-3,5	1,0	1,4
Ecuador	3,8	0,1	-1,2	2,4	1,1
Argentina	-2,5	2,7	-1,8	2,9	-2,6
Venezuela	-3,9	-6,2	-16,5	-14,0	-18,0



Source IMF

** World Economic Outlook (October 2018) projections.*

Venezuela's chronic political instability worsened as President Nicolás Maduro faced strong popular opposition to which he refused to yield.

The country's economy contracted 18% in 2018, shrinking 4% more than in 2017.

Sub-Saharan Africa

Sub-Saharan Africa's two biggest economies (Nigeria and South Africa) accounted for 47% of the region's GDP, or 54% if combined with Angola.

A cautionary note must however be struck as regards Angola. In nominal terms Angola lost 1% of its economic importance in the region and over the year with the depreciation of the Kwanza and the floating of its exchange rate in a band managed by the central bank.

Nominal GDP (billionsof USD) – Sub-Saharan Africa

Country	2014	2015	2016	2017	2018*
Nigeria	568	494	405	376	397
South Africa	351	318	296	349	377
Angola	146	116	101	127	115
Kenya	62	64	71	79	90
Ethiopia	56	65	73	81	84
Tanzania	48	46	48	52	56
Ghana	39	37	43	47	52
Sub-Sararan Africa	**1.720**	**1.538**	**1.430**	**1.544**	**1.645**

Source IMF

** World Economic Outlook (October 2018) projections.*

In a region of around 45 economies, the 7 shown in the table above account for 71% of GDP in the zone.

Rising oil prices rallied the oil-dependent economies, most of which saw their growth prospects improve.

% growth in GDP – Sub-Saharan Africa

Country	2014	2015	2016	2017	2018*
Ethiopia	10,3	10,4	8,0	10,9	7,5
Ghana	4,0	3,8	3,7	8,4	6,3
Kenya	5,4	5,7	5,9	4,9	6,0
Tanzania	7,0	7,0	7,0	6,0	5,8
Nigeria	6,3	2,7	-1,6	0,8	1,9
South Africa	1,8	1,3	0,6	1,3	0,8
Angola	4,8	0,9	-2,6	-2,5	-0,1
Sub-Sararan Africa	**5,1**	**3,3**	**1,4**	**2,7**	**3,1**

Source IMF

** World Economic Outlook (October 2018) projections.*

Ethiopia, Ghana, Kenya and Tanzania led the march into growth.

THE ANGOLAN ECONOMY

General Economic Growth Outlook

After two years of deep recession (now officially confirmed) the Angolan economy is beginning to recover from the shock inflicted by falling oil prices.

In 2018 the Angolan economy contracted just 0.1% as compared with an average 2.5% over the last two years.

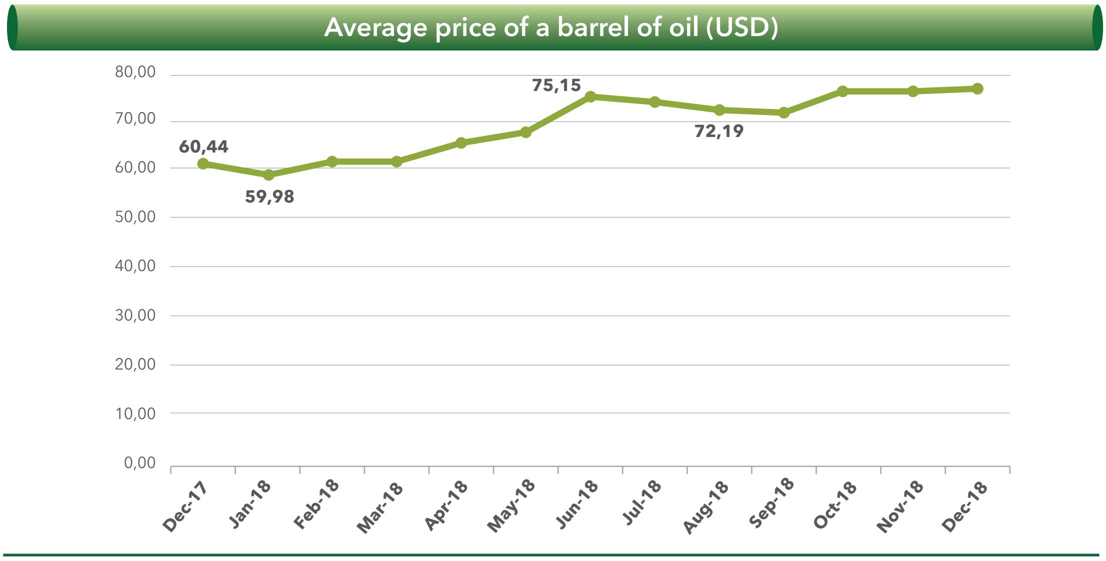
GDP growth

Source IMF

** World Economic Outlook (October 2018) projections.*

The cost for a barrel of oil projected in the 2018 general State budget was USD 50. However, the average (monthly) price actually achieved for a barrel of Angolan crude was USD 70.75 and formed the basis for the recovery described above.

MACROECONOMIC VIEW



The rising price of crude, combined with Macroeconomic Stability Programme policies, continue to strengthen public finances and make them sustainable by improving public spending, expanding the tax base and increasing oil production.

Year-end average price of a barrel of oil

Year	Price (USD)	Variation
2017	50,61	57%
2018	79,32	

Source: Finance Ministry

Inflation

Inflation fell 8.05%, from 26.26% at end 2017 to 18.21% at end 2018.

Annual Inflation (%) (end of period)

Type of influention	2014	2015	2016	2017	2018*
Consumer prices	7,50	14,27	41,95	26,26	18,21

Source: BNA

The drop is attributable to the foreign exchange and commercial policies introduced by the foreign exchange authorities. In addition to ending the direct sale of currency and allowing the exchange rate to float within a band, the BNA also required imports over USD 100.000 to be paid by credit card alone, thus ensuring goods actually enter the country. The result of these policies was greater availability of goods for both the end consumer and industry and was reflected in the end price.

Currency sold auction (USD millions)			
	2017	2018	Variation
Total per year	12.220	13.458	1.238
Increase %		10%	
Monthly average	1.018	1.122	103

Source: BNA

Up to the end of 2018 the forex market operated in response to market forces, and the prices of goods followed the same pattern. This was unlike the picture in 2017 when importers, particularly of basic products, were subject to tight government control and prices were regulated using the stick, rather than the carrot.

Net international reserves

Despite better oil prices, as a result of the foreign exchange policy net international reserves fell by an average monthly USD 20.75 compared with the 2018 general State budget.

Net international reserves (millions of USD)					
	2014	2015	2016	2017	2018
Foreign exchange reserves	27.101	24.266	20.807	14.246	10.630

Source: BNA

Interest rates and lending to the economy

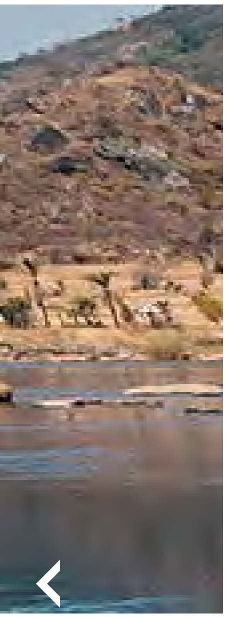
The State intends to invigorate the economy by encouraging banks through lower interest rates to lend to companies and families.

Interest rates				
	2015	2016	2017	2018
BNA Rate	11,00	16,00	18,00	16,50
TB 3 M	13,90	16,38	16,15	13,60
TB 6 M	14,95	23,92	20,25	17,06
TB 12 M	15,00	24,49	23,90	19,05

Lending to the economy (billions of AKZ)			
	2017	2018	Variation
Lending to the enconomy	43.048	48.007	4.959

Fonte: BNA

Lower interest rates translated into AKZ 4.959 billions more lending to the economy in 2018.



Money supply

Dollarization of the economy (i.e. foreign currency as a proportion of the economy) is increasing as economic operator confidence in the national currency continues to slide and they tend to save in foreign currency to deal with exchange rate risk.

Money supply (AKZ millions)						
	2014	2015	2016	2017	2018	Variation
M3 AKZ and foreign currency	5.110.120	5.711.899	6.528.855	6.521.678	8.111.490	24%
M3 AKZ	3.418.191	3.910.892	4.545.868	4.522.786	4.506.922	0%
M3 ME	1.691.930	1.801.008	1.982.987	1.998.892	3.604.568	80%
ME as a % of M3	33%	32%	30%	31%	44%	101%

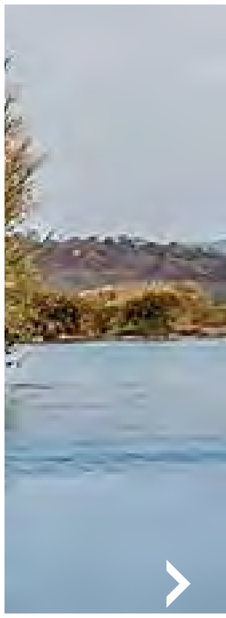
Source: BNA

Deep analysis of monetary aggregates shows that M1 in national currency contracted 1% 2017-2018 but at the same time expanded 44% in foreign currency.

The foreign currency near-currency component of aggregate M2 expanded 111% but by only a modest 1% in AKZ.

Monetary Aggregates (AKZ millions)			
Description	2017	2018	Variation
M1	**3.732.163**	**4.098.115**	
Banknotes and coins in circulation Deposits transferrable in national	**2.825.134**	**2.792.672**	**-1%**
Banknotes and coins in circulation	418.736	371.097	-11%
Transferrable deposits	3.313.427	3.727.018	12%
national currency	2.406.398	2.421.574	1%
foreign currency	**907.029**	**1.305.444**	**44%**
Near money	**2.785.536**	**4.003.426**	
Other Deposits	2.785.536	4.003.426	
national currency	1.695.933	1.704.442	1%
foreign currency	**1.089.603**	**2.298.984**	**111%**

Source: BNA



General State Budget

The 2018 general State budget was based on oil at USD 50 per barrel and exports of 620 millions barrels.

Tax income from oil was projected at AKZ 2.399 billions or 54% of total income.

However, international crude prices improved the national accounts to such an extent that the public finance figures reviewed and published in the 2019 general State budget show that tax income from oil was AKZ 3.886 billions, +62% on forecast.

General State Budget (billions of AKZ)

	2015		2016		2017		2018		2018*
Oil income	1.898	56%	1.536	44%	2.009	57%	2.399	54%	3.886
Other sector income	1.158	34%	1.557	45%	1.194	34%	1.740	40%	1.372
Other income	326	10%	393	11%	340	10%	265	6%	368
Total current income	3.381		3.485		3.542		4.404		5.625
Expenditure	3.858		4.485		4.822		5.209		5.450
Surplus/deficit	-477		-1.000		-1.280		-805		175

Source: Finance Ministry

**Updates published in the 2019 General State Budget Basis Report*

The total balance on orders improved from an AKZ 805 billions deficit in the forecasts to an AKZ 175 billions surplus.

Equally important was the greater importance of the oil sector as a source of total income (69% vs 54% forecast).

Balance of Trade

Oil exports continued to slide not only as a result of the shortages caused by OPEC agreements but also because of low investment in the sector despite the reforms and actions taken by the Government to attract investment and remove obstacles to production.

Oil exports (millions of barrels and price in USD)

	2014	2015	2016	2017	2018
Barrels of oil exported	587	628	611	596	541
Average number of barrels of oil per day	1,6	1,7	1,7	1,6	1,5
Average price	96	50	42	51	63

Source: BNA

BNA's recently published Report on the Balance of Trade and the International Investment Position, Q3 2018 gives quarterly balance of trade figures and forecast figures for Q4 2018, which are based on an average only.

Closing forecast of the balance of trade in 2018	2018 Q1	2018 Q2	2018 Q3	2018 Q4*	2018
Exports	**9.789**	**10.866**	**10.968**	**10.541**	**42.165**
Oil/oil derivatives	9.367	10.397	10.505	10.090	40.358
Diamonds	235	295	243	258	1.031
Agriculture etc.	58	42	49	59	199
Services	129	132	171	144	576
Imports	**5.380**	**6.431**	**5.994**	**5.935**	**17.804**
Goods	3.325	4.093	4.009	3.809	11.426
Services	2.055	2.339	1.985	2.126	6.378
Balance of trade	**4.410**	**4.435**	**4.974**	**4.606**	**24.360**

** Average of the figures in the first three quarters*

If the figures for Q4 follow the same pattern as the first three quarters of the year, the balance of trade could end with an AKZ 24.300 billions loss of around 180% compared with 2017.

Balance of trade (millions of USD)	2014	2015	2016	2017	2018*
Exports	**60.851**	**34.437**	**28.300**	**32.901**	**42.165**
Oil/oil derivatives	57.642	31.895	26.366	30.653	40.358
Diamonds	1.335	1.066	980	1.139	1.031
Agriculture etc.	193	220	243	282	199
Services	1.681	1.256	711	826	576
Imports	**53.538**	**37.969**	**25.657**	**24.283**	**17.804**
Goods	28.580	20.693	13.040	12.342	11.426
Services	24.958	17.276	12.617	11.941	6.378
Balance of trade	**7.313**	**-3.531**	**2.643**	**8.617**	**24.360**

**Estimates based on the BNA Report on the Balance of Trade and the International Investment Position, Q3 2018*

Public debt

Official public debt figures published in October 2018 and taken from the BNA 2017 Annual Report show that in 2017 Angola's total debt was USD 78.500 millions, or 71.04% of GDP.

Foreign debt over the period was around 55%, of which at least half with China.

One month later in November 2018, the Head of the Debt Management Unit disclosed during a workshop for members of Parliament that public debt totalled USD 72.450 millions, of which 60% was foreign debt mainly to China, and 40% was domestic debt.

The information and figures caused financial rating agencies such as Moody's, Standard & Poor's and Fitch to give Angola a non-investment grade, or junk, rating.

The internal debt strategy is now gradually to stop linking debt to the dollar since this has proved to be a driving force behind the fast rise in domestic debt in the last few years.

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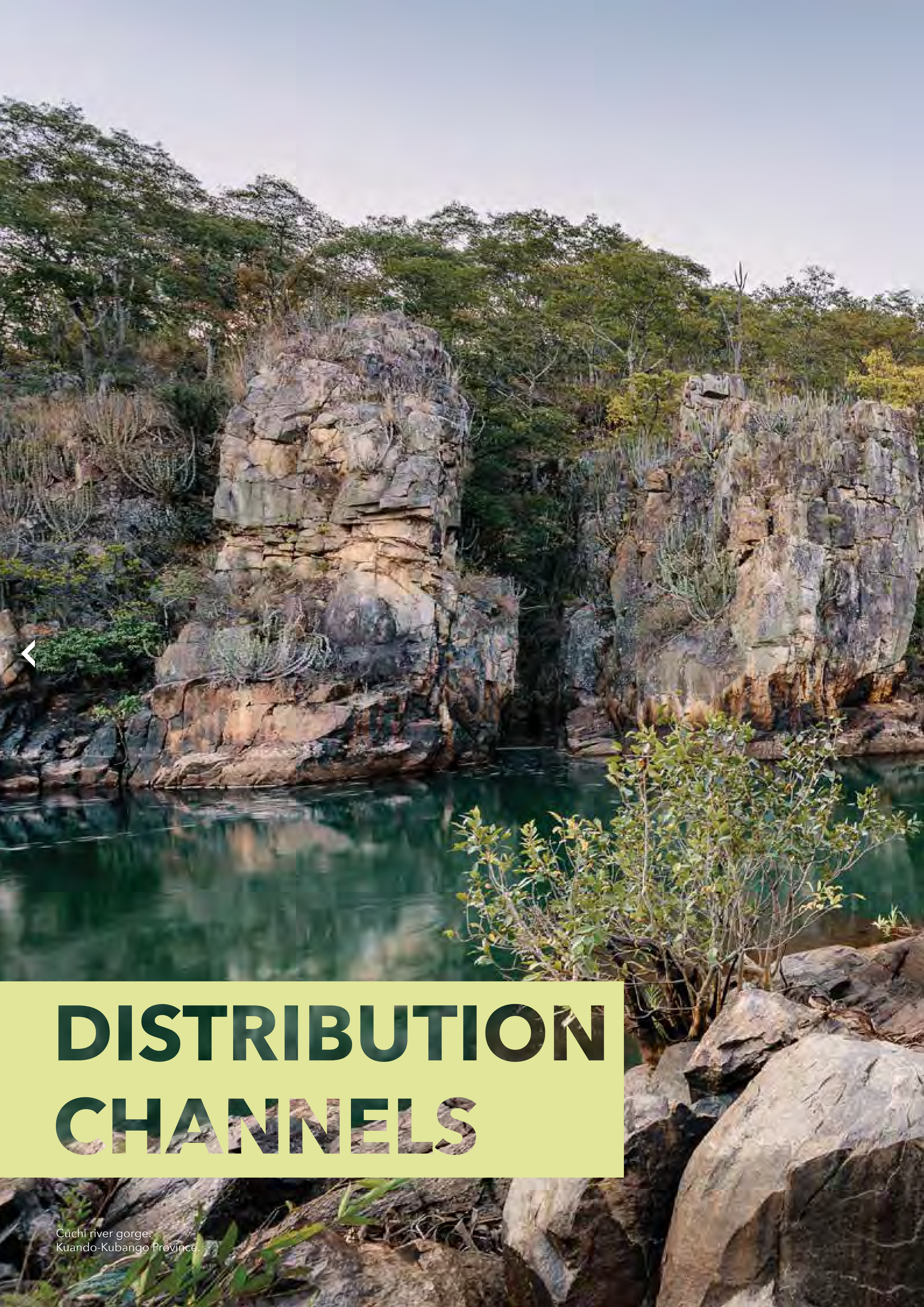

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MALANGE

Malange
Rua António Dienes
Hotel Gigante
Tel:(+244) 222 641 331

HUILA

ENDE Lubango
Rua 11 de Novembro
Centro de Distribuição ENDE E.P.
Huíla
Tel: (+244) 927 561 111

CUANZA NORTE

Cambambe
Comuna do Dondo
Bairro dos Cahoios, Zona 4
Próximo à Loja de Atendimento
ENDE E.P. Dondo

Cambambe
Bairro da SONEF/Cambambe, Zona 9
Centro Recreativo (Club) Vila do
"Aproveitamento hidroeléctrico de
Cambambe"

CUANZA SUL

Sumbe
Rua do Cabouqueiro, N° 16, Zona 3
R/C do Edifício da Direcção da ENDE
E.P.

Porto Amboim
Rua de Moçambique, N° 1120
Edifício dos serviços da ENDE E.P.

2 - Indirect:
Limited Service Branches
ATM Machines (58)
POS (304)

FINANCIAL STATEMENTS

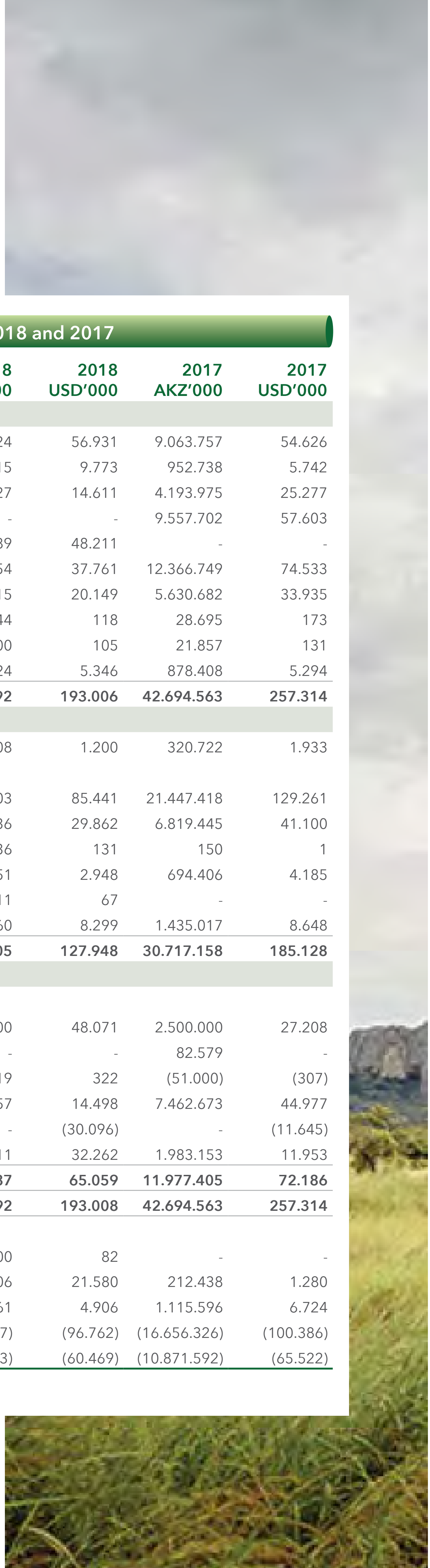
Pungo Andongo (Pungoandongo) Black Rocks.
Malanje Province.

FINANCIAL STATEMENTS

For the year ended 31 December 2018

Balance Sheet as at 31 December 2018 and 2017

	Notes	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Assets					
Cash and Balances at Central Banks	3	17.657.524	56.931	9.063.757	54.626
Balances at other Credit Institutions	4	3.031.115	9.773	952.738	5.742
Placements with C. Banks and other Credit Institutions	5	4.531.827	14.611	4.193.975	25.277
Financial Assets Available for Sale	6	-	-	9.557.702	57.603
Financial Assets through OCI	6	14.952.889	48.211	-	-
Loans and advances	7	11.711.954	37.761	12.366.749	74.533
Other Tangible Assets	8	6.249.415	20.149	5.630.682	33.935
Intangible Assets	8	36.544	118	28.695	173
Deferred Taxes Receivable	9	32.500	105	21.857	131
Other Assets	10	1.658.524	5.346	878.408	5.294
Total Assets		**59.862.292**	**193.006**	**42.694.563**	**257.314**
Liabilities					
Deposits from other Credit Institutions	11	372.108	1.200	320.722	1.933
Deposits from clients					
a) Demand	12	26.500.303	85.441	21.447.418	129.261
b) Term	12	9.262.036	29.862	6.819.445	41.100
Provisions	13	40.736	131	150	1
IncomeTaxes	14	914.351	2.948	694.406	4.185
Deferred Tax Liabilities	15	20.811	67	-	-
Other Liabilities	16	2.574.060	8.299	1.435.017	8.648
Total Liabilities		**39.684.405**	**127.948**	**30.717.158**	**185.128**
Equity					
Capital					
- Capital	17.1	7.500.000	48.071	2.500.000	27.208
- Capital maintenance reserve	17.1	-	-	82.579	-
Revaluation reserves	17.1	99.819	322	(51.000)	(307)
Other reserves and retained income	17.1	4.496.557	14.498	7.462.673	44.977
Foreign currency translation reserve	17.1	-	(30.096)	-	(11.645)
Retained income for the year	17.1	8.081.511	32.262	1.983.153	11.953
Total Capital		**20.177.887**	**65.059**	**11.977.405**	**72.186**
Total Liabilities and Capital		**59.862.292**	**193.008**	**42.694.563**	**257.314**
OFF BALANCE SHEET ITEMS					
Guarantees issued	29	25.300	82	-	-
Letters of credit	29	6.693.306	21.580	212.438	1.280
Undrawn commitments	29	1.521.561	4.906	1.115.596	6.724
Guarantees received	29	(30.011.587)	(96.762)	(16.656.326)	(100.386)
Custodial assets	29	(18.754.983)	(60.469)	(10.871.592)	(65.522)

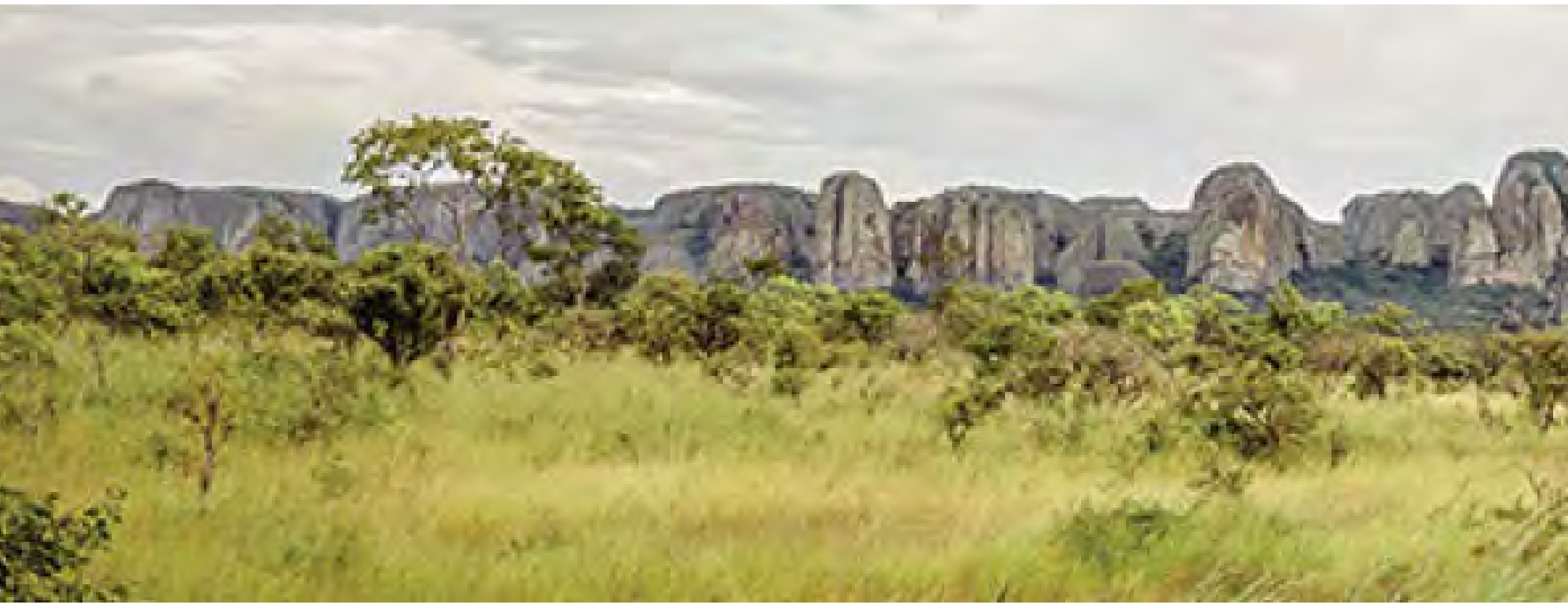


Income Statement for the year ended 31 December 2018 and 2017

	Notes	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Interest and other similar income	19	3.843.097	14.839	3.525.959	21.251
Interest and other similar expenses	20	(465.872)	(1.799)	(295.192)	(1.779)
Net Interest Margin		3.377.225	13.040	3.230.767	19.472
Fee and commission income	21	4.312.127	16.650	2.238.139	13.489
Fee and commission expenses	22	(123.569)	(477)	(74.306)	(447)
Results of financial operations	23	6.588.640	25.441	1.126.296	6.788
Other Operating Expenses	24	(480.729)	(1.856)	(101.123)	(609)
		10.296.469	**39.758**	**3.189.006**	**19.221**
Operating Margin		**13.673.694**	**52.798**	**6.419.773**	**38.693**
Salaries and other payroll expenses	25	(2.045.287)	(7.897)	(1.532.899)	(9.239)
Third parties supplies	26	(1.886.838)	(7.286)	(1.680.608)	(10.129)
Depreciation and amortisation	8	(443.095)	(1.429)	(390.960)	(2.356)
Net provisions	13/15	(35.587)	(115)	(121.753)	(735)
Impairment losses on loans (IAS 39)	7	-	-	34.856	210
Impairment losses on loans (IFRS 9)	7	(228.698)	(737)	-	-
Impairment losses on Fin. Assets through OCI (IFRS 9)	17.1	(27.085)	(87)	-	-
Impairment losses on Other Fin. Assets (IFRS 9)	10	(3.905)	(13)	-	-
Impairment losses on Other Assets	11	(10.482)	(34)	(50.850)	(306)
		(4.680.977)	**(17.598)**	**(3.742.214)**	**(22.555)**
Income before taxes		**8.992.717**	**35.200**	**2.677.559**	**16.138**
Income taxes					
- Currents	14	(914.351)	(2.948)	(694.406)	(4.185)
- Deferred	9	3.145	10	-	-
Net income for the year		**8.081.511**	**32.262**	**1.983.153**	**11.953**
Earnings per share (AKZ'000)	27				
- Basic		0,60		0,32	
- Diluted		0,60		0,32	

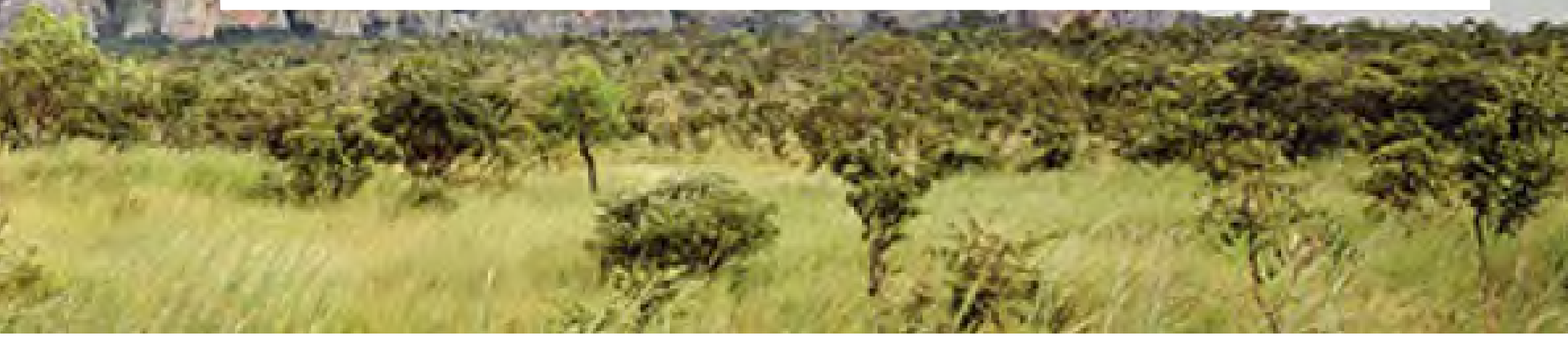
Statement of comprehensive income for the year ended 31 December 2018 and 2017

	Notes	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Net profit		8.081.511	32.262	1.983.153	11.953
Other compreensive income					
Items that may be reclassified to Income Statement					
Change in the fair value of financial through other compreensive income	6	142.228	459	(72.857)	(438)
Tax effect (30%)	15/9	(42.668)	(138)	21.857	131
Income not included in the income statement	17.1	99.560	321	(51.000)	(307)
Comprehensive Income for the Year		8.181.071	32.583	1.932.153	11.646



Statement of Changes in Shareholders' equity for the year ended 31 December 2018 and 2017

Thousands in Kwanzas	Share Capital	Capital Maintenance reserves	Fair Value Adjustment Reserves	Statutory Reserves	Free Reserves	Retained Income	Profit of the year	Total of Equity
Balance at 31-12-2016	**2.500.000**	**82.579**	**(139.678)**	**769.814**	**3.648.289**	**398.645**	**3.143.577**	**10.403.226**
Appropriation of 2016 retained income	-	-	-	314.358	2.730.156	(398.645)	(2.645.869)	-
2016 Dividends	-	-	-	-	-	-	(497.708)	(497.708)
Fair Value Adjustments	-	-	88.678	-	-	-	-	88.678
Retained Income	-	-	-	-	-	56	-	56
Profit for the year 2017	-	-	-	-	-	-	1.983.153	1.983.153
Balance at 31-12-2017	**2.500.000**	**82.579**	**(51.000)**	**1.084.172**	**6.378.445**	**56**	**1.983.153**	**11.977.405**
Transition adjustments – IFRS 9	-	-	21.671	-	-	(20.377)	-	1.294
Balance at 01-01-2018	**2.500.000**	**82.579**	**(29.329)**	**1.084.172**	**6.378.445**	**(20.321)**	**1.983.153**	**11.978.699**
Balance at 01-01-2018	-	-	-	198.315	1.784.894	(56)	(1.983.153)	-
Apropriation of 2017 retained income	5.000.000	-	-	-	(5.000.000)	-	-	-
Capital Increase	-	-	99.560	-	-	-	-	99.560
Fair Value Adjustments	-	(82.579)	-	-	71.108	-	-	(11.471)
Retained income	-	-	29.588	-	-	-	-	29.588
Impairmen losses on Fin. Assets through OCI	-	-	-	-	-	-	8.081.511	8.081.511
Profit for the year 2018	**7.500.000**	**-**	**99.819**	**1.282.487**	**3.234.447**	**(20.377)**	**8.081.511**	**20.177.887**



Statement of Cash Flows for the year ended 31 December 2018 and 2017

	Notes	2018 AKZ'000	2017 AKZ'000
Profit before tax		8.992.717	2.677.559
Add:			
Depreciations	8	443.095	390.960
Provision for potential responsibilities	13/16	35.587	121.753
Impairment losses on fin. assets (excluding loans)	5/6/10	41.472	50.850
Impairment losses on loans	7	228.698	(34.856)
Less:			
Dividends paid	17.1	-	(497.708)
Tax paid	14/16	(522.962)	(748.159)
Cash flows from operating activities		**9.218.607**	**1.960.399**
Increase (Decrease) in loans and advances	7	392.006	(1.348.510)
Decrease (Increase) in other assets	10	(787.873)	3.990.489
Increase (Decrease) in deposits from other banks	11	51.386	(2.285.567)
Increase (Decrease) in other liabilities	16	1.129.477	(539.181)
		10.003.603	**1.777.630**
Investing activities			
Purchase of tangible and intangible assets	8	(1.092.313)	(481.139)
Purchase of trading and investment securities	6	(5.393.165)	1.986.124
Placements with central Banks and other banks	5	(341.457)	(3.944.968)
		(6.826.935)	**(2.439.983)**
Financing activities			
Demand deposits	12	5.052.885	(581.668)
Term deposits	12	2.442.591	728.736
		7.495.476	**147.068**
Increase (Decrease) in cash and cash equivalentes		10.672.144	(515.285)
Opening balance of cash and cash equivalents		10.016.495	10.531.780
Closing balance of cash and cash equivalents		**20.688.639**	**10.016.495**

NOTES TO THE FINANCIAL STATEMENT

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 17 March 1997 and started its business activity on the 23 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 2018, the Bank operated 40 branches throughout the country.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

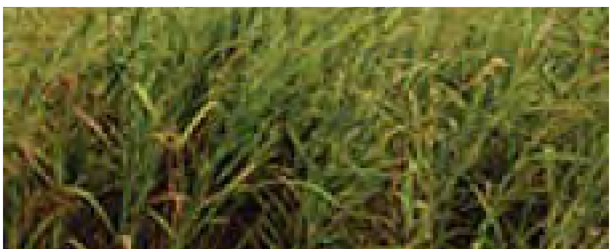
The BCA financial statements disclosed herewith, are related to the year ended 31 December 2018 and 2017.

The financial statements were prepared from the accounting records of BCA in conformity with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), as issued by the International Financial Reporting Standards Board (IASB) and interpreted by Internacional Financial Reporting Interpretation Committee (IFRIC), incorporated into the Angolan legislation through the Central Bank (Banco Nacional de Angola – BNA) Notice 6/2016 of 22 June. BCA adopted IFRS and mandatory interpretations for the years started on 01 January 2018 and 2017. Accounting policies were applied consistently as the year before, with exception of changes introduced by the standards: IFRS 9 – financial instruments (which replaces IAS 39); and IFRS 15 – contracts revenues from clients. IFRS 9 establishes significant changes in classifying, measurement, and impairment losses on financial assets.

The IFRS 9 requirements are in general applied retrospectively, adjusting the opening balance at the date of the first adoption (01 January 2018). The impacts of IFRS 9 adoption as at January 2018, are detailed in note 32. There are no negative impacts calculated applying IFRS 15, as per note 2.4.

The financial statements were prepared on the basis of continuity of operations, as by the books kept by the Bank, and on the historic cost basis, except for assets and liabilities recorded at fair value, such as the derivative financial instruments, financial assets and liabilities at fair value through profit and loss, financial assets through other comprehensive income.

The financial statement for the year ended 31 December 2018 were approved by the Board of Directors at 23 April 2019 and will be submitted to the Shareholders´ General Assembly, the body with a final power either to approve or not to approve them. However the Board of Directors expects the General Assembly will approve them.



The preparation of the financial statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or for which assumptions and estimates are considered to be significant are presented in note 2.3.20.

Currency of presentation

The financial statements for the years ended 31 December 2018 and 2017, are prepared in thousand of Kwanza (AKZ'000), as per Notice 15/07, article 5° of BNA. The functional currency of the Bank is Kwanza (AKZ). However, the Board has decided that the US Dollar (USD) is the Bank's reference currency as it is the currency most representative of the Bank's international operations. As a result, financial information is disclosed in both currencies in the most relevant notes, as per the Board of Directors' consideration. The AKZ/USD exchange rates used in the preparation of this financial statement were as follows:

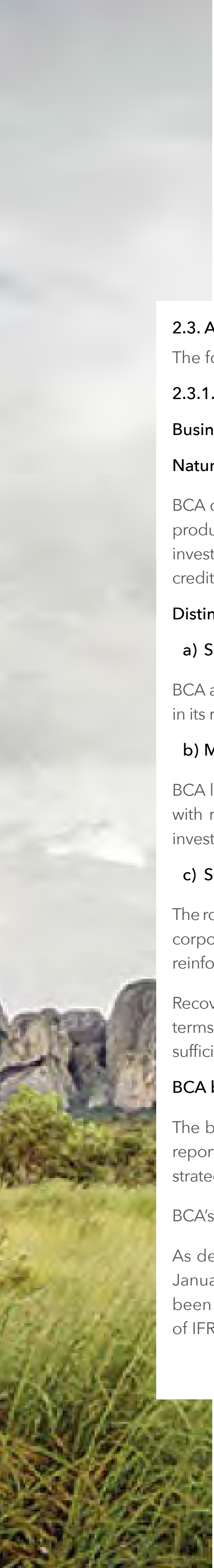
Year ended on	Average Rate	Closing Rate
2017	165,917	165,924
2018	258,979	310,158

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.

2.2. TRANSACTIONS IN FOREIGN CURRENCY

The transactions in foreign currency are converted to the functional currency (Kwanza) applying the exchange rate in use at the date of transaction. The monetary assets and liabilities expressed in foreign currency, are converted to the functional currency applying the exchange rate in use at the date of balance sheet. The foreign exchanges differences issued from this convertion are recognised in income statement. The monetary assets and liabilities expressed in foreign currency, recognised at their historic cost, are converted to functional currency at the exchange rate on the date of transaction. The non-monetary assets and liabilities recorded at fair value, are converted to the functional currency at the exchange rate in use on the date in which the fair value is estimated, and recognised in income statement, with the exception of the financial assets available for sale, whose exchange rate differences are recognised in the reserves of equity.



2.3. ACCOUNTING POLICIES

The following accounting policies are applicable to the financial statements of BCA:

2.3.1. Financial Instruments (IFRS 9)

Business model

Nature of operations and main activities

BCA carries out a number of activities and banking services in Angola, offering a huge range of financial products and services: demand deposit accounts, low cost accounts, methods of payment, saving and investment products, private banking, asset management, investment banking, housing loans, consumer credit, commercial banking etc.

Distinctive features of the business model

a) Service quality

BCA as a brand stands for customer service, with excellent quality, efficiency and speed as the key factors in its response to client needs and in its execution of their transactions.

b) Market pioneer in compliance

BCA leads the market in building into its procedures all the processes needed to ensure full compliance with regulations and with the fight against money laundering and the financing of terrorism, and has invested heavily in technological and human resources to achieve this aim.

c) Sustainable business model

The robustness of BCA's business model has its main foundation in on naturally more stable and less volatile corporate and retail banking. BCA has successfully introduced operational recovery into its core market, reinforcing its financial and equity position despite the challenging banking environment in Angola.

Recovery depends on three separate factors: a client-focused relationship model; market leadership in terms of efficiency; and sustainability. The Bank's efficiency ratios are above the market average and it has sufficient solvency to be able to withstand any negative shocks the market may produce.

BCA business model

The business model within which the Bank holds its financial instruments is reassessed each year at the reporting date. Portfolio objectives are always built into the business model, translating into a management strategy that focuses on how contractual cash flows are originated and received.

BCA's financial instruments are currently held within a held to collect business model.

As described in Note 2.1. (Presentation basis) the Bank adopted IFRS 9 (Financial Instruments) on 1 January 2018 to replace IAS 39 (Financial Instruments - Recognition and Measurement), which had been in effect until 31 December 2017. The Bank had not previously made early adoption of any part of IFRS 9.

In accordance with IFRS 9 transitional arrangements, the Bank opted not to restate comparative balances for the previous period. All adjustments to the carrying values of financial assets and liabilities at transition were recognised in equity at 1 January 2018. Changes in the level of information disclosed in the Notes to the Financial Statements following the IFRS 7 amendments after the adoption of IFRS 9 apply only to the current reporting period. The information in the Notes to the Financial Statements concerning the comparative period is as disclosed in the previous period.

The accounting policies in force since the adoption of IFRS 9 on 1 January 2018 are as follows (the accounting policies applying to the comparative period - under IAS 39, are described in Note 2.3.2.):

2.3.1.1. Financial Assets

2.3.1.1.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial assets are classified as:

I) Financial assets at amortised cost;

II) Financial assets at fair value through other comprehensive income; or

III) Financial assets at fair value through profit or loss.

Classification takes account of:

- the business model used by the Bank to manage the financial asset; and
- the features of the contractual cash flows on the asset.

Assessment of the business model

At 1 January 2018 BCA undertook a portfolio-level assessment of the business model under which the financial instrument is held since this is the best reflection of how assets are managed and how information is provided to management bodies. The information considered was:

- portfolio policies and objectives and how policies are implemented in practice, including how management strategy covers the receipt of contractual interest, maintaining a set interest rate profile, matching the duration of the financial assets to that of the financial liabilities funding the assets, or realising cash flow through the sale of assets;
- how portfolio performance is assessed and reported to the Bank's management bodies;
- assessment of the risks affecting the performance of the business model (and of the financial assets held within it) and how they are managed;
- the remuneration of business managers, e.g. the extent to which remuneration depends on the fair value of the assets under management or on contractual cash flows received; and
- the frequency, volume and timing of sales in previous periods, the reasons for those sales and expected future sales. Information on sales must not however be considered in isolation but as part of a general assessment of how the Bank sets management targets for financial assets and of how cash flows are obtained.

Financial assets held for trading and financial assets that by option are managed and assessed at fair value are measured at fair value through profit or loss on an SPPI (solely payments of principal and interest) basis.

For assessment purposes, "capital" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the consideration given for the time value of money, the credit risk associated with the debt over a set period of time, and other risks and costs associated with the activity (e.g. liquidity risk and administrative expense) and for a profit margin.

When assessing the financial instruments to which contractual SPPI cash flows refer, the Bank takes account of the terms of the underlying original contracts for the investment concerned. The assessment includes analysis of any situations in which contract terms could alter the timing and amounts of cash flows to prevent them meeting SPPI requirements. During assessment BCA will look at:

i. contingencies that could alter cash flow timings and/or amounts;
ii. features resulting in leverage;
iii. clauses allowing early repayment or extended maturity;
iv. clauses that might restrict BCA's ability to claim cash flows on particular assets (e.g. non-recourse assets); and
v. features that can alter remuneration of the time value of money.

Early repayment is consistent with SPPI so long as:

i. the financial asset was acquired or originated at a premium or discount on the nominal value of the contract;
ii. early repayment is essentially the nominal value of the contract plus accrued contractual interest plus unpaid items (may include reasonable compensation for early repayment); and
iii. the fair value of the early repayment is not material at initial recognition.

2.3.1.1.1.1. Financial assets at amortised cost

Classification

Financial assets are classified as financial assets at amortised cost if they meet all the following conditions:

I. the financial asset is held within a business model whose principal objective is to hold the asset to collect the contractual cash flows; and
II. its contractual cash flows occur on specified dates and are solely payments of principal and interest on amounts outstanding (SPPI).

Financial assets at amortised cost include investments with lending institutions, loans and advances to clients and debt securities held within a business model whose objective is to collect the contractual cash flows (government bonds, corporate bonds and commercial paper).

Initial recognition and subsequent measurement

investments with lending institutions and loans and advances to clients are recognised at the date the funds become available to the counterparty (settlement date). Debt securities are recognised at the trading date, i.e. the date on which the Bank undertakes to acquire them.

Financial assets at amortised cost are initially recognised at fair value plus transaction charges, and thereafter are measured at amortised cost. As of initial recognition they are also impaired for expected credit loss (note 2.3.1.1.4.1.1.).

Interest on financial assets at amortised cost is recognised in interest and similar income using the effective interest method and the criteria set out in Note 2.3.11..

Derecognition gains/losses are posted to gain/(loss) at derecognition of financial assets and liabilities at amortised cost.

2.3.1.1.1.2. Financial assets at fair value through other comprehensive income

Classification

Financial assets are classified at fair value through comprehensive income if they meet all the following conditions:

I. they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
II. contractual cash flows occur on specified dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, at initial recognition of an equity instrument that is not held for trading and for which no contingent consideration is recognised by a purchaser in a concentration of business interests to which IFRS 3 applies, the Bank can make an irrevocable election to measure it at fair value through other comprehensive income (FVOCI). The option is exercised on a case-by-case and investment-by-investment basis and is available only for financial instruments that meet the IAS 32 definition of an equity instrument, which cannot apply to financial instruments that the issuer has classified as equity instruments under the exemptions allowed at 16A and 16D of IAS 32.

Initial recognition and subsequent measurement

Changes in the fair value of these financial assets are recognised in the revaluation reserves, while disposal gains/losses accumulated in other comprehensive income are reclassified as a separate item in profit or loss as a gain/loss on the derecognition of financial assets at fair value through other comprehensive income.

As of initial recognition, debt instruments at fair value through other comprehensive income are impaired for expected credit loss (ECL) (Note 2.3.1.1.4). ECL is carried to loss under impairment of financial assets at fair value through other comprehensive income in the revaluation reserves and does not reduce the recorded value of the financial asset on the balance sheet.

All interest, premiums and discounts on financial assets at fair value through other comprehensive income are recognised under interest and similar income under the effective interest method and the criteria described in Note 2.3.13.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction charges and thereafter are measured at fair value. Changes in the fair value of these financial assets are posted to the revaluation reserves. The dividends are carried to income when attributed and so long as they clearly do not represent recovery of part of the investment cost. Dividends that do represent recovery of part of the investment cost are recognised in other comprehensive income.

Equity instruments at fair value through other comprehensive income are not impaired since at derecognition the accumulated gain/loss recorded in changes in fair value is carried to profit/loss brought forward.

2.3.1.1.1.3. Financial assets at fair value through profit or loss

Classification

Financial assets are classified at fair value through profit or loss (FVPL) if the business model within which the Bank holds them, or their cash flows do not meet the above conditions for measurement at either amortised cost or fair value through other comprehensive income (FVOCI).

Even where a financial asset meets the requirements for measurement at amortised cost or FVOCI, at initial recognition the Bank can still make an irrevocable decision to designate it as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition mismatch (accounting mismatch) that would otherwise arise from measuring assets or liabilities or from recognising the gains and losses on them on different bases.

The Bank classifies financial assets at fair value through profit or loss as follows:

a) Financial assets held for trading

These financial assets have been acquired for sale in the short term. At initial recognition they form part of a portfolio of identified financial instruments that either present evidence of a pattern of recent short-term profit-taking, or fall within the definition of a derivative (unless the derivative is used as a hedge);

b) Financial assets not held for trading necessarily at fair value through profit or loss

These are debt instruments on which the contractual cash flows are not only SPPI;

c) Financial assets designated at fair value through profit or loss (fair value option)

This item includes the financial assets that the Bank has opted to designate at fair value through profit or loss para to eliminate an accounting mismatch.

Initial recognition and subsequent measurement

Since the transactions undertaken by the Bank during the normal course of business are at arm's length, financial assets at fair value through profit or loss are initially recognised at fair value while the costs and income associated with the transactions are carried to profit or loss at initial recognition. Subsequent changes in the fair value of these financial assets are carried to profit or loss.

Accrued interest and premiums/discounts (where applicable) are posted to interest and similar income at the effective interest rate for each transaction, along with accrued interest on the derivatives associated with the financial instruments under this heading. Dividends are recognised in profit or loss when attributed.

2.3.1.1.2. Reclassification of financial assets

Financial assets are not reclassified unless the business model within which they are held is changed, in which case all affected financial assets will be reclassified.

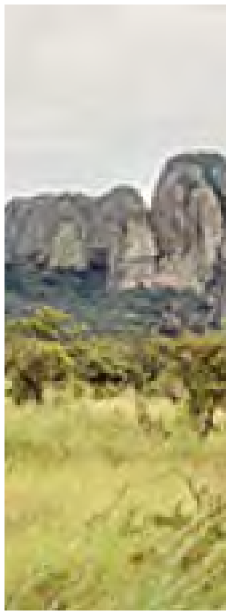
Reclassification is prospective from the reclassification date but gain, loss (including impairment) and previously recognised interest are not restated.

Investments in equity instruments measured at fair value through other comprehensive income and financial instruments designated at fair value through profit or loss cannot be reclassified.

2.3.1.1.3. Modification and derecognition of financial assets

General principles

i. The Bank does not derecognise financial assets unless:
   - the contractual rights to the cash flows from the financial asset have expired; or
   - the financial asset is transferred as described at ii) and iii) below, and the transfer meets the conditions for derecognition set out at iv).



ii. The Bank will not transfer a financial asset unless:
   - the contractual rights to receive the cash flows on the financial asset are transferred; or
   - it retains the contractual rights to receive the cash flows on the financial asset but accepts a contractual obligation to pay the cash flows to one or more recipients under an agreement that meets the conditions set out at iii) below.

iii. If the Bank retains the right to receive the cash flows on a financial asset (original asset) but accepts a contractual obligation to pay the cash flows on the financial asset, and accepts a contractual obligation to pay the cash flows to one or more entities (original recipients) the Bank will treat the transaction as a transfer of the financial asset so long as the following three conditions are met:
   - the Bank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts on the original asset. Short-term advances by the entity that include the right to full recovery of the amount advanced plus interest at market rates will not prevent this condition being met;
   - the Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset (other than as security to the eventual recipients for its obligation to pay the cash flows to them); and

- the Bank has an obligation to remit all cash flows it collects in the name of the eventual recipients without material delay. In addition, it is not entitled to reinvest the cash flows except in cash or cash equivalent (as defined in IAS 7 - Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients and any interest on such investments being passed to the eventual recipients.

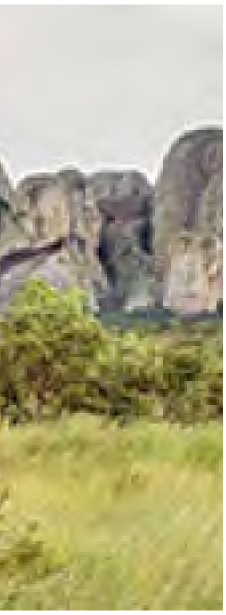
iv. If the Bank transfers a financial asset (see ii above), it must assess the degree to which it retains the risks and rewards of the asset.

- If the Bank has transferred substantially all the risks and rewards on the financial asset, it will derecognise the financial asset and separately recognise as assets or liabilities any rights and obligations created or retained at transfer;
- If the Bank has retained substantially all the risks and rewards on the financial asset, it will continue to recognise the financial asset;
- If the Bank has neither retained nor transferred substantially all the risks and rewards on the financial asset, it must assess whether it has relinquished control of the financial asset;

a) if the Bank has relinquished control, it must derecognise the financial asset and separately recognise as assets or liabilities any rights and obligations created or retained at transfer;

b) If the Bank has retained control, it must continue to recognise the financial asset to the extent to which it has a continuing involvement in the financial asset;

v. Transfer of the risks and rewards referred to above is assessed by comparing the Bank's exposure before and after transfer to variation in the amounts and timings of the net cash flows on the transferred asset.



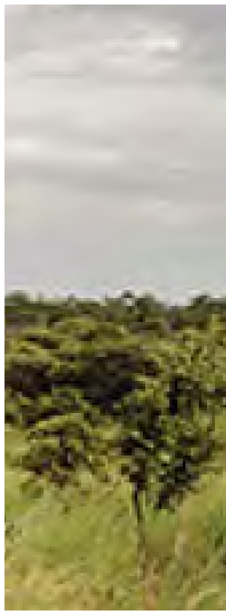
vi. The question of whether the Bank has retained control (see IV above) of the transferred asset depends on the ability of the recipient of the transfer to sell the asset in its entirety to an unrelated third party and its ability to do so unilaterally and without the need to impose additional restrictions at transfer. If it can do so, the entity has relinquished control. In all other cases, the entity has retained control.

Derecognition criteria

Based on the general principles described in the previous section and since contract changes can in some cases lead to the derecognition of the original financial assets that the recognition of new assets, this section sets out the criteria and circumstances under which a financial asset will be derecognised.

The Bank considers that amendment of the terms and conditions of a credit exposure will lead to derecognition of the transaction and recognition of a new transaction so long as the amendment meets at least one of the following conditions:

- a new exposure is created through a consolidation of debt, but none of the derecognised instruments has a nominal value that is more than 90% of the nominal value of the new instrument;



- double extension of the residual term so long as the extension is not over 3 years less than the residual term at the time of the change;
- more than 10% increase in the exposure vs nominal value (using the last approved value in the operation subject to change);
- change in quality characteristics:

a) change of currency, unless the old: new currency exchange rate is fixed or managed within a restricted band by law or by the relevant monetary authorities;
b) exclusion or addition of a material characteristic for the conversion of principal into a debt instrument, unless this could not reasonably be exercised during its term;
c) transfer of the credit risk on the instrument to another debtor, or material change in debtor structure within the instrument.

Write-offs/write-downs

The Bank writes loans and advances off/down if it has no reasonable expectation of making full or partial recovery of an asset. Write-off/down occurs after all action taken by the Bank to recover the assets concerned have failed. Written off/down loans is recognised off-balance sheet.

2.3.1.1.4. Impairment Losses

2.3.1.1.4.1. Impaired financial instruments

The Bank recognises impairment losses for expected loans and advances losses on financial instruments as follows:

2.3.1.1.4.1.1. Financial assets at amortised cost

The impairment losses on financial assets at amortised cost reduce the carrying value of these financial assets under impaired financial assets at amortised cost (in profit or loss).

2.3.1.1.4.1.2. Debt instruments at fair value through other comprehensive income

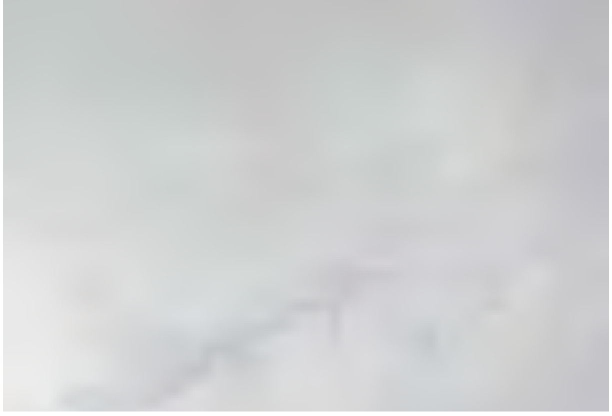
The impairment losses on debt instruments at fair value through other comprehensive income are recognised in profit or loss under impaired financial assets at fair value through other comprehensive income (reducing the carrying value of these financial assets).

2.3.1.1.4.1.3. Loan commitments, letters of credit and financial guarantees

The impairment losses on loan commitments, letters of credit and financial guarantees are carried to loss under provisions for guarantees and other commitments within other provisions (in profit and loss).

2.3.1.1.5. Impairment losses on loans and advances portfolio

In March 2017 during full IAS/IFRS adoption, BNA informed financial institutions of the need to prepare for the challenges involved in replacing IAS 39 Financial Instruments - Recognition and Measurement with IFRS 9 Financial Instruments.



IFRS 9, which was issued in July 2014 by the International Accounting Standards Board (IASB), replaced IAS 39 and set new rules for the classification and measurement of financial assets and liabilities. The final version of IFRS 9 was issued in 2014 and its application became compulsory in all financial years commencing on or after 1 January 2018.

IFRS 9 aims to improve financial information about financial instruments and to deal with the concerns that arose in this area during the financial crisis. In particular, IFRS 9 looks to respond to the G20 call for a more forward-looking model for recognising expected credit loss (ECL) on financial assets.

According to IFRS 9, ECL introduces a material change to IAS 39 impairment requirements with new rules on the recognition of impairment, under which impairment must be recognised as expected loss in the 12 months following the initial recognition of financial assets that at initial recognition are not impaired and present no material increase in credit risk.

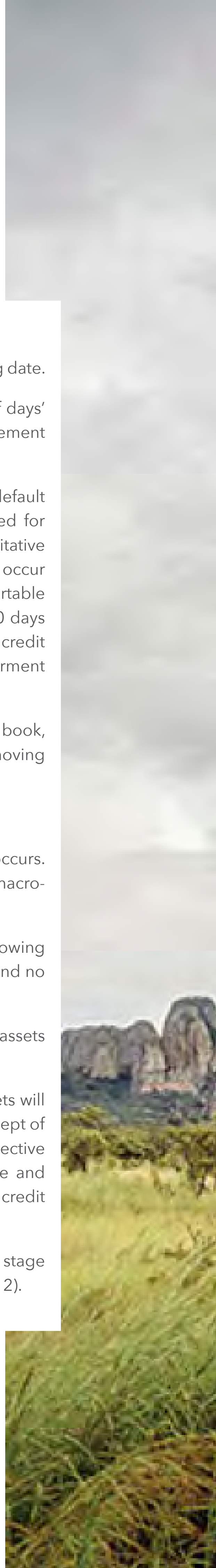
IFRS 9 introduces a 3-stage approach based on change in the credit quality of financial assets after initial recognition. The assets pass through 3 stages as their credit quality changes, the stages dictating how the entity must measure the impairment. If there is a material change in credit risk since origination, impairment is measured as ECL over the lifetime of the asset, i.e. over the residual maturity of the financial asset, rather than ECL over 12 months (or less if the residual maturity of the transactions is under 12 months).

To summarise, IFRS 9 establishes an expected loss model that is based on early recognition of loss arising from credit risk and is founded on the concept of material increase in credit risk from the time of initial recognition (i.e. before objective evidence of impairment appears, credit risk rises materially but is not reflected in the pricing of the financial asset).

Restrictions on application of the standard

- In 2016 the Bank introduced an information form into its system in order to create a client loan book with the information required to analyse credit risk. It therefore does not have enough historic information to estimate the robust and statistically significant factors needed to assess collective impairment, particularly LGD. Historic analysis of the portfolio also revealed that the Bank has a small number of defaults, mainly regarding enterprise exposures. In the case of individual clients, although with a higher number of defaults events, the exposures concerned are not materially relevant (a material exposure is defined as being over AKZ 20.000) in terms of significant probability of default for the portfolio.

- The Bank does not have sophisticated models that would allow it to monitor transaction credit risk from origination using statistical models. The Bank also does not have a central database of relevant and reliable data that would allow it to look at particular quantitative and qualitative factors when determining whether there has been a significant increase in credit risk across the entire client loan book.



Stage allocation criteria

BCA organises loans to clients into stages 1, 2 or 3, depending on delinquency at each reporting date.

Stage change is based on individual analysis of the loan in the portfolio and on the number of days' default. The definition of 'default' was developed by considering the Bank's own risk management process and best market practice.

Under IFRS 9 B.5.37, "When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate." The 90 days past due criterion was used to identify a client in default. Nevertheless, based on its individual credit analysis the Bank may still manually identify a loan as being in default if it gives signs of impairment (e.g. multiple restructurings).

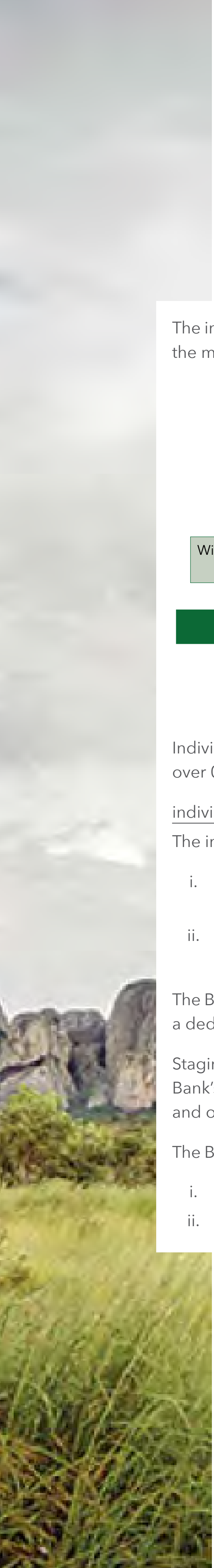
To ensure the stability of the stage model and consequently quantification of ECL in the loan book, minimum periods were set for holding clients at stages 2 or 3 (quarantine) when the criteria for moving them to stage 2 or 3 are met.

Impairment calculation methodology

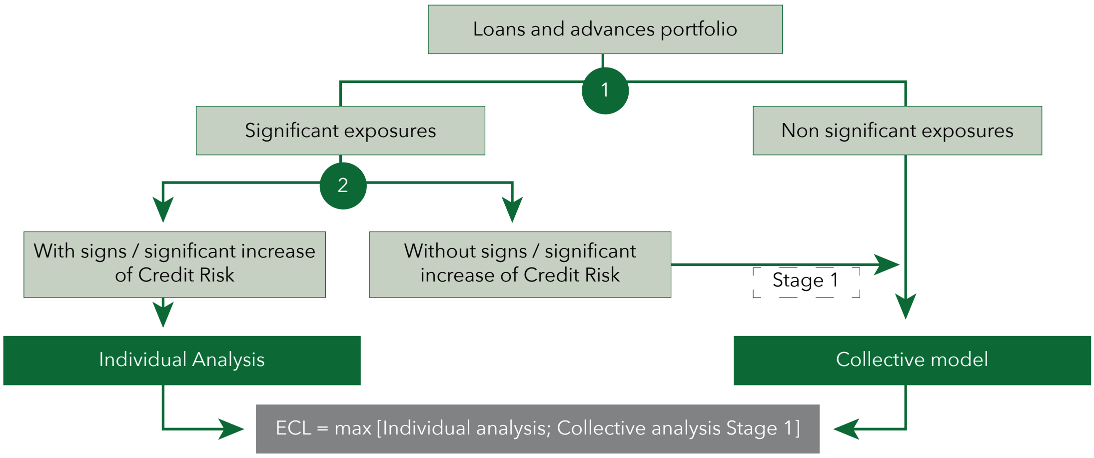
Under the new system, entities must recognise expected credit loss (ECL) before the loss event occurs. Forward-looking information must also be considered when estimating ECL, along with future (macro-economic) trends and scenarios.

Under the ECL approach, assets subject to impairment must be classified into one of the following categories (stages), depending on changes in credit risk since initial recognition of the asset, and no longer on its credit risk at the reporting date:

- Stage 1 – As of initial recognition and unless credit risk has materially degraded since then, assets are held at stage 1. They are impaired for ECL over 1 year from the reporting date;
- Stage 2 – If there has been material degradation in credit risk since initial recognition, assets will be held at stage 2 and will be impaired for ECL over their lifetimes. By introducing the concept of material degradation in credit risk, IFRS 9 makes the calculation of impairment more subjective and requires a closer link with the entity's credit risk management policies. The lifetime and forward-looking approaches present financial institutions with challenges when modelling credit risk parameters;
- Stage 3 - Impaired assets must be held at stage 3 and be impaired for lifetime ECL. Unlike at stage 2, the effective interest rate recognised is based on net carrying value (gross value at stage 2).



The impairment model developed by the Bank is briefly described in the diagram below, which shows the method for calculating monthly impairment:



Individual credit analysis is applied to all debtors presenting a balance-sheet credit exposure that is over 0.1% of capital adequacy requirements.

individual credit analysis

The individual credit analysis of individually material exposures aims to:

i. examine staging in order to review the classification of each exposure using the impairment model;
ii. estimate credit impairment for stage 2 debtors (clients that present indications of, or have seen a material increase in, credit risk) and stage 3 debtors (clients in default).

The Bank performs individual credit analysis every six months (in May and November each year), using a dedicated template to standardise analysis and ensure compliance with its analysis methodology.

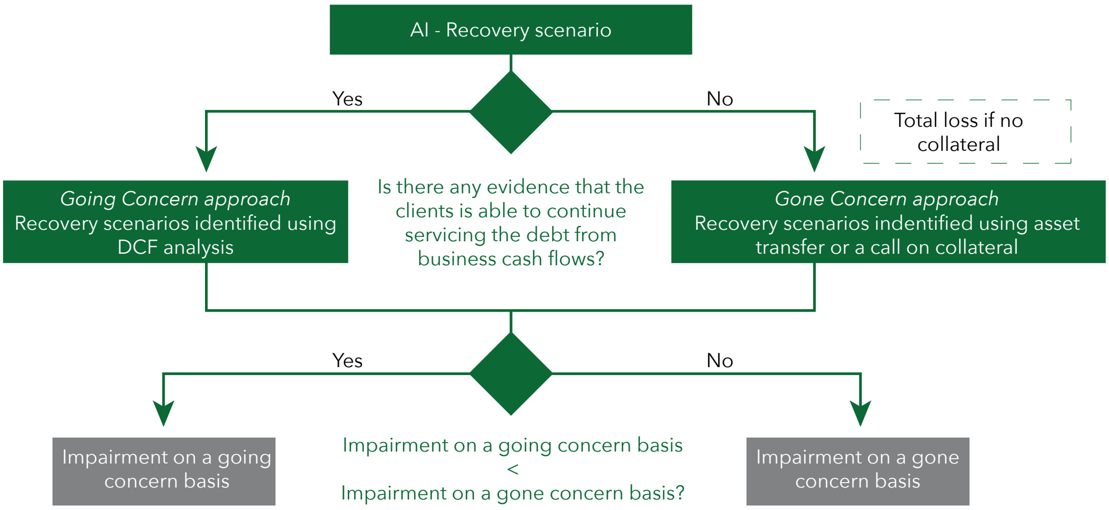
Staging analysis involves reviewing the stage to which each debtor is automatically allocated by the Bank's impairment model, based on the client's characteristics and the credit relationship with him and on the financial information available and the information provided by CIRC.

The Bank has produced a staging questionnaire that contains a set of criteria/triggers used to identify:

i. indications of/material increase in, credit risk after initial recognition;
ii. impaired clients.

Based on the client's financial information and the current stage in negotiations with him, the Bank will determine the best recovery strategy to apply. The Bank's main preference will be to use the debtor's ability to continue servicing the debt from his business flows (where necessary with restructuring of the loan).

The following diagram briefly shows how the recovery scenario is selected, based on estimated impairment:



Based on the above diagram, if updated financial information is available and if the client proves able to service his debt through his business cash flows, the Bank will tend to opt for the cheaper going concern, rather than the more expensive gone concern (recovery through collateral), approach. However, if the exposure carries sufficient collateral and impairment after recovery through collateral would be less than through business cash flows, the Bank will recognise the impairment using the gone concern approach.

Collective credit analysis

Using the historic data in the historic loan books, the following drivers were used to organise the loan book into consistent risk classes by: (i) type of client, (ii) type of product, (iii) volume and materiality of operations. However, given the limited historic information available and data quality, as mentioned above, the risk factors applied to the loan book were based on analysis of the market benchmark. Portfolio segmentation has therefore been adjusted for benchmark risk factors.

Operations/clients are classified into segments as follows:

Type of client	Segment	BCA portfolio	Type of product
Company	Company	Secured current accounts	CC
		Overdrafts	DO, CARC
		Income	CRR, CRF
		Off-balance sheet	CRDI, GARP
Individual	Overdrafts	Overdrafts	DO, CARC
	Housing & consumption	Employee loans	Crédito Trabalhadores
		Credit protocols	Protocolos
		Income	CRR, CRF
State	State	State	-

Risk factors

Probability of default (PD) is the probability of default on an operation (or by a client) within a specific period of time and a specific time horizon, based on the status of the operation /client at the start of the observation period.

However in the event of default, banks will also calculate their risk of loss on such clients by estimating loss-given default (LGD).

Given the small number of operations in the loan book and the lack of any historic database of operations in the Bank's loan book (see Restrictions on application of the standard, above) it has not been possible to estimate risk factors (PDs and LGDs) specific to the Bank. The Bank therefore uses market benchmark analysis to understand Angola's financial sector, at the same time adjusting the characteristics of its own loan book.

Market benchmark analysis, as used to calculate the ECL on the Bank's loan book, takes account of the following in connection with the application of risk factors:

- Probability of default: PD segments risk by: (i) portfolio segment (see Collective analysis, above); and (ii) the number of days in default.

Each combination of risk segment with days in default produces a separate lifetime PD curve and also shows the PD time structure, reflecting expected change in default risk over the lifetime of the loan.

- *Loss-given default: LGD gives a breakdown by risk segment in the collective model.*

LGD curves ignore collateral-based recovery. This is consistent with the use of net EAD to calculate ECL.

Each year the Bank reviews loan book risk parameters to check the reasonability of the market benchmark applied to it and/or to check whether internal risk should be taken into account when calculating ECL.

When calculating impairment for off-balance sheet exposures, the Bank uses a credit conversion factor (CCF) to determine the probability of a given off-balance sheet operation being converted into a loan.

Based on a BNA Instruction, the Bank determines the CCF on the basis of the level of risk on the off-balance sheet item, as follows:

Risk	CCF
High	100%
Average	50%
Average/low	20%
Low	0%

The exposure to risk is the sum of balance-sheet exposure plus off-balance sheet exposure, converted using the CCF at the reference date for the ECL calculation, net of financial guarantees given as collateral. Eligible financial guarantees are: blocked term deposits and treasury bonds denominated in AKZ that are held in custody by the Bank.

ECL calculation

The following table shows how ECL is calculated for each stage:

Stage	ECL calculation	*Inputs | risk factors*
Stage 1 No indication of significant increase in credit risk	ECL*12m* = EAD x PD*12m* x LGD	• EAD = Exposure at default at the reporting date • LGD = Estimated loss if the segment defaults • PD12m = Probability of default on the loan in the next 12 months • PDlifetime = Probability of default on the loan up to maturity
Stage 2 Credit risk has significantly increased but is not impaired	ECL *lifetime* = EAD x PD *lifetime* x LGD	
Stage 3 Impaired	ECL *lifetime* = EAD x LGD	

Following individual staging analysis of stage-1 clients, ECL is automatically included in the collective calculation i.e. the ECL rate obtained using the collective model is applied.

For all other clients individually analysed for staging purposes, impairment floors are applied to clients presenting indications or evidence of impairment (i.e. stage-2 or 3 clients) and are used to calculate their ECL.

To summarise, the consolidated/final impairment attributed for staging purposes is:

Stages	Final ECL
Stage 1	ECL resulting from collective stage-1 assessment.
Stage 2	ECL is the greater of: (i) Individually calculated impairment; or (ii) ECL resulting from collective stage-1 assessment.
Stage 3	

The floor of the model taken into account is the ECL resulted from stage-1 of collective assessment.

2.3.1.2. Financial liabilities

2.3.1.2.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified as:

- Financial liabilities at amortised cost;
- Financial liabilities at fair value through profit or loss.

2.3.1.2.1.1. Financial liabilities at fair value through profit or loss

Classification

Financial liabilities at fair value through profit or loss include:

a) Financial liabilities held for trading

These are liabilities issued for repurchase in the short term, that are held in a portfolio of identified financial instruments for which there is evidence of a pattern of recent short-term profit taking or that fall within the definition of a derivative (unless the derivative is used as a hedge).

b) Financial liabilities designated at fair value through profit or loss (fair value option)

The Bank can at initial recognition irrevocably designate a financial liability as being measured at fair value through profit or loss if it meets at least one of the following conditions:

- it is managed, assessed and reported internally at fair value; or
- the designation eliminates or significantly reduces an accounting mismatch on the transactions.

Initial recognition and subsequent measurement

Since the transactions undertaken by the Bank during the normal course of business are at arm's length, financial liabilities at fair value through profit or loss are initially recognised at fair value, while the costs and income associated with the transactions are carried to profit or loss at initial recognition.

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

- changes in fair value that are attributable to the credit risk on the liability are carried to other comprehensive income;
- the remainder of the variation in fair value is carried to profit or loss.

Accrued interest and premiums/discounts (where applicable) are posted to interest and equivalent costs at the effective interest rate for each transaction.

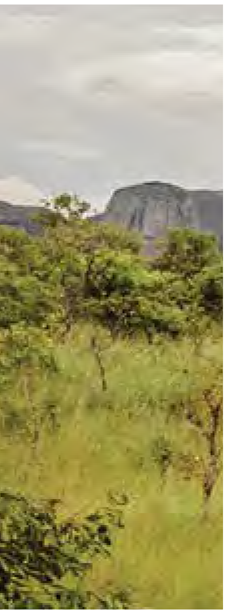
At 31 December 2018 and 2017 the Bank had no operations classified in this way.

2.3.1.2.2. Financial guarantees

Unless designated at fair value through profit or loss at initial recognition, financial guarantee contracts are subsequently measured at the higher of:

- the loss provision determined as per Note 2.3.1.1.4.;
- the initially recognised amount minus (where relevant) cumulative revenue recognised as per IFRS 15 - Revenue from Contracts with Customers.

Financial guarantee contracts that are not designated at fair value through profit or loss are posted to Provisions where applicable.



2.3.1.2.3. Financial liabilities at amortised cost

Classification

Financial liabilities not classified at fair value through profit or loss and that are not financial guarantee contracts are measured at amortised cost.

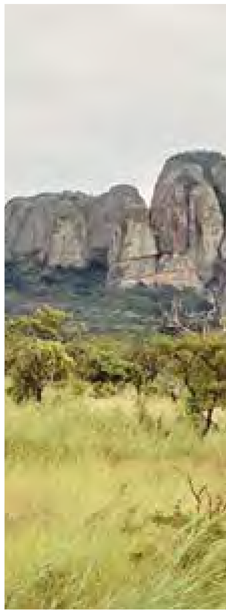
Financial liabilities at amortised cost include Deposits from other Credit Institutions, Deposits from Clients and subordinated and other debt securities.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost. Interest on financial liabilities at amortised cost is posted to interest and similar costs using the effective interest method.

2.3.1.2.4. Reclassification of financial liabilities

Financial liabilities cannot be reclassified.



2.3.1.2.5. Derecognition of financial liabilities

The Bank derecognises financial liabilities when they are cancelled or extinguished.

2.3.1.3. Recognition of interest

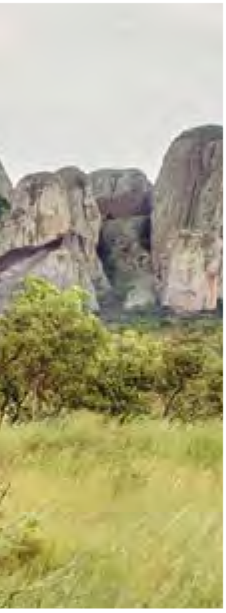
Interest income and expense on financial instruments measured at amortised cost are carried to interest and similar income or interest and similar expense Net Interest Margin using the effective interest method. Interest at the effective rate on financial assets at fair value through other comprehensive income is also recognised in the Net Interest Margin.

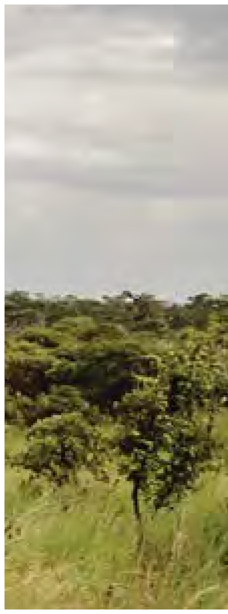
The effective interest rate (EIR) is the rate applied to discount estimated future payments and receipts over the expected lifetime of the financial instrument (or a shorter period if appropriate) to the current net carrying value of the financial asset or liability.

When determining EIR, the Bank estimates future cash flows on the basis of all the terms in the contract for the financial instrument (e.g. early repayment options) but does not consider impairment. The calculation includes commission paid/received, which is treated as an integral part of the EIR, transaction costs and all premiums and discounts directly connected with the transaction, except in the case of financial assets and liabilities at fair value through profit or loss.

Interest income recognised in profit or loss on stage-1 or 2 contracts is calculated by applying the EIR for each contract to its gross carrying value. The gross carrying value of a contract is its amortised cost before impairment. In the case of stage-3 financial assets, interest is recognised in profit or loss at net carrying value (minus impairment). Interest is always recognised on a forward-looking basis, i.e. in the case of stage-3 financial assets, on amortised cost (net of impairment) for subsequent periods.

In the case of financial assets originated or acquired with credit impairment, EIR will reflect the expected credit loss when the future cash flows expected from them are determined.





2.3.2. Financial Instruments (IAS 39)

The financial statements for the year ended 31 December 2017 were prepared in accordance with standard IAS 39 – Financial Instruments – Recognition and Measurement, as follow:

2.3.2.1. Classification, Inicial recognition of Financial assets and liability, subsequent measurement

The Bank recognises accounts receivable and payable, deposits, bonds issued, and subordinate liabilities on the date of their occurrence. All other financial instruments are recognised on the date of transaction, the moment in which the Bank is concerned with the contract established.

Financial assets are initially recognised under one of the four categories defined in IAS 39:

- Financial assets held for trading and at fair value through profit or loss;
- Held-to-maturity investments;
- Available-for-sale financial assets; and
- Loans and other receivables.

Financial assets and liabilities are initially recorded at fair value plus direct transaction costs, except for assets and liabilities that have been recognised at fair value through profit or loss, in which case the transaction costs are immediately recorded in income statement.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between equally knowledgeable, willing parties. On the date of contracting or starting an operation, fair value is generally the amount of the transaction.

Fair value is determined based on the price in an active market, or valuation methods and techniques (when there is not an active market) supported by:

- mathematical calculations based on recognised financial theories; or,
- prices calculated based on similar assets or liabilities traded on active markets or based on statistical estimates or other quantitative methods.

Treasury bonds in local currency, indexed to US Dollars are subjected to daily exchange rate update. Fluctuations from the exchange rate update of the nominal value of the referred bonds, plus fluctuations from the update of the respective discounts and accrued interests, are recognised in income statement, under the caption "Results of Financial Operations".

2.3.2.1.1. Financial assets held for trading

The financial assets and liabilities acquired or issued with the purpose of sale or re-acquisition on the short term, namely bonds, treasury bills or shares, or that are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in gains arising on trading and hedging activities.

Financial assets and liabilities at fair value option are initially accounted at their fair value, with the income or expenses related to the transactions being recognised in profits or loss, and subsequently measured at fair value through profit or loss. The accrual of interest and premium/discount (when applicable) is recognised in Net interest income according to the effective interest rate of each transaction, as well as for accrual of interest of derivatives associated to financial instruments classified as Fair Value Option.

2.3.2.1.2. Held-to-maturity financial Assets

This caption includes non-derivative financial assets with fixed or determinable payments and defined maturities that the Bank has the intention and ability to hold until maturity.

These assets are measured at amortised cost, using the effective interest rate method and subject to impairment tests. The impairment losses on financial assets held to maturity are recorded in the income statement. If, in a subsequent period, the amount of an impairment loss decreases and that decrease can be related objectively to an event occurring after the date on which the impairment loss was recognised, the previously recognised impairment loss is reversed through the statement of income for the year.

Any reclassification or disposal of financial assets included in this category that does not occur close to the maturity of the assets, or if it is not framed in the exceptions stated by the rules, will require the Bank to reclassify the entire portfolio as Financial assets available for sale and the Bank will not be allowed to classify any assets under this category for the following two years.

2.3.2.1.3.Financial assets available-for-sale

Financial assets available for sale are non-derivative assets that: (i) the Bank has the intent to keep for indefinite period, (ii) are designate as available-for-sale at their initial moment, or (iii) are not classified in any other category of financial assets. This category can includes certificate of Bonds or equity debts.

Assets classified as available-for-sale are valued at fair value, except for equity instruments that are not traded on active markets and for which their fair value cannot be reliably measured or estimated. In this case they remain recorded at cost.

Gains and losses resulting from changes in the fair value of financial assets available for sale are recognised directly in the equity "Fair Value Revaluation Reserve", except for impairment losses and exchange gains and losses on monetary assets, until the asset is sold. At this time, the gain or loss previously recognised in equity is transferred to income statement.

Accrued interest on bonds and other fixed income securities and differences between their cost and nominal value (premium or discount) are recorded in income statement using the effective interest rate method.

Income from variable-yield securities (dividends in the case of shares) is recorded as income when it is attributed or received. In accordance with this procedure, interim dividends are recorded as income in the period in which they are declared.

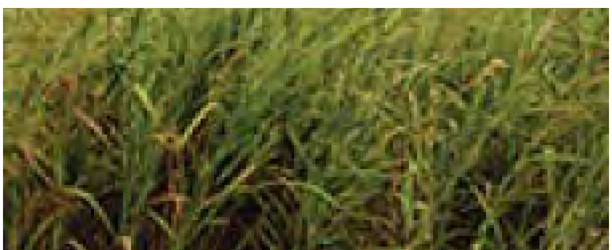
The financial assets available-for-sale are initially recognised at their fair value, and subsequently at amortised cost net of impairment. Their associated costs of transaction are included in the effective interest rate assessed for these instruments. The interest assessed through the effective interest rate method is recognised in the net interest margin.

Impairment losses, when identified, are recognised in the profit and loss accounts.

2.3.2.1.4. Financial liabilities

A financial liability is a contractual obligation to deliver cash or similar to another entity or a potentially unfavorable exchange of financial assets or liabilities with another entity.

Non-derivatives financial liabilities comprise: deposits from credit institutions, deposits from clients, loans payable, debt instruments, other subordinate liabilities advances and overdrafts from other institutions.



The financial liabilities are initialy recognised at fair value, and subsequently at amortised cost. The transaction costs are included in the effective interest rate and are recognised in the net interest margin.

Premiums or discounts of other financial liabilities, calculated at the repurchase moment, are recognised in the "Gain and loss on operations at fair value" when they are incurred.

The Bank classifies its financial liabilities, other than guarantees and commitments, measured at amortised cost, on the effective interest rate method, or fair value through profit or loss.

2.3.2.2. Amortised cost

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount. The amortisation is calculated using the effective interest method. This method calculates the rate of interest that is necessary to discount the estimated stream of principal and interest cash flows (excluding any impact of credit losses) through the expected life of the financial instrument or, when appropriate, a shorter period to equal the amount at initial recognition. That rate is then applied to the carrying amount at each reporting date to determine the interest income (assets) or interest expense (liabilities) for the period. In this way, interest income or expense is recognised on a level yield to maturity basis.

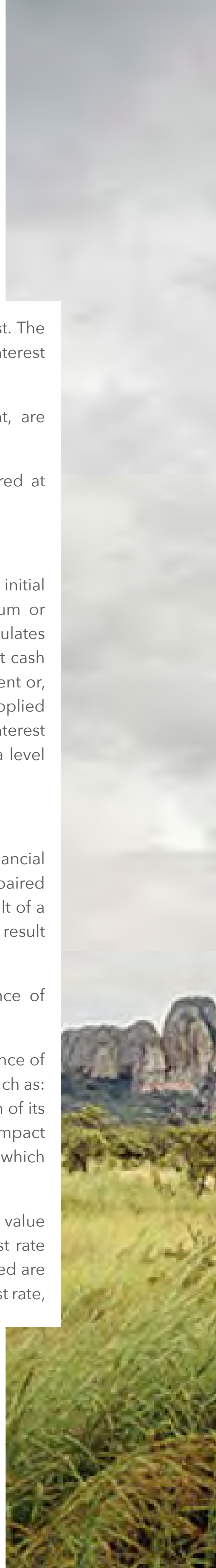
2.3.2.3. Identification and measurement of impairment

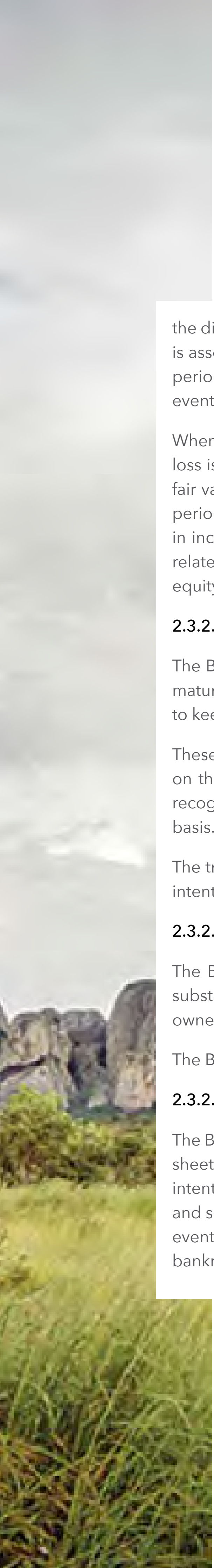
The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of assets may be impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of a past event that occurred subsequent to the initial recognition of the asset. Expected losses as a result of future events, no matter how likely, are not recognised.

In conformity with IFRS, the Bank assesses regularly the existence of an objective evidence of impairment in its asset or group of assets.

An asset or goup of financial assets has impairment loss, whenever there is an objective evidence of impairment loss, issued from one or more than one events occurred after its first recognition, such as: (i) for shares and other equity instruments, a continued devaluation or a significant devaluation of its market price under its acquisition price, and (ii) for debt instruments, when this event has an impact over the estimated value of future cash flows of the financial asset, or group of financial assets, which can be fearly assessed.

For held-to-maturity financial assets, the impairment loss is the difference between the book value and present value of estimated future cash flows, discounted at the original effective interest rate (which is the recoverable amount), and is recognised in income statement. The assets concerned are disclosed in the balance sheet, net of impairment loss. In the case of asset with a variable interest rate,





the discount rate to be used to calculate the impairment loss, is the actual effective interest rate, which is assessed as per each contract terms. In case of held-to-maturity financial assets, if in a subsequent period the amount of impairment loss reduces, and the reduction can objectively be related to an event occurred after the recognition of impairment, this may be reversed in the income for the year.

When there is an evidence of impairment loss in assets available for sale, the cumulative potential loss is recognised in reserves, which is the difference between the acquisition cost and the present fair value, net of any impairment loss previously recognised in income statement. If in a subsequent period the amount of impairment reduces, the impairment loss previously recognised is reversed in income statement for the year, up to the acquisition cost restitution, if the increase is objectively related to the event occurred after the impairment loss recognition, except for shares or any other equity instruments, as their subsequent added values are recognised in the reserves.

2.3.2.4. Transfer among categories

The Bank will transfer its non-derivative financial assets with fixed or definite payments, and defined maturity, from assets "available-for-sale" to assets "held-to-maturity", if it has a firm intent and capacity to keep them up to their maturity.

These transfers are executed taking into account the fair value of the assets transferred, calculated on the date of transfer. The difference between this fair value and the respective nominal value is recognised in income statement up to the respective asset maturity date, on the effective interest rate basis.

The transfer from assets "available-for-sale" to "Loans and advances" is allowed, provided there is an intent and capacity to keep them in a foreseeable future, or up to their maturity.

2.3.2.5. Derecognition

The Bank derecognises its financial assets when (i) all rights to future cash flows expire; (ii) it has substancially transferred all risk and rewards of ownership of the assets; or (iii) despite retaining some ownership, has substancially transferred all risks and rewards.

The Bank derecognizes its financial liabilities when they are canceled, extinguished or expired.

2.3.2.6. Offsetting of financial instruments

The Bank executes the offsetting of financial assets and liabilities, disclosing a net value in the balance sheet when, and only when, it has an irrevocable right of clearing them in a net amount, and has the intent to settle them on a net basis, or it is strongly expected the Bank will receive the asset value and settle, simultaneously, the liability. The legal right of execution can neiher be contingent of future events, might be executed during the normal course of the Bank´s activities, nor in case of default, bankruptcy, or insolvency of the Bank, or of a counter-party.

2.3.2.7. Loans and other receivables

Loans and other receivables include loans and advances made by the Bank to clients and to credit institutions, which are not intended to be sold.

At the inception date, loans and other receivables are recognised at fair value. In general, fair value at the inception date corresponds to the amount of the transaction and includes commissions, taxes and other costs and income relating to credit operations. Loans and other receivables are subsequently valued at amortised cost, using the effective interest rate method and are subject to impairment tests.

Interest income, commissions, fees and other costs and income on credit operations are recognised on an accruals basis over the period of the operations, regardless of when they are received or paid. Commission received relating to credit commitments is deferred and recognised on a straight-line basis over the period of the commitment.

The Bank derecognises loans and advances when (i) all rights to future cash flows expire; (ii) it has substancially transferred all risk and rewards of its ownership, or (iii) despite retaining some ownership, has substancially transferred all risks and rewards.

The Bank classifies as non-peforming loans and advances all capital instalments or accrued interests overdue for more than 90 days. In the case of credit in litigation, all capital instalments are considered overdue (performing and non-performing).

BCA writes off all loans and advances considered unrecoverable, for which provisions and impairment have been set aside for the whole amount in debt as at the previous month of write-off.

Impairment

Annually, loans, other receivables and guarantees given are subject to impairment tests. Impairment losses identified are recorded by corresponding charge to income statement for the year. If, in subsequent periods, there is a decrease in the estimated impairment loss, the impairment loss initially recorded is reversed by credit to income statement.

In accordance with IAS 39 a financial asset is considered to be impaired when there is evidence that one or more loss events have occurred after initial recognition of an asset, and such events have an impact on the estimated recoverable value of the future cash flows of the financial asset considered.

IAS 39 defines some events that may be considered as objective evidence of impairment (breach of contract, such as delay in the payment of principal or interest; probability that the borrower will become bankrupt, etc.). However, in certain circumstances determination of impairment loss requires professional judgement.

Objective evidence of impairment situations is assessed as of the date of the financial statements.

Impairment assessment is made based on individual loans where they are significant in amount and on an individual or collective basis where loans are not significant in amount.

For impairment calculation purpose, BCA's loans and advances portfolio is segmented as follows:

- Enterprises Protocol
- Employees Loans
- Consumers Credit
- Car Loans
- Pre-approved Loans
- Corporate Loans
- Overdrafts/Advances
- Credit Cards

The loans and advances operations not included in the homogeneous group, which individually are not significant, are subject to a collective assessment of impairment.

The individually significant exposures, individually assessed, for which no objective evidence of impairment has been identified, keep the minimum impairment, calculated on the collective assessment criterion.

Loans and advances, subjected to an individual assessment for impairment, and for which impairment losses are recognised, are not included in any collective assessment of impairment.

Individual Assessment

In the case of assets for which there is objective evidence of impairment on an individual basis, impairment is calculated each operation at a time, based on the information included in the Bank's credit risk analysis models which consider, among others, the following factors:

1. **Economic-financial Analysis of client**
    - Acquisition of financial statement for the period previous to the month being analysed;
    - Acquisition of full financial statements (with notes to the financial statements).

2. **Contractual issues**
    - Non-compliance with terms of contract;
    - Occasional overdrafts;
    - Bounced cheques;
    - Loans restructured due to financial difficulties.

3. **Guarantees**
    - Guarantee nature;
    - Level of real guarantees coverage to exposure.

4. Others:

- Insolvency;
- Judicial proceedings;
- Debt due to State and Social Security.

In such situations the amount of the loss is calculated based on the difference between the book value and the estimated recoverable amount of the credit, after recovery costs, discounted at the effective interest rate during the period from the date of impairment calculation to the expected date of recovery.

The expected recoverable amount of the loan reflects the cash flows that can result from the execution of guarantees or collaterals relating to the loan granted, less costs of the recovery process.

Assets evaluated individually, for which there are no objective signs of impairment, are included in a group of assets with similar credit risks, and impairment losses are assessed collectively.

Impairment for these groups of assets is assessed as explained in the following section – Collective assessment.

Assets assessed individually, for which an impairment loss is recognised, are excluded from the collective assessment.

Collective assessment

Future cash flows of loans groups subject to collective assessment of impairment are estimated based on the past experience of losses on assets with similar credit risk characteristics.

However, the Application Guidance 89 (AG 89) of IAS 39 prescribes that entities with no specific data of its historic losses, with unsatisfactory know-how for the calculation of specific historic losses, might use as basis of calculation the technique of peer groups for similar groups of financial assets.

As BCA does not have any background with statistical significance, enabling to assess with a greater confidence, the effective historic losses in the groups, it adopted as loss indicator for homogeneous groups, those disclosed by BNA in Instruction 09/2015, as loss expectation related to each credit risk class.

BCA understands that studies made by BNA for prudential provisions application by class of risk, are the best and the most reliable assessment of historic losses in homogeneous groups, and can be used replacing the peer groups technique.

Therefore, for the collective assessment of impairment losses on loans, BCA adopts the requirements of BNA standard model for loan losses provisions calculation. The future cash flows of loans groups, subject to a collective assessment of impairment, are calculated on the basis of historic experience of losses on assets with similar credit risk features.

Process of loan security assessment

The guarantees assessment is regularly ensured, to enable the Bank to dispose of updated information of the value of these hedged instruments, thus, about their capacity of credit risk mitigation.

Regarding the conditons of loans operations approval, when there is a need for a client to offer a guarantee, if the kind of guarantee or collateral implies a request for its evaluation to determine its value, a formal request for guarantee's evaluation might be demanded by the department of loans analysis, or trading area, which would enable to start a process from the external and independent adviser.

In the case of periodic revaluation of collaterals, mainly the defined criteria for any new revaluation of mortgage securities, it is the Credit Department who is in charge to determine wether or not the guarantees will be submitted to a revaluation, and initiates a process for external and independent advisors.

Whenever there is a need either to determine the recovery amount of loans through guarantees' execution, or to bear loan restructuring operation, the Credit Department might request a revaluation of guarantees concerned with those operations.

The evaluation amount of each kind of guarantee is set, taking into account the peculiarities of each instrument, with consideration of the following criteria:

(i) Properties

The amount of evaluation, taken as the guaranteed amount, is the minimum amount between the evaluation amount and the maximum amount of mortgage, net of any other mortgages not belonging to the bank, but over which the bank has a priority.

The properties are revaluated every two years, whenever the risk exposure represents:
(i) an amount equals or greater than 1% of the whole loans portfolio, equals or greater than AKZ 100.000.000; or (ii) in situations in which the non-performing loans are due for more than 90 days and/or any other evidence of impairment loss materially relevant, provided the last evaluation date is more than 6 months earlier; or (iii) in situations that changes of other nature are identified in the market conditions, with potential and relevant impact in properties values or in a group of property with similar characteristics.

The values and dates of guarantees evaluation are recorded in the system of collateral management, which sends out warnings remembering the dates of revaluation.

(ii) Demand deposit security

The value of guarantee is the nominal value of the deposit, plus the corresponding interest (if applicable).

(iii) other guarantees and other financial assets

Acting prudently, with exception of Angolan government bonds, the Bank does not consider the remaining guarantees as elements of credit risk mitigating for impairment loss assessment.

2.3.3. Guarantees given and irrevocable commitments

Financial guarantees are contracts that bind the Bank to execute payments in order to reimburse the holder of a loss incurred, as result of a debtor lacking the payment of an instalment.

Liabilities issued from financial guarantees or commitments given to grant a loan at an interest rate below the market value are initially recognised at a fair value. The initial fair value is amortised during the lifetime of the guarantee or commitment. Subsequently, the liability is recorded at the higher value between the amortised value and present value of any expected outstanding payment

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

These operations are subject to impairment tests.

2.3.4. Securities repurchase agreement transactions

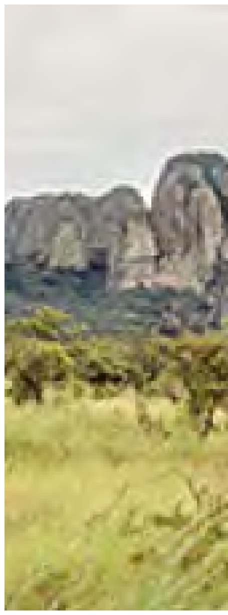
Securities sold with repurchase agreement (repos), at a fixed price, or for a price which is the same as the sale price plus interest inherent to the period of the operation, are recognised in the balance sheet being classified as assets given as guarantee. The corresponding liability is accounted for as deposits from other credit institutions or deposits from clients, as appropriate. The difference between the acquisition and reselling values is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

Securities bought with resale agreement (reverse repos), at a fixed price or for a price that is equal to the purchase price plus the interest that is inherent in the operating period are not recognised in the balance sheet, with the purchase value being recorded as loans and advances to other credit institutions or clients, as appropriate. The difference between the purchase value and the resale value is treated as interest and is deferred during the validity period of the agreement, using the effective rate method. The difference between the sale and repurchase values is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

Securities transferred through loan agreements are not derecognised in the balance sheet, but are classified and accounted for in accordance with the accounting policy outlined in note 2.3.1.1. Securities received through loan agreements are not recognised in the balance sheet.

2.3.5. Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation to be liquidated delivering either money or financial assets to third parties, regardless of its legal form, highlighting a residual interest in entity's assets net of all its liabilities.



The cost of transaction for issuing equity instruments are recorded against the equity as a deduction from issue amount. The values paid and received for the equity intruments purchase or sale, are recognised in the equity, net of costs of transaction.

The gains from the equity instruments (dividends) are recognised when the right to receive payment is established.

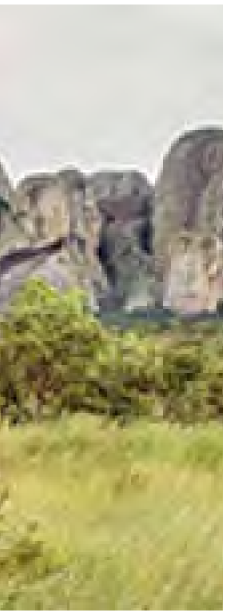
2.3.6. Leases

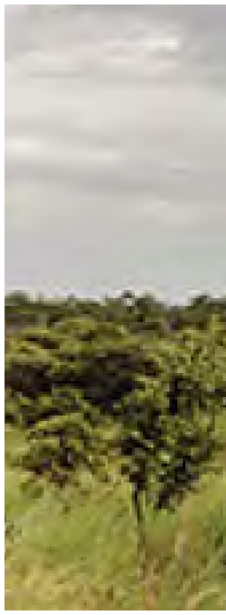
The Bank classifies leases as finance leases and operating leases, depending on the substance of the transaction rather than the form of the contract. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

2.3.6.1. Finance leases

At the commencement of the lease term, lessees shall recognise finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

At the commencement of the lease term, the lessor should record a finance lease in the balance sheet as a receivable, at an amount equal to the net investment in the lease. The lessor should recognise finance income based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.





2.3.6.2. Operating leases

The Bank recognises lease payments under operating leases as expenses on a straight-line basis over the lease terms.

2.3.7. Other tangible Assets

Tangible assets are stated at acquisition cost, less accumulated depreciation and impairment losses. At the transition date to IFRS/IAS, the Bank elected to consider as cost, the value of acquisition of its tangible assets, as per the previous accounting policies, which is broadly similar to depreciated cost measured under IFRS. The cost includes expenses directly attributable to the acquisition of goods. There are ancillary costs included as well, which are incurred when tangible assets are acquired, such as, notary fees, brokerages, taxes paid.

Subsequent costs are recorded only if it is probable that future economic benefits for the Bank will stem from them. All maintenance and repair expenses are recorded in the costs, in accordance with the accrual principle.

Lands are not amortised. Depreciation of tangible assets is recorded on a straight-line basis over their estimated useful lives, which corresponds to the period the assets are expected to be available for use:

	Useful life (Years)
Premises owned	50
Improvments to leasehold premises	3-25
Computer Equipment	3
Vehicles	3
Other tangible fixed Assets	2-10

Non-recoverable expenditure on Improvements to leasehold premises are depreciated in accordance with its estimated useful life or the remaining period of the lease contract.

When there is an evidence of impairment loss in a tangible asset, IAS 36 prescribes that the recoverable amount might be assessed, and an impairment loss might be recorded whenever the net value of the asset is greater than its recoverable amount. The impairment loss is recognised in income statement. The recoverable amount is determined as the highest between the fair value of an asset, net of sale costs and its value in use, which is calculated taking into account the present value of estimated future cash flows expected to be derived from the continuous use of the asset, and its disposal at the end of its useful life.

2.3.8. Intangible assets

The Bank recognises, in this caption, expenses relating to the development stage of projects implemented and to be implemented, as well as the cost of acquiring software, in both cases where the impact extends beyond the financial year in which the cost is incurred.

Intangible assets are amortised on a straight-line monthly basis over the estimated period of useful life of the assets which, in general, corresponds to a period of three years.

To date the Bank has not recognised any intangible assets generated internally.

2.3.9. Employee benefits

Employee benefits are account for as established in IAS 19, and can be classified as:

2.3.9.1. Short-term employee benefits

Employee benefits are essentially comprised by wages, salaries and social security contributions, paid annual leave and paid sick leave, non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees.

Actually the Bank has at its disposal short-term employee benefits only. Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services.

2.3.9.2. Post-employment benefits

Post-employment benefits can be: retirement pension and other retirement benefits, post-employment life insurance, and post-employment health care.

Actually the Bank does not provide any specific post-employment plan for its employees. All employees are subject to the legally set retirement plan, through the State Social Security Institute (INSS).

2.3.9.3. Termination benefits

Termination benefits are the benefits provided by BCA, for employees' retirement before legal retirement.

2.3.10. Provisions and Contingent Liabilities

Provisions are recognised when: (i) the Bank has a present legal or constructive obligation (wether it is legal, or arising from past practice, politics implying the recognition of certain responsabilities); (ii) it is problable that an outflow of economic benefits will be required to settle present legal or constructive obligation, as a result of past events and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into account the standards defined in IAS 37, regarding the best estimate of expected cost, the most problable results of actions in progress, with consideration of risks, uncertainty inherent to the process. If the effect of discounting is material, provisions corresponding to present value of expected future payments, are discounted at a rate that considers the risk associated with the obligation.

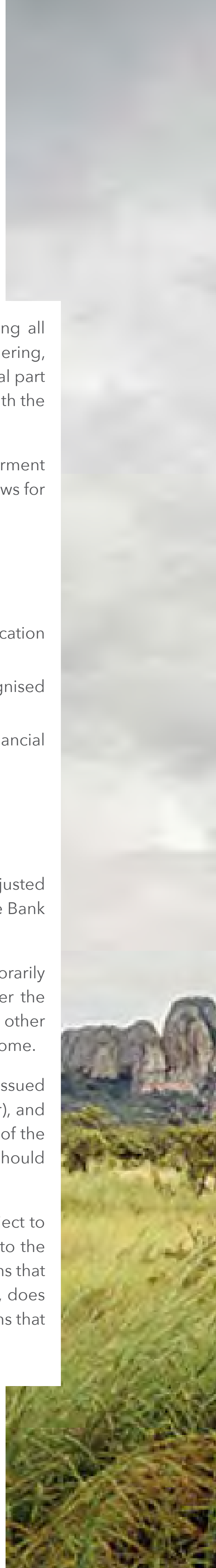
Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through income statement in the proportion of the payments that are probable.

Provisions are derecognised through their use for the obligations for which they were initially accounted for, or for the cases that the situations were not already observed.

2.3.11. Interest income and expense

Interest income and expense for financial instruments measured at amortised cost, and financial assets at fair value through other comprehensive income (2017: financial assets available for sale) are recognised in the interest and other similar income or interest and other similar expenses (net interest margin), in notes 19 and 20, through the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.



For the calculation of the effective interest rate, the future cash flow is estimated considering all contractual terms of the financial instrument (example: early payment options), but wthout considering, however, possible future loan losses. The calculation includes commissions which are an integral part of the effective interest rate, transaction costs and all premiums and discount directly related with the transaction.

If a financial asset, or a group of financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.3.12. Fee and commission income

Fees and commissions are recognised as follows:

- Fees and commissions that are earned on the execution of a significant act, such as loan syndication fees, are recognised as income during lifetime of such a significant act;
- Fees and commissions earned over the period in which the services are provided are recognised as income in the period the service is rendered;
- Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recorded in income statement by the effective interest rate method.

2.3.13. Income Tax

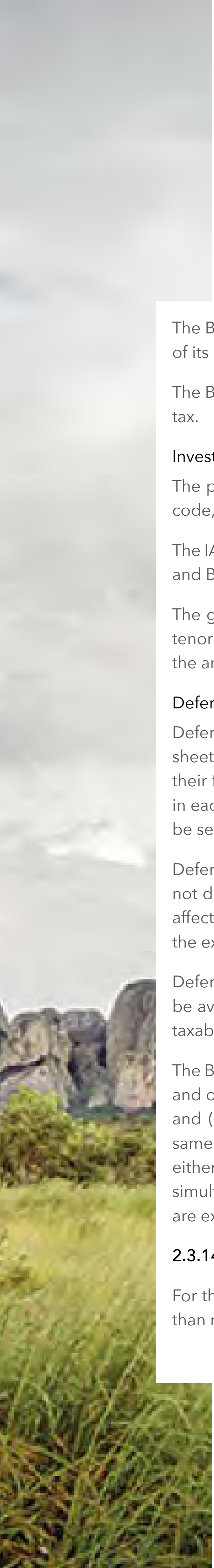
BCA pays tax under the regime set out in the Angolan Tax Code in force in Angolan territory.

The tax currently payable is calculated at 30% of the taxable profit before tax for the year, adjusted with accruals and deductions, in accordance with tax law prevailing on balance sheet date. The Bank is considered a A group payer for tax purposes.

With the publication of the Law 19/14, prevailing from 1 January 2015, the income tax is temporarily payable as tax advance, in one instalment on August, which is determined applying 2% over the operating margin of the first semester of the previous year. Profits from treasury bonds and other financial intruments subject to investment income tax (IAC) are deductible from the taxable income.

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 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 2013 to 2017 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.



The Bank is submitted to the "Urban Properties Tax", which is calculated applying 0,5% 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, Treasury Bills interests, and Central Bank Securities.

The generic IAC tax rate is 10%. A 5% tax can be applied for interest on government bonds with a tenor over 3 years, or 15%. Income subject to this withholding tax is a deductible in the preparation of the annual tax declaration, as detailed in the article 47° a) of the tax law.

Deferred Tax

Deferred taxes are calculated in accordance with the liabilities method on the basis of the balance sheet, in respect of temporary diferences between the accounting values of assets and liabilities and their fiscal basis, using the rates of tax approved or substantially approved at the balance sheet date in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax liabilities are recognised for all taxable temporary differences, except for goodwill, not deductible for tax purposes, diferences arising on initial recognition of assets and liabilities that affects neither accounting nor taxable profit and diferences relating to investments in subsidiaries to the extent that problably they will not reverse in the foreseeable future.

Deferred taxes assets are recognized to the extent when it is probable that future taxable profits, will be available to absorb deductible temporary diferences for taxation purposes (including reportable taxable losses).

The Bank compensates, as established in IAS 12, paragraph 74 the deferred tax assets and liabilities if, and only if: (i) has a legally enforceable right to set off current tax assets against current tax liabilities; and (ii) the deferred tax assets and the deferred tax liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.3.14. Cash and cash equivalent

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than ninety days' maturity from the balance sheet date, including balances at other credit institutions.

2.3.15. Dividends received

The dividends (income from equity instruments) are recognised when the right to receive such payment is established. Dividends are recorded in results of financial operations, net profits of other financial instruments at fair value through profit or loss, or in other income, depending on the classification of the instrument underlying them.

2.3.16. Results of financial operations

Results in financial operations includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, of the trading portfolio.

This caption also includes the gains and losses arising from the sale of financial assets at fair value through other comprehensive income and financial assets held to maturity. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this caption.

2.3.17. Earnings per share

Basic earnings per share (note 27) are calculated by dividing net profit attributable to shareholders of the Bank, by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury stock. Actually the Bank has no purchased shares held as treasury stock.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share.

If the earnings per share are changed as a result of an issue with premium or discount or other event that changed the potential number of ordinary shares or as a result of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

2.3.18. Main estimates and uncertainties associated with the application of accounting policies

IFRS set forth a range of accounting treatments that require the Board of Directors and management to apply judgment and make estimates in deciding which treatment is most appropriate. The most significant of these accounting policies are discussed in this section in order to improve understanding of how their application affects the Bank's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Board of Directors, the Bank's reported results would differ if a different treatment was chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present the Bank's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

2.3.18.1. Impairment losses on credit portfolio

The Bank reviews its loan portfolios to assess impairment losses on a regular basis, as described in note 2.3.2.

The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgments. The probability of default, risk ratings, value of associated collaterals recovery rates and the estimation of both the amount and timing of future cash flows, among other things, are considered in making this evaluation.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses with a consequent impact in the consolidated income statement of the Bank.

2.3.18.2. Fair value of financial instruments

Fair values are based on listed market prices if available, otherwise fair value is determined either by dealer price quotations (either for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curve and volatility factors in conformity with IFRS 13 – Fair Value. These pricing models may require assumptions or judgments in estimating their values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results for a particular period.

2.4. IMPACTS OF IFRS 15 ADOPTION

The IASB issued, on 28 May 2014, IFRS 15 - Revenue from contracts with customers. IFRS 15 is mandatory in annual periods beginning on or after 1 January 2018.

This regulation supersedes IAS 11 - Construction Contracts; IAS 18 - Revenue; IFRIC 13 - Customer Loyalty Programmes; IFRIC 15 - Agreements for the Construction of Real Estate; IFRIC 18 - Transfers of Assets from Customers; and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 sets forth a five-step analysis model to determine when revenue is to be recognised along with the respective amount:

a) Identify the contract(s) with a customer;
b) Identify the performance obligations in the contract;
c) Determine the transaction price;
d) Allocate the transaction price to the performance obligation;
e) Recognise revenue when (as) a performance obligation is satisfied.

The model specifies that the revenue must be recognised when an entity transfers goods or services to the customer, as measured by the amount that the entity expects to be entitled to receive. Depending on the fulfilment of some criteria, the revenue is recognised:

i) Immediately, when control of the goods or services is transferred to the customer; or

ii) Throughout the period, as the entity's performance obligation is satisfied.

The Bank did not calculate any significant impact in the adoption of this standard.

2.5. APPLICATION OF IAS 29 IN THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Central Bank of Angola issued an opinion to the extent that, not all the criteria required to classify an economy as hyperinflationary had been met and, therefore, conducted there is no need for IAS 29 – Financial Reporting in Hyperinflationary Economies to be applied by Angolan Banks.

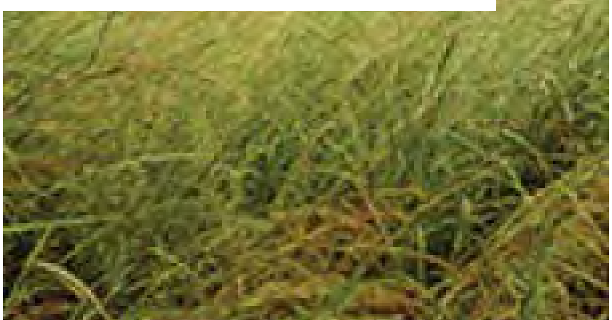
3. CASH AND BALANCES AT CENTRAL BANKS

This item, at 31 December 2018 and 2017, had the following composition:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Cash				
- Local currency	2.642.637	8.520	2.240.732	13.505
- Foreign currency	1.424.657	4.593	724.338	4.365
	4.067.294	**13.113**	**2.965.070**	**17.870**
Balances at the Central Bank of Angola (BNA):				
- Local currency	13.229.609	42.655	5.948.526	35.851
- Foreign currency	360.621	1.163	150.161	905
	13.590.230	**43.818**	**6.098.687**	**36.756**
	17.657.524	**56.931**	**9.063.757**	**54.626**

Balances at the Central Bank of Angola (BNA) is comprised of deposits (in local and foreign currencies) to comply with the minimum statutory reserves requirements and the free reserves.

The Instruction nº 10/2018, of 19 July, sets the coefficient for the statutory reserve in local currency at 17% in cash, keeping the abolishment of the use of government bonds in partial to comply with the minimum reserve requirements in local currency, and keeping the use of government bonds in foreign currency, to comply with the minimum reserve requirements in foreign currency. The coefficient for the statutory reserves in foreign currency is 15% for clients total deposits, and 75% for central government deposits, and 50% for local governments and administrations. On the other hand, this Instruction



offers the possibility to deduct from the amount of statutory reserves in local currency, up to 80% of the representatives assets comprised by loans granted to businesses and projects in the agricultural, livestock, and fishing sectors. 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 2018, 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. BALANCES AT OTHER CREDIT INSTITUTIONS

This item, at 31 December 2018 and 2017, had the following composition:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
NOSTRO accounts	3.030.870	9.772	950.997	5.732
Pending Operations	245	1	1.741	10
	3.031.115	**9.773**	**952.738**	**5.742**

The AKZ 245 recorded in Pending Operations refer to the amounts regarding the clearing system managed by EMIS.

NOSTRO accounts had the following breakdown:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Banco Português de Negócios	21.343	69	87.329	526
First Rand Bank	67.733	218	55.774	336
Natix Banques Populaires	-	-	287.279	1.731
ABSA – Current Account	4.439	14	1.794	11
BYBLOS Bank	667.627	2.153	9.446	57
BPI Lisboa	1.713.467	5.524	164.538	992
Atlântico Europa - Portugal	33.706	109	107.316	647
BCP - Lisboa	522.555	1.685	237.521	1.432
	3.030.870	**9.772**	**950.997**	**5.732**

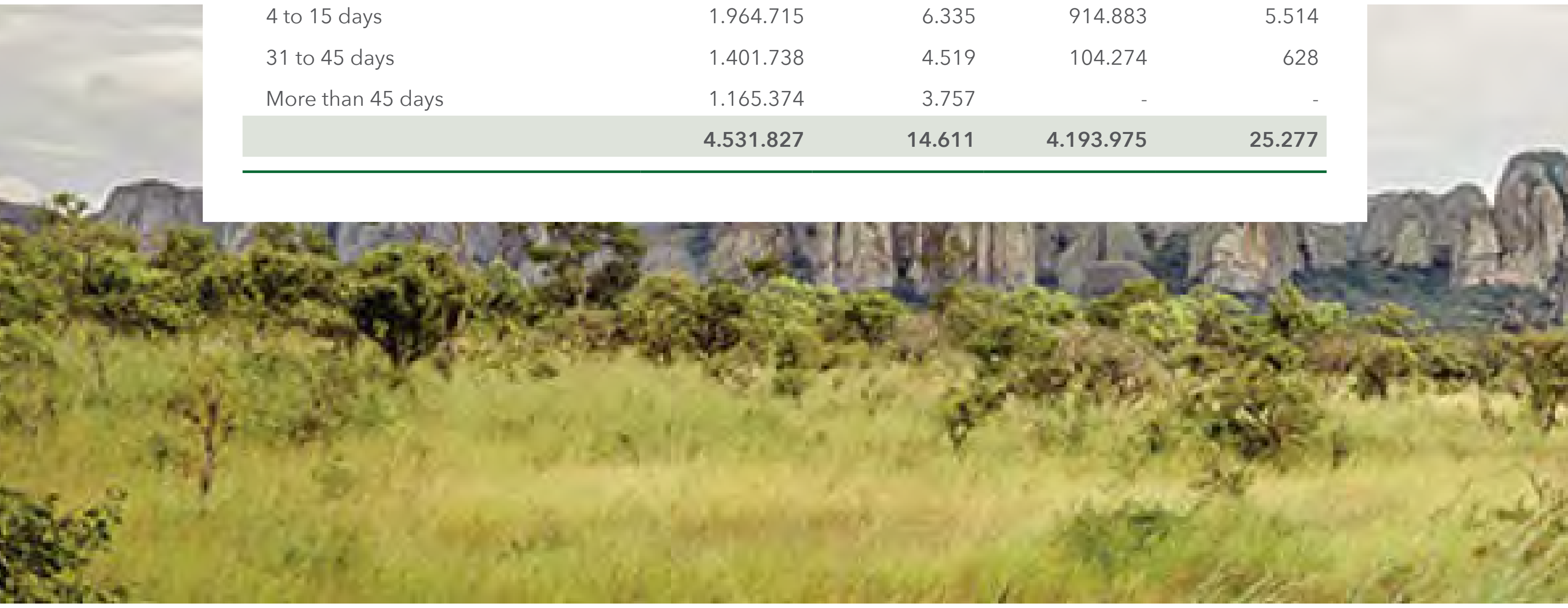
5. PLACEMENTS WITH CENTRAL BANK AND OTHER CREDIT INSTITUTIONS

This item, at 31 December 2018 and 2017, had the following composition:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Placements with local Banks				
- Capital	-	-	3.090.000	18.623
- Accrual interests	-	-	3.950	24
	-	**-**	**3.093.950**	**18.647**
Placements with foreign Banks				
- Capital	4.512.799	14.550	1.099.243	6.625
- Accrual interests	22.633	73	782	5
	4.535.432	**14.623**	**1.100.025**	**6.630**
(-) Accumulated impairment losses	(3.605)	(12)	-	-
	4.531.827	**14.611**	**4.193.975**	**25.277**

The residual maturities profile, at 31 December 2018 and 2017, was as follows:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Up to 3 days	-	-	3.174.818	19.135
4 to 15 days	1.964.715	6.335	914.883	5.514
31 to 45 days	1.401.738	4.519	104.274	628
More than 45 days	1.165.374	3.757	-	-
	4.531.827	**14.611**	**4.193.975**	**25.277**



The interest rate of placements at 31 December 2018 was as follows:

- USD – 2,58%.

Whilst, at 31 December 2017 was as follows:

- AKZ – 9,70%;
- USD – 1,47%.

All exposure of placements with foreign banks that fall under this heading are in stage 1.

The movement of impairment losses on placements with other credit institutions during the year 2018 is shown below:

AKZ'000	2018	2017
Closing balance for the previous year	-	-
Adjustment for the Adoption of IFRS 9	1.228	-
Opening balance for the current year	**1.228**	-
Reinforcements	2.377	-
Deductions	-	-
Impairment losses for the year	2.377	-
Closing balance	**3.605**	-

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

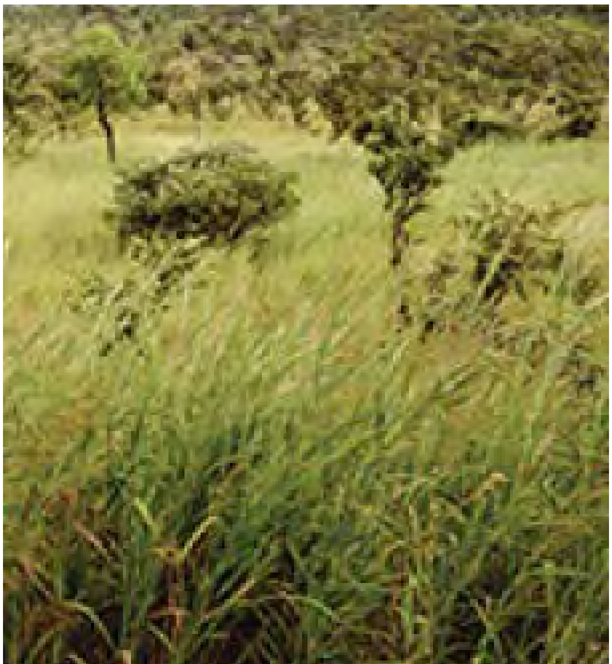
On the 31 December 2018, the trading and investment securities were classified as "Financial assets at fair value through other comprehensive income" (2017: financial assets available for sale), in accordance with the accounting policy described in note 2.3.1.1.1.2 (2017: 2.3.2.1.2). They were as displayed below:

2018						
AKZ'000	Buying costs	Capital revaluation	Premium/ Discount	Fair value reserve	Deferred profits	Balance
Treasury bills – LCY:						
- Indexed to USD	4.613.776	5.674.887	-	506.940	94.529	10.890.132
- Non adjustable	2.000.000	-	(108.789)	(158.167)	37.052	1.770.096
- MINFIN	733.400	-	(16.210)	(121.316)	2.221	598.095
Treasury bills – FCY:						
- USD bonds	763.165	986.126	-	(158.086)	5.032	1.596.237
Shares at EMIS (AKZ)	98.329	-	-	-	-	98.329
	8.208.670	**6.661.013**	**(124.999)**	**69.371**	**138.834**	**14.952.889**

2018						
USD'000	Buying costs	Capital revaluation	Premium/ Discount	Fair value reserve	Deferred profits	Balance
Treasury bills – LCY:						
- Indexed to USD	14.876	18.297	-	1.634	305	35.112
- Non adjustable	6.448	-	(351)	(510)	119	5.706
- MINFIN	2.365	-	(52)	(391)	7	1.929
Treasury bills – FCY:						
- USD Bonds	5.640	-	-	(509)	16	5.147
Shares at EMIS (AKZ)	317	-	-	-	-	317
	29.646	**18.297**	**(403)**	**244**	**447**	**48.211**

2017							
AKZ'000	Buying costs	Capital revaluation	Premium/ Discount	Fair value reserve	Deferred profits	Impairment	Balance
Treasury bills - LCY	240.840	-	3.523	820	-	-	245.183
Treasury bonds - LCY:							
- Indexed to USD	5.447.335	918.413	-	122.227	74.716	-	6.562.691
- MINFIN	869.681	-	22.604	(200.525)	3.123	-	694.883
Treasury bonds - FCY:							
- USD bonds	1.138.260	627.166	-	2.330	17.799	-	1.785.555
- Subordinate bonds	95.414	70.510	-	2.291	4.867	(1.659)	171.423
Shares at EMIS (AKZ)	98.329	-	-	-	-	(362)	97.967
	7.889.859	**1.616.089**	**26.127**	**(72.857)**	**100.505**	**(2.021)**	**9.557.702**

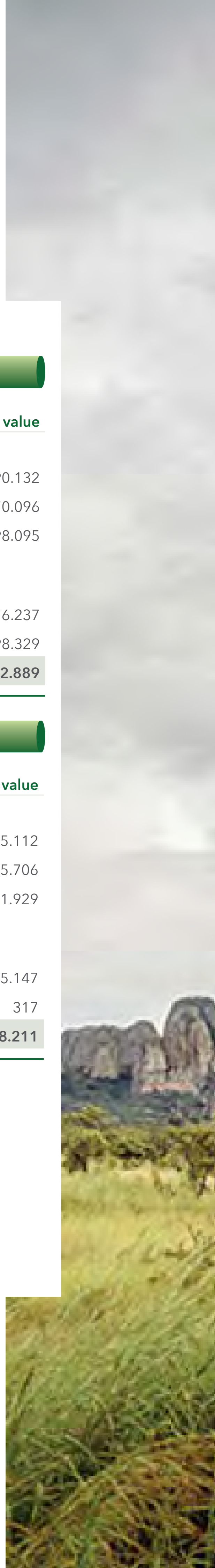
2017							
USD'000	Buying costs	Capital Revaluation	Premium/ Discount	Fair value reserve	Deferred profits	Impairment	Balance
Treasury bills - LCY	1.452	-	21	5	-	-	1.478
Treasury bonds - LCY:							
- Indexed to USD	32.830	5.535	-	737	450	-	39.552
- MINFIN	5.241	-	136	(1.209)	19	-	4.187
Treasury bonds - FCY:							
- USD bonds	10.640	-	-	15	107	-	10.762
- Subordinate bonds	1.000	-	-	14	29	(10)	1.033
Shares at EMIS (AKZ)	593	-	-	-	-	(2)	591
	51.756	**5.535**	**157**	**(438)**	**605**	**(12)**	**57.603**

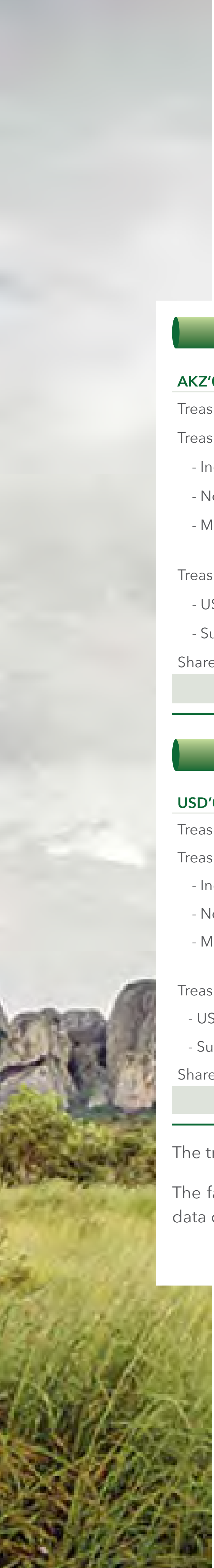


The grading of assets available for sale, by type of valuation, is as follows:

2018				
AKZ'000	**Fair value valuation**	**Amortised cost valuation**	**Historic cost valuation**	**Net value**
Treasury bills – LCY:				
- Indexed to USD	10.890.132	-	-	10.890.132
- Non adjustable	1.770.096	-	-	1.770.096
- MINFIN	598.095	-	-	598.095
Treasury bills – FCY:				
- USD bonds	1.596.237	-	-	1.576.237
Shares at EMIS (AKZ)	98.329	-	-	98.329
	14.952.889	**-**	**-**	**14.952.889**

2018				
USD'000	**Fair value valuation**	**Amortised cost valuation**	**Historic cost valuation**	**Net value**
Treasury bills – LCY:				
- Indexed to USD	35.112	-	-	35.112
- Non adjustable	5.706	-	-	5.706
- MINFIN	1.929	-	-	1.929
Treasury bills – FCY:				
- USD bonds	5.147	-	-	5.147
Shares at EMIS (AKZ)	317	-	-	317
	48.211	**-**	**-**	**48.211**





2017					
AKZ'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Impairment	Balance
Treasury bills – LCY	245.183	-	-	-	245.183
Treasury bonds – LCY:					
- Indexed to USD	6.562.691	-	-	-	6.562.691
- Non adjustable	-	-	-	-	-
- MINFIN	694.883	-	-	-	694.883
Treasury bonds – FCY:					
- USD bonds	1.785.555	-	-	-	1.785.555
- Subordinates bonds	173.082	-	-	(1.659)	171.423
Shares at EMIS (AKZ)	-	-	98.329	(362)	97.967
	9.461.394	**-**	**98.329**	**(2.021)**	**9.557.702**

2017					
USD'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Impairment	Balance
Treasury bills – LCY	1.478	-	-	-	1.478
Treasury bonds – LCY:					
- Indexed to USD	39.553	-	-	-	39.553
- Non adjustable	-	-	-	-	-
- MINFIN	4.189	-	-	-	4.189
Treasury bonds – FCY:					
- USD bonds	10.760	-	-	-	10.760
- Subordinates bonds	1.043	-	-	(10)	1.033
Shares at EMIS (AKZ)	-	-	592	(2)	590
	57.023	**-**	**592**	**(12)**	**57.603**

The treasury bonds acquired from the Angolan State are classified as stage 1 securities.

The fair value assessment ranking can be considered as level 2, which can be calculated through data observable in the market.

BCA's supplementary payments to EMIS were updated at the USD/AKZ exchange rate and incorporated in BCA's share capital, in accordance with the resolutions of the General Meeting of EMIS of 16 June 2017.

Losses and gains associated with changes in the fair value of financial assets at fair value through other comprehensive income, not recognised in the income statement, were as follows:

2018
Losses/(Gains) associated with the fair value, that may not be reclassified to income statement

AKZ'000	Fair value reserve	Deferred tax (30%)	Net Loss/gains recorded in other comprehensive income
Treasury bonds in AKZ			
- Indexed to USD	506.940	(152.082)	354.858
- Non adjustable	(158.167)	47.450	(110.717)
- MINFIN	(121.316)	36.395	(84.921)
Treasury bonds in USD			
- USD bonds	(158.086)	47.426	(110.660)
	69.371	**(20.811)**	**48.560**

2017
Losses/(Gains) associated with the fair value, that may not be reclassified to income statement

AKZ'000	Fair value reserve	Deferred tax (30%)	Net Loss/gains recorded in other comprehensive income
Treasury bills	820	(246)	574
Treasury bonds in AKZ			
- Indexed to USD	122.227	(36.668)	85.559
- MINFIN	(200.525)	60.157	(140.368)
Treasury bonds in USD			
- USD bonds	2.330	(699)	1.631
- Subordinates bonds	2.291	(687)	1.604
	(72.857)	**21.857**	**(51.000)**

The maturity profile of the above-mentioned trading and investment securities is as follows:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Treasury bills				
Up to 6 months	-	-	245.183	1.478
	-	**-**	**245.183**	**1.478**
Treasury bonds:				
Up to 6 months	176.865	570	345.883	2.084
From 6 months to 1 year	-	-	1.702.812	10.263
From 1 year to 3 years	12.878.236	41.522	3.831.706	23.093
More than 3 years	1.799.459	5.802	3.334.151	20.095
	14.854.560	**47.894**	**9.214.552**	**55.535**
Shares at EMIS:				
Unlimited term	98.329	317	97.967	590
	98.329	**317**	**97.967**	**590**
	14.952.889	**48.211**	**9.557.702**	**57.603**

The average interest rates are displayed below:

	2018 %	2017 %
Treasury bills	-	16,15
Treasury bonds indexed to USD	7,37	7,32
Treasury bonds – non adjustable	12,25	-
Treasury bonds – MINFIN	7,88	7,75
Treasury bonds in USD	5,00	6,95

The shares at EMIS are valued in accordance with Note 2.3.1.1.1.2.

As for the geographic concentration, the BCA financial assets were all issued by resident entities.

7. LOANS AND ADVANCES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Internal Loans				
- Loans	9.238.812	29.788	3.090.163	18.625
- Overdrafts	2.181.375	7.033	4.859.847	29.290
- Credit Cards	99.111	319	79.388	478
- Other loans	159	1	4.161.373	25.080
Non performing Loans and Interest	469.482	1.513	443.171	2.671
Accrued interest				
- Overdrafts	887	3	-	-
- Loans and other loans	281.219	907	29.109	175
	12.271.045	39.564	12.663.051	76.319
Impairment losses on loans	(559.091)	(1.803)	(296.302)	(1.786)
	11.711.954	**37.761**	**12.366.749**	**74.533**

The impairment losses on loans is calculated in accordance with the accounting policies n.º 2.3.1.1.5. (2017: 2.3.2.7.).

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.

Loans and advances are subject of a greater supervisory approach. Their size and typology the opportunity of significant concentration levels, requiring a particular consideration at risk management level, in a transversal way.

At 31 December 2018 and 2017 the bank major customer represented 23.39% and 38.28% of the loan portfolio, respectively. The total of the top twenty customers represented in those dates 73.21% and 78.24% of the loan portfolio, respectively.

At 31 December 2018 and 2017 the loans granted to the bank shareholders or to companies managed by them was 212,496 thousand Kwanzas and 32,499 thousand Kwanzas and, respectively. Note 30 analyses in detail the transactions held with the bank shareholders or to companies managed by them.

At 31 December 2018, the annual average loans interest rate (excluding the advances) was 21.89%, (2017: 20.42%) for loans conceded in local currency – 10.14% (2017: 9.78%) for loans granted in foreign currency.

Loans granted in foreign currency were disbursed in previous years. There are no new loans granted in foreign currency, since the entry into force of the Notice 3/2012, which partially banned the granting of loans in foreign currency, and at a later date, the Notice 11/2014, which banned totally the granting of loans in foreign currency, with the exception of the Angolan State and the exporters (Art.° 8, n.° 2 and n.° 3).

At 31 December 2018 and 2017, the maturity profile of loans and advances was:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Loans and advances in foreign currency:				
Up to 1 year	56.271	181	31.451	190
1 year to 5 years	119.461	385	72.228	435
More than 5 years	684.056	2.206	433.992	2.616
	859.788	**2.772**	**537.671**	**3.241**
In local currency:				
Up to 1 year	5.773.560	18.615	4.762.940	28.706
1 year to 5 years	3.448.386	11.118	2.495.124	15.038
More than 5 years	7.049	23	7.469	45
Advances	2.182.262	7.036	4.859.847	29.289
	11.411.257	36.792	12.125.380	73.078
	12.271.045	**39.564**	**12.663.051**	**76.319**

The loans and advances of more than 5 years, in foreign currency are essentially mortgage loans granted to some staff members.

For the financial years of 2018 and 2017, bad debts have been deducted from the assets by use of Impairment losses on loans, which were rated at stage 3, amounting to 9.298 thousand of Kwanzas and 170 thousand of Kwanzas, respectively.

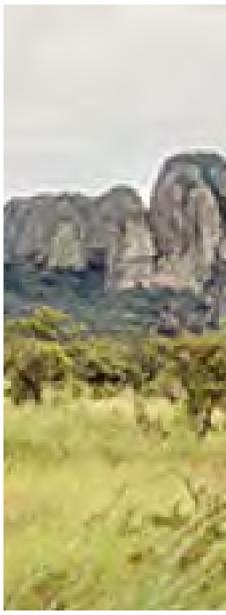
The composition of loans and advances to clients at 31 December 2018 and 31 December 2017 was as follows:

2018
Loans and advances to clients

	Performing off-balance	Performing in-balance	Non performing loans and advances				
AKZ'000			Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	Total
Without impairment	8.240.167	-	-	-	-	-	8.240.167
With impairment analysed on individual basis	-	8.073.914	487	8.740	4.497	37.765	8.125.403
- Loans and interests	-	8.114.729	487	12.510	58.756	266.461	8.452.944
- Impairment	-	(40.815)	-	(3.770)	(54.259)	(228.696)	(327.540)
With impairment analysed on collective basis	-	3.522.257	23.160	1.544	20.907	18.683	3.586.551
- Loans and interests	-	3.686.834	23.328	2.103	63.106	42.730	3.818.102
- Impairment	-	(164.578)	(168)	(559)	(42.199)	(24.047)	(231.551)
	8.240.167	11.596.171	23.647	10.284	25.404	56.448	19.952.121

2017
Loans and advances to clients

	Performing off-balance	Performing in-balance	Non performing loans and advances				
AKZ'000			Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 year	Total
Without impairment	1.328.034	12.219.880	-	-	-	-	13.547.914
With impairment analysed on individual basis	-	-	126.292	-	-	24.060	150.352
- Loans and interests	-	-	132.962	-	-	229.851	362.813
- Impairment	-	-	(6.670)	-	-	(205.791)	(212.461)
With impairment analysed on collective basis	-	(44.744)	5.779	8.885	9.903	16.694	(3.483)
- Loans and interests	-	-	6.572	9.316	23.401	41.069	80.358
- Impairment	-	(44.744)	(793)	(431)	(13.498)	(24.375)	(83.841)
	1.328.034	12.175.136	132.071	8.885	9.903	40.754	13.694.783

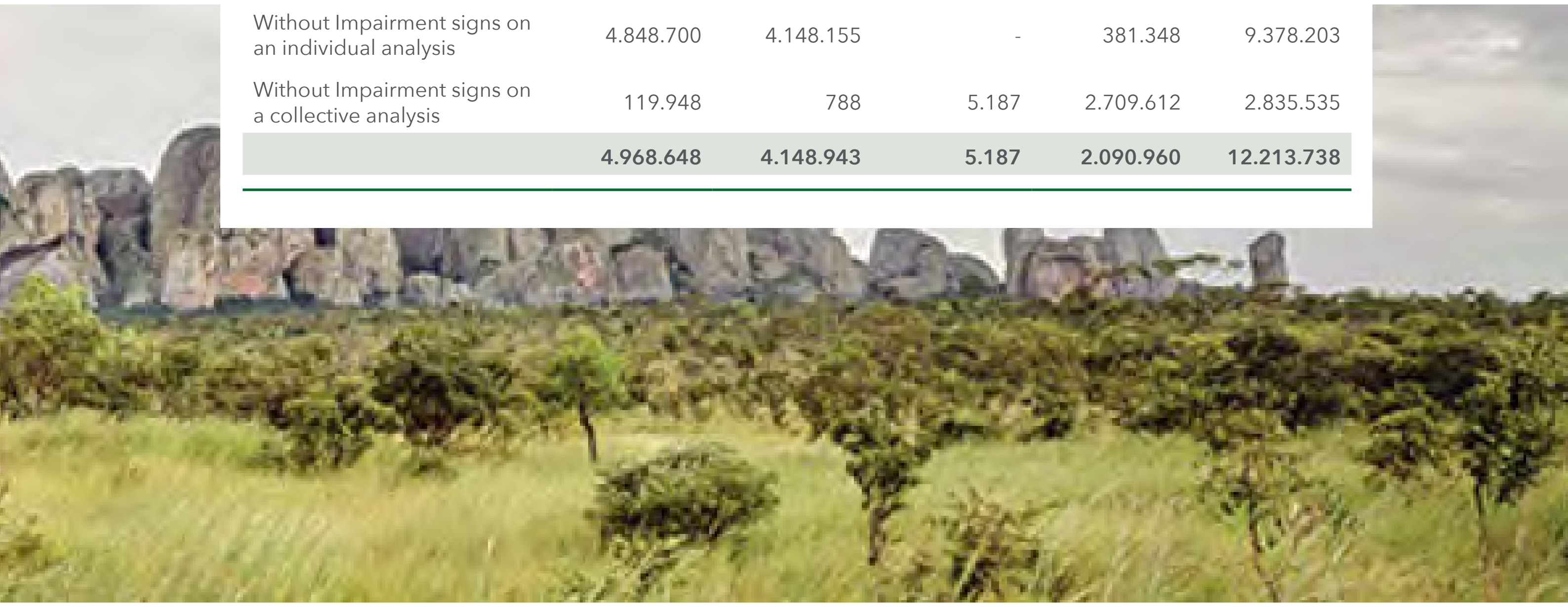
The composition of the performing Loans and Advances without signs of impairment, at 31 December 2018 and 31 December 2017 was as follows:

2018
Loans and advances

Maturity Profile for Performing Loans and Advances					
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment on an individual basis analysis	2.175.654	4.401.924	-	1.537.150	8.114.728
Without Impairment on a collective basis analysis	131.961	2.035	21.721	3.531.118	3.686.835
	2.307.615	**4.403.959**	**21.721**	**5.068.268**	**11.801.563**

2017
Loans and advances

Maturity Profile for Performing Loans and Advances					
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment signs on an individual analysis	4.848.700	4.148.155	-	381.348	9.378.203
Without Impairment signs on a collective analysis	119.948	788	5.187	2.709.612	2.835.535
	4.968.648	**4.148.943**	**5.187**	**2.090.960**	**12.213.738**



The composition of non performing Loans and Advances with impairment signs, at 31 December 2018 and 31 December 2017 was as follows:

2018
Loans and advances

	Non Performing Classes – Non Performing Loans				
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Non Performing Loans and Interest					
With Impairment on an individual basis analysis	487	12.510	18.504	306.714	338.215
With Impairment on a collective basis analysis	23.328	2.103	41.062	64.774	131.267
	16.312	**14.613**	**59.566**	**371.488**	**469.482**

2017
Loans and advances

	Non Performing Classes – Non Performing Loans				
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Non Performing Loans and Interest					
With Impairment on an individual basis analysis	199.685	-	80.414	82.714	362.813
With Impairment on a collective basis analysis	4.754	1.671	2.628	71.305	80.358
	204.439	**1.671**	**83.042**	**154.019**	**443.171**

Analysis of loans and advances exposures and the related impairment, composed by segment.

AKZ'000	Loans Exposures – 2018			Impairment –2018		
Segment	Total	Performing	Non Performing	Total	Performing Loans	Non Performing Loans
Car loans	6.915	1.971	4.944	2.908	21	2.887
Consumer credit	740.540	474.312	266.228	221.173	9.320	211.853
Pre-Approved loans	6.994	566	6.428	6.431	3	6.428
Employees loans	808.071	808.023	48	8.248	8.248	-
Enterprises protocol	2.318.392	2.213.241	105.151	69.707	23.077	46.630
Overdrafts/ advances	2.182.421	2.182.421	-	11.392	11.392	-
Corporate loans	6.108.601	6.021.918	86.683	204.413	118.513	85.900
Credit Cards	99.111	99.111	-	34.819	34.819	-
	12.271.045	**11.801.563**	**469.482**	**559.091**	**205.393**	**353.698**

AKZ'000	Exposure – 2017			Impairment – 2017		
Segment	Total	Performing	Non Performing	Total	Performing Loans	Non Performing Loans
Car loans	8.302	5.052	3.250	2.460	47	2.413
Consumer credit	61.565	36.940	24.625	6.858	677	6.181
Pre-Approved loans	1.786	631	1.155	1.161	6	1.155
Employees loans	897.290	744.695	152.595	141.822	14.536	127.286
Enterprises protocol	2.097.954	2.048.074	49.880	41.382	19.659	21.723
Overdrafts/ advances	12.404	12.382	22	8.932	7.858	1.074
Corporate loans	9.583.750	9.372.106	211.644	93.687	2.103	91.584
	12.663.051	**12.219.880**	**443.171**	**296.302**	**44.886**	**251.416**

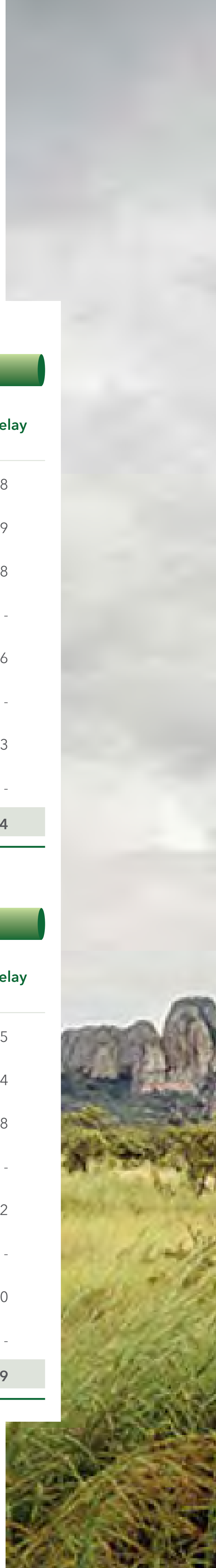
Obs.: During 2018 and 2017 there were no healing of loans operations.

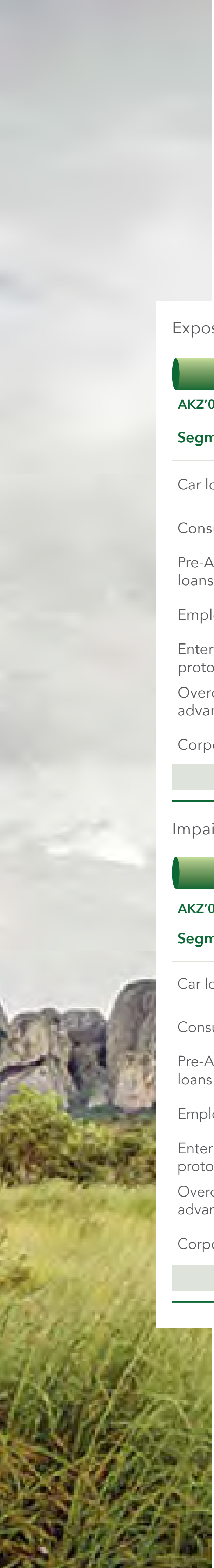
Exposures by segment and by gap of days of delay – 2018.

Exposures for the year of 2018					
AKZ'000		Performing loans		Non performing loans	
		Days of delay < 30			
Segment	Total Exposure	Without signs	With signs	Days of delay < = 90	Days of delay > 90
Car loans	6.915	1.971	-	936	4.008
Consumer credit	740.539	402.506	71.805	13.189	253.039
Pre-Approved loans	6.994	566	-	-	6.428
Employees loans	808.071	808.023	-	48	-
Enterprises protocol	2.318.392	2.213.241	-	24.255	80.896
Overdrafts/ advances	2.182.421	2.182.403	18	-	-
Corporate loans	6.108.601	6.021.918	-	-	86.683
Credit Cards	99.112	97.107	2.005	-	-
	12.271.045	**11.727.735**	**73.828**	**38.428**	**431.054**

Impairment by segment, and by gap of days of delay – 2018.

Impairment on loans and advances portfolio – 2018					
AKZ'000		Performing loans		Non performing loans	
		Days of delay <30			
Segment	Total Exposure	Without signs	With signs	Days of delay < = 90	Days of delay > 90
Car loans	2.908	21	-	252	2.635
Consumer credit	221.173	4.239	5.081	3.769	208.084
Pre-Approved loans	6.431	3	-	-	6.428
Employees loans	8.248	8.248	-	-	-
Enterprises protocol	69.707	23.077	-	308	46.322
Overdrafts/ advances	11.392	11.374	18	-	-
Corporate loans	204.413	118.513	-	-	85.900
Credit Cards	34.819	32.814	2.005	-	-
	559.091	**198.289**	**7.104**	**4.329**	**349.369**





Exposures by segment and by gap of days of delay – 2017

Exposures for the year of 2017					
AKZ'000		Performing loans		Non performing loans	
		Days of delay < 30			
Segment	Total Exposure	Without signs	With signs	Days of delay < = 90	Days of delay > 90
Car loans	8.302	5.052	-	6	3.244
Consumer credit	61.565	36.940	-	848	23.777
Pre-Approved loans	1.786	631	-	-	1.155
Employees loans	897.290	703.756	40.939	186	152.409
Enterprises protocol	2.097.954	2.048.074	-	14.854	35.026
Overdrafts/ advances	12.404	12.382	-	22	-
Corporate loans	9.583.750	9.369.660	2.446	126.730	84.914
	12.663.051	**12.176.495**	**43.385**	**142.646**	**300.525**

Impairment by segment, and by gap of days of delay – 2017

Impairment on loans and advances portfolio - 2017					
AKZ'000		Performing loans		Non performing loans	
		Days of delay < 30			
Segment	Total Exposure	Without signs	With signs	Days of delay < = 90	Days of delay > 90
Car loans	2.460	47	-	-	2.413
Consumer credit	6.858	677	-	-	6.181
Pre-Approved loans	1.161	6	-	-	1.155
Employees loans	141.822	14.536	-	7.307	119.979
Enterprises protocol	41.382	19.659	-	427	21.296
Overdrafts/ advances	8.932	7.858	-	4	1.070
Corporate loans	93.687	2.103	-	14	91.570
	296.302	**44.886**	**-**	**7.752**	**243.664**

The Loans and Advances Portfolio by segment, and by year of loans and advances granted, during the last years, was as follows:

Car loans

Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	2	2.595	1.664
2014	3	2.281	981
2015	3	2.039	263
2016	-	-	-
2017	-	-	-
2018	-	-	-
	8	**6.915**	**2.908**

Consumer Loans

Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	24	300.521	151.027
2014	6	9.102	7.758
2015	1	230	150
2016	4	64.979	58.018
2017	2	1.219	370
2018	4	364.488	3.850
	41	**740.539**	**221.173**

Pre-approved loans

Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	3	4.018	4.018
2014	7	2.410	2.410
2015	-	-	-
2016	-	-	-
2017	1	54	-
2018	1	505	3
	12	**6.987**	**6.431**

Employee loans

Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	25	542.198	5.635
2014	20	14.351	109
2015	34	30.804	281
2016	29	52.837	513
2017	29	62.551	621
2018	36	104.330	1.089
	173	**808.071**	**8.248**

Enterprise protocol

Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	18	19.924	10.461
2014	116	51.244	3.357
2015	389	352.003	19.171
2016	412	508.658	15.863
2017	426	691.122	13.580
2018	397	695.441	7.275
	1.758	**2.318.392**	**69.707**

Overdrafts/advances

Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	1.078	112.031	10.194
2014	410	1.572	308
2015	575	2.065.664	244
2016	870	1.139	238
2017	146	1.520	308
2018	77	495	100
	3.156	**2.182.421**	**11.392**

Corporate loans			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	2	4.435	4.388
2014	1	80.414	80.414
2015	2	1.533.084	1.097
2016	1	2.870.674	-
2017	5	158.078	7.892
2018	77	1.461.916	110.622
	88	**6.108.601**	**204.413**

Credit Cards			
Year Granted	Number of Operations	Amount (AKZ'000)	Impairment (AKZ'000)
2013 and previous years	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	182	99.112	34.819
	182	**99.112**	**34.819**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by segment –

a) at 31 December 2018:

2018	Car Loans		Consumer loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	674.942	209.620
Collective assessment	6.915	2.908	65.598	11.553
	6.915	**2.908**	**740.540**	**221.173**

2018	Pre-approved loans		Employee loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	6.994	6.431	808.071	8.248
	6.994	**6.431**	**808.071**	**8.248**

2018	Enterprise Protocol		Overdrafts/advances	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	2.162.706	7.321
Collective assessment	2.318.392	69.707	19.715	4.071
	2.318.392	**69.707**	**2.182.421**	**11.392**

2018	Corporate loans		Credit Cards	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	5.612.618	108.364	2.677	2.235
Collective assessment	495.983	96.049	96.434	32.584
	6.108.601	**204.413**	**99.111**	**34.819**

2018	Total	
AKZ'000	Total Exposure	Impairment
Individual assessment	8.452.943	327.540
Collective assessment	3.818.102	231.551
	12.271.045	**559.091**

b) at 31 December 2017:

2017	Car Loans		Consumer Loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	8.302	2.460	61.565	6.858
	8.302	**2.460**	**61.565**	**6.858**

2017	Pre-approved loans		Employee loans	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	185.875	119.177
Collective assessment	1.786	1.161	711.415	22.645
	1.786	**1.161**	**897.290**	**141.822**

2017	Enterprise Protocol		Overdrafts/advances	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	2.097.954	41.382	12.404	8.932
	2.097.954	**41.382**	**12.404**	**8.932**

2017	Corporate loans		Total	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	9.555.141	93.284	9.741.016	212.461
Collective assessment	28.609	403	2.922.035	83.841
	9.583.750	**93.687**	**12.663.051**	**296.302**

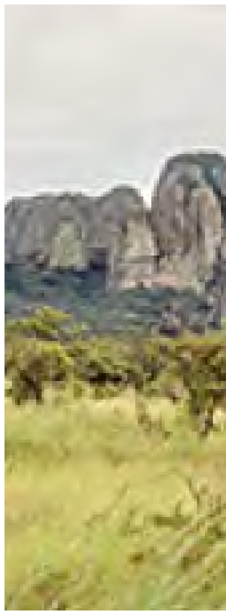
Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by sector of activities –

a) at 31 December 2018:

2018	Trade		Electricity	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	1.210.712	99.627	6.466.459	51.181
Collective assessment	445.246	45.338	-	-
	1.655.958	**144.965**	**6.466.459**	**51.181**

2018	Particulars		Services	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	677.618	211.855	-	-
Collective assessment	3.322.688	135.384	61	3
	4.000.306	**347.239**	**61**	**3**

2018	Transportation		Industry	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	98.154	13.694	-	-
Collective assessment	-	-	2	2
	98.154	**13.694**	**2**	**2**



2018	Education		Total	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	8.452.943	376.357
Collective assessment	50.105	2.007	3.818.102	182.734
	50.105	**2.007**	**12.271.045**	**559.091**

b) at 31 December 2017:

2017	Trade		Construction	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	257.433	86.640	-	-
Collective assessment	79.839	402	6.526	221
	337.272	**87.042**	**6.526**	**221**

2017	Electricity		Fishing	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	9.164.767	-	-	-
Collective assessment	-	-	30	30
	9.164.767	**-**	**30**	**30**

2017	Particulars		Services	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	185.927	89.177	132.889	36.644
Collective assessment	2.654.944	82.156	150.667	820
	2.840.871	**171.333**	**283.556**	**37.464**

2017	Public Sector		Telecommunications	
AKZ'000	Total Exposure	Impairment	Total Exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	29	1	-	-
	29	**1**	**-**	**-**

2017	Transportation		Total	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	9.741.016	212.461
Collective assessment	30.000	211	2.922.035	83.841
	30.000	**211**	**12.663.051**	**296.302**

Details of gross exposure amount of Loans and Advances, and the respective amount of impairment for the exposures analysed individually and collectively, by geographical location:

2018	Angola	
AKZ'000	Total exposure	Impairment
Individual assessment	8.452.943	327.540
Collective assessment	3.818.102	231.551
	12.271.045	**559.091**

2017	Angola	
AKZ'000	Total exposure	Impairment
Individual assessment	9.741.016	212.461
Collective assessment	2.922.035	83.841
	12.663.051	**296.302**

The restructured loans in 2018 and 2017, as per restructuring measure applied, were:

2018	Non performing loans		
AKZ'000	Number of operations	Exposures	Impairment
Extension of term	2	7.081	6.344
Period of grace	-	-	-
Reduction of interest rate	-	-	-
	2	**7.081**	**6.344**

2017	Non performing loans		
AKZ'000	Number of operations	Exposures	Impairment
Extension of term	1	2.519	25
Period of grace	-	-	-
Reduction of interest rate	-	-	-
	1	**2.519**	**25**

The balance of entries and exits in the portfolio of restructured loans was:

AKZ'000	2018	2017
Opening balance of restructured loans (gross of impairment)	**2.519**	**-**
Restructured loans in the period	4.561	2.457
Accrued interests of restructured loans portfolio	-	62
Partial or total settlement of restructured loans	-	-
Loans reclassified from "restructured" to "normal"	-	-
Others	-	-
Closing balance of restructured loans (gross of impairment)	**7.080**	**2.519**

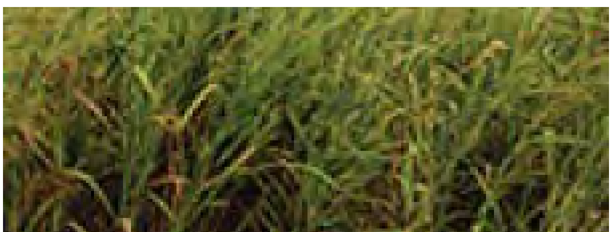
The details of the fair value of the guarantees related to the loans and advances portfolio, for the corporate and housing segments were as follow:

2018

Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
AKZ'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 and < 100	-	-	-	-	-	-	-	-
> = 100 and < 500	-	-	-	-	-	-	-	-
> = 500 and < 1000	-	-	-	-	2	880	-	-
> = 1000 and < 2000	-	-	-	-	2	3.340	-	-
> = 2000 and< 5000	-	-	-	-	-	-	10	26.925
> = 5000	2	100.000	2	13.737.869	30	448.230	6	17.009
	2	**100.000**	**2**	**13.737.869**	**34**	**323.842**	**16**	**43.934**

2017

Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
AKZ'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50		-	-	-	-	-	-	-
> = 50 and < 100	2	172.518	-	-	-	-	-	-
> = 100 and < 500	-	-	-	-	32	255.916	78	159.891
> = 500 and < 1000	-	-	-	-	-	-	-	-
> = 1000 and < 2000	-	-	-	-	-	-	-	-
> = 2000 and < 5000	-	-	-	-	-	-	-	-
> = 5000	-	-	3	11.272.749	-	-	-	-
	2	**172.518**	**3**	**11.272.749**	**32**	**255.916**	**78**	**159.891**



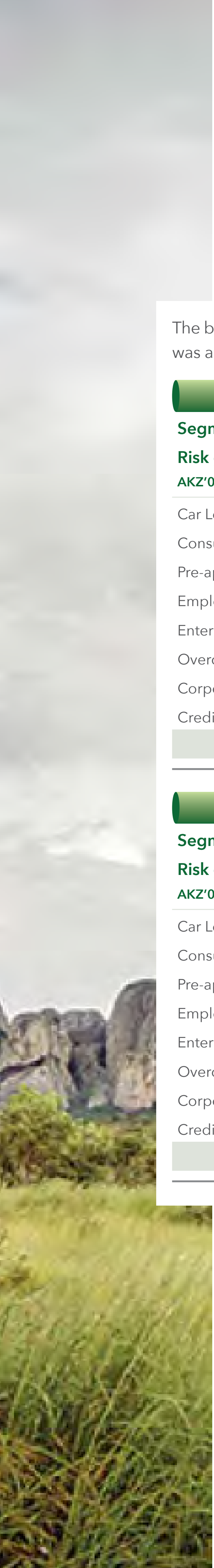
The below figures display the amounts of lending, by lending ratio, at 31 December 2018 and 2017:

2018

Segment / Ratio	Number of properties	Number of other real guarantees	Performing loans AKZ'000	Non performing loans AKZ'000	Impairment AKZ'000
Corporate:	**2**	**3**	**4.584.859**	**-**	**8.896**
With no guarantees Associated	n.a	n.a	-	-	-
< 50%	1	-	132.831	-	6.889
> = 50% and <75%	-	-	-	-	-
> = 75% and <100%	1	-	50.104	-	2.007
> = 100%	-	2	4.401.924	-	-
Housing	**34**	**16**	**651.171**	**167.860**	**138.710**
With no guarantees Associated	n.a	n.a	-	-	-
< 50%	13	5	243.962	110.343	84.921
> = 50% and <75%	-	-	-	-	-
> = 75% and <100%	19	-	334.128	56.985	53.107
> = 100%	2	11	73.081	532	682
	36	**19**	**5.236.030**	**167.860**	**147.606**

2017

Segment / Ratio	Number of properties	Number of other real guarantees	Performing loans AKZ'000	Non performing loans AKZ'000	Impairment AKZ'000
Corporate:	**2**	**3**	**4.487.567**	**2.519**	**1.725**
With no guarantees Associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% and <75%	-	-	-	-	-
> = 75% and <100%	-	-	-	-	-
> = 100%	2	3	4.487.567	2.519	1.725
Housing	**26**	**78**	**348.543**	**24.827**	**12.268**
With no guarantees Associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% and <75%	26	-	316.192	17.338	6.805
> = 75% and <100%	-	-	-	-	-
> = 100%	-	78	32.351	7.489	5.463
	28	**81**	**4.836.110**	**27.346**	**13.993**



The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2018, was as follows:

2018				
Segment		**Low risk grade**		
Risk grade-BNA	**aaa/1**	**aa+/2**	**aa/3**	
AKZ'000	**A**	**B**	**C**	**Subtotal**
Car Loans	-	1.971	936	2.907
Consumer Credit	-	467.975	12.533	480.508
Pre-approved Loans	-	566	-	566
Employees Loans	-	808.071	-	808.071
Enterprises Protocol	-	2.236.196	7.684	2.243.880
Overdrafts/Advances	2.064.535	102.848	118	2.167.501
Corporate Loans	5.254.190	767.728	-	6.021.918
Credit Cards	41.538	55.568	-	97.106
	7.360.263	**4.440.923**	**21.271**	**11.822.457**

2018				
Segment		**Medium risk grade**		
Risk grade-BNA	**bbb+/6**	**bbb/7**	**bbb-/8**	
AKZ'000	**D**	**D**	**D**	**Subtotal**
Car Loans	-	-	-	2.890
Consumer Credit	50.874	4.739	31.791	529.591
Pre-approved Loans	-	-	-	559
Employees Loans	-	-	-	807.047
Enterprises Protocol	12.630	17.102	9.812	2.242.908
Overdrafts/Advances	51	494	22	2.166.613
Corporate Loans	-	1.834	-	5.755.442
Credit Cards	-	-	-	132.893
	63.553	**24.169**	**41.625**	**11.951.806**

2018				
Segment		High risk grade		
Risk grade-BNA	ccc+/10	ccc/11	ccc-/12	
AKZ'000	E	F	G	General Total
Car Loans	4.008	-	-	6.915
Consumer Credit	172.628	-	-	740.540
Pre-approved Loans	6.428	-	-	6.994
Employees Loans	-	-	-	808.071
Enterprises Protocol	34.968	-	-	2.318.392
Overdrafts/Advances	14.353	-	-	2.182.421
Corporate Loans	84.849	-	-	6.108.601
Credit Cards	2.005	-	-	99.111
	319.239	**-**	**-**	**12.271.045**

The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2017, was as follows:

2017				
Segment		Low grade risk		
Risk grade-BNA	aaa/1	aa+/2	aa/3	
AKZ'000	A	B	C	Subtotal
Car Loans	-	5.059	275	5.334
Consumer Credit	-	37.445	3.421	40.866
Pre-approved Loans	-	631	-	631
Employees Loans	57.125	670.910	6.651	734.686
Enterprises Protocol	-	2.057.399	10.874	2.068.273
Overdrafts/Advances	-	3.557	-	3.557
Corporate Loans	9.164.729	201.218	132.889	9.498.836
	9.221.854	**2.976.219**	**154.110**	**12.352.183**

2017				
Segment		Medium risk grade		
Risk grade-BNA	bbb+/6	bbb/7	bbb-/8	
AKZ'000	D	D	D	Subtotal
Car Loans	-	-	-	5.334
Consumer Credit	17.305	-	-	58.171
Pre-approved Loans	-	-	-	631
Employees Loans	31.595	-	-	766.281
Enterprises Protocol	3.484	-	-	2.071.757
Overdrafts/Advances	-	-	-	3.557
Corporate Loans	-	-	-	9.498.836
	52.384	-	-	12.404.567

2017				
Segment		High risk grade		
Risk grade-BNA	ccc+/10	ccc/11	ccc-/12	
AKZ'000	E	F	G	General Total
Car Loans	1.144	-	1.824	8.302
Consumer Credit	283	867	2.244	61.565
Pre-approved Loans	-	-	1.155	1.786
Employees Loans	6.163	-	124.846	897.290
Enterprises Protocol	9.043	931	16.223	2.097.954
Overdrafts/Advances	28	24	8.795	12.404
Corporate Loans	-	-	84.914	9.583.750
	16.661	1.822	240.001	12.663.051

The movement on impairments during the year of 2018 was:

AKZ'000	2018	2017
Closing balance for the previous year	**296.302**	**332.939**
Adjustment for the Adoption of IFRS 9	26.088	-
Opening balance - current year	**322.390**	**332.939**
Reinforcements	331.847	89.531
Deductions	(103.149)	(124.387)
Impairment losses for the year	228.698	(34.856)
Used	8.003	(1.781)
Closing balance - current year	**559.091**	**296.302**

The segregation of impairment losses on loans portfolio, and on recovered loans, was as follows:

AKZ'000	Stage 1	Stage 2	Stage 3	Total
Closing balance for the previous year	**-**	**-**	**-**	**296.302**
Adjustment for the Adoption of IFRS 9	-	-	-	26.088
Opening balance - current year	**74.299**	**1.060**	**247.031**	**322.390**
Impairment losses on loans				
Originated or acquired financial assets	133.879	-	5.782	139.661
Derecognised financial assets	(5.426)	-	(38.998)	(44.424)
Changes in model and methodologies	-	-	-	-
Stage Transfers:				
Stage 1	-	4.328	18.179	22.507
Stage 2	(98)	-	1.603	1.505
Stage 3	(204)	(1.058)	-	(1.262)
Write-offs	(192)	-	(83)	(275)
Exchange rate changes and other movements	(3.619)	(1)	122.609	118.989
Closing balance - current year	**198.639**	**4.329**	**356.123**	**559.091**
Recovery of claims	**-**	**-**	**1.269.621**	**1.269.621**

The segregation of off-balance and in-balance exposures by risk level, and respective impairment losses:

AKZ'000	2018 Stage 1	2018 Stage 2	2018 Stage 3	2018 Total	2017 Total
Loans and advances to clients at amortised cost before impairment					
Performing loans and advances	11.800.150	-	8.891	11.809.041	12.205.947
Loans and interest overdue for up to 30 days	16.312	-	-	16.312	138.542
Loans and interest overdue for more than 30 days	-	14.636	431.056	445.692	318.562
Impairment losses	(109.625)	(4.329)	(356.122)	(470.076)	(296.302)
Total	**11.706.837**	**10.307**	**83.825**	**11.800.969**	**12.366.749**
Commitments for Credit					
High Risk	-	-	-	-	-
Medium Risk	-	-	-	-	1.328.034
Medium-Low Risk	8.214.867	-	-	8.214.867	-
Low Risk	-	-	-	-	-
Impairment losses	(88.344)	-	-	(88.344)	(150)
Book Value (Provisions)	**(88.344)**	**-**	**-**	**(88.344)**	**(150)**
Financial Guarantees Provided					
High Risk	-	-	-	-	-
Medium Risk	25.300	-	-	25.300	-
Medium-Low Risk	-	-	-	-	-
Low Risk	-	-	-	-	-
Impairment losses	(670)	-	-	(670)	-
Book Value (Provisions)	**(670)**	**-**	**-**	**(670)**	**-**

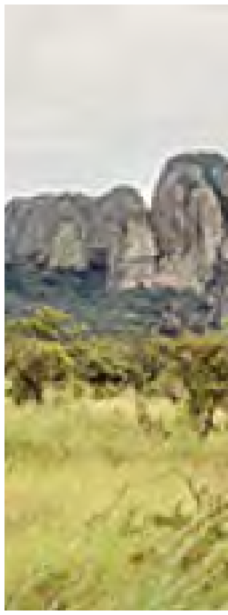
8. OTHER TANGIBLE AND INTANGIBLE ASSETS

2018 Intangible assets

AKZ'000	Opening balance	Increases	Transfers	Write-off	Closing balance
Cost					
Software	26.984	4.625	11.072	-	42.681
Other intangible assets	51.195	4.433	-	-	55.628
	78.179	**9.058**	**11.072**	**-**	**98.309**
Depreciation					
Software	(24.594)	(3.279)	-	-	(27.873)
Other intangible assets	(24.890)	(9.002)	-	-	(33.892)
	(49.484)	**(12.281)**	**-**	**-**	**(61.765)**
Net					
Software	2.390	1.346	11.072	-	14.808
Other intangible assets	26.305	(4.569)	-	-	21.736
	28.695	**(3.223)**	**11.072**	**-**	**36.544**

2017 Intangible assets

AKZ'000	Opening balance	Increases	Transfers	Write-off	Closing balance
Cost					
Software	72.095	-	-	(45.111)	26.984
Other intangible assets	49.536	1.681	-	(22)	51.195
	121.631	**1.681**	**-**	**(45.133)**	**78.179**
Depreciation					
Software	(67.374)	(2.331)	-	45.111	(24.594)
Other intangible assets	(17.062)	(7.850)	-	22	(24.890)
	(84.436)	**(10.181)**	**-**	**45.133**	**(49.484)**
Net					
Software	4.721	(2.331)	-	-	2.390
Other intangible assets	32.474	(6.169)	-	-	26.305
	37.195	**(8.500)**	**-**	**-**	**28.695**



2018
Other tangible assets

AKZ'000	Opening balance	Increases	Transfers	Regularisation	Write-off	Closing balance
Cost						
Buildings	3.331.291	33.188	112.127	-	-	3.476.606
Equipment	1.590.950	73.093	116.897	-	(906)	1.780.034
Work in rented properties	1.375.544	-	-	-	(46.472)	1.329.072
Capital WIP	981.664	976.974	(240.096)	57.464	(54.159)	1.721.847
	7.279.449	**1.083.255**	**(11.072)**	**57.464**	**(101.537)**	**8.307.559**
Depreciation						
Buildings	(429.713)	(132.987)	-	-	-	(429.713)
Equipment	(698.945)	(220.209)	-	-	906	(698.945)
Work in rented properties	(520.109)	(77.618)	-	-	20.531	(520.109)
	(1.648.767)	**(430.814)**	**-**	**-**	**21.437**	**(2.058.144)**
Net						
Buildings	2.901.578	(99.799)	112.127	-	-	2.913.906
Equipment	892.005	(147.116)	116.897	-	-	861.786
Work in rented properties	855.435	(77.618)	-	-	(25.941)	751.876
Capital WIP	981.664	976.974	(240.096)	57.464	(54.159)	1.721.847
	5.630.682	**652.441**	**(11.072)**	**57.464**	**(80.100)**	**6.429.415**

2017 Other tangible assets						
AKZ'000	Opening balance	Increases	Transfers	Regularisation	Write-off	Closing balance
Cost						
Buildings	2.700.571	19.342	612.560	-	(1.182)	3.331.291
Equipment	1.705.784	87.191	292.474	-	(494.499)	1.590.950
Work in rented properties	1.379.785	2.333	12.094	-	(18.668)	1.375.544
Capital WIP	1.643.733	370.592	(917.128)	(59.330)	(56.203)	981.664
	7.429.873	**479.458**	**-**	**(59.330)**	**(570.552)**	**7.279.449**
Depreciation						
Buildings	(312.188)	(118.707)	-	-	1.182	(429.713)
Equipment	(1.009.348)	(183.914)	-	-	494.317	(698.945)
Work in rented properties	(460.619)	(78.158)	-	-	18.668	(520.109)
	(1.782.155)	**(380.779)**	**-**	**-**	**514.167**	**(1.648.767)**
Net						
Buildings	2.388.383	(99.365)	612.560	-	-	2.901.578
Equipment	696.436	(96.723)	292.474	-	(182)	892.005
Work in rented properties	919.166	(75.825)	12.094	-	-	855.435
Capital WIP	1.643.733	370.592	(917.128)	(59.330)	(56.203)	981.664
	5.647.718	**98.679**	**-**	**(59.330)**	**(56.385)**	**5.630.682**

9. DEFERRED TAX RECEIVABLE

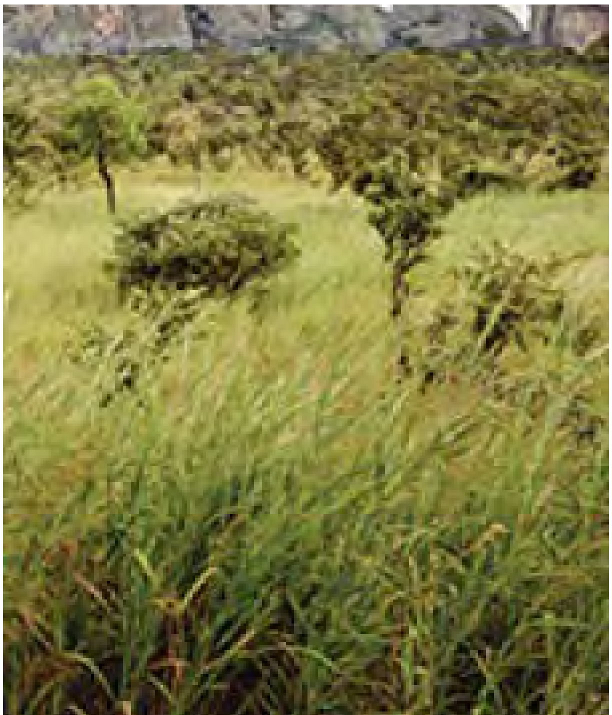
	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Impairments				
- Placements with O.C.I.	1.228	4	-	-
- USD Treasury Bonds	19.530	63	-	-
- Loans and advances Portfolio	26.088	84	-	-
- Customs Gains	61.332	198	-	-
- Other Assets	154	-	-	-
	108.332	**349**	**-**	**-**
Tax rate applied	30%	30%	30%	30%
Deferred tax receivable	**32.500**	**105**	**-**	**-**

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Variations in fair value of Assets at fair value through other comprehensive income	-	-	72.857	438
Income tax	-	-	30%	30%
Deferred tax receivable	**-**	**-**	**21.857**	**131**

In 2018, deferred taxes refer to recoverable taxes on income tax costs incurred in previous years, recorded only in 2018, as a result of the adoption of IFRS 9, whilst deferred taxes for 2017 were obtained on the fair value of financial assets, at fair value through other comprehensive income of 2017.

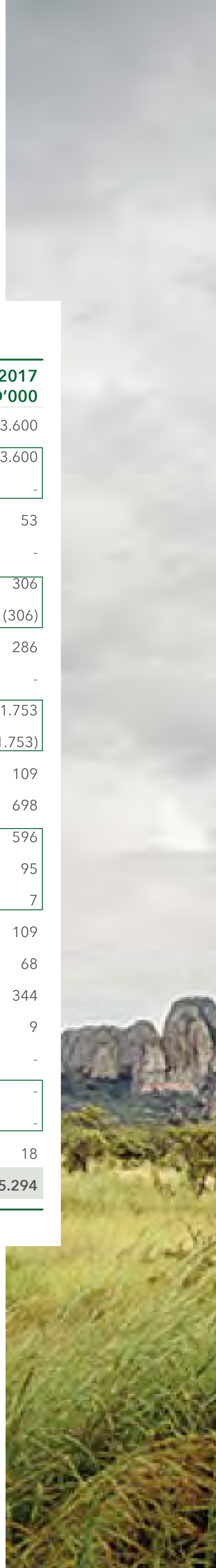
Among the total impairment on which we calculated deferred taxes in 2018 recorded in the Balance Sheet (35.500 thousand of Kwanza), the counterparts are in "Retained earnings" , as follows:

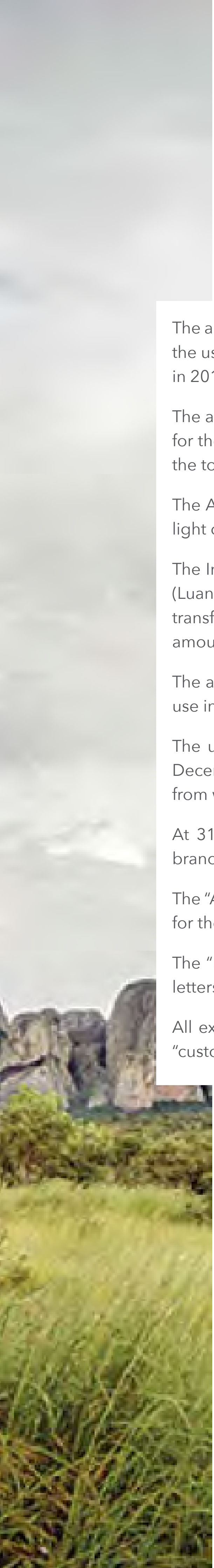
	Basis of Incidence AKZ'000	Deferred Tax recorded in Equity (30%)	Deferred tax recorded in income statement (30%)
Placements with O.C.I.	1.228	368	-
USD Treasury Bonds	19.530	5.859	-
Loans and advances Portfolio	26.088	7.826	-
Customs Gains	61.332	15.255	3.145
- Until the financial year 2017	50.850	15.255	-
- During the year 2018	10.482	-	3.145
Other Assets	154	46	-
Deferred Tax Receivable	**32.500**	**29.355**	**3.145**



10. OTHER ASSETS

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
VISA Cards	762.444	2.458	597.246	3.600
- Applied value	762.598	2.459	597.246	3.600
- Impairment	(154)	(1)	-	-
EMIS	-	53	8.839	53
Customs Gains	-	-	-	-
- Revenues	61.332	198	50.850	306
-I mpairment	(61.332)	(198)	(50.850)	(306)
Advance income tax	62.232	201	47.419	286
International School	-	-	-	-
- Investment	285.867	921	290.866	1.753
- Impairment	(285.867)	(921)	(290.866)	(1.753)
Stationary	6.045	19	18.121	109
Accruals	167.970	542	115.791	698
- Health insurance	140.954	454	98.859	596
- Rental and hire	13.194	43	15.727	95
- Others	13.822	45	1.205	7
Sectional purchase ABANC HQ	-	-	18.114	109
Unsold vehicle licence discs	10.103	32	11.307	68
Expense advance	74.470	240	57.121	344
Artistic Patrimony	1.467	5	1.467	9
Letters of Credit collateral	567.374	1.828	-	-
- Amount held by NOSTRO	569.494	1.835	-	-
- Impairment	(2.120)	(7)	-	-
Others	6.419	21	2.983	18
	1.658.524	**5.346**	**878.408**	**5.294**





The account "VISA cards" is made up of a collateral for the settlement of amounts that will fall due from the use of the bank's VISA prepaid and credit cards, in the amount of EUR 2,72 millions (3,22 millions, in 2017).

The account "Customs Gains" is composed of commissions to be received from the Customs Service for the work rendered in collections done on their behalf. A 100% impairment losses is recorded, for the total amount of gains not yet received.

The Advance income tax is a result of the advance income tax for 2018, paid in August 2018, 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 an Impairment of its total amount.

The amount in "Stationery" account refers to the existing consumable at the head office for the daily use in the head office and in some branches located in Luanda.

The unsold licence vouchers, amounting to AKZ 10.103 thousand, in the Bank's possession at 31 December 2018, are to be sold to the public as an agent authorized by the Tax National Administration, from which the Bank receives a 11% commission.

At 31 December 2018 the expense advances were composed by the amounts advanced to the branches to acquire consumables for their daily use.

The "Artistic Patrimony", derives from its reclassification from "Other Tangible Assets", as an adjustment for the IAS/IFRS first time adoption, in 2016.

The "Letters of credit collateral", are amounts held by NOSTRO banks regarding the transactions of letters of credit which were not settled at 31 December 2018.

All exposures under this heading, subject to impairment, are in stage 1, with the exception of the "customs department" and the "international school", which are in stage 3.

The movement of impairment losses on other assets, during 2018 and 2017, was as follows:

AKZ'000	2018	2017
Closing balance for the previous year	**341.116**	**301.094**
Adjustment for the Adoption of IFRS 9	745	-
Opening balance - current year	**341.861**	**301.094**
Reinforcements	12.611	40.032
Deductions	(4.999)	-
Impairment losses - current year	7.612	341.116
Closing balance - current year	**349.473**	**341.116**

11. DEPOSITS FROM OTHER CREDIT INSTITUTIONS

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
From banks in the country				
- Certified cheques	98.965	319	88.110	531
- Bankers cheques	121	1	117	1
- Withholding income tax	5.515	18	6.219	37
- Withholding urban property tax	248	2	470	3
- Cashier excesses	1.366	4	1.159	7
- JUMBO - Deposit/Purchase Notes	6.327	20	3.931	23
- Cheques to be settled	9.146	29	124.764	752
- SAHAM Life Insurance Collections	3.972	13	21	1
- STC – Credit Transfer System	15.535	50	9.639	58
- Others	1.392	4	86.292	520
	142.587	**460**	**320.722**	**1.933**
From banks abroad				
- NATIXIS	223.693	721	-	-
- FIRST RAND BANK	5.828	19	-	-
	229.521	**740**	-	-
	372.108	**1.200**	**320.722**	**1.933**

All deposits from other credit institutions displayed above had a very short term.

The deposits from other credit institutions contain bankers cheques with more than 2 years, not claimed by clients, which in 2018 amounted to 9.146 thousand of Kwanzas (2017: 124.764 thousand of Kwanzas); STC – Credit Transfer system (2018: 15.535 thousand of Kwanzas; 2017: 9.639 thousand of Kwanzas), the amounts of certified cheques payable (2018: 98.965 thousand of Kwanzas; 2017: 88.110 thousand of Kwanzas), and others.

12. DEPOSITS FROM CLIENTS

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Demand deposits				
- In local currency	18.078.371	58.287	18.920.008	114.029
- In foreign currency	8.421.932	27.154	2.527.410	15.232
	26.500.303	**85.441**	**21.447.418**	**129.261**
Term deposits				
- In local currency	5.180.928	16.704	4.614.153	27.809
- In foreign currency	4.081.108	18.158	2.205.292	13.291
	9.262.036	**29.862**	**6.819.445**	**41.100**
	35.762.339	**115.303**	**28.266.863**	**170.361**

On the 31 December 2018 and 2017, the major bank deposit was 11.93% and 13.76% of all deposits, respectively. The Top 20 deposits represented 43.10% and 55.35%, of all deposits, respectively.

The analysis of the residual maturity is displayed below:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Term deposits in local currency:				
Up to 3 months	4.719.876	15.218	2.917.556	17.584
From 3 to 6 months	284.495	917	1.564.795	9.431
From 6 to 12 months	176.557	569	125.224	755
More than 1 year	-	-	6.578	39
	5.180.928	**16.704**	**4.614.153**	**27.809**
Term deposits in foreign currency:				
Up to 3 months	1.722.576	5.554	1.077.241	6.492
From 3 to 6 months	978.264	3.154	766.676	4.621
From 6 to 12 months	1.380.268	4.450	361.375	2.178
	4.081.108	**13.158**	**2.205.292**	**13.291**
	9.262.036	**29.862**	**6.819.445**	**41.100**

13. PROVISIONS

	2018 AKZ'000	2017 AKZ'000
Opening balance	**150**	**150**
- Reinforcements	46.736	-
- Deductions	(150)	-
Provisions for the year	46.586	-
Used	-	-
Closing balance	**46.736**	**150**

14. INCOME TAXES

The income tax reconciliation at 31 December 2018 and 2017 is presented below:

	2018 AKZ'000	2017 AKZ'000
Income before tax	8.992.717	2.677.559
Changes in equity	-	-
Non deductable costs	522.969	313.046
Tax exempt income	(6.467.849)	(675.918)
Taxable profit	3.047.837	2.314.687
Nominal tax rate	30%	30%
Net income tax payable	**914.351**	**694.406**
Effective tax rate	10%	26%

The income tax for 2017 was calculated according to the Income Tax Law (Law 19/14), being applied from January 2015. The tax exempt income is comprised of interest income generated by treasury bonds issued before 01 January 2013, and by interest from placement with foreign banks subject to capital gains tax.

15. DEFERRED TAXES PAYABLE

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Change in fair value of Financial assets at fair value through other comprehensive income	69.371	224	-	-
Tax rate applied	30%	30%	-	-
Deferred taxes payable	**20.811**	**67**	**-**	**-**

16. OTHER LIABILITIES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Suppliers	761.201	2.454	426.567	2.570
Provisions	1.410.295	4.547	661.012	3.984
Staff	82.685	266	76.551	461
Fiscal obligations	44.248	143	34.682	209
Deposits for foreign Exchange operations	202.169	652	129.663	782
Dividends payable	73.462	237	106.542	642
	2.574.060	**8.299**	**1.435.017**	**8.648**

There is in "Provisions" account an amount of incurred costs whose invoices were not received as at 31 December 2018, such as, the costs of healthcare incurred in the assistance of the staff and their families (AKZ 378.703), rent (AKZ 305.667), communications (AKZ 8.385), IT services (AKZ 72.533), probable contingencies (AKZ 121.753 thousand), Investment income tax (IAC) accruals, calculated on the over the revaluations of bonds indexed to the USD exchange rate (AKZ 283.433 thousand), IAC on interest from placements with non-resident banks (AKZ 14.212 thousand), surveillance and physical security services of the Bank's facilities (AKZ 37.800 thousand) and others.

The staff item comprises the amount payable in January 2019, as a holiday subsidy to the Bank's employees.

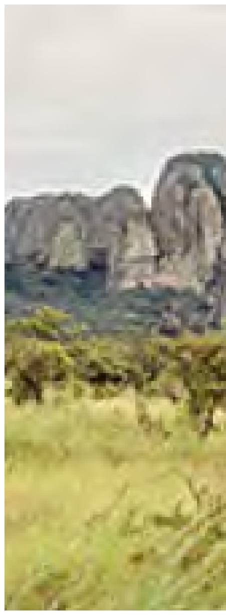
The "Staff" item is composed by the amount payable in January 2018, as employees vacation allowance.

As at 31 December 2018, the balance of the heading Resources linked to foreign exchange transactions represented the amounts intended essentially for documentary letters of credit from customers of the bank awaiting settlement.

Fiscal Obligations refer essentially to income tax deducted from employees' salaries, stamp tax and social security contributions, and capital gains tax. All these amounts were liquidated on January 2019.

At 31 December 2018 (and 2017), the balance in "Deposits for Foreign Exchange Operations" is composed by the stand-by amounts of clients for letters of credit.

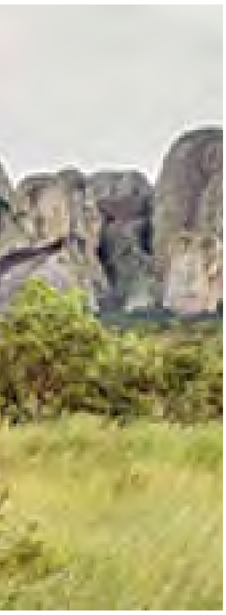
The account "Dividends payable" is comprised of dividends to be paid to the families of deceased shareholders, awaiting the court judgement on legal heirs. There are in this accounts, dividends belonging to actual shareholders, related to the shares acquired from the former shareholder ABSA, after its exit from the BCA shareholding structure. A decision on its division among the actual shareholders is been waited for.



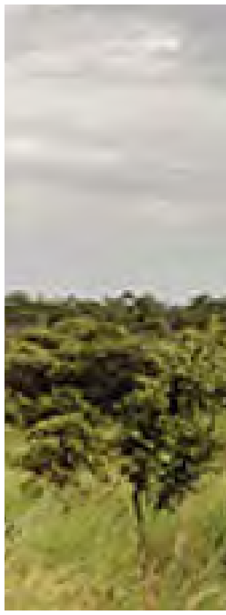
17. CAPITAL

The share capital of the bank is AKZ 7.500.000.000 (2017: 2.500.000), represented by 18.750.000 (2017: 6.250.000) shares of a nominal value of AKZ 400 each.

At 31 December 2018 and 31 December 2017 the bank shareholders structure did not change, and was as follows:



	Number of share	%	Number of share	%
SADINO, Lda	2.452.584	13,08	817.528	13,08
Salomão José Luheto Xirimbimbi	2.071.761	11,05	690.587	11,05
GEFI	1.827.312	9,75	609.104	9,75
Fundo de Pensões	1.749.990	9,33	583.330	9,33
José Francisco Luís António	1.729.014	9,22	576.338	9,22
Julião Mateus Paulo "Dino Matrosse"	1.312.500	7,00	437.500	7,00
Mateus Filipe Martins	1.149.726	6,13	383.242	6,13
Afonso D. Van-Dúnem "Mbinda" (Herdeiros)	937.503	5,00	312.501	5,00
Casa Smart	712.656	3,80	237.552	3,80
Fernando José de Franca Van-Dunen	587.295	3,13	195.765	3,13
José Jaime Agostinho de S. Freitas	587.295	3,13	195.765	3,13
Visgosol	500.001	2,67	166.667	2,67
Lopo Fortunato Ferreira do Nascimento	392.886	2,10	130.962	2,10
Abel Fernandes da Silva	341.553	1,82	113.851	1,82
António Mosquito Mbakassy	341.553	1,82	113.851	1,82
Pedro de Castro Van-Dunem (Herdeiros)	337.656	1,80	112.552	1,80
João Manuel de Oliveira Barradas	278.262	1,49	92.754	1,49
Augusto da Silva Tomás	270.126	1,44	90.042	1,44
Marcolino José Carlos Moco	270.126	1,44	90.042	1,44
Dumilde das Chagas Rangel	162.069	0,86	54.023	0,86
IMPORAFRICA-IMOBILIÁRIA Lda.	162.069	0,86	54.023	0,86
Valentim Amões (Herdeiros)	141.024	0,75	47.008	0,75
Generoso Hermenegildo G. de Almeida	135.060	0,72	45.020	0,72
Benvindo Rafael Pitra (Herdeiros)	99.999	0,53	33.333	0,53
Estevão Pitra	49.995	0,27	16.665	0,27
Isaac Francisco Mário dos Anjos	49.995	0,27	16.665	0,27
José Amaro Tati	49.995	0,27	16.665	0,27
Santos Matoso Júnior	49.995	0,27	16.665	0,27
Total	**18.750.000**	**100**	**6.250.000**	**100**



The BCA shares were issued at par, and were fully paid. With view to comply with Notice No 2/2018 of BNA, which establishes the minimum share capital of Banks at AKZ 7.500.000 thousand, the total amount of shares of BCA increased from 6.250.000 to 18.750.000, by incorporating into the share capital the free reserves accumulated from previous financial years. Consequently, the number of shares held by each shareholder also tripled.

17.1. Statement of shareholders' equity

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

In the "Reserves", the only amount available for distribution are those recorded in "Other Reserves".

The "Fair value adjustment reserves", derived from difference between the fair value assessment of "financial assets at fair value through other comprehensive income", and their respective book value, after deduction of 30% recorded in "Deferred taxes payable" (2018) and "Deferred taxes receivable" (2017).

At 31 December 2018, the amount of AKZ 3.23 billion recorded in "Free reserves" account, could be used either to cover cumulated losses, or to increase the capital.

"Legal reserves" must be credited with 10% of each anual net profit, up to the level of the share capital.

Complying with Notice n° 02/2018 of BNA

On 21 February 2018, BNA issued Notice n° 02/2018 (revoking Notices n° 14/2013 and n° 04/2007), which establishes:

a) the minimum share capital of commercial bank at AKZ 7,50 billion, from 31 December 2018;
b) The methods to be observed to comply with Notice N° 2/2018; and
c) The banks are requested to prepare an implemantion plan to achieve the objective set in the referred Notice, which must be submitted to BNA up to 120 days from the date of issue of Notice N° 2/2018.

The method defined, to comply with the Notice are:

a) Issue and subscription of new shares; or
b) Incorporation of (free and/or statutory) reserves, audited retained income; or
c) Fusion or disposal of entity to one or more banking entities authorized by the Central Bank.

BCA complied with the minimum share capital limit established in this Notice, incorporating its free reserves in the share capital.

18. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value is based on the market valuations, whenever they are available. However when market valuations do not exist, the fair value is assessed by use of internal models, based on cash flows discount techniques. The production of cash flows of different financial instruments is executed taking into account the respective financial features, and the discount rates in use consider the most recently conceded operations of the Bank.

Therefore, the fair value obtained has an influence of parameters used in the assessment model, embodying a degree of subjectivity, and reflects exclusively the amount allocated to different financial instruments.

The Bank considers three levels of financial instruments (assets or liabilities) valuation, in the hierarchy of fair value. This categorization reflects the level of judgment, observance of data used, and the importance of parameters applied, to determine the fair value calculation in accordance with IFRS 13. The three level in use by the Bank are:

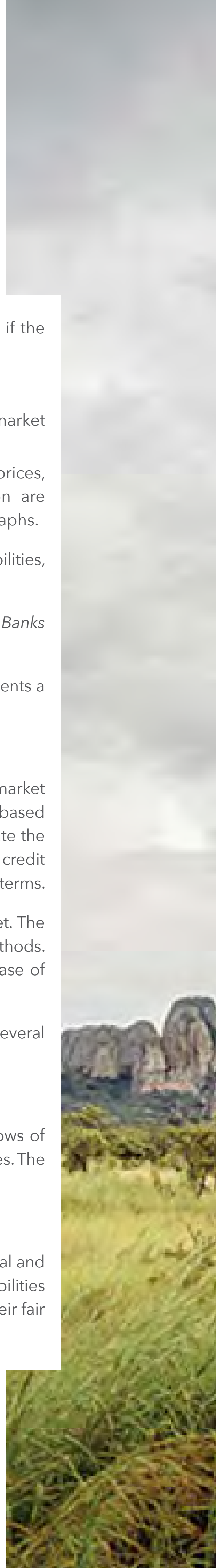
Level 1: The fair value is determined taking into account non adjusted, quoted prices, obtained from transactions in the active markets with financial instruments similar to those to be assessed. If there are more than one active markets, the relevant price is the one prevailing in the main market, or in the most advantageous market, with existing access;

Level 2: The fair value is determined through assessment techniques supported by observable data in active markets, whether direct data (prices, rates, spreads, etc…) or indirect data (derivatives), and valuation assumptions similar to those a non related party should use to assess the fair value of the same financial instrument. Instruments whose valuation is obtained through quotation disclosed by independent entities, and in markets with reduced liquidity, are herewith enclosed; and,

Level 3: The fair value is determined taking into consideration non observable data in active markets, through techniques and assumptions that attendee of such a market should use to assess the same instruments, including the hypothesis of intrinsic risks, through used assessment techniques, and used input and covered processes of revision of obtained values.

The Bank considers an active market for a provided financial instrument, at measurement date, depending on the business volume, and the liquidity of realised transactions, on the relative volatility of quoted prices, and the rediness and availability of information. Therefore the following minimum conditions might be observed:

- Existence of daily quotations of frequent negociations in the last year;
- The above referred quotations change regularly;
- There are quotations executed by more than one entity.



A parameter used in a valuation technique is consedered an observable datum in the market if the following conditions are fulfilled:

- If its value is determined in an active market;
- If there is an OTC market, and it is reasonnable to consider that the conditions for an active market were observed, with exception of the condition of the volumes of transaction; and,
- The value of parameter can be obtained by a reverse calculation of financial instruments prices, and/or derivatives, where the remaining parameters necessary to the initial valuation are observable in a liquid market, or in an OTC market, which comply with the previous paragraphs.

The main methodologies and assumptions used to assess the fair value of financial assets and liabilities, recorded at amortised cost in the balance are analysed as follows:

Cash and balances at Central Banks, Balances at Other Credit Institutions, Placements with Central Banks and Other Credit Institutions, and Other assets.

The above mentioned assets are of a very short term, therefore their value in the balance represents a reasonnable assessment of their fair value.

Financial assets at fair value through other comprehensive income

These financial instruments are accounted for at fair value. The fair value is based on the market quotations (Bid-price), whenever they are available. If they do not exist, the fair value calculation is based on the use of numeric models, taking into account the cash flow discount techniques, to calculate the fair value, using the curve of interest rate of the market, adjusted by associated factors, mainly the credit risk and the liquidity risk, calculated in accordance with the market conditions, and the respective terms.

The value for the very short term rates, are obtained from similar sources of the interbank market. The interest rate for specific term of cash flows are determined by use of adequate interpolation methods. The same curves of interest rate are used to deploy non deterministic cash flows, like in the case of indexants.

The market interest rate for Kwanza are calculated based on the treasury bills interest rates for several maturities.

Loans and advances

The fair value of loans and advances is calculated based on the upgrade of estimated cash flows of capital and interest, considering that the instalments are paid on the contractually established dates. The discount rates used are the actual rates used in similar loans and advances.

Deposits from Central Banks and Other Credit Institutions

The fair value of these liabilities is calculated based on the expected cash flows upgrade of capital and interest, considering that the instalments are paid on the contractually established dates. These liabilities are of a very short term that, their value recorded in the balance, is a reasonnable estimate for their fair value.

Deposits from clients and other liabilities

The fair value of these financial instruments is calculated, based on their capital and interest estimated cash flows upgrade. The discount rate used reflects the rates used for deposits with the same features at the date of balance. Considering that the interest rates applied are renewed for the periods less than a year, there are no materially relevant diferences in their fair value.

The fair value of the financial assets and liabilities for the Bank was:

2018						
		Fair value valuation				
AKZ'000	Amorttised cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total amount in balance	Fair value
Assets	**38.262.238**	**-**	**14.854.560**	**98.329**	**53.215.127**	**53.215.127**
Cash and balances at Central Bank	17.657.524	-	-	-	17.657.524	17.657.524
Balances at O.C.I.	3.031.115	-	-	-	3.031.115	3.031.115
Placements with CB and O.C.I.	4.531.827	-	-	-	4.531.827	4.531.827
Fin, assets at FV through OCI	-	-	14.854.560	98.329	14.952.889	14.952.889
- Bonds issued by Government	-	-	14.854.560	-	14.854.560	14.854.560
- Shares	-	-	-	98.329	98.329	98.329
Loans and advances	11.711.954	-	-	-	11.711.954	11.711.954
Other assets	1.329.818	-	-	-	1.329.818	1.329.818
Liabilities	**(36.336.615)**	**-**	**-**	**-**	**(36.336.615)**	**(36.336.615)**
Deposits from CB and O.C.I.	(372.109)	-	-	-	(372.109)	(372.109)
Demand deposits from clients	(26.500.303)	-	-	-	(25.500.303)	(25.500.303)
Term deposits from clientes	(9.262.036)	-	-	-	(9.262.036)	(9.262.036)
Deposits for FX operations	(202.168)	-	-	-	(202.168)	(202.168)
	1.925.623	**-**	**14.854.560**	**98.329**	**16.878.512**	**16.878.512**

2017						
		Fair value valuation				
AKZ'000	Amortised cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total amount in balance	Fair Value
Assets	**27.173.388**	**-**	**9.557.702**	**-**	**36.731.090**	**36.731.090**
Cash and balances at Central Bank	9.063.757	-	-	-	9.063.757	9.063.757
Balances at O.C.I.	952.738	-	-	-	952.738	952.738
Placements with CB and O.C.I.	4.193.975	-	-	-	4.193.975	4.193.975
Financial assets available for sale	-	-	9.557.702	-	9.557.702	9.557.702
- Bonds issued by government	-	-	9.288.312	-	9.288.312	9.288.312
- Bonds of other issuers	-	-	171.423	-	171.423	171.423
- Shares	-	-	97.967	-	97.967	97.967
Loans and advances	12.366.749	-	-	-	12.366.749	12.366.749
Other assets	596.169	-	-	-	596.169	596.169
Liabilities	**(28.717.248)**	**-**	**-**	**-**	**(28.717.248)**	**(28.717.248)**
Deposits from CB and O.C.I.	(320.722)	-	-	-	(320.722)	(320.722)
Demand deposits from clients	(21.447.418)	-	-	-	(21.447.418)	(21.447.418)
Term deposits from clients	(6.819.445)	-	-	-	(6.819.445)	(6.819.445)
Deposits for FX operations	(129.663)	-	-	-	(129.663)	(129.663)
	(1.543.860)	**-**	**9.557.702**	**-**	**8.013.842**	**8.013.842**

19. INTEREST AND OTHER SIMILAR INCOME

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Loans & Advances to Customers	2.288.670	8.837	2.563.809	15.452
Term deposits with Banks abroad	43.779	170	13.529	81
Interbank lending	449.930	1.737	196.576	1.185
Other debtors and investments	43.748	169	16.378	99
Treasury Bonds and Bills	1.016.970	3.926	735.667	4.434
	3.843.097	**14.839**	**3.525.959**	**21.251**

20. INTEREST AND OTHER SIMILAR EXPENSES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Term deposits from clients	454.162	1.754	257.416	1.551
Deposits from O.C.I. in the Country	11.710	45	37.776	228
	465.872	**1.779**	**295.192**	**1.779**

Both the "interest and other similar income", and the "interest and other similar expenses" were calculated in accordance with the accounting policy No. 2.3.11.

21. FEE AND COMMISSION INCOME

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Withdrawal fees	96.436	372	91.627	552
From general banking services	4.215.592	16.277	2.146.375	12.936
From guarantees given by the Bank	99	1	137	1
	4.312.127	**16.650**	**2.238.139**	**13.489**

The fees and commissions from general banking services are derived from the intermediation in import operations, clients payment order, insurance and others.

22. FEE AND COMISSION EXPENSES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Electronic settlements fees	(105.165)	(406)	(61.212)	(368)
Fees paid to Nostro banks	(18.404)	(71)	(13.094)	(79)
	(123.569)	**(447)**	**(74.306)**	**(447)**

Both fee and comission expenses were calculated in accordance with the accounting policy No. 2.3.12.

23. RESULTS OF FINANCIAL OPERATIONS

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Gains from FX transactions	2.008.802	7.756	1.270.185	7.655
Losses from FX transactions	(819.532)	(3.164)	(144.773)	(872)
Treasury bonds revaluations	5.399.370	20.849	884	5
	6.588.640	**25.441**	**1.126.296**	**6.788**

The treasury bonds revaluations are the unrealized foreign exchange gains that, with the adoption of IAS/IFRS, they are considered foreign exchange gains for the year.

24. OTHER OPERATING EXPENSES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Taxes and similar expenses	(409.355)	(1.580)	(79.271)	(477)
Regulation's Penalty	(6.350)	(25)	(1.836)	(11)
Others	(65.024)	(251)	(20.016)	(121)
	(480.729)	**(1.856)**	**(101.123)**	**(609)**

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 the Presidential Decree n.° 3/14; fees paid for the use of SPTR service provided by the Central Bank.

25. SALARIES AND OTHER PAYROLL EXPENSES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Corporate Board salaries	103.814	401	98.699	595
Employees salaries	1.456.201	5.622	1.125.788	6.785
Health, work accident insurance	362.537	1.400	204.257	1.231
Others	122.735	474	104.155	628
	2.045.287	**7.897**	**1.532.899**	**9.239**

The corporate board salaries take into account the compensation for activities performed directly in the bank, and any other task fulfilled in any body, as per the Shareholders' General Assembly appointment. Their salaries are fully made of fixed remuneration, net of any associated tax (income tax). The bank bears 8% of salaries for social contributions, paid to the Social Security.

All salaries and other payroll expenses are short term employee benefits, as per the accounting policy 2.3.9.1. The Bank had 265 employees at 31 December 2018 (267 at 31 December 2017).

26. THIRD PARTY SUPPLIES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Communication costs	275.539	1.064	252.270	1.520
Stationary/Consumables	329.093	1.271	299.486	1.806
Water and Electricity	23.790	92	24.903	150
Repairs and maintenance	88.849	343	97.280	586
Fuel and Lubricant	19.351	75	33.129	200
Professional services	112.734	435	101.205	610
Travel and other related costs	40.927	158	28.026	169
Marketing	176.594	682	102.022	615
Rentals	223.426	863	209.451	1.262
Insurance	12.909	50	13.591	82
IT services	184.328	712	120.838	728
Security Services	195.110	753	176.935	1.066
Transport for Staff and Assets	45.268	175	42.539	256
Staff Training	8.596	33	31.500	190
Casual Labours	56.017	216	48.228	291
Others	94.307	364	99.205	598
	1.886.838	**7.286**	**1.680.608**	**10.129**

The costs with the "Professional services" were incurred in the contracting of consulting services for the implementation of the Central Bank AML/FT requirements, the implementation of the platform for prudential reporting, the implementation of IFRS 9, tax consultancy services, external audit work, among others.

Rentals are paid to lessors for the use of their premises by the Bank, in accordance with standard IAS 17, regarding operating leases, in which the bank is the lessee. The payments of Future minimum non-cancellable operating leases are, as follows:

Leases	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Up to 1 year	296.841	957	185.274	1.117
From 1 year to 5 years	1.484.203	4.785	926.369	5.583
	1.781.44	**5.742**	**1.111.643**	**6.700**

27. EARNINGS PER SHARE

Earnings per share are calculated as follows:

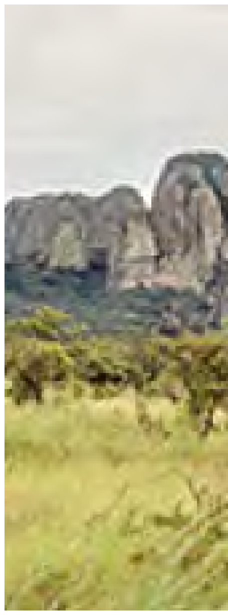
AKZ'000	2018	2017
Net Profit for the year	8.081.511	1.983.153
Average number of shares	13.541.667	6.250.000
Basic earnings per Share	0,60	0,32
Diluted earnings per share	0,60	0,32

There are no preference shares in BCA share capital structure.

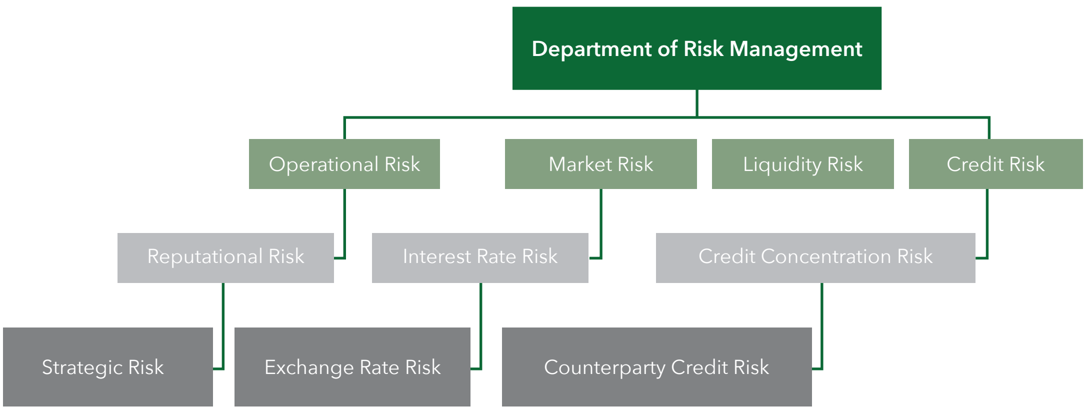
28. RISK MANAGEMENT

The accuracy in Risk management comprises the basic approach in "Banco Comercial Angolano" (BCA) line of corporative policy, with view to evaluate strategic alternatives and setting objectives aligned with its strategy. The caution in risk management, associated to the use of advanced techniques of management, are the most effective factor achieve the goals of the Bank.

BCA's philosophy is underpinned by its objective of creating stakeholder value through sustainable and profitable growth, consistent with shareholders' expectations of the group's risk-bearing capacity and risk appetite. On the other hand, it aims the permanent keeping of an adequate link between the equity and the activities developed, and the corresponding assessment of the outline of the risk/return by business line.



Within the scope of the Risk Management System of the BCA, four types of risks are considered as shown in the figure below:

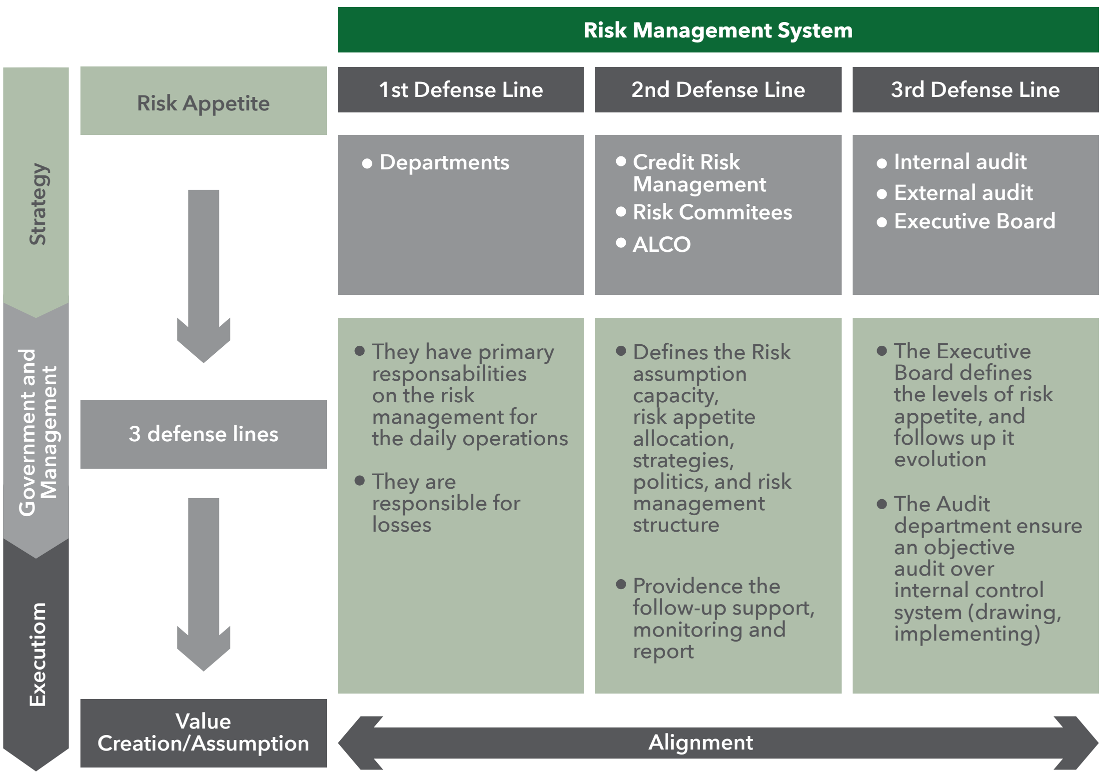


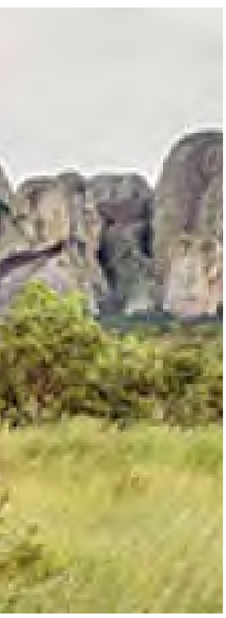
BCA's risk and ethical culture is aligned with its risk philosophy. The bank's objective is to ensure that a world-class risk management culture is sustained throughout its operations.

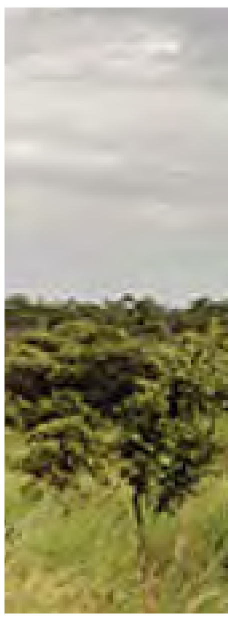
The Risk Management System is governed by the following principles:

- 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 responsibilities 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.

There are several players who intervene in the Risk Management and Internal Control Systems, each one, with specific duties and responsibilities. Three major lines of defense are defined:







Credit and Counterparty 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; and
- Transaction (the decision should never be based on guarantee only).

The process of managing risks effectively consists of the proper identification, measurement, analysis, control and mitigating the risks that the bank is exposed to on a daily basis.

This process starts in the front-end business departments who analyse and propose for approval transactions whose risk profile they deem to be within the risk appetite defined for and delegated to them by the Board of Directors.

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.

The assessment of the financial profile of individuals and companies varies from sector to sector or from individual to individual, and efforts should be made to use comparative studies as guidance where possible.

It is essential to develop mutual trust through personal contact with the clients to whom we are lending. In the specific case of companies, we should visit the facilities where they are located at least once a year, preferably at the time when the facilities are assessed.

In general, the Bank should obtain unlimited guarantees and assignment or capitalization of the credit accounts (except those of partnerships) of the directors/partners/purchasers as collateral for facilities granted to companies, corporations, partnerships, attorneys and wives, in the case of individuals. Some of the main vectors of the credit risk area in 2018 were as follows:

- Reinforcement of the strictness in the admission criteria and consequently in the quality of the risks accepted in each of the segments aiming at preservation of the quality of the credit portfolios;
- Concerning standardized risks customer proximity was intensified in order to anticipate their credit requirements, review their credit lines and foresee possible issues in their repayment capability;
- This action and the level of the customers' credit quality allowed maintaining non-performing loans and credit at risk ratios significantly below the average of the industry. On the other hand, support levels to the business in the capture of good risk customers were intensified and improvements were implemented in the procedures with the objective to swiftly and effectively provide answers to customers' requests.

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.

Counterparty risk, present in contracts carried out in financial markets, corresponds to the possibility of default by the counterparties over the contractual terms and subsequent occurrence of financial losses for the institution.

The types of transactions include the purchase and sale of securities, operations in the interbank money market, contracting of "repos", loans of securities and derivative instruments.

The control of such risks is carried out through an integrated system that allows recording the approved limits and provides information on their availability for different products and maturities. The same system also allows the transversal control of risk concentration for certain groups of customers and/or counterparties.

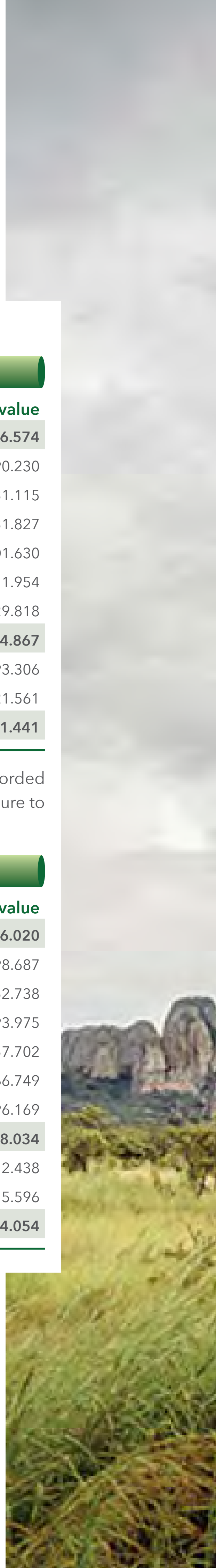
Risks in derivative positions, known as Credit Risk Equivalent (CRE), is the sum of the present value of each contract (or Current Replacement Cost) and the respective risk potential, a component that reflects an estimate of the maximum expected value until maturity, according to the underlying volatilities of the market factors and the contracted flow structure.

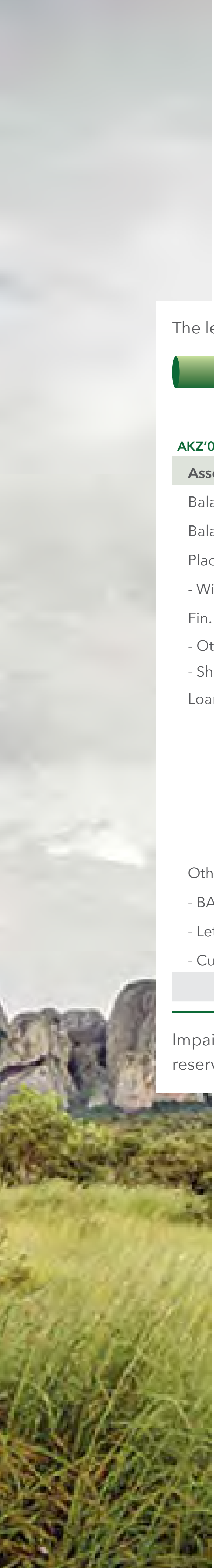
The maximum exposure of financial instruments to credit risk was

2018			
AKZ'000	Gross book value	Impairment	Net book value
In balance	**49.774.135**	**(667.561)**	**49.096.574**
- Balances at Central Bank	13.590.230	-	13.590.230
- Balances at other credit institutions	3.031.115	-	3.031.115
- Placements with CB and O.C.I.	4.535.432	(3.605)	4.531.827
- Fin. assets available for sale	14.952.889	(51.259)	14.901.630
- Loans and advances	12.271.045	(559.091)	11.711.954
- Other assets	1.393.424	(63.606)	1.329.818
Off balance	**8.214.867**	**-**	**8.214.867**
- Letters of credit	6.693.306	-	6.693.306
- Undrawn commitments	1.521.561	-	1.521.561
	57.989.002	**(667.561)**	**57.311.441**

Impairment losses on financial assets at fair value through other comprehensive income are recorded in revaluation reserves, in the equity. They were included in this display to reflect the real exposure to the credit risk.

2017			
AKZ'000	Gross book value	Impairment	Net book value
In balance	**34.115.193**	**(349.173)**	**33.766.020**
- Balances at Central Bank	6.098.687	-	6.098.687
- Balances at other credit institutions	952.738	-	952.738
- Placements with CB and O.C.I.	4.193.975	-	4.193.975
- Fin. assets available for sale	9.559.723	(2.021)	9.557.702
- Loans and advances	12.663.051	(296.302)	12.366.749
- Other assets	647.019	(50.850)	596.169
Off balance	**1.328.034**	**-**	**1.328.034**
- Letters of credit	212.438	-	212.438
- Undrawn commitments	1.115.596	-	1.115.596
	35.443.227	**(349.173)**	**35.094.054**





The level of credit risk quality of financial assets, as at 31 December 2018 and 2017 is as follows:

2018					
AKZ'000	Internal grade of rating	In balance values	Gross exposure	Impairment	Net exposure
Assets					
Balances at Central Bank	A	13.590.230	13.590.230	-	13.590.230
Balances at O.C.I.	A	3.031.115	3.031.115	-	3.031.115
Placements		4.535.432	4.535.432	(3.605)	4.531.827
- With O.C.I.	A	4.535.432	4.535.432	(3.605)	4.531.827
Fin. assets at FV through OCI		14.952.889	14.952.889	(51.259)	14.901.630
- Other bonds issuers	A	14.854.560	14.854.560	(50.897)	14.803.662
- Shares	B	98.329	98.329	(362)	97.967
Loans and advances		12.271.045	12.271.045	(559.091)	11.711.954
	A	7.360.263	7.360.263	(130.073)	7.230.190
	B	4.440.923	4.440.923	(98.315)	4.342.608
	C	21.271	21.271	(7.887)	13.384
	D	129.349	129.349	(34.796)	94.553
	E	319.239	319.239	(288.020)	31.219
Other assets		1.393.424	1.393.424	(63.606)	1.329.818
- BAI collateral	B	762.598	596.169	(154)	762.444
- Letters of Credit Collateral	B	569.494	569.494	(2.120)	567.374
- Custom Gains	G	61.332	61.332	(61.332)	-
		49.774.135	**49.774.135**	**(667.561)**	**49.096.574**

Impairments of financial assets through other comprehensive income are recorded in revaluation reserves, in the equity. They were included in this display to reflect the real exposure to the credit risk.

2017					
AKZ'000	Internal grade of rating	In balance values	Gross exposure	Impairment	Net exposure
Assets					
Balances at Central Bank	A	6.098.687	6.098.687	-	6.098.687
Balances at other O.C.I.	A	952.738	952.738	-	952.738
Placements		4.193.975	4.193.975	-	4.193.975
- with Central Banks	A	1.090.357	1.090.357	-	1.090.357
- with O.C.I.	A	3.103.618	3.103.618	-	3.103.618
Fin. assets available for sale		9.559.723	9.559.723	(2.021)	9.557.702
- Government Bonds	A	9.288.312	9.288.312	-	9.288.312
- Other bonds issuers	B	173.082	173.082	(1.659)	171.423
- Shares	B	98.329	98.329	(362)	97.967
Loans and advances		12.663.051	13.991.175	(296.302)	13.694.873
	A	9.221.943	10.479.956	-	10.479.956
	B	2.976.218	3.043.026	(29.665)	3.013.361
	C	154.110	156.714	(7.646)	149.068
	D	52.384	52.384	(10.850)	41.534
	E	16.661	16.661	(8.331)	8.330
	F	1.821	1.821	(1.275)	546
	G	239.914	240.613	(238.535)	2.078
Other Assets		647.019	647.019	(50.850)	596.169
- BAI collateral	B	596.169	596.169	-	596.169
- Custom Gains	G	50.850	50.850	(50.850)	-
		34.115.193	**35.443.317**	**(349.173)**	**35.094.144**

The internal grades of risk disclosed above, comply with the classification of Instruction n° 09/2015, of BNA, regarding the approach to calculate provisions. This Instruction is still valid for prudential ratios purposes.

The sector analysis of credit risk exposure for the years ended in 31 December 2018 and 2017, was as follows:

2018

	Loans and Advances				Impairment	
Milhares de AKZ	Performing	Non Performing	Total Exposure	Relative weighting	Amount	Coverage of exposure
Institutions	**8.184.057**	**86.683**	**8.270.740**		**211.851**	
Wholesale and retail	1.569.276	86.683	1.655.959	2%	144.965	9%
Other collective, social, and personnel services	50.166	-	50.166	2%	2.010	4%
Manufacturing industry	6.466.461	-	6.466.461	73%	51.181	1%
Transport, warehousing, communication	98.154	-	98.154	0%	13.695	14%
Individuals	**3.617.506**	**382.799**	**4.000.305**		**347.240**	
Consumption	2.448.579	112.665	2.561.244	20%	78.824	3%
Housing	651.171	167.860	819.031	1%	138.709	17%
Other purposes	517.756	102.274	620.030	1%	129.707	21%
	11.801.563	**469.482**	**12.271.045**		**559.091**	

2017

	Loans and Advances				Impairment	
AKZ'000	Performing	Non Performing	Total Exposure	Relative weighting	Amount	Coverage of exposure
Institutions	**10.606.177**	**211.666**	**10.817.843**		**94.814**	
Wholesale and retail	252.262	85.009	337.271	2%	87.042	26%
Other collective, social, and personnel services	150.726	126.657	277.383	2%	7.495	3%
Construction	6.526	-	6.526	0%	66	1%
Manufacturing industry	10.166.663	-	10.166.663	73%	-	-
Transport, warehousing, communication	30.000	-	30.000	0%	211	1%
Individuals	**3.111.565**	**231.505**	**3.343.070**		**201.488**	
Consumption	2.870.285	166.309	3.036.594	20%	179.576	6%
Housing	32.599	65.190	97.789	1%	11.258	12%
Other purposes	208.681	6	208.687	1%	10.654	5%
	13.717.742	**443.171**	**14.160.913**		**296.302**	

The geographical concentration of credit risk at 31 December 2018, and 2017, was 100% in Angola.

In order to decrease the credit risk effects, the real guarantees secured by mortgage, and financial collaterals allowing to mitigate the client LGD are essential.

The goods provided as real guarantees secured by mortgage are assessed either by indepedent valuers, or by appropriate institution department. The assessment of goods is executed locally by external valuers, in accordance with the best pratices of the market.

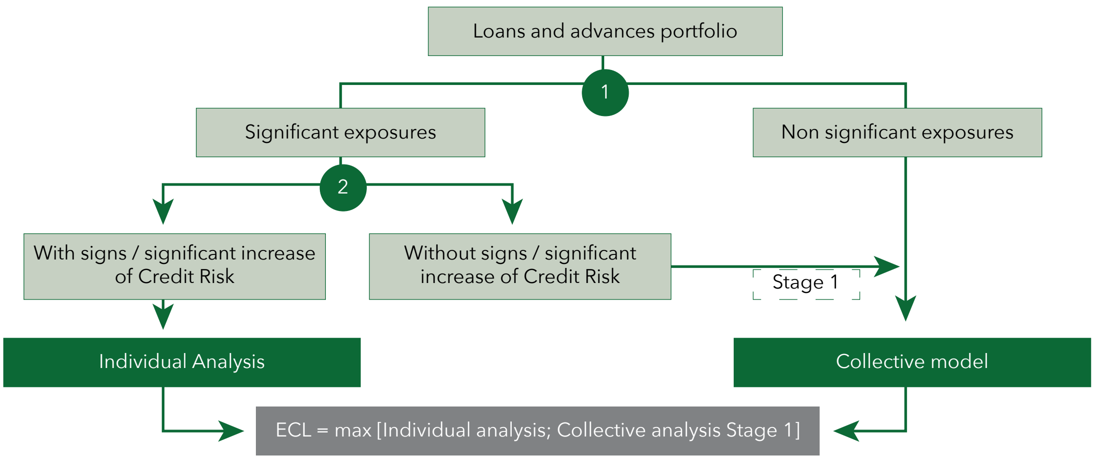
In 2018, the Impairment Loss model calculation, for the Bank's Loan Portfolio was set as defined by IFRS 9. IFRS 9, issued in July 2014 by the International Accounting Standards Board ("IASB"), replaces IAS 39, establishing new rules for classification and measurement of financial assets and liabilities. The final version of IFRS 9 was issued in 2014 and with mandatory application from the financial year beginning on 1 January 2018. Na adoption prior to the 1 December 2018 is not forbidden.

IFRS 9 introduces a 3 stage approach which is based on changes in the credit quality of financial assets after initial recognition. The assets transition between the 3 stages occurs as the credit quality changes, and the stages dictate the way that the entity measures impairment. When there is a significant change in credit risk since its origination, the impairment is measured through an ECL for the entire life of the asset (lifetime), i.e. for a period of time corresponding to the residual maturity of the financial asset, instead of a 12-month ECL (or for a shorter period if the residual maturity of the operations is less than 12 months).

In summary, IFRS 9 defines a model of expected credit losses that is based on a prior recognition of losses associated with credit risk, based on the concept of a significant increase in credit risk since initial recognition (i.e., before an objective evidence of impairment occurs, there must be a significant increase in credit risk that is not reflected in the pricing of the financial asset).

Therefore, the Bank reviewed its model of impairment losses on loans and advances in order to adapt it to the regulatory framework in Angola and to apply IFRS 9 from the year beginning on the 1 January 2018.

The impairment model developed by the Bank is displayed in the following:



Individually Significant Exposures are those whose debtor has a global exposure exceeding 0.1% of the Bank's Equity.

BCA classifies loans and advances to clients in its portfolio as stage 1, stage 2 and stage 3, according to the delinquency criteria presented at each reporting date. For clients analysed individually, a "Stage 1" questionnaire is completed in order to identify whether there was a significant increase in the debtor's credit risk that would lead to the conclusion that the debtor was not performing.

In order to ensure the staging model stability and, consequently, the quantification of the ECL of the client credit portfolio, minimum periods that clients are kept either in stage 2 or stage 3 (ahead referred to as "quarantine") when the criteria to shift clients between stage 2 and stage 3 are fulfilled.

BCA started the portfolio treatment criteria approach under IAS 39 in 2016, and therefore, it does not have sufficient historical data to gather strong and statistically significant risk factors for the calculation of collective impairment, mainly those regarding the LGD parameter. Analysing the default events, it was verified that the Bank has a reduced number of events related to the exposures to enterprises. On the other hand, in the exposures to individual clients, with a greater number of default events, it can be checked that the referred exposures are not materially relevant (for the definition of material exposures a materiality threshold of 20.000 AKZ was considered) to assess a siginificant probability of default in the portfolio.

Taking into consideration the historical information available in the loan portfolios, the following drivers were used for the segmentation of the loan portfolio into homogeneous risk classes: (i) type of customer, (ii) type of product, (iii) volume and materiality of operations. The risk factors to be applied to the loan portfolio were determined using a market benchmark analysis. Consequently, the portfolio segmentation was adjusted based on the risk factors applied on the basis of the benchmark.

The classification of the operations/clients in the different segments follows the following criteria:

Client Type	Segment	Portfolio BCA	Type of Products
Enterprises	Enterprises	Current accounts cautioned	CC
		Overdrafts	DO, CARC
		Rentals	CRR, CRF
		Off Balance	CRDI, GARP
Individuals	Overdrafts	Overdrafts	DO, CARC
	Housing & Consumption	Credit to employees	Credit to employees
		Credit Protocols	Protocol
		Rentals	CRR, CRF
State	State	State	

Consolidated/final impairment allocated by staging:

Stage	ECL Final
***Stage* 1**	ECL corresponds to the ECL resulting from the collective analysis of stage 1.
***Stage* 2**	ECL corresponds to the maximum between: (iii) The amount of impairment determined individually; and (iv) The ECL resulting from the collective analysis in stage 1.
***Stage* 3**	

The ECL resulting from collective assessment in stage 1 was taken as floor of the model.

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 being closed.

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 Bank´s 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;
- 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 of 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;
- Allocation of in-balance and off-balance positions by bands of time, in accordance with regulations;
- Required reserves and other required regulations.

The Treasury and Markets departments of the Bank are responsible for the liquidity regulations accomplishment, issued by the Administration Board.

The Bank reports its liquidity risk to BNA, as required by the Instruction Nº 19/2016 published at 30 August 2016. This Instruction establishes that the Banks have to report to the Central Bank, their individual information about the allocation of their in-balance and off-balance positions per band of time dully filled, and the calculations of liquidity and observation ratios.

Therefore, the banks have to provide the following liquidity reports:

- A report taking into account the cash-flows of all currencies;
- A report taking into account the cash-flows of local currency; and
- A report taking into account the cash-flows of significant foreign currencies for the institution, on an individual manner.

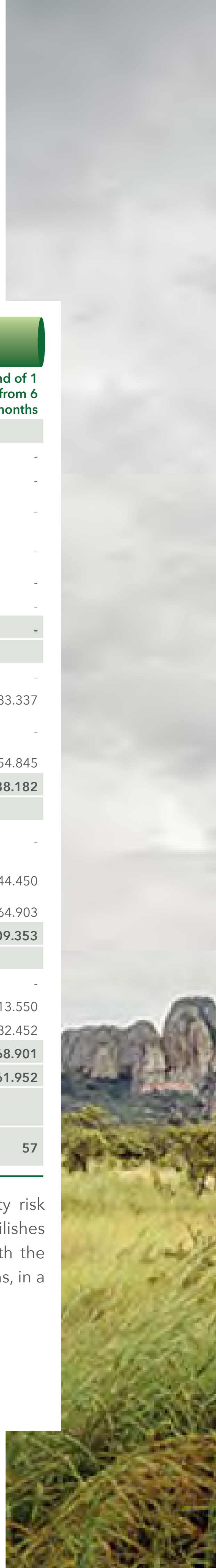
A foreign currency is considered significant when the asset expressed in such a currency, represents more than 25% of total of asset of the institution.

In accordance with this Instruction, the financial institutions have to keep a liquidity ratio (the ratio between the total net assets, and the net outgoing of cash) in local currency, and in all other currencies equal to or in excess of 100%, whilst the liquidity ratio in foreign currency might not be less than 150%.

The liquidity ratio in local and foreign currencies might be submitted to BNA every two weeks, and the liquidity ratio that considers the cash-flows in all currencies might be submitted on a monthly basis to BNA.

2018
Summary of liquidity report – Local currency

AKZ'000	Weighted band of 1 maturity 1 - up to 1 month	Weighted band of 1 maturity 2 - from 1 to 3 months	Weighted band of 1 maturity 3 - from 3 to 6 months	Weighted band of 1 maturity 4 - from 6 to 12 months
A. Net assets				
Cash	2.642.636.553	-	-	-
Amount in transit	-	-	-	-
Balances with the Central Bank (including the Legal Reserves)	13.229.608.992	-	-	-
Assets eligible as guarantees in loans operations of BNA	13.187.837.783	-	-	-
Balances with foreign banks	-	-	-	-
Trading and investment securities	98.329.000	-	-	-
Total of net assets	**29.158.412.328**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand deposits	15.437.394.800	-	-	-
Term deposits	70.221.511	102.174.723	326.367.632	314.286.953
Operations im MMI - With financial institutions	-	-	-	-
Irrevocable commitments to others	-	-	-	394.854.845
Total of outgoing of cash-flows	**15.507.616.311**	**102.174.723**	**326.367.632**	**709.141.799**
C. Ingoing of cash-flows				
Operations im MMI - with the Central Bank	-	-	-	-
Operations im MMI - With financial institutions	-	-	-	-
Loans and advances	2.402.231.439	268.977.496	361.315.790	8.378.732.845
Total ingoing of casg-flows	**2.402.231.439**	**268.977.496**	**361.315.790**	**8.378.732.845**
D. Liquidity and observation				
Total of net assets (A.)	29.109.247.828	-	-	-
Total of outgoing of cash-flows (B.)	5.087.463.880	14.315.633	104.754.962	119.987.833
Total of ingoing of cash-flows (C.)	1.201.115.720	134.488.748	180.657.895	4.189.366.422
Gap (A + C - B)	**25.222.899.668**	**120.173.115**	**75.902.932**	**4.069.378.589**
Cumulative gap	**25.222.899.668**	**25.343.072.783**	**25.418.975.716**	**29.488.354.305**
Liquidity ratio (A. / (B. - min. (C ; B* 75%)))	**7**			
Observation ratio ((gap pf previoues band of maturity + C)/B)		**1771**	**244**	**247**



2018
Summary of liquidity report – All currency

AKZ'000	Weighted band of 1 maturity 1 - up to 1 month	Weighted band of 1 maturity 2 - from 1 to 3 months	Weighted band of 1 maturity 3 - from 3 to 6 months	Weighted band of 1 maturity 4 - from 6 to 12 months
A. Net assets				
Cash	4.067.294.024	-	-	-
Amount in transit	-	-	-	-
Balances with the Central Bank (including the Legal Reserves)	13.590.229.699	-	-	-
Assets eligible as guarantees in loans operations of BNA	14.854.559.813	-	-	-
Balances with foreign banks	3.030.869.984	-	-	-
Trading and investment securities	98.329.000	-	-	-
Total of net assets	**35.641.282.520**	**-**	**-**	**-**
B. Outgoing of cash-flows				
Demand deposits	20.976.305.420	-	-	-
Term deposits	434.243.637	982.878.901	633.426.480	2.840.683.337
Operations im MMI - With financial institutions	229.520.767	-	-	-
Irrevocable commitments to others	-	-	-	394.854.845
Total of outgoing of cash-flows	**21.640.069.824**	**982.878.901**	**633.426.480**	**3.235.538.182**
C. Ingoing of cash-flows				
Operations im MMI - with the Central Bank	-	-	-	-
Operations im MMI - With financial institutions	-	699.250.423	3.524.036.960	312.144.450
Loans and advances	2.410.281.060	285.035.603	382.163.492	9.193.564.903
Total ingoing of casg-flows	**2.410.281.060**	**984.286.027**	**3.906.200.452**	**9.505.709.353**
D. Liquidity and observation				
Total of net assets (A.)	35.592.118.020	-	-	-
Total of outgoing of cash-flows (B.)	6.683.219.736	314.113.620	135.731.690	604.013.550
Total of ingoing of cash-flows (C.)	1.205.140.530	142.517.802	191.081.746	4.596.782.452
Gap (A + C - B)	**30.114.038.813**	**171.595.819**	**55.350.056**	**3.992.768.901**
Cumulative gap	**30.114.038.813**	**29.942.442.995**	**29.997.793.051**	**33.990.561.952**
Liquidity ratio (A. / (B. - min. (C ; B* 75%)))	**6**			
Observation ratio ((gap pf previoues band of maturity + C)/B)		**96**	**222**	**57**

Besides reporting the liquidity risk to BNA, "Banco Comercial Angolano" executes liquidity risk assessment under the metrics set by the "Assets and Liabilities Committee" (ALCO), which estabilishes limits of tolerance and alerts of risk appetite for each metric. This control is reinforced with the execution of monthly stress testing, aiming to outline risk of the Bank, and to ensure obligations, in a liquidity crisis scenario, are fulfilled.

The control of liquidity levels aims to keep a satisfactory level of balances to face financial needs in a short, medium and long terms. The liquidity risk is monitored on a Daily basis, and several reports are produced for the control, supervising, and support of the ALCO decision making.

In the liquidity risk scope, the full contractual cash flows, at 31 December 2018, were:

2018
Residual maturity profile

AKZ'000	Deman	<= 1 Month	> 1 Month <= 3 Months	> 3 Month <= 6 Month	> 6 Month <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**18.994.824**	**2.884.851**	**6.765.245**	**1.400.706**	**1.595.109**	**17.444.693**	**2.774.672**	**738.667**	**860.411**	**53.459.178**
Balances with Central Bank	13.590.230	-	-	-	-	-	-	-	-	13.590.230
Balances with O.C.I.	3.031.115	-	-	-	-	-	-	-	-	3.031.115
Placements with O.C.I.	-	2.590.597	1.635.025	312.302	-	-	-	-	-	4.537.924
- Local financial Institutions	-	-	-	-	-	-	-	-	-	-
- Foreign financial Institutions	-	2.590.597	1.635.025	312.302	-	-	-	-	-	4.537.924
Fin. Assets at FV Through OCI	-	-	36.711	521.789	586.419	13.970.727	2.117.767	-	97.967	17.331.380
- Treasury bills	-	-	-	-	-	-	-	-	-	-
- Treasury bonds	-	739	36.711	521.789	586.419	13.970.727	2.117.767	-	-	17.234.152
- Share EMIS	-	-	-	-	-	-	-	-	97.967	97.967
Loans and advances	2.373.479	294.254	4.526.135	566.615	1.008.690	3.473.966	656.905	738.667	-	13.638.711
Other assets	-	-	567.374	-	-	-	-	-	762.444	1.329.818
Liabilities	**(26.511.802)**	**(815.635)**	**(5.727.785)**	**(1.267.837)**	**(1.563.307)**	**(13.834)**	**-**	**-**	**(202.169)**	**(36.102.369)**
Deposits from O.C.I.	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(26.511.802)	(815.635)	(5.727.785)	(1.267.837)	(1.563.307)	(13.834)	-	-	-	(35.900.200)
- Demand	(26.500.303)	-	-	-	-	-	-	-	-	(26.500.303)
- Term	(11.499)	(815.635)	(5.727.785)	(1.267.837)	(1.563.307)	(13.834)	-	-	-	(9.399.897)
Other liabilities	-	-	-	-	-	-	-	-	(202.169)	(202.169)
Liquidity gap	**(7.516.978)**	**2.069.216**	**1.037.460**	**(132.869)**	**31.802**	**17.430.859**	**2.774.672**	**738.667**	**658.242**	**17.356.809**
Cumulative gap	**(7.516.978)**	**(5.447.762)**	**(4.410.302)**	**(4.277.433)**	**(4.245.631)**	**13.185.228**	**15.959.900**	**16.698.567**	**17.356.809**	**17.356.809**

In the liquidity risk scope, the full contractual cash flows, at 31 December 2017, were:

2017
Residual maturity profile

AKZ'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**12.116.942**	**4.348.988**	**5.055.860**	**727.407**	**2.540.744**	**5.026.125**	**3.642.821**	**1.298.059**	**694.136**	**35.451.082**
Balances with Central Bank	6.098.687	-	-	-	-	-	-	-	-	6.098.687
Balances with O.C.I.	952.738	-	-	-	-	-	-	-	-	952.738
Placements with O.C.I.	-	4.091.934	140.132	-	-	-	-	-	-	4.232.066
- Local financial Institutions	-	3.096.091	-	-	-	-	-	-	-	3.096.091
- Foreign financial Institutions	-	995.843	140.132	-	-	-	-	-	-	1.135.975
Assets availible for sale	-	5.166	440.168	318.479	1.906.888	3.041.128	2.868.708	782.467	97.967	9.460.971
- Treasury bills	-	-	247.297	-	-	-	-	-	-	247.297
- Treasury bonds	-	5.166	192.871	318.479	1.906.888	3.041.128	2.868.708	782.467	-	9.115.707
- Shares at EMIS	-	-	-	-	-	-	-	-	97.967	97.967
Loans and advances	5.065.517	251.888	4.475.560	408.928	633.856	1.984.997	774.113	515.592	-	14.110.451
Other assets	-	-	-	-	-	-	-	-	596.169	596.169
Liabilities	**(21.490.136)**	**(1.646.129)**	**(1.371.146)**	**(2.581.240)**	**(1.177.699)**	**(513)**	**-**	**-**	**(129.663)**	**(28.396.526)**
Deposits from O.C.I.	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(21.490.136)	(1.646.129)	(1.371.146)	(2.581.240)	(1.177.699)	(513)	-	-	-	(28.266.863)
- Demand	(21.447.418)	-	-	-	-	-	-	-	-	(21.447.418)
- Term	(42.718)	(1.646.129)	(1.371.146)	(2.581.240)	(1.177.699)	(513)	-	-	-	(6.819.445)
Other liabilities	-	-	-	-	-	-	-	-	(129.663)	(129.663)
Liquidity gap	**(9.373.194)**	**2.702.859**	**3.684.714**	**(1.853.833)**	**1.363.045**	**5.025.612**	**3.642.821**	**1.298.059**	**564.473**	**7.054.556**
Cumulative gap	**(9.373.194)**	**(6.670.335)**	**(2.985.621)**	**(4.839.454)**	**(3.476.409)**	**1.549.203**	**5.192.024**	**6.490.083**	**7.054.556**	**7.054.556**

The contractual cash flows for the capital, at 31 December 2018, were:

2018
Residual contractual maturity profile

AKZ'000	Demand	<= 1 Month	> 1 Month <= 3 Months	> 3 Months <= 6 Months	> 6 Months <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**18.984.109**	**2.699.812**	**6.633.213**	**838.485**	**612.318**	**15.394.294**	**2.533.669**	**488.925**	**860.411**	**49.045.236**
Balances with Central Bank	13.590.230	-	-	-	-	-	-	-	-	13.590.230
Balances with O.C.I.	3.031.115	-	-	-	-	-	-	-	-	3.031.115
Placements with O.C.I.	-	2.574.311	1.628.330	310.158	-	-	-	-	-	4.512.799
- Local financial Institutions	-	-	-	-	-	-	-	-	-	-
- Foreign financial Institutions	-	2.574.311	1.628.330	310.158	-	-	-	-	-	4.512.799
Assets availible for sale	-	-	-	183.300	-	12.578.636	2.009.417	-	97.967	14.869.320
- Treasury bills	-	-	-	-	-	-	-	-	-	-
- Treasury bonds	-	-	-	183.300	-	12.578.636	2.009.417	-	-	14.771.353
- Shares at EMIS	-	-	-	-	-	-	-	-	97.967	97.967
Loans and advances	2.362.764	125.501	4.437.509	345.027	612.318	2.815.658	524.252	488.925	-	11.711.954
Other assets	-	-	567.374	-	-	-	-	-	762.444	1.329.818
Liabilities	**(26.511.802)**	**(814.149)**	**(5.616.804)**	**(1.262.759)**	**(1.544.314)**	**(12.511)**	**-**	**-**	**(202.169)**	**(35.964.508)**
Deposits from O.C.I.	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(26.511.802)	(814.149)	(5.616.804)	(1.262.759)	(1.544.314)	(12.511)	-	-	-	(35.762.339)
- Demand	(26.500.303)	-	-	-	-	-	-	-	-	(26.500.303)
- Term	(11.499)	(814.149)	(5.616.804)	(1.262.759)	(1.544.314)	(12.511)	-	-	-	(9.262.036)
Other liabilities	-	-	-	-	-	-	-	-	(202.169)	(202.169)
Liquidity gap	**(7.527.693)**	**1.885.663**	**1.016.409**	**(424.274)**	**(931.996)**	**15.381.783**	**2.533.669**	**488.925**	**658.242**	**13.080.728**
Cumulative gap	**(7.527.693)**	**(5.642.030)**	**(4.625.621)**	**(5.049.895)**	**(5.981.891)**	**9.399.892**	**11.933.561**	**12.422.486**	**13.080.728**	**13.080.728**

The contractual cash flows for the capital, at 31 December 2017, were:

2017
Residual contractual maturity profile

AKZ'000	Deman	<= 1 Month	> 1 Month <= 3 Months	> 3 Month <= 6 Month	> 6 Month <= 1 Year	> 1 Year <= 3 Years	> 3 Years <= 5 Years	> 5 Years	Unlimited	Total
Assets	**12.116.796**	**4.196.694**	**4.913.549**	**439.375**	**1.195.615**	**3.623.733**	**3.310.845**	**1.089.198**	**694.136**	**31.579.941**
Balances with Central Bank	6.098.687	-	-	-	-	-	-	-	-	6.098.687
Balances with O.C.I.	952.738	-	-	-	-	-	-	-	-	952.738
Placements with O.C.I.	-	4.085.541	139.300	-	-	-	-	-	-	4.224.841
- Local financial Institutions	-	3.090.000	-	-	-	-	-	-	-	3.090.000
- Foreign financial Institutions	-	995.541	139.300	-	-	-	-	-	-	1.134.841
Assets availible for sale	-	-	402.210	168.325	800.867	2.231.837	2.688.364	763.382	97.967	7.152.952
- Treasury bills	-	-	238.196	-	-	-	-	-	-	238.196
- Treasury bonds	-	-	164.014	168.325	800.867	2.231.837	2.688.364	763.382	-	6.816.789
- Share EMIS	-	-	-	-	-	-	-	-	97.967	97.967
Loans and advances	5.065.371	111.153	4.372.039	271.050	394.748	1.391.896	622.481	325.816	-	12.554.554
Other assets	-	-	-	-	-	-	-	-	596.169	596.169
Liabilities	**(21.490.136)**	**(1.644.957)**	**(1.362.651)**	**(2.615.301)**	**(1.153.318)**	**(500)**	**-**	**-**	**(129.663)**	**(28.396.526)**
Deposits from O.C.I.	-	-	-	-	-	-	-	-	-	-
Deposits from clients	(21.490.136)	(1.644.957)	(1.362.651)	(2.615.301)	(1.153.318)	(500)	-	-	-	(28.266.863)
- Demand	(21.447.418)	-	-	-	-	-	-	-	-	(21.447.418)
- Term	(42.718)	(1.644.957)	(1.362.651)	(2.615.301)	(1.153.318)	(500)	-	-	-	(6.819.445)
Other liabilities	-	-	-	-	-	-	-	-	(129.663)	(129.663)
Liquidity gap	**(9.373.340)**	**2.551.737**	**3.550.898**	**(2.175.926)**	**42.297**	**3.623.233**	**3.310.845**	**1.089.198**	**564.473**	**3.183.415**
Cumulative gap	**(9.373.340)**	**(6.821.603)**	**(3.270.705)**	**(5.446.631)**	**(5.404.334)**	**(1.781.101)**	**1.529.744**	**2.618.942**	**3.183.415**	**3.183.415**

Market Risk

Market risk arises from unfavourable movements in the market price of instruments in the trading portfolio, caused by fluctuations in share prices, bonds, commodity prices, interest rates and exchange rates. BCA includes in the assessment of this risk component the assessment of liquidity risk, which consists of the possibility of a possible inability of the institution to meet its liabilities when they become due.

The assessment of Market Risk takes into account:

- The volatility of the price of portfolio positions, namely debt and equity securities, currencies, commodities and derivatives;
- The concentration risk of trading portfolio, mainly by identifying the significant positions – in the same kind of product, in the same currency, against the same counterparty or group of counterparties interconnected, against the same colateral, or against the same counterparty providing guarantee;
- The outcomes of correlation between the positions, ditacted by commom risk factors;
- The amount of positions of assets with few liquidity (reduced volume of transactions);
- The Bank's position in the market - its ability to grant/contract loans and to intervene in the various markets, especially the interbank market;
- Diversification and volatility of the Bank's bonds and the stability of its funding base;
- Return on assets and its quality;
- Cross-currency activities;
- Availability and reliability of the companies' likely funding operations;
- Access to support schemes of industrially based liquidity;
- Qualified and experienced staff and quality of management systems policies and liquidity control.

The market risk is comprised of 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).

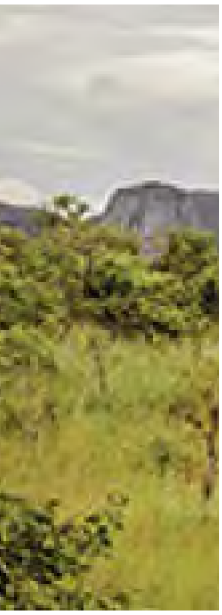
Evaluation of Exchange Rate Risk considers:

- 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.

Stress Test analysis of financial instruments, to the exchange rate variations:

2018						
AKZ'000	- 20%	- 10%	- 5%	+ 5%	+ 10%	+ 20%
CURRENCY						
USD Dollars	388.678	172.746	81.827	(74.034)	(141.337)	(259.118)
Euro	(747.034)	(332.015)	(157.270)	142.292	271.649	498.022
Other currencies	50.737	22.550	10.681	(9.664)	(18.450)	(33.825)
	(307.619)	**(136.719)**	**(64.762)**	**58.594**	**111.862**	**205.079**

2017						
AKZ'000	- 20%	- 10%	- 5%	+ 5%	+ 10%	+ 20%
CURRENCY						
USD Dollars	(31.002)	(13.779)	(6.527)	5.905	11.273	20.668
Euro	129.700	57.644	27.305	(24.705)	(47.164)	(86.467)
Other currencies	7.827	3.479	1.648	(1.491)	(2.846)	(5.218)
	106.525	**47.344**	**22.426**	**(20.291)**	**(38.737)**	**(71.017)**



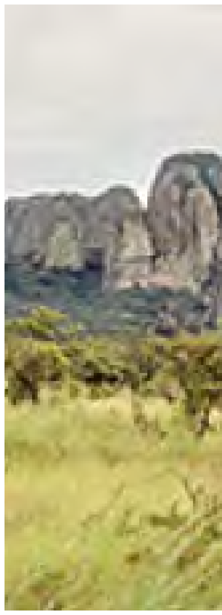
Interest rate risk

The Bank reports to the Central Bank of Angola (BNA) the interest rate risk of its portfolio in accordance of Notice N° 08/2016, issued 16 May 2016. Through this Notice the banks are required to report their interest rate risk twice a year.

By means of Notice N° 08/2018, BNA sets a 2% stress test in interest rate, resulting in a parallel movement of the yield curve of the same scale, which promotes an impact on the amount of cash-flows, over interest margin.

Based on financial features of every contract, an outreach of expected cash-flows per interest rate reset date or contractual maturity is made. Such outreach observes probable behaviour assumptions for interest rate reset of assets and liabilities that, despite of being subject to interest rate risk, have no defined contractual maturity, and for loans and advances contracts of fixed interest rate, dispose of stipulation allowing the bank to alter the interest rate in accordance with changes in the market conditions.

The Notice 08/2016 binds the Bank to assess their level of exposure to interest rate risk on a continued basis. And within a deadline of a day, they are demanded to inform the Central Bank, whenever there will be a potential decrease of its economic value of 20% (or more than 20%) in its regulatory capital.



A separate analysis is required whenever the elements in foreign curency, exposed to interest rate risk comprise more than 5% of the Bank portfolio. In this case, a specific analysis and report, for the concerned currency must be provided.

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.

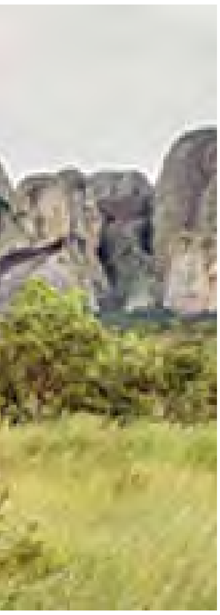
Through matched funds transfer pricing and asset/liability repricing, risk is transferred from businesses. The inherent mismatch is managed centrally within an agreed risk tolerance at net income level. In doing so, the effects of interest rates on other aspects of the business, which may offset the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

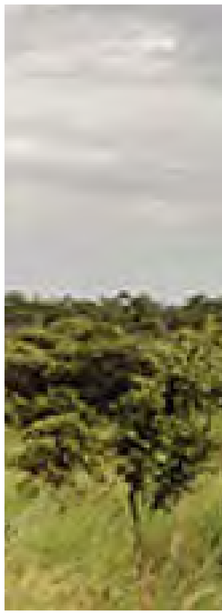
The assessment of interest rate risk should consider:

- Evolution trend of interest rates in different time horizons; and
- 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 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;
- Operating Results: 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.

The details of financial intruments, as per interest rate risk exposure, were:

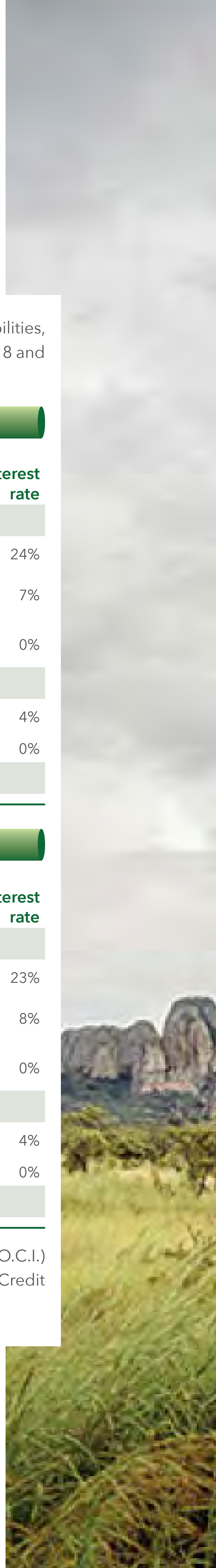
2018

	Exposure to			
AKZ'000	Fixed interest rate	Variable interest rate	Items that are not subject to interest rate risk	Total
Assets	**31.098.341**	**-**	**18.049.492**	**49.147.833**
Balances at Central Bank	-	-	13.590.230	13.590.230
Balances at O.C.I.	-	-	3.031.115	3.031.115
Placements with CB and O.C.I.	4.530.378	-	-	4.530.378
- with foreign financial institutions	4.530.378	-	-	4.530.378
Fin. assets at FV through OCI	14.854.560	-	98.329	14.917.480
Loans and advances	11.711.954	-	-	11.711.954
Other assets	-	-	1.329.818	1.329.818
Liabilities	**(9.262.036)**	**-**	**(26.702.472)**	**(35.964.508)**
Deposits from clients	(9.262.036)	-	(21.500.303)	(35.762.339)
- Demand	-	-	(26.500.303)	(26.500.303)
- Term	(9.262.036)	-	-	(9.262.036)
Other liabilities	-	-	(202.168)	(202.168)
	21.836.305	**-**	**(8.652.980)**	**13.183.325**

AKZ'000	Exposure to Fixed interest rate	 Variable interest rate	Items that are not subject to interest rate risk	Total
Assets	**25.175.735**	**844.724**	**7.745.561**	**33.766.020**
Balances at Central Bank	-	-	6.098.687	6.098.687
Balances at O.C.I.	-	-	952.738	952.738
Placements with CB and O.C.I.	4.193.975	-	-	4.193.975
- with local financial institutions	3.093.950	-	-	3.093.950
- with foreign financial institutions	1.100.025	-	-	1.100.025
Financial assets available for sale	8.615.011	844.724	97.967	9.557.702
Loans and advances	12.366.749	-	-	12.366.749
Other assets	-	-	596.169	596.169
Liabilities	**(6.819.445)**	**-**	**(21.577.081)**	**(28.396.526)**
Deposits from clients	(6.819.445)	-	(21.447.418)	(28.266.863)
- Demand	-	-	(21.447.418)	(21.447.418)
- Term	(6.819.445)	-	-	(6.819.445)
Other liabilities	-	-	(129.663)	(129.663)
	18.356.290	**844.724**	**(13.831.520)**	**5.369.494**

In 2018, the Bank exposure to financial instruments with variable interest rate ended, with the maturity of the government bonds (ISIN: AOTNFE100808), on 15 August 2018. However, in 2017, the details of financial instruments exposed to interest rate risk, as per interest rate reset date, were as follow:

AKZ'000	From 1 to 3 months	From 3 to 6 months	Unlimited period of maturity	Total
Assets	**-**	**844.724**	**-**	**844.724**
Financial assets available for sale	-	844.724	-	844.724
Liabilities	**-**	**-**	**-**	**-**
Liabilities	-	-	-	-
Net exposure	**-**	**844.724**	**-**	**844.724**



The average interest rate associated with the main category of the Bank financial assets and liabilities, as well as the corresponding average of profits and costs, for the years ended 31 December 2018 and 2017, were:

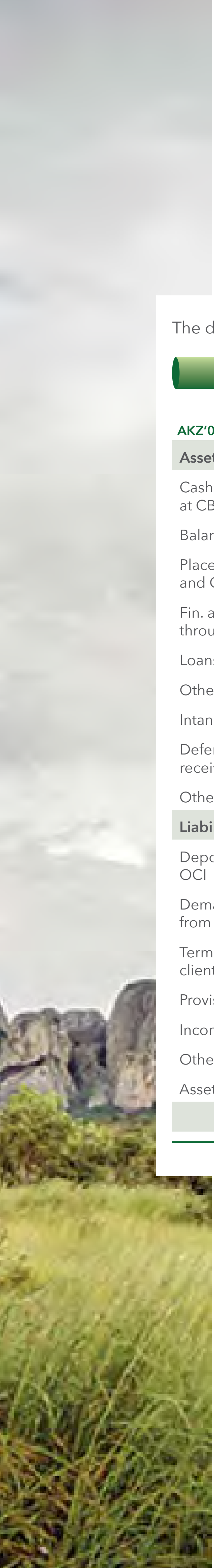
2018

AKZ'000	Average balance of capital invested in the financial year	Interest earned/paid during the financial year	Average interest rate
Investments	**300.947.429**	**3.843.097**	
- Loans and advances	9.901.045	2.332.418	24%
- Trading and investment securities	13.809.792	1.016.970	7%
- Placements with CB and OCI	277.236.592	493.709	0%
Intakes	**(23.224.050)**	**(465.872)**	
- Deposits from clients	(11.354.050)	(454.162)	4%
- Deposits from CB and OCI	(11.870.000)	(11.710)	0%
Net interest margin	**277.723.379**	**3.377.225**	

2017

AKZ'000	Average balance of capital invested in the financial year	Interest earned/paid during the financial year	Average interest rate
Investments	**267.532.934**	**3.525.959**	
- Loans and advances	11.017.160	2.580.187	23%
- Trading and investment securities	9.806.361	735.667	8%
- Placements with CB and OCI	246.709.413	210.105	0%
Intakes	**(36.115.673)**	**(295.192)**	
- Deposits from clients	(6.580.725)	(257.416)	4%
- Deposits from CB and OCI	(29.534.948)	(37.776)	0%
Net interest margin	**231.417.261**	**3.230.767**	

In 2018 and 2017, the placements with the Central Bank (CB) and with Other Credit Institutions (O.C.I.) had an average maturity of six months. And the deposits from the Central Bank and from Other Credit Institutions had an average maturity of two days.



The decompositon of assets and liabilities by currency, at 31 December 2018 and 2017, was:

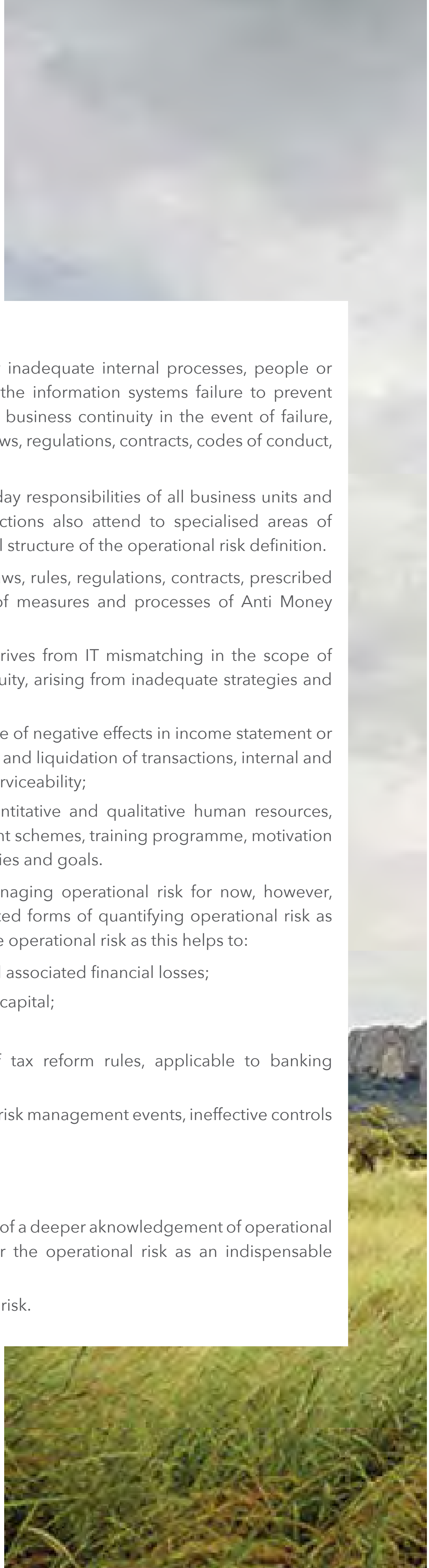
2018					
AKZ'000	Kwanzas	USA Dollars	Euro	Other currencies	Total
Assets	**46.654.052**	**9.414.630**	**3.519.750**	**273.860**	**59.862.292**
Cash and balances at CB	15.872.246	964.534	817.539	3.205	17.657.524
Balances at O.C.I.	245	1.462.254	1.350.832	217.784	3.031.115
Placements with CB and O.C.I.	-	4.531.827	-	-	4.531.827
Fin. assets at FV through OCI	13.356.652	1.596.237	-	-	14.952.889
Loans and advances	10.852.167	859.778	9	-	11.711.954
Other tangible assets	6.249.415	-	-	-	6.249.415
Intangible assets	36.544	-	-	-	36.544
Deferred taxes receivable	32.500	-	-	-	32.500
Other assets	254.283	-	1.351.370	52.871	1.658.524
Liabilities	**(25.577.741)**	**(8.093.248)**	**(5.967.438)**	**(45.978)**	**(39.684.405)**
Deposits from CB and OCI	(136.906)	(5.411)	(223.693)	(6.098)	(372.108)
Demand deposits from clients	(18.078.370)	(3.640.429)	(4.772.765)	(8.739)	(26.500.303)
Term deposits from clients	(5.180.913)	(3.406.549)	(674.574)	-	(9.262.036)
Provisions	(40.736)	-	-	-	(40.736)
Income taxes	(914.351)	-	-	-	(914.351)
Other liabilities	(20.811)	-	-	-	(20.811)
Assets	(1.205.654)	(1.040.859)	(296.406)	(31.141)	(2.574.060)
	21.076.311	**1.321.382**	**(2.447.688)**	**227.882**	**20.177.887**

2017					
AKZ'000	Kwanzas	USA Dollars	Euro	Other currencies	Total
Assets	**36.579.022**	**4.192.869**	**1.878.864**	**43.808**	**42.694.563**
Cash and balances at CB	8.189.258	374.514	498.099	1.886	9.063.757
Balances at OCI	1.741	129.567	781.125	40.305	952.738
Placements with CB and OCI	3.093.950	1.100.025	-	-	4.193.975
Financial assets available for sale	7.600.724	1.956.978	-	-	9.557.702
Loans and advances	11.828.404	538.341	4	-	12.366.749
Other tangible assets	5.538.904	91.778	-	-	5.630.682
Intangible assets	28.695	-	-	-	28.695
Deferred taxes receivable	21.857	-	-	-	21.857
Other assets	275.489	1.666	599.636	1.617	878.408
Liabilities	**(25.423.232)**	**(4.368.561)**	**(892.309)**	**(33.056)**	**(30.717.158)**
Deposits from CB and OCI	(317.658)	(2.895)	-	(169)	(320.722)
Demand deposits from clients	(18.920.008)	(1.986.563)	(533.165)	(7.682)	(21.447.418)
Term deposits from clients	(4.614.153)	(1.879.958)	(325.334)	-	(6.819.445)
Provisions	(150)	-	-	-	(150)
Income taxes	(694.406)	-	-	-	(694.406)
Other liabilities	(876.857)	(499.145)	(33.810)	(25.205)	(1.435.017)
	11.155.790	**(175.692)**	**986.555**	**10.752**	**11.977.405**

Stress Test of financial instruments to the interest rate variations:

AKZ'000	2018					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Assets						
Loans and advances	318.791	159.395	79.698	(79.698)	(159.395)	(318.791)
Fin. Assets at FVOCI	693.616	346.808	173.404	(173.404)	(346.808)	(693.616)
Placements	9.542	4.771	2.385	(2.385)	(4.771)	(9.542)
Total of assets	**1.021.949**	**510.974**	**255.487**	**(255.487)**	**(510.974)**	**(1.021.949)**
Liabilities						
Deposits	50.858	25.429	12.714	(12.714)	(25.429)	(50.858)
Total of liabilities	**50.858**	**25.429**	**12.714**	**(12.714)**	**(25.429)**	**(50.858)**
Net effect	**971.091**	**485.545**	**242.773**	**(242.773)**	**(485.545)**	**(971.091)**

AKZ'000	2017					
	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Assets						
Loans and advances	239.733	119.867	59.933	(59.933)	(119.867)	(239.733)
Fin. Assets at FVOCI	414.603	207.301	103.651	(103.651)	(207.301)	(414.603)
Placements	3.722	1.861	930	(930)	(1.861)	(3.722)
Total of assets	**658.058**	**329.029**	**164.514**	**(164.514)**	**(329.029)**	**(658.058)**
Liabilities						
Deposits	(41.809)	(20.904)	(10.452)	10.452	20.904	41.809
Total of liabilities	**(41.809)**	**(20.904)**	**(10.452)**	**10.452**	**20.904**	**41.809**
Net effect	**699.867**	**349.933**	**174.966**	**(174.966)**	**(349.933)**	**(699.867)**



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 nonconformities 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.

- The compliance risk derives from the violations of laws, rules, regulations, contracts, prescribed practices or ethical standards, and the violations of measures and processes of Anti Money Laundering and Combating of Financial Terrorism;
- The risk of Information Technology (IT) systems derives from IT mismatching in the scope of processing, integrity, control, availability, and continuity, arising from inadequate strategies and uses;
- The processes risk is the probability of the occurrence of negative effects in income statement or in equity, arising from failures in analysis, processing, and liquidation of transactions, internal and external frauds, or infrastructures inadequacies, unserviceability;
- The personnel risk arises from inadequacy of quantitative and qualitative human resources, recruitment processes, compensation and assessment schemes, training programme, motivation culture, social policies, in relation to Institution activities and goals.

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;
- Introduce and assess the fully implementation of tax reform rules, applicable to banking transactions;
- 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 operational risk assignment, through a culture of a deeper aknowledgement of operational risk. Therefore the assessment bodies will consider the operational risk as an indispensable component for loans assessment; and
- Other tasks executed in management of operational risk.

BCA board of directors expects that operational risks related to the business activities might be fully identified, assessed, controlled, communicated and managed through an internal process designed DRACA (Detailed Risks Assessment and Control). Each BCA unity of business and tasks might manage its operational risk, in the acomplishment of this model. 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.

In order to a further operational risk mitigation, the Bank disposes of a business continuity plan supported by two Disaster Recovery sites (DR sites), in case of hard and/or adverse situations. The two DR sites are run in a standalone manner and independently, allowing the reposition of service in a few minutes, as well as the normal running of the branch network.

<u>Compliance and Reputational Risk</u>

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 strengh 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 employees degree of satisfaction, expressed in through questionnaires and / or any opinion polls conducted by the institution to its employees.

Compliance risk is defined as the probability of the occurrence of negative impacts for the institution, which may influence results or equity, deriving from the breach of legal standards, specific determinations, contractual responsibilities, rules of conduct and relationship with customers, ethical principles and established practices, relative to the practised activity, which may be materialized, for instance, in legal or regulatory sanctions, impairment of business opportunities, reduction of expansion potential or inability to demand contractual responsibilities by third parties.

The objective of the policy governing compliance and reputational risk is their management such as defined in the above paragraphs, determining the devices and procedures that allow: i) to minimize the probability that it becomes factual; ii) to identify, report to the Board and overcome the situations that may have arisen; iii) to ensure follow up and control; and iv) to provide evidence, if necessary, that the Bank has reputational risk amongst its main concerns and has available the organization and means required for its prevention and, should it be the case, to overcome it.

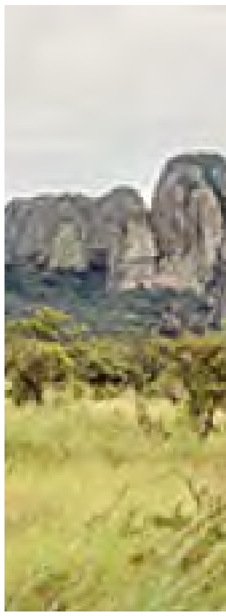
Allocation of Equity

The Angolan Central Bank (BNA) defined through notices 03/2016, 04/2016 and 05/016 that the banks must allocate a part of their equity to face probable losses arising from operational risks; market risks, and credit and counterparty risks. The above referred allocation has an effect of decreasing the capital adequacy ratio in general. If the adjusted capital adequacy ratio is lower than the minimum required, the concerned institution must increase its equity, or reduce its risk exposure.

The implementation of the above referred BNA Notices had no significant effect in BCA capital adequacy ratio calculation, has this ratio has increased from 40% to 49%, far above the minumum required of 10%.

The regulatory own funds components are:

1. Tier-one own funds – comprising (i) the paid-up share capital; (ii) capital maintenance reserve; (iii) retained income; (iv) legal, statutory and other reserves derived from undistributed profits, or set aside to increase te capital, (v) audited net income, (vi) latent losses related to the revaluation of securities available for sale, the cash flow and investment hedging operations abroad, and (vii) deferred taxes receivable and payable as long as they are connected to losses/gains containing a negative/positive element of tier-one
2. Tier-2 own funds – comprising (i) fixed-term preference shares; (ii) funds and generic provisions; (iii) reserves arising from paid-up and owned premises; (iv) subordinated bonds and hibrid debt equity instruments; and (v) other amounts authorized by BNA.
3. Deductions – Comprising: (i) treasury share subject to buyback; (ii) fixed-term preference shares, with fixed and cumulative dividends; (iii) loans conceded with the nature of equity; (iv) tax credits derived from tax losses; (v) goodwill; (vi) Intangible assets, net of depreciation; (vii) others amounts, as per BNA appointment.



The BNA Notice n° 09/2016 stipulates, for the capital adequacy ratio calculation purpose, that all excess over the limit of risk exposure by clients must be deducted from the amount of regulatory owned funds.

Capital Adequacy Ratio

AKZ'000	31-12-2018	31-12-2017
Regulatory Owned Funds	**20.086.442.320**	**9.965.557.235**
Risk weighted assets		
Requirements of regulatory owned funds	3.146.374.024	2.016.300.796
- Requirements of credit risk	2.078.243.758	1.152.582.544
- Requirements of market risk	123.944.048	80.216.768
- Requirements of Operational risk	944.186.218	783.501.484
***Weighting of equity requirements**	**31.463.740.240**	**20.163.007.961**
RSR	**64%**	**49%**
Minimum regulatory requirements	**10%**	**10%**

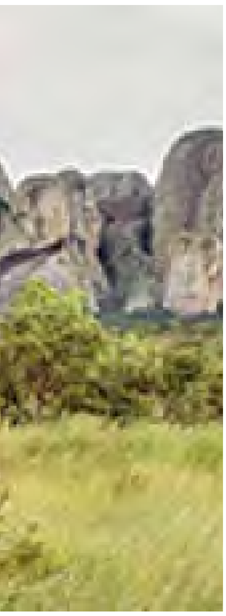
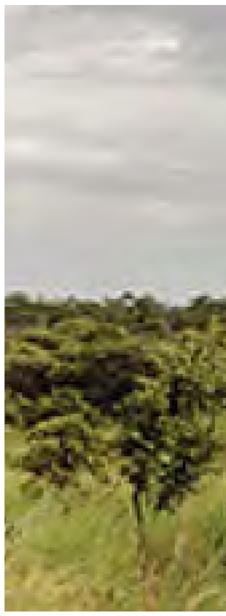
* To the sum of equity requirements a multiplier of 10 is applied.

CAMELS analysis

The acronym CAMELS stands for the initials of each of the six blocks of analysis of banks income statements: Capital adequacy, Asset quality, Management, Earnings, Liquidity, Sensitivity to market risk. This is a classification system that regulators or supervisors use to assess the banques general performances, identifying their points of strengh and weakness.

The global assessment of BCA illustrates a solid bank, with a high standard of risks management, and capital adequacy.

		Dec-18		Dec-17	
	Prudential Ratios	%	Ratings (CAMELS)	%	Ratings (CAMELS)
Capital adequacy	Tier-one owned funds/total assets = > 10%.	31%	1	28%	1
	Debt limit 10 times (1000%)	198%	1	258%	1
	Capital adequacy ratio 10%	64%	1	49%	1
Quality of assets	Non-performing loans /total of loans < = 5%.	2%	1	3%	1
	Specific provisions/ Non-performing loans > = 80%.	75%	2	57%	2
	Top 20 loans/ regulatory owned funds < = 300%.	77%	1	82%	1
	Total of loans / total of assets	35%	-	30%	-
	Loans in foreign currency/ Total of loans	40%	-	6%	-
	Fixed assets / Regulatory owned funds < 100% PF	31%	1	49%	1
Profitability	Return on assets (ROA) > 3%.	14%	1	3%	1
	Retur non Equity (ROE) > 15%.	50%	1	12%	1
Liquidity	Deposits concentration=top 20=<30%	50%	3	42%	3
	Liquidity ratio = >1	7	1	5	1
	Observation ratio = >1	96	1	58	1
Interest Rate stress test	Economic Effect >1 Year/Regulatory owned funds<20%	5%	1	5%	1
	Economic Effect up to 1 year /Earnings Margin<20%	2%	1	5%	1
Exchange Rate stress test	Long net open currency position - 10% (2017: 20%)	-6%	1	13%	1
	Short net open currency position - 10%(2017: 20%)	-		-	
	Regulatory FP Assets ME/ Liabilities ME>100%	76%	1	114%	1

Stress tests

Stress tests are risk management tools used to assess and manage the risks of the Bank whose benefit is a better understanding of risks profile related to the Bank. Stress tests play an important role in management, as well as in capital and liquidity planning, allowing the Bank to absorb adverse shocks.

The implementation of stress tests is done by executing analyses or simulations in order to assess the institution capacity to resist adverse scenarios (downside risks). Therefore, BCA defined a certain adverse scenario, of probable occurence, in order to study the adequacy and the strength of its solvency and liquidity.

The understanding and methodology of stress tests to be executed by BCA are in accordance with the requirements of Instruction nº 02/2017, issued by BNA, which binds the banks to realise specific type of stress tests, their periodicity, and how they must be reported. BNA guidelines about a programme implementation of stress tests has been taken into account.

From June 2018, the Bank executes the following type of stress test:

- Sensitivity analysis;
- Reverse stress test;
- Scenarios analysis.

The kinds of risks identified by the Bank as being materially relevant, requesting a stress test analysis are:

a) Credit risk;
b) Market risk;
c) Operational risk;
d) Liquidity risk; and
e) Concentration risk.

The materially relevant risks were defined in accordance with BNA guidelines, and in accordance with internal analysis of risk factors with a greater probability of effect in BCA solvency.

29. OFF BALANCE SHEETS ITEMS AND CONTINGENCIES

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Guarantees issued and other contingent liabilities				
Guarantees and sureties given	25.300	82	-	-
Letters of Credit issued	6.693.306	21.580	212.438	1.280
Undrawn commitments	1.521.561	4.906	1.115.596	6.724
	8.240.167	**26.568**	**1.328.034**	**8.004**
Other commitments	-	-	-	-
	8.240.167	**26.568**	**1.328.034**	**8.004**
Responsibilities for services rendered				
Guarantees received	**30.011.587**	**96.762**	**16.656.326**	**100.386**
Custodial Assets				
Treasury bills held by clients	44.369	143	30.030	181
Treasury bonds held by clients	18.710.614	60.326	10.841.562	65.341
	18.754.983	**60.469**	**10.871.592**	**65.522**

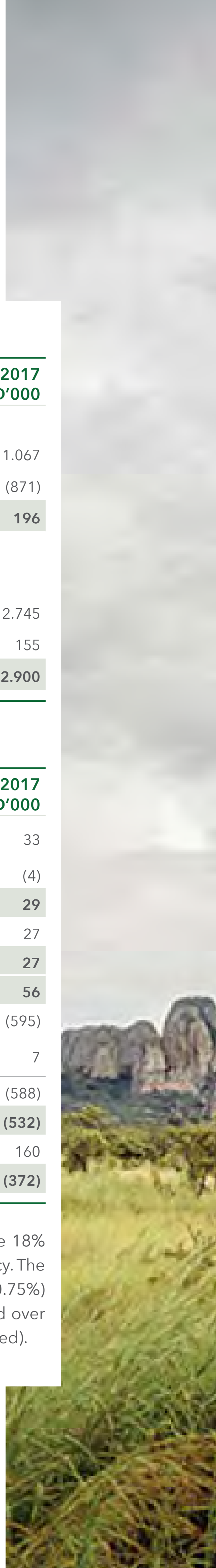
The Bank provides custodial services of safeguarding of clients assets (treasury bills, treasury bonds indexed to US Dollars), amounting to AKZ 18.754.983 thousand (2017: AKZ 10.871.592 thousand).

The guarantees received are composed of real and non real guarantees, whilst the note 7 discloses real guarantees only.

All guarantees given and other contingent liabilities are classified in stage 1.

30. RELATED PARTY DISCLOSURE

The related parties are entities (individuals and institutions) having a significant influence on BCA management, composing the key-personnel of BCA decision-making board, or owning a qualifying shareholding in the capital of BCA. A shareholding is considered qualifying when it is above 10% of the total of the shares of BCA.



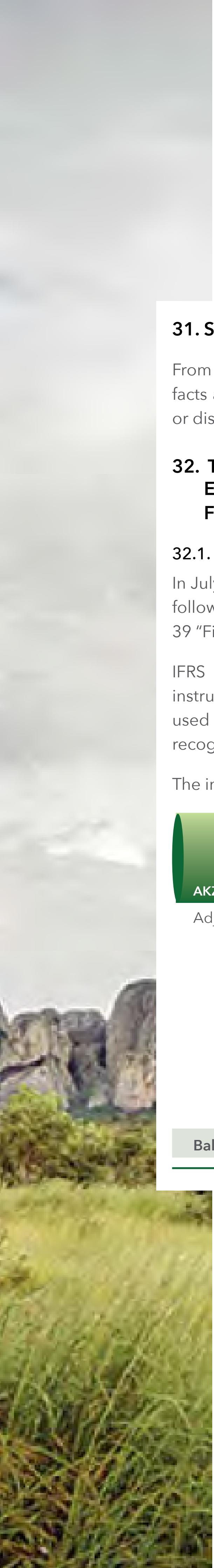
Disclosure of Balance sheet:

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Assets:				
Loans and Advances	212.496	685	176.997	1.067
Impairment losses	(171.872)	(554)	(144.498)	(871)
	40.624	**131**	**32.499**	**196**
Liabilities:				
Deposits				
- Demand	2.374.394	7.655	455.467	2.745
- Term	133.923	432	25.749	155
	2.508.317	**8.087**	**481.216**	**2.900**

Disclosure of income statement :

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Interest earned from loans and advances	1.723	7	5.414	33
Interest paid to Demand deposits	(1.596)	(6)	(601)	(4)
Net interest margin	**127**	**1**	**4.813**	**29**
Fee and commission income	4.795	19	4.460	27
Non-interest margin	**4.795**	**19**	**4.460**	**27**
Operating margin	**4.922**	**20**	**9.273**	**56**
Salaries and other payroll expenses	(156.255)	(603)	(98.699)	(595)
Loans and advances Impairment losses	(27.374)	(106)	1.176	7
	(183.629)	(709)	(97.523)	(588)
Losses before taxes	**(178.707)**	**(689)**	**(88.250)**	**(532)**
- Fiscal impact	53.612	207	26.475	160
Net Losses for the year	**(125.095)**	**(482)**	**(61.775)**	**(372)**

As at 31 December 2018, the average interest rates on transactions with related parties were 18% (2017: 18%) for loans in local currency, and 10% (2017: 10%) for loans granted in foreign currency. The interest rates for term deposits in local currency were 2.50% (2017: 2.50%), and 0.75% (2017: 0.75%) for deposits in foreign currency. The fee and commission income refers to commission earned over the monthly amounts used on transactions with international credit cards (6% of the amount used).



31. SUBSEQUENT EVENTS

From 31 December 2018 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.

32. THE RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS WHICH HAVE ENTERED INTO FORCE AND WHICH THE BANK APPLIED IN PREPARING ITS FINANCIAL STATEMENTS ARE DETAILED BELOW:

32.1. ADOPTION OF IFRS 9

In July 2014, the IASB published IFRS 9 "Financial Instruments". Mandatory as at 1 January 2018, and following the respective adoption by the National Bank of Angola (BNA) this standard supersedes IAS 39 "Financial Instruments: Recognition and Measurement".

IFRS 9 introduces changes to how financial institutions calculate impairment of their financial instruments, in particular with respect to customer credit. IFRS 9 replaces the Incurred Loss model used in IAS 39 with the Expected Credit Loss (ECL) model. Under the new model, companies must recognise expected losses before the occurrence of loss events.

The impacts of applying IFRS 9 are as follows:

AKZ'000	Impairment 31-12-2017 According to IAS 39	Impairment 01-01-2018 According to IFRS 9	Impact On Equity
Adjustments			
- Impairment losses on Loans/ advances portfolio	296.302	322.390	(26.088)
- Impairment losses on Placements with O.C.I.	-	1.228	(1.228)
- Impairment losses on USD Treasury Bonds	-	21.671	(21.671)
- Impairment losses on Other Assets (Col. BAI)	-	745	(745)
Balances according to IAS/IFRS	**296.302**	**346.034**	**(49.732)**

The impairments losses on loans and advances portfolio during 2018, related to the previous year, were as follow:

AKZ'000	Stages	Impairment IFRS 9 2017	Impairment IFRS 9 2018	Variations
	Stage 1	12.269	38.958	(26.689)
Individual Analysis	Stage 2	-	3.625	(3.625)
	Stage 3	197.944	282.719	(84.775)
		210.213	**325.302**	**(115.089)**
	Stage 1	62.030	186.429	(124.399)
Collective Analysis	Stage 2	1.060	610	450
	Stage 3	49.087	46.750	2.337
		112.177	**233.789**	**(121.612)**
		322.390	**559.091**	**(236.701)**

Reconciliation of equity, before and after the adoption of IFRS 9.

AKZ'000	Other reserves and retained earnings	Remaining items of equity	Total of Equity
Shareholders' equity as at 31 December 2017 - Before IFRS 9 adoption	**7.462.673**	**4.514.732**	**11.977.405**
Impairment			
- Impairment losses on loans and advances portfolio	(26.088)	-	(26.088)
- Impairment losses on placements with O.C.I.	(1.228)	-	(1.228)
- Impairment losses on USD Treasury Bonds	(21.671)	21.671	-
- Impairment losses on Other Assets	(745)	-	(745)
	(49.732)	**21.671**	**(28.061)**
Deferred taxes receivable	29.355	-	29.355
Shareholders' equity as at 1 January 2018 - After IFRS 9 adoption	**7.442.296**	**4.536.403**	**11.978.699**

Reconciliation of book values of Balance Sheet as per IAS 39 and IFRS 9

AKZ'000	Notes	IAS 39 31-12-2017	Reclassifications	Remeasurements	IFRS 9 01-01-2018
Assets					
Cash and balances at central banks	3	9.063.757	-	-	9.063.757
Balances at Other Credit Institutions	4	952.738	-	-	952.738
Placements with CB and in O.C.I.	5	4.193.975	-	(1.228)	4.192.747
Assets available for sale	6	9.557.702	(9.557.702)	-	-
Financial assets at FV through OCI	6	-	9.557.702	-	9.557.702
Loans and advances to clients	7	12.366.749	-	(26.088)	12.340.661
Other tangible assets	8	5.630.682	-	-	5.630.682
Intangible Assets	8	28.695	-	-	28.695
Deferred Taxes Receivable	9	21.857	-	29.355	51.212
Other Assets	10	878.408	-	(745)	877.663
Total of Assets		**42.694.563**	**-**	**1.294**	**42.695.857**
Liabilities					
Deposits from other Credit Institutions	11	320.722	-	-	320.722
Deposits from clients	12	28.266.863	-	-	28.266.863
Provisions	13	150	-	-	150
Income Tax	14	694.406	-	-	694.406
Other liabilities	16	1.435.017	-	-	1.435.017
Total of Liabilities		**30.717.158**	**-**	**-**	**30.717.158**
Equity					
Share Capital	17.1	2.582.579	-	-	2.582.579
Revaluation reserves	17.1	(51.000)	-	21.671	(29.329)
Other reserves and retained earnings	17.1	7.462.673	1.983.153	(20.377)	9.425.449
Retained income for the year	17.1	1.983.153	(1.983.153)	-	-
Total of Equity		**11.977.405**	**-**	**1.294**	**11.978.699**
Total of Liabilities and Equity		**42.694.563**	**-**	**-**	**42.695.857**

In 2017, BCA set up a multidisciplinary team composed by members from several departments, whose goal was to implement IFRS 9, in the Bank. Its work has been regularly monitored by the Executive Board.

The summary of IFRS 9 by theme is as follows:

Classification and measurement of financial assets

- All financial assets are measured at fair value on the date of initial recognition, adjusted with transaction costs, when they are not accounted for at fair value through profit or loss (FVTPL). However, clients accounts without a significant funding component are initially measured at their transaction cost, as defined in IFRS 15 – revenue from contracts with customers.
- Debt instruments are subsequently measured on their contractual cash flows and taking into account the business model in which they are held. If a debt instrument has contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held within a business model with the goal of holding the assets to collect contractual cash flows, then the instrument is accounted for at amortised cost. If a debt instrument has contractual cash flows that are solely payments of principal and interest on the principal outstanding and is held in a business model whose objective is to collect contractual cash flows and sell financial assets, then the instrument is measured at fair value through other comprehensive income (FVTOCI) with subsequent reclassification to profit or loss.
- All other debt instruments are subsequently accounted for at FVTPL. In addition, there is an option that allows financial assets on initial recognition to be designated as FVTPL if this eliminates or significantly reduces significant accounting mismatch in profit or loss for the year.
- Equity instruments are generally measured at the FVTPL. However, entities have an irrevocable option, on an instrument-by-instrument basis, to present the fair value changes of the non-commercial instruments in the statement of comprehensive income (without subsequent reclassification to profit or loss for the year).

Classification and measurement of financial liabilities

- For financial liabilities designated as FVTPL using the fair value option, the amount of change in the fair value of those financial liabilities that is attributable to changes in credit risk shall be presented in the statement of comprehensive income. The remainder of the change in fair value shall be presented in profit or loss unless the presentation of the change in fair value for the liability's credit risk in the statement of comprehensive income will create or enhance an accounting mismatch in profit or loss for the year.

- All of the remaining classification and measurement requirements for financial liabilities in IAS 39 have been carried forward to IFRS 9, including the rules for separating embedded derivatives and the criteria for using the fair value option.

Impairment

- The impairment requirements are based on the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39.
- The ECL model is applied in: (i) debt instruments accounted for at amortised cost or fair value through other comprehensive income, (ii) most loan commitments, (iii) financial guarantee contracts, (iv) contractual assets under IFRS 15 and (v) lease receivables under IAS 17 - Leases.
- Generally, entities are required to recognise the 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For trade receivables without a significant financing component, and depending on the entity's choice of accounting policy for other trade receivables and lease receivables, a simplified approach may be applied in which lifetime ECLs are always recognised.
- The measurement of the ECL must reflect the weighted probability of the result, the effect of the time value of money, and be based on reasonable and supportable information that is

Derecognition and modification of contracts

- IFRS 9 incorporates the requirements of IAS 39 for derecognition of financial assets and liabilities without substantial amendments.
- The standard contains a specific guide for accounting when the modification of a financial instrument not measured through the FVTPL does not result in its derecognition.
- The institution shall recalculate the gross carrying amount of the financial asset (or amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognising any resulting adjustment as a modification of gain or loss in profit or loss.

Gains or losses will not be recognised in profit or loss arising from modifications of financial liabilities and problematic financial assets that do not lead to their derecognition.

33. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE BANK

33.1. IFRS 14 – REGULATORY DEFERRED ACCOUNTS

The IASB issued on 30 January 2014 a standard that defines provisional measures for first-time adopters of IFRS and has regulated tariff activity.

This standard is not applicable to the Bank.

33.2. IFRIC 23 – UNCERTAINTY ABOUT THE TAX TREATMENT OF TAX ON INCOME

An interpretation was issued at 7 June 2017 on how to deal, in accounting terms, with uncertainties about the tax treatment of income taxes, especially when tax legislation requires a payment to be made to the Authorities in the context of a tax dispute and the entity intends to appeal the understanding in question that led to making such a payment.

The interpretation defined that the payment can be considered a tax asset, if it is related to income taxes, in accordance with IAS 12, applying the probability criterion defined by the standard regarding the favourable outcome in favour of the entity on the matter of dispute in question.

In that context the entity may use the most likely amount method or, if resolution may dictate ranges of values, the use of expected value method is recommended.

IFRIC 23 is applied for annual periods beginning on or after 1 January 2019 and may be adopted in advance.

The Bank does not expect any significant impact on the adoption of this interpretation.

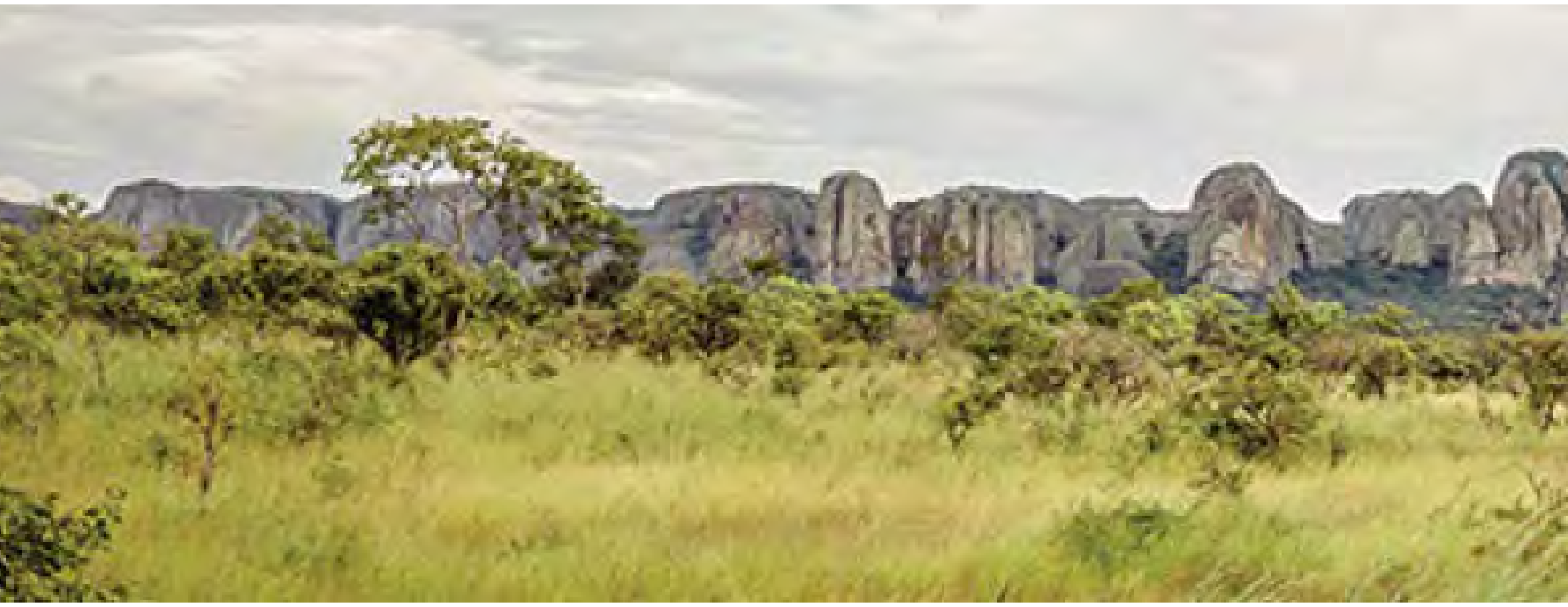
33.3. IFRS 16 - LEASES

The IASB issued, on 13 January 2016, the IFRS 16 - Leases, of mandatory application in periods beginning on or after 1 January 2019. Its early adoption is permitted provided that IFRS 15 is also adopted. This standard revokes IAS 17 - Leases.

IFRS 16 removes the classification of leases as operating or financial (for the lessor - the client of the lease), treating all leases as financial.

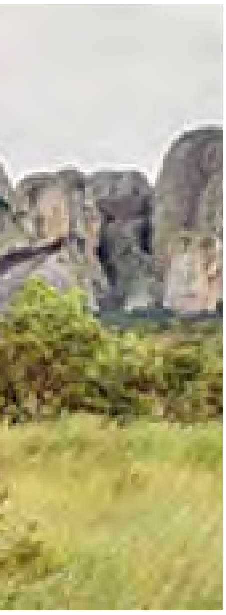
Short-term leases (less than 12 months) and leases of low value assets (such as personal computers) are exempt from the requirements of this standard.

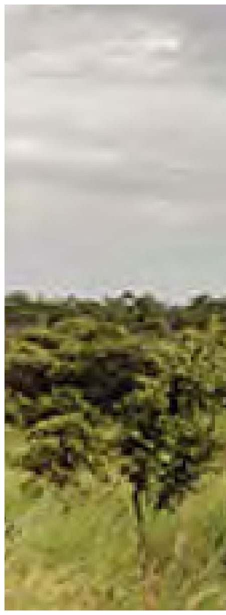
The Bank has not yet carried out a complete analysis of the impacts of the application of this standard.



34. ACRONYMS AND ABBREVIATIONS

ABANC	Angolan Banks Association (in portuguese: Associação Angolana de Bancos)
AKZ	Kwanza
AKZ'000	Thousand of Kwanzas
ALCO	Assets and Liabilities Committee
AML	Anti Money Laundery
BCA	Angolan Commercial Bank (in portuguese: Banco Comercial Angolano, S.A.)
BNA	National Bank of Angola (in portuguese: Banco Nacional de Angola)
CB	Central Bank
BT	Treasury Bills
CA	Board of Directors
CE	Executive Committee
CFT	Combating of Financial Terrorism
CMC	Central Management Committee
DO	Demand Deposits
DP	Term Deposits
ECL	Expected Credit Loss
EMIS	Interbank Service Company (in portuguese: Empresa Interbancária de Serviços)
FATCA	Foreign Account Tax Compliance Act
FPR	Regulatory owned funds
FV	Fair Value
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profits and Loss
IFRIC	Internacional Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
MINFIN	Ministry of Finance
Obrig	Bonds
O.C.I.	Other Credit Institutions
OCI	Other Comprehensive Income
Op.	Operations
OT	Treasury Bonds
Rec.	Resources
USD	United States Dollars
USD'000	Thousand of US Dollars





Luando Falls.
Bié Province.

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 2018.

The Fiscal Council continuously monitored the evolution of the Company's activity and verified the regularity of the accounting records, as well as the respective documentation. Within the scope of its powers, the Fiscal Council has always counted on the collaboration of the Board of Directors, in providing the information it considered necessary for the exercise of its functions, under the terms that it is pleased to record.

The accounts were subject to a full audit by the Bank's external auditors, whose qualified opinion is that, except for the possible effect of the reserve on the application of International Accounting Standard (IAS) 29, the financial statements present fairly, in all material aspects, the financial position of BCA as at 31 December 2018, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Having analysed the Bank's financial statements and taken into consideration the external auditor's report, it is the opinion of the Fiscal Council that the Shareholders Assembly should approve the Annual Report and Financial Statements for the 2018 financial year.

The Fiscal Council, Luanda, 25 April 2019.

João Paulo Borges de Sousa
Chairman of the Fiscal Council

Esperança Cahango
Member

INDEPENDENT AUDITOR'S REPORT

KPMG Angola - Audit Tax, Advsory. S.A.
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Luanda – Angola
+244 227 28 01 01 | www. kpmg.co.ao

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Shareholders/Quotaholders of
Banco Comercial Angolano, S.A.

Introduction

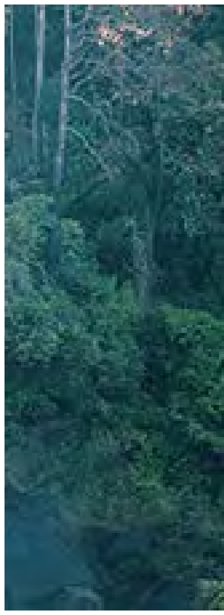
1. We have audited the accompanying financial statements of **Banco Comercial Angolano, S.A.** (the "Bank"), which comprise the balance sheet as of 31 december 2018 (which shows total assets of AOA 59 862 292 thousands and a total equity of AOA 20 177 887 thousands, including a profit for the year of AOA 8 081 511 thousands and the income statement by nature for the year then ended, and the notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the generally accepted accounting principles In Angola and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with the Technical Standards of the Angolan Institute of Accountants and Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



4. 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 judgment, including the 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 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 management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

6. As described in note 2.5. of the Notes to the financial statements, Associação Angolana de Bancos ("ABANC") and Banco Nacional de Angola ("BNA") expressed an interpretation stating that the

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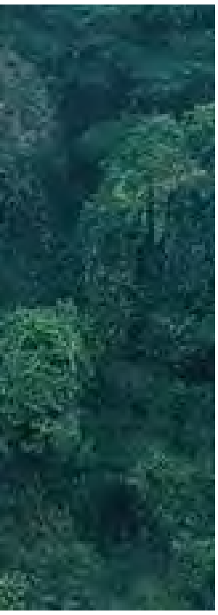
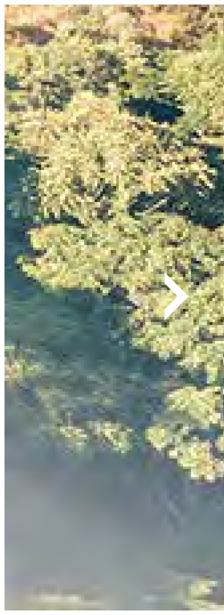


conditions required to classify the Angolan economy as a hyperinflationary economy on the period ended at 31 December 2018, in accordance with IAS 29 – Financial reporting in hyperinflationary economies, are not entirely fulfilled. Consequently, the Management of the Bank decided not to apply the provisions set in that Standard to its financial statements on that date. As at 31 December 2018, the accumulated inflation rate for the last three years was over 100%. This is an objective quantitative condition that leads us to consider that, in addition to other conditions set in IAS 29, the functional currency of the Bank´s financial statements as at 31 December 2018 corresponds to the currency of a hyperinflationary economy.

Under these circumstances, the Bank should have presented its financial statements, as at that date, considering that assumption and in accordance with the provisions set on that Standard, which also establish the restatement of the previous year financial statements, presented for comparative purposes. However, we did not obtain sufficient information that allow us to measure the effects of this situation on the Bank´s financial statements for the period ended at 31 December 2018, which we believe to be significant.

Qualified Opinion

7. In our opinion, the financial statements mentioned in paragraph 1 above present fairly, in all material respects, the financial position of **Banco Comercial Angolano, S.A.**, as at 31 december 2018 and of its financial performance for the year then ended, in accordance with International Financial Reporting Standards.



Luanda, 25 april 2019

SIGNED ON THE ORIGINAL

KPMG Angola - Audit, Tax, Advisory, S.A.
Represented by
Maria Inês Rebelo Filipe
(Registered Auditor with certificate nr 20140081)

Banco Comercial Angolano

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