Annual Report **2010**

BCA

BANCO COMERCIAL ANGOLANO

In this annual report, Banco Comercial Angolano decided to pay homage to the rich and secular form of national art i.e. sculpture; which reflects the diverse culture and ethnography of Angola.

Index

OVIMBUNDU STATUETTE

Feminine statuette, plaited hair pinned at the back of the neck, standing, hands resting on the lower abdomen; designs of heat-engraved tattoos on the face and on the body, wearing a cotton loin cloth, adorned with beads: pink, golden and white. Ovimbundu hairstyle and tattoo paintings.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Female statuette
Cultural Group: Ovimbundu
Technical Information: Wood, cotton fabric and beads

National Museum of Archaeology - Portugal
Photographer: José Pessoa

Approval of the Board of Directors

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

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

The financial statements for the year ended on the 31st of December 2010, audited and comprising the pages from 35 to 69 were approved by the Board of Directors and are signed on its behalf by:

Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive Officer

Luanda, 23 of May 2011

MWILA EFFIGY
Effigy made out of raw clay. Female fertility doll, with articulated arms. Typical hairstyle of Mwila woman, with tufted grass segments fringe. Covers the sexual organs with a cloth hanging from a belt.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Doll
Cultural Group: Mwila
Technical Information: Raw clay, fabric, beads

National Museum of Ethnology - Portugal
Photographer: José Pessoa

Directors Report

2010 in Perspective

The year under review was characterised principally by activities that sought to improve internal management practices, the control environment and to also rationalize costs without impacting negatively on the levels of efficiency that we are known for by our clients.

The main drivers of our activities can be summarised as follows:

- Development of our human capital;
- Improvement and modernization of our technological and operational infrastructure;
- Growing our footprint across the country;
- The development and diversification of our offering of products and services; and
- Refreshing the bank's image.

The measures that were implemented in 2010 contributed significantly to the improvement of the financial situation of the bank. The management team sought to also consolidate the internal reorganisation and process reengineering work that was commenced in the previous year. The main areas of focus were Corporate Governance Structure; Finance; Credit Risk; Treasury Operations; Retail Network; Human Resources; KYC and compliance policies and third party supply management.

Financial Indicators

Assets

Total assets grew modestly in comparison with the prior year and the asset mix practically did not change from the previous year. About 65% of the assets on our books are income-earning which is about 5% lower than the previous year due to increases in minimum reserve requirements.

Liabilities

On the liabilities side, we did not experience any significant changes. Many customers still prefer to maintain their deposits on demand due to the volatility of market rates and also the uncertainty on the market.

Directors Report

Equity

The equity in local currency increased due to the net profit generated during the year.

Income statement

The net interest margin increased by about 17% in 2010 when compared to 2009 due to the fact that we were able to earn more income from our excess liquidity in local currency on the inter-bank market. On the other hand, non-interest income did not fluctuate much. We however, experienced a significant decline in fee income on fx operations due to an upper limit on spreads that bank's can charge on these transactions.

The bank's cost-to-income ratio improved due to the continued efforts to increase revenues and either maintain expenses at current levels or reduce them.

Appropriation of 2010 profits

In accordance with the Financial Institutions law we propose that the profit after tax for the year amounting to AKZ 689 319 million be distributed as follows:

1. AKZ 34 466 million be allocated to legal reserves;
2. AKZ 92 656 million be declared as a dividend at a rate of AKZ 28,32 per share; and
3. The balance of AKZ 562 197 million be allocated to other reserves

Future prospects

In 2011 we will continue to focus our efforts on the expansion of our branch network. We will increase our network from the current 19 branches to 25, some of which will be in the provinces of Uíge and Huambo where at present we do not have any branches. Our objective is to be able to better service our corporate clients who have operations in a number of provinces and also capture new customers in areas where the unbanked population is still significant.

Directors Report

We also look forward to implementing our internet and SMS banking services, completing our new Disaster recovery and Business Continuity sites and the introduction of VISA debit and credit cards.

We are confident that we will achieve the objectives that we have set for 2011 as we have a strong belief in this demanding project and in the team that is working with us towards achieving these objectives.

Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive Officer

KONGO STATUETTE
Nkisi ritual statuette. The shrine is covered by a mirror and inside we can find the "*medicine*" bilombo (mainly vegetable substances), meant to activate its action power. Other elements such as fabric strips and pieces of skin are testimony of an ancient cult. Face admirably carved, encrusted with glass eyes.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Human Figure
Cultural Group: Bacongo
Technical Information: Wood, leather, glass, raffia, fabric

National Museum of Ethnology - Portugal
Photographer: José Pessoa

Key Indicators

	2010 AKZ´000	2010 USD´000	2009 AKZ´000	2009 USD´000
Balance Sheet				
Total assets	23.500.873	253.672	21.949.116	245.542
Loans and advances	4.512.456	48.708	4.618.543	51.667
Customer liabilities	19.440.289	209.842	18.149.067	203.033
S/holders' equity	3.341.116	36.064	2.703.301	30.239
Activity				
Net Interest Income (NII)	1.036.497	11.287	762.821	9.616
Net operating margin (NOM)	2.404.622	26.177	2.044.066	25.774
Operating costs (OC)	1.572.027	17.105	1.408.049	17.570
Operating profit (OP)	832.595	9.072	636.017	8.204
Net profit (NP)	689.319	7.525	530.722	7.073
NII/NOP	43,1%	43,1%	37,3%	37,3%
Non-int income/NII	132,0%	131,9%	168,0%	168,0%
Cost-to-income	65,4%	65,3%	68,9%	68,2%
Op costs/Average assets	6,9%	6,9%	6,4%	6,4%
Solidity				
Non-performing loans/total loans	6,2%	6,2%	7,6%	7,6%
Provisions/non-performing loans	107,9%	107,9%	59,4%	59,4%
ROAA	3,0%	3,0%	2,9%	2,9%
ROAE	22,7%	22,7%	24,4%	24,4%
Capital adequacy ratio	14,0%	14,0%	14,0%	14,0%

MWILA DOLL
Beautiful fertility doll, made out of a number of materials. Cylindrical wooden body, which almost disappears behind the hair lavishly adorned with glass beads, buttons, seeds, etc.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Doll (backside view)
Cultural Group: Mwila
Technical Information: Wood, vegetal fibre, glass beads, buttons, seeds

National Museum of Ethnology - Portugal
Photographer: José Pessoa

Governance and Management Structure

GOVERNANCE STRUCTURE

General Assembly

Chairman	Afonso Domingos Pedro Van-Dúnem "Mbinda"
Vice-Chairman	Mário António de Sequeira e Carvalho
Secretary	José Francisco Luís António

Board of Directors

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

Fiscal Council

Chairman	Paul de Sousa
Director	Eduardo Cirilo

MANAGEMENT STRUCTURE

Executive Committee

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

Heads of Departement

• Head of Finance	Faustino Madia
• Head of Credit	Tatiana Muhongo
• Head of Risk	Uini Miguel
• Head of Treasury	Bo Kronback
• Head of Internal Audit	António Cambuta
• Head of Human Resources	Hernani Cambinda
• Head of Operations	Carlos Fernandes
• Head of Infrastructure & Branch Expansion	João Reis
• Head of IT	Otniel Agostinho
• Head of Marketing	Zélia Pitra
• Head of Legal	Delfina Cumandala
• Head of Policies & Procedures	Lizeth Lemos
• Head of New Product Development	Manuela Baptista
• Head of Retail Banking	Mário Leitão
• Head of Corporate Banking	José Carlos de Almeida Marques

OVIMBUNDU CLUB
Club crowned by a female head, the hair pinned back behind the neck and highlighted in fire, as are the tattoos adorning the beautiful oval face, with the eyes encrusted with white metal and the pupils blackened. Multicolour glass beads.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Club
Cultural Group: Ovimbundu
Technical Information: Wood, metal, glass beads

National Museum of Archaeology - Portugal
Photographer: José Pessoa

Corporate Governance Declaration

The Board of Directors remains committed to the maintenance of the highest corporate governance standards in the operations and structures of the Bank. Ensuring effective monitoring and control, and timely and accurate disclosure of material information about the Bank has also remained a top priority. All laws and regulations are observed as a matter of policy. In this regard, the board saw it fit to create a number of sub-committees of the Executive committee which is composed of 3 executive directors as detailed below:

Audit Committee

The prime functions of the committee are to review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the company's external auditors and fiscal council, as well as providing assurance to the board that management's control assurance processes are being implemented and are complete and effective. This committee is made up of 3 independent members.

Remuneration Committee

The committee has the responsibility to determine the remuneration packages of the board and other internal supervisory bodies such as the fiscal council and general assembly and is composed of 3 members who represent shareholders of the bank.

Board Credit Committee

The Board Credit Committee is tasked with the overall review of the bank's lending policies. At each meeting, the committee deliberates and considers loan applications beyond the discretionary limits of the management credit committee. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's Credit Risk Management. This committee is made up of 3 board members (The non-executive Chairman; 1 non-executive director and 1 executive director).

Asset and Liability Committee (ALCO)

ALCO is tasked with ensuring the achievement of sustainable and stable profits within a framework of acceptable financial risks and controls. ALCO ensures maximization of the value that can be generated from active management of the Bank's balance sheet and financial risk within agreed risk parameters. ALCO manages the funding and investment of the bank's balance sheet, liquidity and cash flow of the bank, as well as exposure of the bank to interest rate, exchange rate, market and other related risks. It ensures that the bank adopts the most appropriate strategy in terms of the mix of assets and liabilities given its expectation of the future and potential consequences of interest rate movements, liquidity constraints and foreign exchange exposure and capital adequacy. The committee is made up of the 3 executive directors and the heads of risk; credit; retail; corporate banking; finance and Treasury (dealing room).

Credit Monitoring and Recovery Committee

This committee has the objective to monitor credit clients on the bank's early warning list and other non-performing loans and advances and to approve recovery strategies and measures.

New Product Committee

This committee is responsble for analysing and approving new products and services or any major alterations to current products and services on a regular basis.

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

Branch Expansion Committee

This committee defines the branch expansion strategy and evaluates the business cases for the opening and closure of branches.

Technical Support C ommittee

The technical support committee is responsible for the design and functioning of all the IT infrustructure of the bank so as to manage the related risks and ensure minimal if any down-time of the bank's systems.

WOYO COMPOSITE SCULPTURE
(...) Represents a boat. At the bottom we can see two small anthropomorphic figures that are lying down, male and female (?). We can only see a head with well-sculpted features on top of a wooden cylinder. Held at chest height by a fragment of mirror, a string is wrapped around them, attached at equal intervals by small nails. All of it is covered with a thick coat of red clay. This nkisi - exceptionally shy - had a reputation for possessing a very dangerous power, which sometimes could cause death.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Vessel of Magic
Cultural Group: Woyo
Technical Information: Wood

National Museum of Ethnology - Portugal
Photographer: José Pessoa

Risk Management Report

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

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

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 management of risk is fundamental to BCA's business and plays a crucial role in enabling management to operate more effectively in na uncertain and risky environment. BCA adopts the following approach to risk management:

- All risks must be identified and managed. The returns must be commensurate with the risks taken, relative to BCA's risk appetite;
- The effectiveness of risk management processes throughout the bank is ensured through formal governance and comprehensive, regular reporting processes in a well-defined control environment; and
- Each individual, relative to his or her position, is responsible for identifying with the bank's declared priority of risk management, recognising real or anticipated risks and taking appropriate action.

The details of some of the principal risks are as follows:

Operational risk

Operational risk is defined as the potential for loss resulting from inadequate and/or failed internal processes, people and system or from external events. Operational risk is thus the risk of failure, or near failure of critical business processes and their underlying operational systems and data, be it failure of activities, systems or people.

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.

Risk Management Report

BCA follows the Advanced Measurement Approach (AMA) in managing operational risk as this helps to:

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

Liquidity risk

Liquidity risk is the possibility that operations cannot be funded and financial commitments met timeously and cost-effectively. Prudent management of liquidity contributes positively to earnings, with sound liquidity risk management being pivotal to the viability of the bank and the maintenance of overall banking stability. BCA believes that the management of liquidity should encompass an overall balance sheet approach, which consolidades all sources and uses of liquidity.

The monitoring of liquidity risk is done independently by the head of risk with overall oversight being done by the Assets and Liabilities Committee (ALCO) and the executive committee.

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

- To satisfy the customer requirements for cash withdrawals, loans and advances and other short-term liquidity requirements;
- To ensure that the there is a buffer to ensure 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 my be generated by a loss of confidence by customers resulting in a run on banks.

Risk Management Report

The process of liquidity risk management monitoring is done mainly through quantitative limits on:

- Monthly cashflows expressed as a percentage of total deposits and current account.
- Minimum reserve requirements and other regulatory requirements.

Interest rate risk

Interest rate risk refers to the potential variability in the bank's financial condition owing to changes in the level of interest rates. From an earnings perspective, changes in interest rates affect a bank's net interest income and the level of other interest-sensitive income and operating expenditure, as well as credit risk. However, from an economic value perspective, changes in interest rates affect the underlying value of assets, liabilities and off-balance sheet instruments.

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.

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 quantitative risk limits are defined for the impact of hypothetical changes in prevailing interest rates on earnings. In setting the limits, several factors are taken into account including:

- The sensitivity of net interest income over a 12-month period to changes in interest rates, using projections and assumptions that reflect expected changes in asset and liability growth, composition, pricing and repricing;
- Changes in administered interest rates and market interest rates; and
- All other material variables that can reasonably be approximated.

Interest rates may have a direct or indirect impact on the business in the following areas:

- Asset margin;
- Liability margin;
- Net non-interest revenue;
- Operational expenses.

Risk Management Report

Credit risk

Credit risk is defined as the risk of counterparties failing to honour their financial obligations, both on and off balance sheet, to the Bank. Counterparities include governments, banks, non-bank financial institutions, corporations and individuals.

The Bank endeavors to grant facilities that are based on sound credit principles with appropriate returns balancing risk and reward. The general policy is to find primary justification in the:

- Merits of the business
- Debtor's financial position
- Transaction itself (the decision should never be based on security alone)

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

The Bank shall not extend credit of any nature to any applicant who lacks the capacity to repay the debt.

The Bank realizes the importance of asset growth, but underwrites the principle that asset growth should never be pursued to the detriment of quality and sound credit principles.

The Bank will only grant credit on the basis of:

- Properly motivated and assessed credit risk
- The capital adequacy requirements of the Financial Institutions Law

The Bank's own requirements in terms of Return on Assets and Return on Equity

The aim of the Bank is to grant facilities to companies and/or individuals, based on their own financial strength and not exclusively on the guarantee of the holding company or other guarantors.

Facilities should be granted to an individual or a company in which the assets, against which the Bank is lending, are vested.

Assessment of the financial profile of individuals or companies will vary from industry to industry/person and efforts should be made to use comparative studies as a guideline, where available.

Risk Management Report

It is essential to develop mutual trust and confidence through personal contact with customers to whom we are lending. In the case of businesses, we must visit our customer's place of business at least once a year, preferably at the time the review of the facilities is undertaken.

Generally the bank will seek unlimited guarantees and cession or capitalization of loan accounts (except of partnerships) of the directors/partners/trustees must be obtained as security for facilities to unlisted companies, corporations, partnerships, trusts and spouses, in the case of individuals.

NKANU POST
Top of the polychrome "*kokungo*" ritual post, protector of the circumcision ceremony. The human head, with accentuated features and dental mutilation, sculpted as in the masks, crowned by a flat top element and leaned forward, decorated with geometric motifs. Fibre Collar.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Top of Post
Cultural Group: Kikongo / Uíge-Kimuantza
Technical Information: Wood, vegetal fibres

National Museum of Ethnology - Portugal
Photographer: José Pessoa

Macroeconomic Background

The Macro Economic Context

The world economy began to show signs of recovery in 2010 with the greatest recovery notably occurring in the emerging economies.

The governmental interventions, in order to mitigate the effects of the financial crisis such as loans to banks, nationalization of some banks, increasing liquidity in the financial markets so as to stimulate their economies, were the best way forward in rebuilding consumer and investor confidence.

The Developed Economies

Since the financial crisis of 2008, nearly all developed economies have suffered a significant decline in their growth rates with some countries such as Portugal, Greece, Ireland, Spain, etc going into recession.

The European Central Bank (ECB) maintained interest rates at 1% and the Federal Reserve (FED) kept rates at below 1% as an incentive for domestic investors and also in order to stimulate consumption and consequently increase production. However, notwithstanding these efforts in Europe and North America, most international investments continued to be directed to the Asian markets, Africa and the BRICS countries (Brazil, Russia, India, China and South Africa) as the economies in these areas were the ones to swiftly recover from the financial crisis.

The United States of America

The US economy was characterised by low demand for goods and services, however, the Gross Domestic Product (GDP) still grew by 2,9%. Unemployment eased back slightly from 9,9% to 9,4% as the economy's recovery proved to be slow, evident by the fact that 157 banks became insolvent as compared to 140 in 2009.

The US public debt continued to soar mainly due to significant military expenditures. The ballooning debt resulted in the US government taking actions to consolidate the budget resulting in shrinking investment and a gradual deceleration of the world's biggest economy.

The above threat, coupled with the continued increase in the price of raw materials lead to inflation of about 1,5%.

The European Union

The Euro zone, which had ended 2009 with some countries such as Portugal, Ireland and Greece in recession and other such as Italy and Spain heading in the same direction, saw its economic and financial situation worsening in 2010 due to the continued increase of the region's public debt.

Macroeconomic Background

Difficulties in honouring debt repayments and other financial obligations coupled with high interest rates demanded by the market resulted in the ECB and the International Monetary Fund (IMF) having to intervene with financial support in Ireland and Greece with implementation of drastic economic reforms.

Ireland's economy had been weighed down by a public deficit of 32% of GDP and its financial system was facing the risk of collapse due to the global financial crisis. Greece's economy on the other hand was accelerating rapidly into the abyss and this acceleration was compounded by student and worker protests and strikes resulting in doubts over its continued membership in the Euro Zone.

Portugal, was slowly coming out of a recession in 2010, however, all indicators are that it will have negative growth in 2011 as a result of the unsustainably high interest it has to pay to finance its sovereign debt.

The high budget deficit of a number of countries in the Euro zone has had a negative impact on competitiveness in an effort by member states to maintain the stability of the Euro. In order to avert contamination of other EU countries the ECB created a Stability fund in excess of EUR 750 billion.

In 2010, the principal European Banks performed stress tests so as to evaluate their risk of insolvency and eventually take remedial actions such as increasing their capital bases and improving overall asset quality.

The European zone in general started to recover in 2010 as reflected by growth of 1,7%, which was mainly driven by the German economy, which grew by 3,5% and represented 20% of the total GDP of the EU. Unemployment rates continued to be high (10%) an increased slightly from 2009. Inflation was also higher than the ECB target at 2,2%.

Japan

Japan had been going through a prolonged internal crisis for almost 10 years, however, in the first half of 2010 the economy started to show signs of recovery. Industrial production increased driven mainly by higher export demand. However, in the second half the growth started to slow down due to mainly to the appreciation of the Yen.

Table 1 - Real GDP growth for the world's major economies (%)

Countries	2006	2007	2008	2009	2010
USA	2,6	2,1	0,4	-2,6	2,8
JAPAN	2,0	2,4	-1,2	-5,2	4,0
EUROPEAN UNION	3,2	3,0	0,5	-4,2	1,8

Source: UNCTAD

Macroeconomic Background

The Emerging Economies

China's influence on the world economy was strengthened further in 2010 by the high growth rate in its GDP. Its economy grew by an amazing 10,5% culminating in it overtaking Japan to become the world's second biggest economy after the United States of América.

Inflation in China was higher than in most leading economies at 4,4% resulting in the central bank increasing repo rate and the minimum statutory reserve requirements in an attempt to control inflation. The Industrial and Commercial Bank of China (ICBC) is currently considered the biggest bank in the world.

The foreign currency reserves of China exceeded USD 2 billion and the Chinese government aimed to set aside a larger amount to purchase distressed companies around the world in the mining, oil, metallurgy, consumer goods and industrial sectors.

Brazil is the country in South America which received the greatest portion of Foreign Direct Investment (FDI) of approximately USD 48,4 billion due to the fact that its economy did not suffer as much from the financial crisis as the country had implemented a number of measures, which led to a lower degree of exposure to the crisis.

The second biggest emerging market economy is India, however, it is the country in the emerging markets with the highest unemployment rate at 10,7%. The economy showed resilience mainly through entrepreneurship and innovation in the services sector and grew by 8,6% and the country had more than 126 000 individuals with net worth in excess of USD 1 million.

Sale of gold and gold products achieved record proportions in India due to high demand and the Indian economy absorbed about a third of the world gold production notwithstanding the record prices for this precious mineral.

Russia's economy on the other hand started to recover slowly in 2010, having been in recession in 2009 where it contracted by 7,9%. Unemployment was still fairly high at 8,6%.

South Africa's GDP grew by about 2,8% with unemployment remaining unchanged at 25% notwithstanding the fact that the country doubled its investments in the rest of Africa.

Macroeconomic Background

Table 2 - Emerging market economy trends - GDP growth (%)

Countries	2006	2007	2008	2009	2010
CHINA	12,7	14,2	9,6	9,1	10,3
INDIA	9,4	9,6	5,1	7,7	8,5
BRAZIL	4,0	6,1	5,1	-0,2	7,5
RUSSIA	7,7	8,1	5,6	-7,9	4,0
SOUTH AFRICA	5,6	5,5	3,7	-1,8	2,8

Source: UNCTAD

The Rest of the World

In Latin America, unlike in most other parts of the world, economies grew at above average rates, which attracted significant FDI especially through entry of capital goods, developmental loans and investment in expansion of existing factories so as to increase productive capacity. The FDI in this region came mainly from the USA (17%), Holland (13%) and China (9%). In absolute terms the amounts flowing into the region have been increasing gradually after a huge reduction in 2009 as compared to 2008.

In Asia, besides the potent Chinese and Indian economies, economies such as the Philippines and South Korea continued their recovery and some, such as East Timor, which recorded USD 2 billion in oil revenues, which was a record for that country.

Africa was also a preferred destination for FDI due to its abundant natural resources and cheap labour. The FDI according to UNCTAD exceeded USD 55 billion, with China being the greatest contributor in this respect.

Macroeconomic Background

Table 3 - World economy and developing countries comparative trends by growth in GDP

Economic Area	2006	2007	2008	2009	2010
World Economy	4,1	4,0	1,7	-2,0	3,9
Developing Countries	7,6	8,0	5,3	2,5	7,5

Source: UNCTAD

In general, the African economy's growth was below average, although some countries within the continent had acceptable economic indicators. The global food crisis which resulted in an average price increase of 25% in 2010 continued to wreck havoc on the African economy as it is a net importer and hence resulting in increased inflation.

The Angolan Economy

Angola started 2010 with the euphoria of the Africa Cup of Nations football tournament but continued to feel the effects of the global financial crisis as reflected by the instability of the oil price in the first half of the year. With oil being the country's main source of revenue, the instability in the prices of this commodity has a ripple effect on the whole economy.

In light this, Angola negotiated and obtained a loan from the International Monetary Fund (IMF), with the objective of improving foreign currency reserves, halt speculative attacks on the local currency (the main source of inflationary pressures) and stabilise the economy which had for many years (2002 to 2008) grown at over 15% per annum deviating in 2009 as growth was only 2,4% due to the global financial crisis.

In 2010 the growth of the economy increased to 3,5% and one of the positive aspects was that non-oil GDP grew by 7,8% as government implemented measures to diversify the economy and reduce overdependence on oil revenues. China granted lines of credit to Angola with very favourable terms and these lines, coupled with the improvement in the diamond price acted as principal catalysts for the recovery of the economy.

Macroeconomic Background

The gradual increase in the oil price during the second half of 2010 alleviated the financial, monetary and economic situation of the country. Driven by these better conditions, the government immediately undertook to the task of repaying its internal debt and making overdue payments to construction companies involved in various infrastructural projects. With these positive flows the economy witnessed renewed vigour in infrastructure projects (new factories, roads, rail links etc), some of which had been suspended since 2009 due to non-payment.

The Economy

For the first time in its history, Angola received a credit rating from international rating agencies Fitch and Standard & Poor's. Angola was given a rating of **B+** by both these agencies.

The oil industry continues to be central to the Angolan economy as it represents more than 95% of export revenues, more than 70% of fiscal revenues and about half of the GDP of between USD 80-90 billion. The country's internal budget turned from a deficit in 2009 to a surplus in 2010, and public debt grew to around 30% of GDP i.e. in excess of USD 26 billion.

In terms of the country's long-term strategy, there was a significant increase in Angolan equity investment in the Portuguese banking sector, taking advantage of the difficult situation faced by Portugal and companies operating in that country. There was also significant investment in the Information and Communication Technology (ICT) and agriculture. This shows that crises can also provide opportunities for new business and investment for those who are looking for returns in the medium to long term.

Inflation has been the Achilles heel of the country and has remained fairly high since 2008 as shown in the table below.

Table 4 - Year on year inflation in %

Inflation	2006	2007	2008	2009	2010
Year on Year Inflation	12,21	11,78	13,18	14,00	15,31

Source: BNA

Macroeconomic Background

Exports on the other hand showed positive variation by increasing by 25% whilst imports reduced by 10% and hence resulting in a healthier situation in terms of the net foreign currency reserves of the country as reflected below.

Table 5 - Imports and exports over the past 5 years in USD million

Trade Balance	2006	2007	2008	2009	2010
Total Export	31.862	44.396	63.914	40.828	50.495
Total Import	8.778	13.662	20.982	22.402	19.877
Surplus Trade Balance	23.084	30.735	42.932	18.426	30.618

Source: BNA

Monetary Issues

The monetary policy continued to be directed to controlling Money supply in an effort to curb inflation through creation of stability of prices. For 11 months of 2010 the only money market instruments available were central bank notes. The central bank used these instruments to mop up excess liquidity and in the last 2 months of the year other instruments issued by central government were available. With more instruments available to investors we then witnessed some variation in inter-bank lending rates, which had been stagnant for a while.

Macroeconomic Background

In terms of foreign exchange, the Central Bank tried to maintain a stable USD/Kwanza rate. This was achieved through injecting more foreign currency into the banking sector and also having a limited range within which offers for currency purchases could be realised. These measures, allowed the net foreign currency reserves to increase by 27% to USD 17,7 billion by the end of 2010. The table below shows how the USD/Kwanza exchange rate has evolved over the years.

Table 6 - USD/Kwanza Exchange rate

Exchange Rate	2006	2007	2008	2009	2010
Primary Market:					
Fixing rate	80,192	75,017	75,132	88,746	92,353

Source: BNA

With regards the banking sector, the minimum reserve requirement (MRR) modalities and rates were changed by the central bank from 30% of total deposits constituted in local currency (LCY) at the Central bank to 25% for local currency deposits and 15% for foreign currency (FCY) deposits. The change included the MRR being deposited in Kwanzas for LCY deposits and in USD for all FCY deposits.

The repo rate (last resort for obtaining liquidity for banks) was unchanged at 30%.

Notwithstanding all the measures undertaken by the central bank, M1 grew by 3% during the year.

The banking sector in Angola has grown phenomenally in the past few years and currently there are over 875 branches across the country. This increase in banks' footprint resulted in an increase in the banked population from 11% to 20% of the population above 15 years. The banking sector contributed significantly to the growth of the economy through its lending activities notwithstanding the fact that most depositors still prefer to have their deposits on demand.

Macroeconomic Background

The private sector takes up the greatest proportion of credit granted by the banks as reflected in the table below.

Table 7 - Credit granted by the Commercial Banks in million AKZ

	2006	2007	2008	2009	2010
Credit:					
to Government	53.248	183.397	803.075	911.539	953.300
to Sector:					
Public Companies	14.530	23.589	51.168	61.449	119.799
Private	267.461	478.013	770.518	1.238.312	1.581.546
Total	**335.239**	**684.998**	**1.624.762**	**2.211.300**	**2.654.645**
Credit in % by:					
Local Currency	40	40	54	50	37
Foreign Currency	60	60	46	50	63

Source: BNA

In summary, based on the preceding information we can expect the Angolan economy to continue its recovery and growth could be in excess of 5% in 2011.

KONGO JUG

Pottery jug with decorated spherical bowl, arched handle and anthropomorphic lip; representation of a person sitting, legs bent, arms away from the body, hands crossed. The model of the realistic face is animated by two white beads encrusted at the eye openings.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Jug
Cultural Group: Kakongo / Noqui
Technical Information: Terracotta

National Museum of Ethnology - Portugal
Photographer: José Pessoa

Distribution Channels

1- Direct:

Branches (15)

LUANDA

Valódia - Sede

Av. Comandante Valódia, nº 83-A
Tel: (+244) 2 - 448106
Fax: (+244) 2 - 447832
E-mail: bca@bca.co.ao
SWIFT: COMLAOLU

Deolinda Rodrigues

Rua Deolinda Rodrigues, nº 477
Estrada de Catete - Luanda
Tel/Fax: (+244) 2 - 260063 / 2376

N'gola Kiluanji

Rua N'gola Kiluanji, nº 183
São Paulo - Luanda
Tel: (+244) 2 - 384508 / 40
Fax: (+244) 2 - 384570

Rainha Ginga

Rua Rainha Ginga, nº 8 - B
Coqueiros - Luanda
Tel: (+244) 2 - 334160/3289/3678
Fax: (+244) 2 - 330189

Major Kanhangulo

Rua Major Kanhangulo, nº 288
Ingombota - Luanda
Tel: (+244) 2 - 330932/1097
Fax: (+244) 2 - 330802

Morro Bento

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

Torres da Imporáfrica

Rua Kwame N'Kruma, Edifício
Torres Imporafrica R/C
Bairro Maculusso
Tel/Fax: (+244) 222 - 208222/01

Aeroporto Internacional 4 de Fevereiro

Área das Chegadas Internacionais
Bairro do Cassenda
Tel: (+244) 222 - 204200/02

Alimenta Angola

Município de Viana
Tel: (+244) 222 - 209200

Porto de Luanda

Guiché Único das Alfândegas
Rua Padre José Maria Antunes
Tel: (+244) 222 - 206000

Porto Seco de Viana

Filda

CABINDA

Cabinda

Largo Lopes Pim-Pim
Tel: (+244) 231 220125
Fax: (+244) 231 222127

Cabinda Airport

Av. Duque de Chiasi
Aeroporto de Cabinda
Tel: (244) 231 223148
Fax: (+244) 231 223149

Porto de Cabinda

BENGUELA

Benguela

Rua Comandante Kassanje, nº 1 R/C
Tel:(+244) 272 23704 /42/43/44/71
Fax: (+244) 272 236640

LOBITO

Lobito

Av. 25 de Abril, Bairro 28
Edifício da ENE
Tel: (+244) 272 226606/7/8/9/10
Fax: (+244) 272 611

SANTA-CLARA

Santa Clara

Rua Principal de Sta. Clara
Próximo da Alfândega Sta. Clara
Cunene

2- Indirect:

Limited service branches

Hipermercado Jumbo (1)
Fábrica da Cola-Cola, Funda (1)
Multicaixas - ATM (24)
Terminal de Pagamentos
Automáticos - POS (48)

TCHOKWE STATUETTE
Statuette representing Tshibinda Ilunga sculpted according to the characteristics of the country of origin style.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Statuette
Cultural Group: Tchokwe
Technical Information: Wood

National Museum of Archaeology - Portugal
Photographer: José Pessoa

Financial Statements

For the year ended 31 December 2010

BALANCE SHEET

	Notes	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
ASSETS					
Cash and cash equivalents	**4**	7.127.119	76.932	6.547.507	73.246
Placements with other banks	**5**	2.425.860	26.185	2.771.590	31.006
Trading and Investment securities	**6**	7.117.527	76.827	6.246.589	69.880
Loans and advances	**7**	4.512.456	48.708	4.618.543	51.667
Equity investments	**8**	59.726	645	49.737	556
Intangible assets	**9**	527.201	5.691	383.050	4.285
Property, equipment and other tangible assets	**9**	921.648	9.948	703.915	7.874
Other assets	**10**	135.352	1.461	96.409	1.079
Pending Foreign Exchange operations		-	-	16.152	181
Accrued assets	**11**	673.984	7.275	515.624	5.768
		23.500.873	**253.672**	**21.949.116**	**245.542**
LIABILITIES					
Deposits from other banks					
a) Demand	**12**	59.355	641	7.022	79
Deposits from clients					
a) Demand	**13**	14.167.250	152.923	14.435.112	161.485
b) Term	**13**	5.082.449	54.861	2.758.612	30.861
Short term Liquidity		-	-	746.971	8.356
Accruals and other liabilities	**14**	169.118	1.825	642.151	7.184
Other borrowings	**15**	131.235	1.417	201.350	2.252
Other liabilities	**16**	503.102	5.431	417.944	4.676
Prov for potential liabilities		47.248	510	36.653	410
		20.159.757	**217.608**	**19.245.815**	**215.303**
EQUITY					
Capital	**17**	1.308.702	15.000	1.308.702	15.000
Capital maintenance reserve	**18**	82.579	-	82.579	-
Fair value adjustment	**18**	58.359	630	-	-
Treasury Shares	**18**	(20.381)	(220)	-	-
Other reserves	**18**	1.222.538	17.765	781.298	11.884
Foreign currency translation reserve		-	(4.636)	-	(3.718)
Retained income for the year		689.319	7.525	530.722	7.073
		3.341.116	**36.064**	**2.703.301**	**30.239**
		23.500.873	**253.672**	**21.949.116**	**245.542**

Financial Statements

For the year ended 31 December 2010

INCOME STATEMENT

	Notes	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Interest and other similar income	**19**	1.348.982	14.678	1.142.130	14.403
Interest and other similar expenses	**20**	(312.485)	(3.400)	(379.309)	(4.787)
Net interest margin		**1.036.497**	**11.278**	**762.821**	**9.616**
Fee and commission income	**21**	612.360	6.663	366.340	4.620
Results of financial operations	**22**	893.203	9.719	948.239	11.958
Other income	**23**	23.108	251	16.337	206
Fee and commission expenses		(11.224)	(122)	(7.098)	(89)
		1.517.447	16.511	1.323.818	16.695
Impairment losses on loans	**27**	(149.322)	(1.612)	(42.573)	(537)
Net operating margin		**2.404.622**	**26.177**	**2.044.066**	**25.774**
Salaries and other payroll expenses	**24**	(773.469)	(8.416)	(697.679)	(8.798)
Third party supplies	**25**	(483.059)	(5.256)	(384.318)	(4.846)
Other admin expenses	**26**	(202.100)	(2.199)	(183.178)	(2.310)
Taxes and other similar expenses		(2.630)	(29)	(951)	(12)
Depreciation	**9**	(103.746)	(1.129)	(94.644)	(1.059)
Retirement compensation prov		(16.405)	(178)	(36.653)	(411)
Other income/(expenses)		9.382	102	(10.626)	(134)
		(1.572.027)	(17.105)	(1.408.049)	(17.570)
Operating results		**832.595**	**9.072**	**636.017**	**8.204**
Non-operating results	**28**	134	1	33.082	417
Profit before taxes		**832.729**	**9.073**	**669.099**	**8.621**
Provision for Income taxes	**29**	(143.410)	(1.548)	(138.377)	(1.548)
Net Profit for the year		**689.319**	**7.525**	**530.722**	**7.073**

Financial Statements

For the year ended 31 December 2010

CASH FLOW STATEMENT

	2010 AKZ'000's	2009 AKZ'000's
Profit before tax	832.729	669.099
Add:		
Depreciation	103.746	94.644
Loan loss provisions	149.322	42.573
Less:		
Dividend paid	(42.880)	-
Tax paid	(139.077)	-
Cash flows from operating activities	903.840	806.316
(Increase)/decrease in loans and advances	(43.235)	229.158
(Increase)/decrease in accrued assets	(158.360)	274.659
(Increase) in other assets	(22.791)	(74.995)
Increase/(decrease) in dep from other banks	52.333	(3.748.033)
Increase/(decrease) in other liabilities	85.158	(42.713)
(Decrease)/Increase in accruals and other liabilities	(543.148)	24.347
	273.797	(2.531.261)
Investing activities		
Purchase of fixed assets	(467.992)	(148.346)
Purchase of trading and investment securities	(870.938)	2.102.233
Placements with other banks	345.730	(2.749.387)
Equity investments	(9.989)	-
	(1.003.189)	(795.500)
Financing activities		
(Decrease)/increase in demand deposits	(267.862)	4.827.815
Increase/(decrease) in term deposits	2.323.837	(2.221.476)
Other borrowings	-	1.221.679
Short term Liquidity	(746.971)	-
	1.309.004	3.828.018
Increase in cash and cash equivalents	579.612	501.257
Opening balance of cash and cash equivalents	6.547.507	6.046.250
Closing balance of cash and cash equivalents	**7.127.119**	**6.547.507**

NOTES TO THE FINANCIAL STATEMENTS

1. CONSTITUTION AND ACTIVITY

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

The Bank was formed on the 17th of March 1997 and started its commercial activity on the 23rd of March 1999. BCA's commercial goal is to operate as a bank and to provide credit, using any financial operations as appropriate and investing in bonds or other financial instruments. At the end of 2010, the Bank operated 19 branches throughout the country.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. COMPARABILITY OF INFORMATION

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

The comparatives for 2009 were restated by applying the CONTIF accounting policies as if they had been in use during that period. The original 2009 financial statements had been prepared and presented in accordance with the old chart of accounts.

The bank made a retrospective adoption of the new chart of accounts and the impact of this application is detailed in the notes to these financial statements.

2.2. BASIS OF PRESENTATION

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

Currency of presentation

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

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

Year ended on	Average Rate	Closing Rate
31.12.09	79,30	89,39
31.12.10	91,91	92,64

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

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

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

2.3. ACCOUNTING POLICIES

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

a) Accrual principle

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

b) Purchasing power adjustments

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

c) Loan loss provisions

The Credit Risk provision policy has been modified, with effect from the 31st of March 2008, in the light of the notice 9/07 issued by the BNA (Angolan Central Bank) on the 12th of September 2007, which was then revoked by regulation 04/09 on the 18th of June 2009.

Prior to this regulation, the financial institutions had to constitute specific doubtful loans provisions and general loan loss provisions, expressed in the instructions nº 9/98 and nº 17/98. The regulations of 18 June 2009 require specific provisions that are calculated according to the following criteria.

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

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

The credit classification by risk level must be reviewed:

1. Yearly, based on the client quality and in relation to the operation.

2. Monthly, if there is a delay on the capital and/ or interest installment.

Number of Days Delay	Minimum Risk Level
15 to 30	B
30 to 60	C
60 to 90	D
90 to 150	E
150 to 180	F
Over 180	G

The bank applies a period which is double that stated above as a greater portion of the loans portfolio has maturity periods above 2 years as stipulated by BNA regulation 04/09.

d) Transactions in foreign currency

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

e) Trading and investment securities

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

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

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

1. Through the income statement for trading assets and
2. Through equity net of tax for available-for-sale assets.

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

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

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

f) Intangible assets

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

g) Property, plant and equipment

Fixed assets are accounted for at their cost in Kwanzas and subsequently revalued in accordance with sub clause 2 of Article 2 of Decree 6/96, of 26 January 1996) in order to reflect the effect of the devaluation of the national currency against the US Dollar. The resulting revaluation surplus is accounted for in the balance sheet as Revaluation Reserve.

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

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

In order to comply with sub clause 2 of Article 7 of Decree 6/96 of 26 January 1996, depreciation of the annual increase in those assets that have been re-valued is accounted for only in the accounting period following that in which the revaluation took place; depreciation is accounted for monthly on the straight line basis over the remaining useful life of the asset concerned. Depreciation on improvements to leasehold premises has been reduced from 25 years in 2006 to 10 years in order that the depreciation period coincides with the term of the respective leases.

h) Capital maintenance reserve

The Bank, following the principle of not determining its income before maintaining the purchasing power of its capital expressed in Kwanzas, protects shareholders' equity denominated in Kwanzas by crediting a reserve account with an amount equal to the increase in the exchange rate between the Kwanza and the US Dollar applied to its share capital; the corresponding entry in the income statement is included in Provisions. This is done in conformity with the requirements of Directive nº 01/2003 of 7 March 2003 and of Advice 05/03 of 7 February 2003 of the National Bank of Angola.

i) Income tax

The tax currently payable is calculated at 35% of the taxable profit for the year.

The tax law in Angola determines that all tax declarations for the previous 5 years are still subject to additional reviews and audits and hence the tax Office can order the bank to make changes to the tax expenses presented and hence result in a change in the taxable income. To this end, it means that the tax returns for 2006 to 2010 still fall within this legal requirement. Management, however, does not foresee that any material changes could be effected by the tax Office on the self-declarations that were submitted for the period stated above.

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

j) Impairment

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

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

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

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

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

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

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

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

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

k) Principal estimates and provisions

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

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

3. ADOPTION OF NEW CHART OF ACCOUNTS

The principal changes resulting from the implementation of the new chart of accounts – CONTIF can be summarised as follows:

a. Trading and investment assets

The CONTIF stipulates that trading and investment assets should be classified into one of the following 3 classifications: Held-to-maturity, Available-for-sale and trading.

Available-for-sale assets and trading assets are required to be recognised in the books at fair value with the fair value adjustments being posted in equity and income statement respectively for each classification.

Taking into account the characteristics of the bank's trading and investment assets, the bank's intentions and capabilities, the bank's entire portfolio of trading and investment assets was classified as available for sale.

b. Fixed asset revaluation

The CONTIF states that buildings for own use can be revalued to fair value should the bank choose to do so. The bank chose not to revalue its buildings in 2010 therefore no revaluation reserve was constituted.

c. Taxes

The CONTIF introduced the concept of recognition of deferred taxes in accordance to the income tax accounting policy above. With the introduction of the concept of deferred tax, the bank recorded an amount of deferred tax in its books related to the fair value adjustment recorded in equity during the year.

d. Provisions and contingencies

In accordance with the CONTIF a provision should only be recognised when a present constructive or legal obligations as a result of past events where it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made. The adoption of this standard did not have any impact on the bank's financial statements.

4. CASH AND CASH EQUIVALENTS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Cash				
-Local currency	688.539	7.432	624.465	6.985
-Foreign currency	387.765	4.186	1.280.742	14.328
	1.076.304	11.618	1.905.207	21.313
Balances at the National Bank of Angola (BNA)				
-Local currency	3.486.178	37.630	3.123.990	34.948
-Foreign currency	1.851.153	19.982	-	-
	5.337.331	57.612	3.123.990	34.948
Outstanding cheques	143	2	7.150	80
NOSTRO accounts	713.341	7.700	1.511.160	16.905
	7.127.119	**76.932**	**6.547.507**	**73.246**

In accordance with Instruction nº 08/2009 of 21 May 2009, the statutory reserve required by the National Bank of Angola is 15% of the Deposits (in Kwanzas and Dollars converted into Kwanzas). 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 2010, the balance at the National Bank of Angola (BNA) in local currency of AKZ 3.486.178 thousand includes an amount of AKZ 1.355.272 to meet the minimum statutory reserve requirements whereas the full amount of balances with the BNA in foreign currency are to comply with minimum reserve requirements

5. PLACEMENTS WITH OTHER BANKS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
With local banks	51.750	559	24.608	275
With foreign banks	2.372.625	25.610	2.745.497	30.714
Gold coins	1.485	16	1.485	17
	2.425.860	**26.185**	**2.771.590**	**31.006**

6. TRADING AND INVESTMENT SECURITIES

The trading and investment securities below are all classified as available for sale.

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Treasury bills –LCY	1.636.582	17.665	46.581	521
Central bank bills – LCY	2.411.855	26.034	2.535.895	28.369
Treasury bonds – LCY	1.114.259	12.027	1.722.838	19.273
Treasury bonds – FCY	1.954.831	21.101	1.941.275	21.717
	7.117.527	**76.827**	**6.246.589**	**69.880**

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

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Treasury and central bank bills:				
Up to 6 months	1.642.969	17.734	2.535.895	28.369
From 6 months to 1 year	2.405.468	25.965	49.581	521
More than 1 year	-	-	-	-
	4.048.437	43.699	2.582.476	28.890
Treasury bonds:				
Up to 6 months	-	-	-	-
From 6 months to 1 year	55.586	600	1.025.627	11.474
More than 1 year	3.013.504	32.528	2.638.486	29.516
	3.069.090	33.128	3.664.113	40.990
	7.117.527	**74.185**	**6.246.589**	**69.880**

Government bonds in foreign currency relate to the remaining amount of USD 1.000.000 for the Bank participation in the financing of TAAG airplanes acquisition, airline and USD 20.000.000,00 which is BCA's participation in the countries reconstruction.

7. LOANS AND ADVANCES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Loans and advances	4.536.363	48.966	4.471.031	50.017
Non performing loans	300.241	3.241	363.715	4.069
	4.836.604	52.207	4.834.746	54.086
Loan loss provisions	(324.148)	(3.499)	(216.203)	(2.419)
	4.512.456	**48.708**	**4.618.543**	**51.667**

Loan loss provisions for non-performing loans, including overdue capital and interest and doubtful accounts as referred to in Note 4c) total AKZ 324.148 million (USD 3.499 million), which represents 6.7% of total loans and advances.

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

- Granting of credit is subject to a rigorous process which ensures that credit is granted within the realms of the defined strategy and also in compliance with all regulatory provisions issued by the central bank in this regard;

- 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 and also takes into account industry/sector limits and also the financial stability of the customer;

- In order to mitigate the credit risk, especially in ensuring the reduction of losses resulting from the credit 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 credit monitoring and recovery committee in this regard.

At 31 December 2010 the sector analysis of credit provided by the bank was as follows:

	2010 AKZ'000	2010 USD'000	%
Construction	532.026	5.743	11
Wholesale and Retail	1.402.615	15.140	29
Transport and communications	-	-	-
Services and Real estate	-	-	-
Manufacturing Industries	96.732	1.044	2
Electricity, Gas and Water production and supply	145.098	1.566	3
Fishing and Agriculture	48.366	522	1
Individuals	2.611.767	28.192	54
	4.836.604	**52.207**	**100**

At 31 December 2009 the sector analysis of credit provided by the bank was as follows:

	2009 AKZ'000	2009 USD'000	%
Construction	193.390	2.163	4
Wholesale and Retail	1.547.119	18.588	32
Transport and communications	48.347	541	1
Services and Real estate	193.390	2.163	4
Manufacturing Industries	483.475	5.409	10
Electricity, Gas and Water production and supply	386.780	4.327	8
Fishing and Agriculture	515	6	-
Individuals	1.981.730	20.889	41
	4.834.746	**54.086**	**100**

Loans and advances by currency

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Kwanzas	1.074.417	11.597	772.628	8.643
American Dollars	3.762.040	40.608	4.062.047	45.442
Other Currencies	147	2	71	1
	4.836.604	**52.207**	**4.834.746**	**54.086**

Loans and advances by credit risk classification:

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
A	-	-	770	9
B	43.882	474	42.394	474
C	26.966	291	48.749	545
D	27.770	300	85.012	951
E	28.341	306	21.598	242
F	30.888	333	33.828	378
G	142.394	1.537	131.364	1.470
	300.241	**3.241**	**363.715**	**4.069**

Comparative analysis of loans and advances by credit risk classification:

	2010	2009	Variation
A	1,11%	9,74%	(8,63%)
B	84,11%	65,61%	18,50%
C	7,44%	19,95%	(12,52%)
D	2,67%	1,78%	0,89%
E	1,77%	0,46%	1,31%
F	0,46%	0,70%	(0,24%)
G	2,44%	1,76%	0,68%
	100%	**100%**	

Maturity profile of loans and advances:

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Loans and advances:				
In foreign currency:				
Up to 1 year	1.140.713	12.313	489.232	5.473
From 1 to 5 years	1.306.915	14.107	1.548.145	17.319
More than 5 years	1.314.559	14.190	2.024.773	22.651
Overdrafts	-	-	-	-
	3.762.187	40.610	4.062.150	45.443
In local currency:				
Up to 1 year	341.482	3.686	520.339	5.821
From 1 to 5 years	391.231	4.223	213.463	2.388
More than 5 years	333.330	3.598	22.079	247
Overdrafts	8.374	90	16.716	187
	1.074.417	11.597	772.597	8.643
	4.836.604	**52.207**	**4.834.747**	**54.086**

8. EQUITY INVESTMENTS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
EMIS	39.234	424	29.245	327
Stock Exchange	20.492	221	20.492	229
	59.726	**645**	**49.737**	**556**

These investments are valued in accordance with Note 2.3. (f)

9. PROPERTY PLANT AND EQUIPMENT

INTANGIBLE ASSETS

AKZ'000	Opening Balance	Increases	Transfer	Other	Write off	Closing Balance
Cost						
Software	56.612	-	11.431	-	-	68.043
Expansion related	233	-	-	-	-	233
Works in rented properties	532.779	141.722	14.614	-	-	689.115
Other intangible assets	341	22	-	(250)	-	113
	589.965	**141.744**	**26.045**	**(250)**	**-**	**757.504**
Depreciation						
Software	(42.719)	(4.815)	-	-	-	(47.534)
Expansion related	-	-	-	-	-	-
Works in rented properties	(164.035)	(18.489)	-	-	-	(182.524)
Other intangible assets	(161)	(84)	-	-	-	(245)
	(206.915)	**(23.388)**	**-**	**-**	**-**	**(230.303)**
Net						
Software	13.893	(4.815)	11.431	-	-	20.509
Expansion related	233	-	-	-	-	233
Works in rented properties	368.744	123.233	14.614	-	-	506.591
Other intangible assets	180	(62)	-	(250)	-	(132)
	383.050	**118.356**	**26.045**	**(250)**	**-**	**527.201**

TANGIBLE ASSETS

AKZ'000	Opening Balance	Increases	Transfer	Other	Write off	Closing Balance
Cost						
Buildings	30.418	-	-	-	-	30.418
Equipment	712.283	105.327	23.761	-	(1.596)	839.775
Capital WIP	343.150	220.405	(49.806)	-	-	513.749
	1.085.851	**325.732**	**(26.045)**	**-**	**(1.596)**	**1.383.942**
Depreciation						
Buildings	-	(642)	-	-	-	(642)
Equipment	(381.936)	(79.716)	-	-	-	(461.652)
Capital WIP	-	-	-	-		-
	(381.936)	**(80.358)**	**-**	**-**	**-**	**(462.294)**
Net						
Buildings	30.418	(642)	-	-	-	29.776
Equipment	330.347	25.611	23.761	-	(1.596)	378.123
Capital WIP	343.150	220.405	(49.806)	-	-	513.749
	703.915	**245.374**	**(26.045)**	**-**	**(1.596)**	**921.648**

10. OTHER ASSETS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Electronic settlements	19.824	214	6.660	75
Suspense accounts	6.917	75	8.428	94
Other debtors	105.095	1.134	76.708	858
Other assets	3.516	38	4.613	52
	135.352	**1.461**	**96.409**	**1.079**

11. ACCRUED ASSETS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
PROBECEA	384.942	4.155	371.810	4.159
Advances to suppliers	139.891	1.510	11.677	131
Stationery	13.439	145	23.057	258
Accruals	92.084	994	98.698	1.105
-Health Insurance	29.554	319	18.553	208
-Rentals and hire	57.384	619	62.297	697
-Repos	-	-	12.255	137
-Others	5.146	56	5.593	63
Sectional purchase of bankers association HQ	24.151	261	-	-
Unsold vehicle licence discs	9.820	106	103	1
Others	9.657	104	10.279	114
	673.984	**7.275**	**515.624**	**5.768**

Amounts advanced to PROBECEA represent payments made in the name of the shareholder, PROBECEA – Gestão e Participações Sociais SARL. This amount will be recovered through a transaction in kind, whereby Probecea will cede the rights to a certain piece of land in the CBD to BCA.

Licences is the amount of licence vouchers in the Bank's possession at 31 December 2010 for sale to the public as an agent authorized by the National Directorate of Taxes for which the Bank receives a commission of 11%.

12. DEPOSITS FROM OTHER BANKS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
On demand:				
From foreign banks	57.444	620	7.022	79
Accrued interest	1.911	21	-	-
	59.355	**641**	**7.022**	**79**

13. DEPOSITS FROM CLIENTS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Demand deposits:				
In local currency	4.417.655	47.685	3.685.802	41.233
In foreign currency	9.749.595	105.238	10.749.310	120.252
	14.167.250	152.923	14.435.112	161.485
Term deposits:				
In local currency	2.575.472	27.800	1.970.495	22.044
In foreign currency	2.506.977	27.061	788.117	8.817
	5.082.449	54.861	2.758.612	30.861
	19.249.699	**207.784**	**17.193.724**	**192.346**

14. ACCRUALS AND OTHER LIABILITIES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Bankers cheques	77.366	835	64.946	727
Cheques resources – In local currency	16.992	183	179.661	2.010
Dividend payable	46.200	499	-	-
Suspense accounts	-	-	390.371	4.367
Cashier excesses	8.275	89	5.916	66
Others	20.285	219	1.257	14
	169.118	**1.825**	**642.151**	**7.184**

15. OTHER BORROWINGS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Amounts held as collateral for foreign exchange operations	131.235	1.417	201.350	2.252

16. OTHER LIABILITIES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Creditors				
Suppliers	114.281	1.234	80.098	896
Provisions	149.100	1.609	60.935	682
Staff	50.279	543	33.335	373
Fiscal obligations	182.570	1.971	151.535	1.695
Other variations	-	-	91.010	1.018
Others	6.872	74	1.031	12
	503.102	**5.431**	**417.944**	**4.676**

Other accruals refer essentially to amounts owing for corporate income tax (AKZ 143.410); income tax deducted from employees' salaries, stamp tax and social. All these amounts will be paid in 2011.

17. CAPITAL

The share capital of the bank is AKZ 1.308.702.000, equivalent to USD 15.000.000 represented by 3.271.754 shares of a nominal value of AKZ 400 each.

At 31 December 2010 the above mentioned capital was held by 28 Angolan shareholders with individuals holding 54,6% and corporates holding 45,4%.

At 31 December 2010 the bank had 20 000 treasury shares in its books.

18. STATEMENT OF SHAREHOLDERS' EQUITY

AKZ'000	Capital	Treasury Shares	CAPITAL Maintenance Reserve	Other Reserves	Fair value Adjustm.	Retained Income	Total
Balance 31 Dec. 2008	1.308.702	-	82.579	777.918	-	3.380	2.172.579
Opening balance - 1 January 2009 (CONTIF)	1.308.702	-	82.579	777.918	-	3.380	2.172.579
Appropriation of 2008 retained income	-	-	-	3.380	-	(3.380)	-
Profit for the year	-	-	-	-	-	530.722	530.722
31 December 2009	**1.308.702**	**-**	**82.579**	**781.298**	**-**	**530.722**	**2.703.301**
Appropriation of 2009 retained income	-	-	-	441.240	-	(441.240)	-
Dividends	-	-	-	-	-	(89.482)	(89.482)
Fair value adjustment	-	-	-	-	58.359	-	58.359
Purchare of own shares	-	(20.381)	-	-	-	-	(20.381)
Profits for the year	-	-	-	-	-	689.319	689.319
Balance 31 Dec. 2010	**1.308.702**	**(20.381)**	**82.579**	**1.222.538**	**58.359**	**689.319**	**3.341.116**

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

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

The fair value adjustment is derived from the measurement at fair value of trading and investment instruments that are available for sale. The total fair value adjustment amounted to AKZ 88 878 million of which deferred tax of AKZ 30 519 million was deducted to arrive at the net fair value adjustment of AKZ 58 359 million.

Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2010

19. INTEREST AND OTHER SIMILAR INCOME

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Loans & Advances to Customers	510.655	5.556	391.110	4.932
From short term deposits with Banks abroad	-	-	29.638	374
Term deposits with Banks abroad	4.128	45	7.252	91
Inter bank lending	276.896	3.013	124.972	1.576
Other debtors and investments	5.598	61	61.750	779
Treasury Bills	551.705	6.003	527.408	6.651
	1.348.982	**14.678**	**1.142.130**	**14.403**

20. INTEREST AND OTHER SIMILAR EXPENSES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Deposits	293.068	3.189	209.183	2.639
Interbank lending	6.942	76	74.507	940
Nostro	-	-	21	-
On funds related to Treasury bills with repurchase agreements	12.475	135	95.598	1.208
	312.485	**3.400**	**379.309**	**4.787**

21. FEE AND COMMISSION INCOME

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Withdrawal fees	72.012	784	4.845	61
From general banking services	504.744	5.492	323.829	4.084
From guarantees given by the Bank	35.604	387	37.666	475
	612.360	**6.663**	**366.340**	**4.620**

22. RESULTS OF FINANCIAL OPERATIONS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Gains from FX transactions	1.524.036	16.582	2.406.411	30.346
Losses from FX transactions	(630.833)	(6.863)	(1.458.172)	(18.388)
	893.203	**9.719**	**948.239**	**11.958**

23. OTHER INCOME

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Bank guaranteed cheque fees	359	4	43	-
Cheque account fees	2.624	29	2.776	35
Reimbursement of expenses	2.114	23	1.132	14
Other	18.011	195	12.386	157
	23.108	**251**	**16.337**	**206**

Included in "Other" are amounts related to the recovery of loans that had been written off in prior years.

24. SALARIES AND OTHER PAYROLL EXPENSES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Social Security	34.242	373	33.253	420
Other benefits	23.611	257	11.326	143
Staff Salaries	704.388	7.664	648.705	8.180
Other	11.228	122	4.395	55
	773.469	**8.416**	**697.679**	**8.798**

The Bank had 222 employees at 31 December 2010 (219 at 31 December 2009).

25. THIRD PARTY SUPPLIES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Communication costs	28.729	313	33.408	421
Repairs and maintenance	18.737	204	18.743	236
Professional services	54.652	595	29.311	370
Travel and other related costs	51.314	558	37.516	473
Third party supplies	96.465	1.050	65.949	832
Marketing	50.451	549	50.108	632
Rentals	180.052	1.959	138.541	1.747
Insurance	2.659	28	10.742	135
	483.059	**5.256**	**384.318**	**4.846**

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Computer costs	40.824	444	25.647	323
Security costs	71.384	777	29.081	367
Staff training	29.929	326	48.012	605
Cash transportation costs	4.693	51	5.931	75
Other	55.270	601	74.507	940
	202.100	**2.199**	**183.178**	**2.310**

27. IMPAIRMENT LOSSES ON LOANS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Provisions for loan losses	**149.322**	**1.612**	**42.573**	**537**

28. NON-OPERATING RESULTS

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Bad debt recoveries	46.246	502	16.077	203
Prior period gains	26.473	288	17.105	215
Prior period losses	(71.451)	(777)	(100)	(1)
Other expenses	(1.134)	(12)	-	-
	134	**1**	**33.082**	**417**

29. INCOME TAXES

The tax reconciliation at 31 December 2010 is presented as follows:

	2010 AKZ'000	2009 AKZ'000
Profit before tax	832.729	669.099
Fiscal penalties	1.588	10.626
Tax exempt income	(424.573)	(284.363)
Taxable profits	409.744	395.362
Nominal tax rate	35%	35%
Income tax payable	**143.410**	**138.377**

30. OFF BALANCE SHEET ITEMS AND CONTINGENCIES

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Guarantees provided and other liabilities				
Guarantees and sureties provided	(741.144)	(8.000)	(1.017.302)	(11.380)
Letters of Credit issued	(106.664)	(1.151)	(192.588)	(2.154)
	(847.808)	**(9.151)**	**(1.209.890)**	**(13.534)**
Responsabilities for provision of services				
Securities deposited by customers	**(3.014.470)**	**(32.539)**	**(5.286.241)**	**(59.137)**
Guarantees received				
Guarantees received	**1.039.918**	**11.225**	**149.382**	**(1.671)**

31. RELATED PARTY DISCLOSURE

The balance and transitions with related Parties at 31st December 2010 and 2009 were the following:

	2010 AKZ'000	2010 USD'000	2009 AKZ'000	2009 USD'000
Assets:				
Other assets	524.833	5.665	371.810	4.159
Intangible assets	-	-	-	-
Loans and advances	-	-	9.922	111
	524.833	**5.665**	**381.732**	**4.270**
Liabilities:				
Deposits	16.305	176	26.012	291
	16.305	**176**	**26.012**	**291**

The balances above were with the following related parties (Companies):

PROBECEA – Gestão de Participações SARL
GEFI – Sociedade de Gestão de Participações, SARL e
Fundo de Pensões

32. BALANCE SHEETS BY CURRENCY

	2010 LCY	2010 FCY	2010 Total
ASSETS			
Cash and cash equivalents	4.174.860	2.952.258	7.127.119
Placements with other banks	1.485	2.424.375	2.425.860
Trading and Investment securities	5.162.698	1.954.830	7.117.527
Loans and advances	750.269	3.762.187	4.512.456
Equity investments	59.726	-	59.726
Intangible assets	527.201	-	527.201
Property, equipment and other tangible assets	921.648	-	921.648
Other assets	21.679	113.673	135.352
Pending Foreign Exchange operations	-	-	-
Accrued assets	491.863	182.121	673.984
	12.111.429	**11.389.444**	**23.500.873**
LIABILITIES			
Deposits from other banks	-	59.355	59.355
Deposits from customers	6.993.127	12.256.572	19.249.699
Other deposits	-	-	-
Accurals and other liabilities	169.118	-	169.118
Other borrowings	-	131.235	131.235
Other liabilities	310.711	192.391	503.102
Prov for potential liabilities	-	47.248	47.248
	7.472.956	**12.686.801**	**20.159.757**
EQUITY			**3.341.116**

Financial Statements

Notes to the Financial Statements
For the year ended 31 December 2010

	2009 LCY	2009 FCY	2009 Total
ASSETS			
Cash and cash equivalents	3.755.605	2.791.902	6.547.507
Placements with other banks	26.093	2.745.497	2.771.590
Trading and Investment securities	4.305.314	1.941.275	6.246.589
Loans and advances	556.405	4.062.138	4.618.543
Equity investments	-	49.737	49.737
Intangible assets	383.050	-	383.050
Property, equipment and other tangible assets	703.915	-	703.915
Other assets	87.981	8.428	96.409
Pending Foreign Exchange operations	-	16.152	16.152
Accrued assets	434.774	80.850	515.624
	10.253.137	**11.695.979**	**21.949.116**
LIABILITIES			
Deposits from other banks	-	7.022	7.022
Deposits from customers	5.656.297	11.537.427	17.193.724
Other deposits	746.971	-	746.971
Accurals and other liabilities	503.511	138.640	642.151
Other borrowings	-	201.350	201.350
Other liabilities	323.674	94.270	417.944
Prov for potential liabilities	-	36.653	36.653
	7.230.453	**12.015.362**	**19.245.815**
EQUITY			**2.703.301**

OVIMBUNDU PIPE
Metal pipe, the stem topped with four figures sitting next to each other on a kind of bench with a back; three men wearing hats near a woman with plaited hair pinned at the back of the neck.

In Catalogue of Angolan Carvings - Celebration of Cultures

Category: Sculpture
Denomination/Title: Pipe
Cultural Group: Ovimbundu
Technical Information: Wood, plate

National Museum of Ethnology - Portugal
Photographer: José Pessoa

Report and Opinion of the Fiscal Council

Dear Shareholders,

In accordance with 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 2010.

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

The Banks financial statements were audited by its external auditors, whose opinion is that the financial statements fairly present, in all material respects, the financial position of BCA at 31 December 2010, as well as the results of its operations, the movements in its reserves and in its cash flows for the financial year ended on that date, in accordance with the "Plano Contabilístico das Instituições Financeiras em Angola emanado pelo Banco Nacional de Angola" (the Financial Institutions Accounting Plan issued by the Angolan Central Bank).

Having taken into consideration the external auditors report, it is the opinion of the Fiscal Council, that the Shareholders Assembly should approve the Annual Report and Financial Statements for the 2010 financial year.

The Fiscal Council

27 May 2011

Audit Report

Deloitte.

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AUDIT REPORT

(Translation of a report originally issued in Portuguese)

(Amounts expressed in thousands of Kwanzas - tAKZ)

Introduction

1. We have examined the accompanying financial statements of Banco Comercial Angolano, S.A. (hereinafter also referred to as "the Bank") wich comprise the balance sheet as of 31 December, 2010, that reflects a total of 23,500,873 tAKZ and shareholders´equity of 3,341,116 tAKZ, including a net result of 689,319 tAKZ, the statements of income, of changes in equity and of cash flows for the year then ended and the corresponding notes.

Responsabilities

2. The preparation of financial statements that present a true and fair view of the financial position of the Bank, the results of its operations, the changes in its equity and its cash flows, as well as the adoption of adequate accounting principles and criteria and the maintenance of an appropriate system of internal control are the responsibility of the Bank´s Board of Directors. Our responsibility is to express a professional and independent opinion on these financial statements based on our examination.

Scope

3. Our examination was performed in accordance with generally accepted auditing standards wich require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included assessing the adequacy of the accounting principles used and theis disclosure, talking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the financial statements. We believe that our examination provides a reasonable basis for expressing our opinion.

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Page 2 of 2

Opinion

4. In our opinion, the financial statements referred to in paragraph 1 above, present fairly, in all material respects, the financial position of Banco Comercial Angolano, S.A. as of 31 December, 2010, the results of its operations, the changes in its equity and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Angola for the Banking Sector (Note 2).

Emphases

5. As of 31 December, 2010, the caption "Credits in the payment system" includes an advance of 105,095 tAKZ on account of the Bank's current shareholders relating to the acquisition of own shares from one of the Bank's former shareholders for subsequent granting to a set of other current shareholders of the Bank under conditions to be defined. The Bank's Board of Directors believes that after completion of the legal proceeds in progress, this process will be finalized in 2011, with no negative impact on the shareholders' equity of the Bank.

6. As explained in Notes 2 and 3 of the appendix to the financial statements, effective as from January 1, 2010, the Bank adopted the principles established in the new Accounting Procedures for Financial Institutions ("Plano Contabilístico das Instituições Financeiras" - "CONTIF") approved by Notice 09/07 of September 19, issued by the National Bank of Angola, the transition date being January 1, 2009. Up to December 31, 2009 the Bank's financial statements were prepared in accordance with the accounting principles established in the previous Chart of Accounts for Financial Institutions ("Plano de Contas para as Instituições Financeiras" - "PCIF") in accordance with National Bank of Angola Notice 13/99 of September 1. The financial information for 2009 has been restated for comparison purposes to "CONTIF". The conversation of the financial statements for 2009, prepared in accordance with "PCIF", to the restated financial statements prepared in accordance with "CONTIF" resulted in some changes of presentation, with no impact on shareholder's equity.

7. The financial statements for the year ended at December 31, 2009, presented in accordance with "PCIF", were audited by us, and our Audit Report, dated April 15, 2010, included one qualification paragraph not applicable to the year 2010, as well an emphasis paragraph regarding the matter described in paragraph 5 above.

Luanda, April 29, 2011

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