BCA

BANCO COMERCIAL ANGOLANO

Annual Report

2012

Cover
Coastal road of Luanda.
Photo: Walter Fernandes ©2010

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S. João Lagoon / Arco Lagoon,
Namib Desert.
Photo: Walter Fernandes ©2007

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Men of the Humbe Nhaneka tribe
in Cunene Province.
Photo: Walter Fernandes ©2007

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 company 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 audited financial statements for the year ended on the 31st of December 2012, presented in the pages from 33 to 59 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, 5 June, 2013

The Moon viewpoint, Luanda.
Photo: Walter Fernandes ©2009

Board Report - 2012

The changes in the regulatory environment introduced by the central bank in the second half of 2011 were reflected in the financial performance of banks in 2012 as reflected by the contraction of some banks' performances and/or slower growth for others. The free fall of interest rates for interbank placements, loans and advances and also for treasury bills and bonds together with increased operating costs resulting from branch expansion and increases in other cost line items resulted in a decrease of about 25% in after tax profits as compared to the year ending 2011.

The bank continues to invest heavily in the improvement of the internal control environment by computerizing a number of aspects of the operations that have been done manually in the past, continuously improving efficiency in servicing customers and in diversifying the distribution channels and products offered to customers.

During 2012, the bank participated in a number of syndicated loans that sought to promote lending to the economy and the revival of the industrial infrastructure in the country which resulted in an increase in our loans and advances book. The bank also signed a protocol with the Government to extend credit to the economy through the Government-led Angola Investe program. We also continue to extend credit to small and medium enterprises through the guarantee line that we have with USAID.

Our focus on good risk management means that the bank shows solidity through its prudential guidelines with our prudential ratios being well above average and hence mitigating any potential downside fluctuations.

The areas considered by the Board to be of great importance to the bank's success and to which we apply most of our resources are the following: Corporate governance (effective operation of several management and support committees), accounting and management information systems, operational risk management, treasury front office and effective management of liquidity and market risks, our branch network where a rebranding exercise was undertaken during the year, human resources through training, Know Your Customer policies and compliance and supplier management.

It is our conviction that, taking into accounts the continuous growth in the number of personal and corporate customers, increased retention and loyalty of the same coupled with an increase in capital, BCA will be on track for accelerated profitable growth for the benefit of its stakeholders.

Financial indicators

Assets

The bank's total assets grew by 2%, as a result of a 104% increase in money market placements and a 14% increase in loans and advances compared to the previous year. The significant decline in trading instrument returns meant that the bank had to change the mix of its assets so as to mitigate the negative impact resulting from reduced rates. The assets that gained greater importance were loans and advances and overnight interbank placements. About 67% of the assets are interest earning, a 5% increase from prior year.

Liabilities

On the liabilities side, notwithstanding the fact that in total there was literally no change, it was encouraging to see a significant change in the mix of customer deposits where demand deposits decreased by 29% and term deposits increased by a whopping 121%. This change was achieved through management's efforts to reduce the bank's liquidity risk, maturity mismatch of assets and liabilities and therefore allow expansion of loans and advances.

Equity

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

Income statement

In 2012, the net interest margin decreased by 12%. This reduction was due essentially to the increase in the cost of funding of term deposits coupled with the reduction in the rates of interest bearing assets. The net non-interest income did not vary much year-on-year, however, it composed 60% (2011: 56%) of total banking income. The forex gains show the natural reduction of the spreads between the buying and selling rates utilised in foreign currency transactions.

Proposal for the appropriation of 2012 profits

In the terms of the Central Bank special regulation of the number 1 of 76th Article of the Financial Institutions Law, Instructiion 09/07 of the prudential rules issued by the central bank and in accordance with the 19th Article in paragraph j) of the BCA statutes, we propose that the net profit for the year amounting to 676.934 thousands of Kwanzas be allocated to distributable reserves.

Future prospects

The bank capitalization is one of the main challenges for the shareholders and for the board of directors given that the bank's future, i.e. increase in share values and the maintenance of the bank's market share are strongly dependent on the dimension of the bank's equity, notwithstanding the equity having doubled in the past 4 years it is still inadequate to guarantee the prosperity of the bank in future.

For the year 2013, we will continue focused on our branch network expansion, with a goal of reaching 33 sales points in the next 12 months. We will reinforce our presence in Luanda with branches in Petrangol, Viana, Lar do Patriota and Sambizanga. We will also open full services branches in the provinces of Huila, Malanje, Zaire (Soyo), Kwanza Sul and Namibe. Our objective continues to be that of attracting more customers, improved profitability and a significant footprint.

The strengthening of our competencies with a view to present a credible image of the bank in the market, as well as the modernization of our operational and computing infrastructure will continue to be cornerstones of our actions.

The introduction of Internet Banking, conclusion of our Disaster Recovery site and the issuing of VISA credit and debit cards are objectives that are now in their final phase of preparation.

Francisco da Silva Cristóvão	Mateus Filipe Martins
Chairman	Chief Executive Officer

Dancer, Luanda Carnival.
Photo: Walter Fernandes ©2003

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Balance sheet				
Total assets	36.650.811	382.457	36.512.824	383.211
Loans and advances	4.506.368	47.027	3.850.141	40.408
Customer liabilities	30.872.395	322.158	31.569.698	331.333
S/holders' equity	4.606.664	48.076	4.148.893	43.543
Activity				
Net Interest Income (NII)	1.162.785	12.185	1.325.817	14.127
Net operating margin (NOM)	2.814.196	29.490	2.893.828	30.820
Operating costs (OC)	1.986.580	20.816	1.819.456	19.378
Operating profit (OP)	827.616	8.674	1.074.372	11.442
Net profit (NP)	676.934	7.095	903.284	9.643
NII/NOP	41,3%	41,3%	45,8%	45,8%
Non-int income/NII	142,0%	142,0%	118,3%	118,2%
Cost-to-income	70,6%	70,6%	62,9%	62,9%
Op costs/Average assets	6,9%	6,9%	6,9%	6,9%
Solidity				
Non-performing loans/total loans	4,3%	4,3%	19,2%	19,2%
Provisions/non-performing loans	140,7%	140,7%	45,6%	45,6%
Return on avg. Assets (ROAA)	2,3%	2,3%	2,5%	2,5%
Return on Equity (ROAE)	14,8%	14,8%	24,2%	24,2%
Capital adequacy ratio	32,2%	32,2%	29,8%	29,8%
Fixed Assets Ratio	70,5%	70,5%	50,9%	50,9%

Rock in Huambo Province,
Caála County.
Photo: Walter Fernandes © 2008

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

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	Helder Lisboa
• Head of Risk and Credit	Tatiana Muhongo
• 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 Legal	Delfina Cumandala
• Head of Policies & Procedures	Lizeth Lemos
• Head of Retail Banking	Mário Leitão
• Head of Corporate Banking	José Carlos de Almeida Marques

Boy fishing on Caotinha Beach in Benguela.
Photo: Walter Fernandes ©2011

The Board of Directors remains committed to the maintenance of the highest corporate governance standards in the operations and structures of the Bank. With a view to implement good governance practice, the following committee were created:

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, who cannot be part of any other bank committee.

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, and cannot be members of any other committee.

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)

Asset and Liability Committee has the responsibility of assuring the profitability of the assets of the bank in the perspective of maximizing the return for the shareholders. This committee ordinarily gathers once a month and it makes decisions on the administration of assets and liabilities, that is, to manage the composition and to decide the type of assets or passive in that the bank will invest among other functions. It is composed by the executive commission and the directors of the areas associated to the activity.

Credit Monitoring and Recovery Committee

This is an administration committee that has the responsibility of making the attendance of the credits in it lives and also, the ones that are still in normal situation but that present a risk added out resulting from alterations in several factors out of control of the customers and that can have a negative impact in their capacity to honour the assumed commitments.

New Product Committee

This committee is responsible for analysing and developing 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 committee

The Technical Support Committee is responsible for the design and functioning of all the IT infrastructure of the bank so as to manage the related risks and ensure minimal if any down-time of the bank's systems.

Kalandula Falls in Malange Province.
Photo: Walter Fernandes ©2009

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 an 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
- 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.

BCA follows the Basic Indicator Approach (BIA) 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.

The process of monitoring the liquidity risk is done mainly through quantitative limits on, as follows:

- Monthly cash flows 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.

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.

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.

Mumuila - Huíla Province,
Lubango County.
Photo: Walter Fernandes ©2007

The global economy improved in 2012, albeit slightly, growing very slowly away from the spectre of a slip back into post-crisis recession. This moderate pace is a lasting consequence of the financial and economic crisis that began in the last half of 2008.

International Situation

The international economic climate was marked by the efforts of most European economies to combat deficits which distorted their financial markets and productive sectors while compounding unemployment. Trade relations with the faster growing emerging and developing countries largely served to mitigate the true extent of these effects. In this context the world's economy grew by 3.5%.

Developed Economies

The **United States of America** is still the world's biggest economy. It began the year with strong expectations that its already lacklustre economic growth would decelerate, slowing the pace of recovery. Oil imports were the lowest since the 1990s. Real estate, a key sector of the American economy responsible for triggering the recent crisis, grew by 2,3%, a very hopeful sign for savers. The financial situation of businesses, banks and consumers saw some improvement, with debt falling to the lowest levels since the subprime crisis; joblessness remained high at 7.8%. Interest rates were kept very low to stimulate domestic investment, though this reduced the appeal for foreign capital. This economy accounts should now be on the positive growth path due to support from the FED, which gave off signals of an end to the extraordinary monetary stimuli for the economy that significantly helped revive American consumption and production, bulwarks in the recovery and maintenance of stability in financial markets.

The outlook for the **European Union** remained worrisome since the last months of 2011 and began 2012 with prospects for a return to recession, exacerbated by austerity policies to rein in deficits (though actually diminishing growth possibilities even more) and by reduced exports and lower levels of consumer and business confidence. According to Eurostat, in the European Union over 26 million were out of work, or more than 10.7%. Greece, Portugal, Ireland, Spain and Italy ran into alarming deficit problems, with the IMF intervening in these economies with restrictive policies that further curbed domestic investment and consumption and hence output. This was reflected in high jobless rates and weakened investor confidence in those nations.

The **United Kingdom** was shaken by market abuse and interbank interest rate manipulations by some banks, sanctioned by extremely high fines, news of which hit their share prices. Germany tried to stimulate growth in the area, while France stagnated. The European Central Bank loaned the zone's banks more than a billion euros to prevent the sovereign debt crisis from getting worse.

Japan continued to fight its way out of the critical situation resulting from the financial crisis/tsunami twofold dire straits. Economic performance wavered, trending upward in the last year. Persisting deflation since 2009 was nil in 2012. The Central Bank of Japan sought to revive consumption, devalue the yen and make exports more competitive by buying government securities, but this aggravated the country's record-high trade deficit, reaching 77 billion dollars. The fact that more than half of all Japanese have lifelong employment has endangered continuity of the productivity rates achieved in its golden years, hindering the employment of recently graduated youths.

Rates of GDP change of the world's major economies (%)

Country	2007	2008	2009	2010	2011	2012
USA	2,1	0,4	-2,4	2,9	1,7	1,9
China	13,0	9,6	8,7	10,5	9,2	7,9
Japan	2,3	-1,2	-5,2	4,4	-0,9	2,3
European Union	2,7	1,7	-2,0	1,7	1,4	-0,1

Source: IMF WEO

Emerging Economies

China maintains a vibrant economy, though growth has slowed. The country responded to the crisis by extraordinarily increasing investment in mining and in countries such as Peru, Australia and Brazil. Its trade with Africa, where it is already the top partner, has contributed to our continent's satisfactory growth rates.

Brazil, which in 2010 posted results indicating that the spillover of the crisis was coming to an end, saw its GDP dip in the last two years. This may be due to its strong trade ties to countries deeply afflicted by financial woes which still have problems reviving their economies. Brazilian exports fell as a result. This variable weighs heavily in its balance of payments and the creation of net international reserves, important for fighting inflation, and the lack of liquidity, besides lowering confidence, foreign investment and credit. Brazil is an indebted state; its domestic federal public securities debt stands at about 40% of GDP and its indebtedness in public securities grew by 7.6%.

India follows China in growth rates above 5% and continued the slowdown begun in 2011. It is the 6th ranked destination for Angolan exports, trending upward, and the 15th ranked for Angolan imports, which fell sharply compared to the previous year.

Russia maintained the trend of slower GDP growth since 2011. Inflation was 5.3% and unemployment 6.2%; exports were nearly USD 542.5 billion, mainly to Europe and China. Its debt is estimated at USD 455.2 billion, slightly above tax revenue.

Trends in emerging economies in the last 5 years (%)

Country	2007	2008	2009	2010	2011	2012
China	11,5	9,0	8,7	10,3	9,2	7,6
India	10,0	8,0	5,0	9,7	6,9	5,2
Brazil	5,7	5,1	0,0	7,5	2,7	1,0
Russia	9,0	7,0	-7,9	5,3	4,3	3,6
South Africa	5,1	6,3	1,7	2,7	1,6	3,2

Source: IMF WEO

South Africa is Angola's main partner and ranks 6th globally. Its exports to our country were up 32% over 2011, ahead of the USA, Greece, France and Spain. GDP wavered, increasing compared to the previous year.

Rest of the World

In **Latin America** GDP grew by only 3% as Brazil and Argentina slowed. Inflation fell from 6.8% to 5.6% and unemployment from 6.7% to 6.4% in 2012 compared to the previous year. During the period approximately 1 million Latin Americans emerged from poverty, buoying prospects for improved consumer spending, a key variable to drive production. The investment rate was nearly 22.9%, the highest since 1981 according to ECLAC. Angola and Argentina signed a protocol to enhance trade relations. Peru with 6% was South America's fastest growing economy, while Paraguay shrank the most.

Trend of the Global Economy and Developing Countries

Real GDP growth in %	2007	2008	2009	2010	2011	2012
Global Economy	5,2	3,0	-0,6	4,9	3,9	3,5
Developing Countries	3,0	2,7	1,7	3,1	1,6	1,4
Emerging Economies	7,9	8,0	2,8	7,3	6,4	6,1

Source: IMF WEO

Sub-Saharan Africa remains one of the world's most dynamic economic regions, with growth of 4.6%. Contributing factors included higher oil and diamond prices, increased raw material production and exports, including crude, tourism business and industrial activity, up nearly 6.7%. Private investment rose by 3.3% to a record 54.5 billion dollars, while foreign investment grew by 5.5%. In this region Angola, South Africa, Nigeria and Kenya stood out for optimal growth rates driven by their growing middle classes.

In **Asia**, the 'Asian Tigers', Hong Kong, South Korea, Taiwan and Singapore continued to grow, influenced by the performance of the Chinese and Indian economies, and despite a slight slowdown, achieved an average rate above 6%.

Angolan Economy and Market

Angola has made progress regarding transparency and climbed 13 places on Transparency International's global ranking. The government's goals are still the following: macroeconomic stability by improving the revenue/spending ratio, increased net international reserves, lower kwanza exchange rate, maintenance of single-digit downward-trending inflation, and elimination of domestic and foreign debt. These aims were facilitated by annual production of more than 650 million barrels of oil as Africa's second biggest producer behind Nigeria, and of nearly 10 million carats of diamonds as Africa's fourth-ranked producer. To reduce negative effects of the Angolan economy's exposure to oil price volatility, the government created the Sovereign Wealth Fund.

Economy

The Angolan economy remains stable, with prospects of staying that way in the long term, according to various international rating agencies. The single-digit inflation milestone achieved at 9.02%, exchange rate stability, strong 7.4% GDP growth and a substantial increase in net international reserves to 3,22 trillion kwanzas are some of the more obvious indicators. December oil production was 1,7 million barrels a day, a sharp increase in daily output with a major lasting effect on Angolan GDP, as oil accounts for 45% of GDP and for nearly 75% of budget revenue. Diamond sales were up sharply, accounting for about 0.9% of GDP, with production tending to increase with the discovery of new deposits. Coupled with higher prices this helped lift Angolan output. The Angolan economy was also boosted by improved transport, rising energy supplies and the stepped-up pace of construction and public works, proof that the diversification policy is now firmly taking hold. Even with this performance, the nearly 25% jobless rate is still high. Implementation of the Executive Program for Tax Reform (PERT), which aims to expand the tax base and improve tax collection, has tended to improve domestic budget-balancing conditions, reducing petroleum's contribution to tax revenues. The Economy Ministry backed the creation of the Angolan Active Venture Capital Fund (FACRA) to support the emergence and consolidation of micro, small and medium-sized companies.

Inflation during the Period

Higher domestic production of goods and services, improvements in the transportation system for people and merchandise — with the country's three railway lines in use, renewal and expansion of the road vehicle fleet, and continual repair of roads and bridges — along with better academic-vocational training in quality and quantity for Angolan workers, the amount of currency available at BNA for intervention in the interbank market and lower imports of essential goods. This improvement in competition led to lower domestic prices in general and consequently lower inflation.

Inflation during the period in %

Inflation in Angola	2007	2008	2009	2010	2011	2012
Annual accumulated inflation	11,78	13,18	13,99	15,31	11,38	9,02
Average monthly inflation	1,91	1,78	2,16	1,65	1,73	0,61*

Source: 2012 BNA Report; *Estimate

Monetary Area

In 2012 the main aims of monetary policy were to increase gross international reserves, which reached USD 33 billion, strengthen the kwanza vis-à-vis the dollar and bring inflation below 10%. The Monetary Policy Committee (CPM) lowered the benchmark interest rate to 10.25% in the beginning of the year and interest on loans fell resulting in a 22% increase in the economy's demand for credit and helping raise the loan/deposit ratio to 65.3% at year-end. Since about 2.5% of credit was non-productive, commercial banks have a margin to increase credit to private clients. The Exchange Law approved by Parliament in November 2011, as part of the efforts to diminish the dollar's influence in the Angolan economy and make the BNA's policies more effective. In this policy line a law was approved requiring international oil companies to transfer considerable amounts of their transactions from offshore banks to Angolan banks, a measure which will increase the banks' liquidity and strengthen the BNA's supervisory mission.

Monetary Policy

The M3, M2 and M1 means of payment were up 7.81%, 10.26% and 1.11% respectively over 2011. Note that currency, with the most liquidity, grew the least, which is important for countering excessive money circulation, a cause of inflation. There was a notable preference for domestic currency, as can be seen when the foreign currency percentage ratio (FC)/M3 is examined: it fell from 48.77% in 2011 to 46.01%. Term deposits, a major source of funding for loans, grew for domestic currency (nearly 36.04%) and foreign currency (over 19.73%) alike, a growth significant for commercial banks, which had more liquidity on hand to meet client demand.

Fiscal policy

The government's efforts to strengthen national businesses with financial backing and training in good commercial habits, along with tax system reform, enabled higher tax revenue collection.

Foreign Exchange Policy

The exchange rate remained comfortable, with a slight annual depreciation of less than 0.50% in the formal exchange market. Currency operation controls overseen by the Central Bank to counter domestic circulation of foreign currencies were strengthened resulting in an increase in foreign currency sold by the BNA to commercial banks to USD 17 billion.

Exchange rate over last 5 years

Annual average fixing exchange rate	2007	2008	2009	2010	2011	2012
Primary Market:						
- Purchases	74,830	74,945	88,525	92,122	95,035	95,165
- Sales	75,204	75,320	88,967	92,583	95,510	95,826

Source: 2012 BNA Report

Banking activity

The BNA implemented reforms to make the Angolan monetary system more efficient and effective via a new monetary policy framework, use of the Libor rate, as benchmark to guide policy of the national issuing bank, and adoption of credit instruments such as the first-level rediscount facility for financial institutions with treasury imbalances and the second-level rediscount facility for financial institutions needing reorganization.

At the end of 2012 there was a total of 23 institutions: 3 public banks, 12 private banks, 7 private foreign bank subsidiaries and 1 mixed bank.

The recently created Credit Risk Information Centre (CIRC), a key instrument designed primarily to protect against bad debts, continued efforts to register and consolidate its database using credit information solicited from banks.

Banking coverage of the national territory expanded by 11% in 2011 to 23% of the population having access to banking services. Most of the retail bank branch network, about 54%, is concentrated in Luanda. Regarding bank use by Angolan consumers and producers, the number of branches was close to a thousand in 2012.

External Sector

In 2011 Angolan public debt had been brought down to 28.5%; in 2012 it accounted for about 30% of GDP, which is still sustainable. Domestic debt stood at about 9% of GDP. The notable expansion of oil and diamond sales, along with the higher prices fetched by those materials on the international market, pushing up selling prices, helped improve the balance of payments and lower foreign debt, besides contributing to Angola's stronger foreign trade position.

Angolan debt in millions of USD

	2007	2008	2009	2010	2011	2012
Foreign Debt without arrears	9.402	13.370	14.591	17.430	20.634	22.000
Foreign Debt with amounts in arrears	9.806	14.800	15.125	17.829	20.992	22.382*

Source: September 2012 BNA Report with updates; * estimate

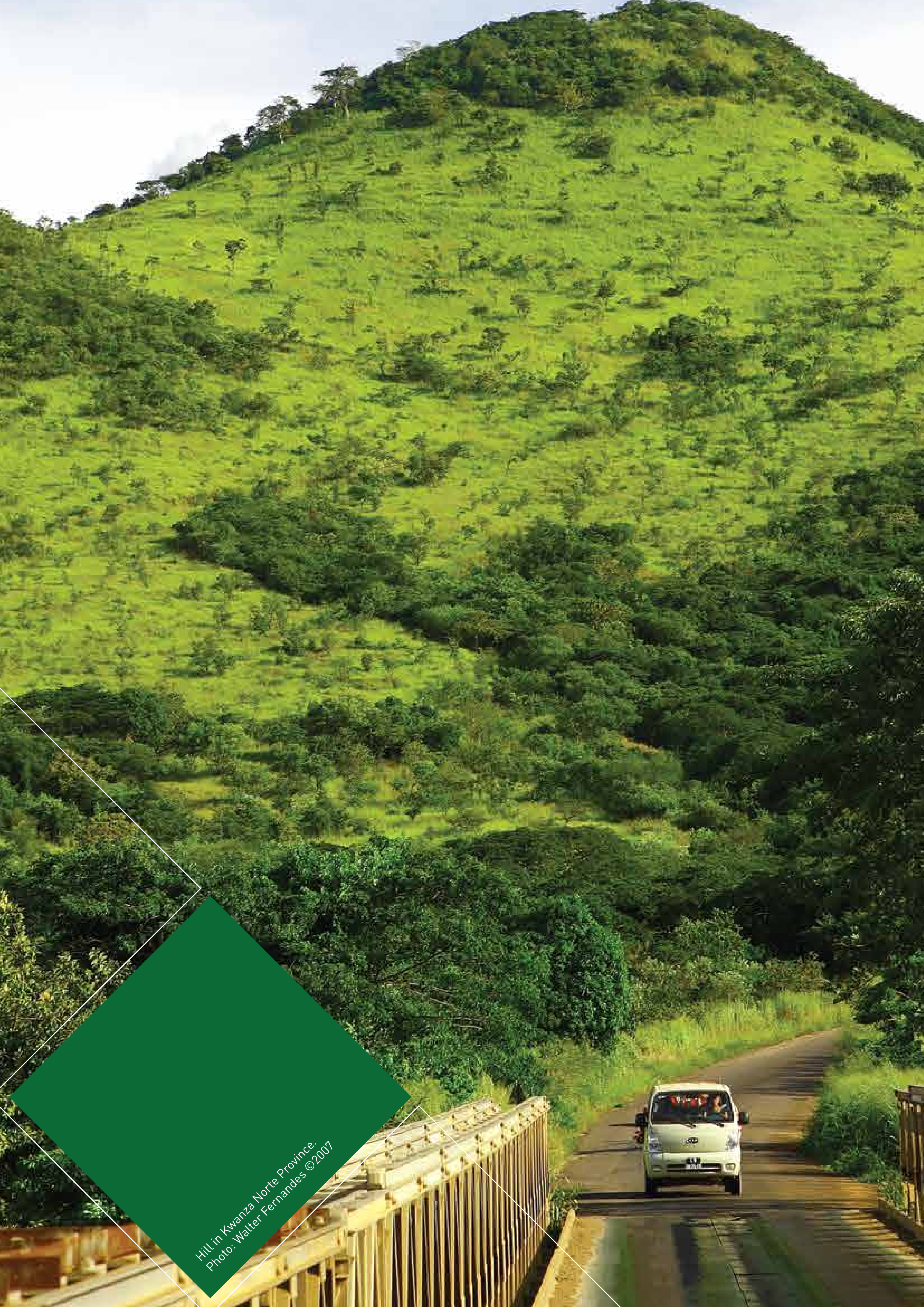
In exports, oil still accounts for the lion's share, approximately 95%. Only 2% of the nearly 50,000 domestic companies export, all in the extractive sector. In foreign trade, we continue to see a decline in imports, driven by higher domestic supply, making a key contribution to the external balance by lowering debt with other countries. Construction materials account for the biggest share of imports, about 25.44%, which demonstrates the government's commitment to continue creating and modernizing national infrastructures, vital for attracting foreign capital and for continued leverage of our economy on its path to macroeconomic stability. China is the number one exporter to Angola, followed by Portugal, and is the second-ranked importer, behind the USA. We can state that China is now our top trading partner.

Performance of net exports in millions of USD

Balance of payments	2007	2008	2009	2010	2011	2012
Total Exports	44.396	63.914	40.828	50.595	67.310	69.329*
Total Imports	13.662	20.982	22.660	16.667	20.229	20.836*
Net Exports	30.734	42.932	18.186	33.928	47.081	48.493*

Source: September 2012 BNA Report with updates; * estimate

The Angolan economy will continue to trend upward, consolidating autonomy versus the dollar and growing at a rate of around 7.45%. Inflation should also be kept single-digit if the same circulating money supply is maintained, withdrawing in each new currency injection the equivalent amount of old notes. The country's currency reserves will continue to rise, provided that indeed the domestic economy only operates with the kwanza, and oil output and prices continue to rise.



Hill in Kwanza Norte Province.
Photo: Walter Fernandes ©2007

1 - Direct:
Branches (25)

LUANDA

Valódia - Headquarters
Av. Comandante Valódia, 83-A
Tel: (+244) 2 - 448106
Fax: (+244) 2 - 447832
E-mail: bca@bca.co.ao
SWIFT: COMLAOLU

Deolinda Rodrigues
Rua Deolinda Rodrigues, 477
Estrada de Catete - Luanda
Tel/Fax: (+244) 2 - 260063/2376

N'gola Kiluanji
Rua N'gola Kiluanji, 183
São Paulo - Luanda
Tel: (+244) 2 - 384508/40
Fax: (+244) 2 - 384570

Rainha Ginga
Rua Rainha Ginga, 8 - B
Coqueiros - Luanda
Tel: (+244) 2 - 334160/3289/3678
Fax: (+244) 2 - 330189

Major Kanhangulo
Rua Major Kanhangulo, 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

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

Missão
Rua da Missão

Funda Coca-Cola
Funda Fábrica Coca-Cola

Porto Seco de Viana

Filda

Hospital do Prenda

Hipermercado Jumbo

CABINDA

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

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

Porto de Cabinda

BENGUELA

Benguela
Rua Comandante Kassanje, 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

Porto do Lobito

CUNENE

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

HUAMBO

Aeroporto do Huambo
Aeroporto Albano Machado

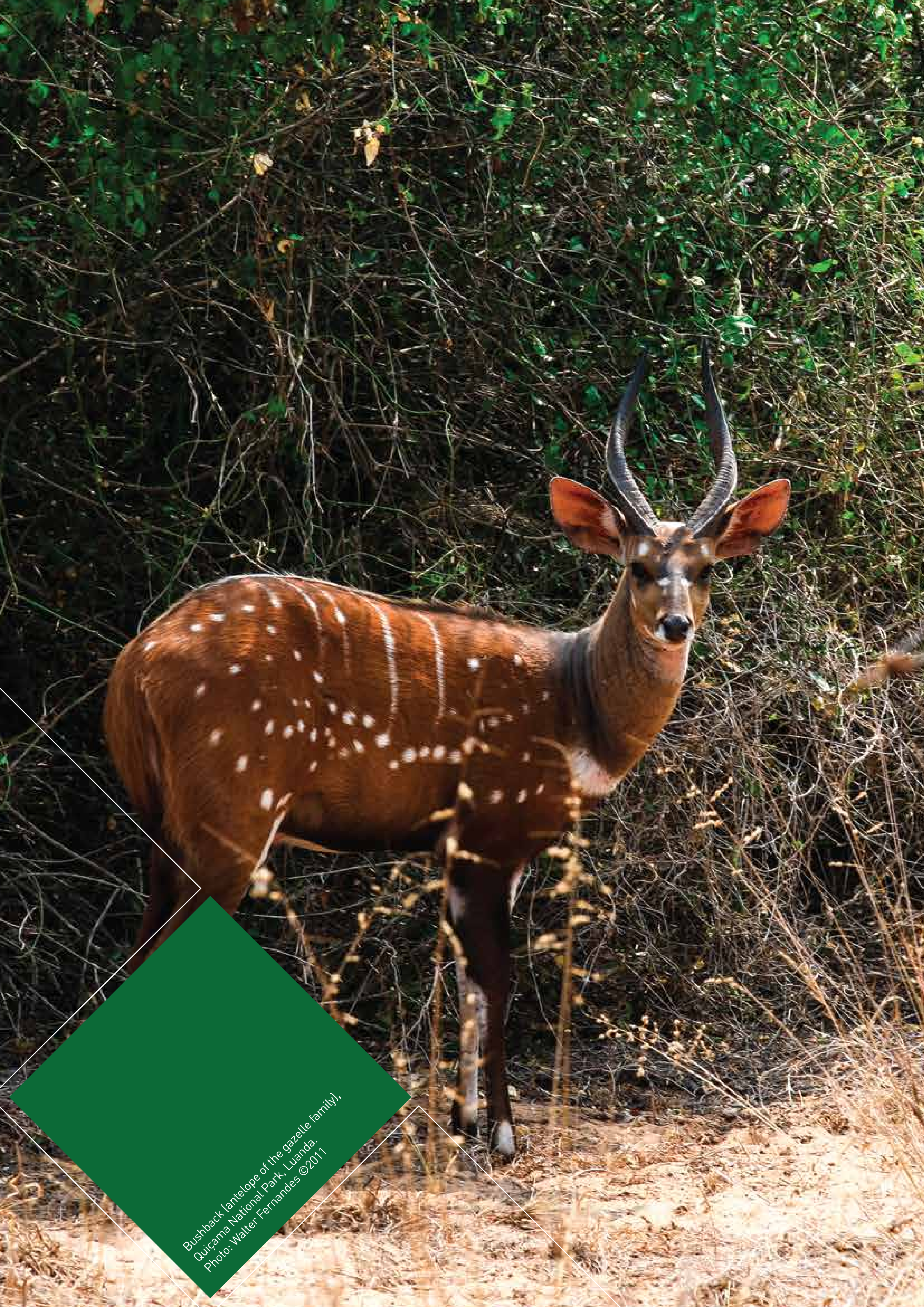
Huambo
Av. da Independência

UIGE

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

2 - Indirect:
Limited service branches

ATM machines (37)
POS machines (165)



Bushback (antelope of the gazelle family),
Quiçama National Park, Luanda.
Photo: Walter Fernandes ©2011

BALANCE SHEET

	Notes	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
ASSETS					
Cash and cash equivalents	3	8.410.144	87.761	11.349.028	119.110
Placements with other banks	4	16.090.905	167.918	7.898.626	82.898
Trading and Investment securities	5	4.266.394	44.522	10.615.620	111.413
Loans and advances	6	4.506.368	47.027	3.850.141	40.408
Equity investments	7	77.726	811	74.262	779
Intangible assets	8	864.291	9.019	828.209	8.692
Property, equipment and other tangible assets	8	1.793.186	18.713	1.284.191	13.478
Other assets	9	541.690	5.653	489.933	5.142
Pending Foreign Exchange operations	10	100.107	1.045	122.814	1.289
		36.650.811	**382.457**	**36.512.824**	**383.209**
LIABILITIES					
Deposits from other banks	11	968.848	10.110	1.164.035	12.217
Deposits from clients					
a) Demand	12	16.937.396	176.744	23.732.587	249.079
b) Term	12	12.905.336	134.669	5.838.692	61.278
Accruals and other liabilities	13	283.399	2.957	238.693	2.505
Other borrowings	14	61.518	642	834.384	8.758
Other liabilities	15	829.077	8.652	504.922	5.299
Prov for potential liabilities		58.573	611	50.618	531
		32.044.147	**334.385**	**32.363.931**	**339.667**
EQUITY					
Capital	16	1.308.702	15.000	1.308.702	15.000
Capital maintenance reserve	17	82.579	-	82.579	-
Fair value adjustment	17	3.053	32	31.669	225
Other reserves	17	2.535.396	26.458	1.822.659	24.063
Foreign currency translation reserve		-	(513)	-	(5.389)
Retained income for the year		676.934	7.095	903.284	9.643
		4.606.664	**48.072**	**4.148.893**	**43.542**
		36.650.811	**382.457**	**36.512.824**	**383.209**

INCOME STATEMENT

	Notes	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Interest and other similar income	**19**	1.521.266	15.941	1.634.854	17.412
Interest and other similar expenses	**20**	(358.481)	(3.756)	(309.037)	(3.291)
Net interest margin		**1.162.785**	**12.185**	**1.325.817**	**14.121**
Fee and commission income	**20**	757.474	7.938	692.034	7.370
Results of financial operations	**21**	961.386	10.074	1.003.525	10.688
Other income	**22**	5.999	63	4.248	45
Fee and commission expenses		(21.240)	(223)	(12.868)	(137)
		1.703.619	17.852	1.686.939	17.966
Impairment losses on loans	**26**	(52.208)	(547)	(118.928)	(1.267)
Operating margin		**2.814.196**	**29.490**	**2.893.828**	**30.820**
Salaries and other payroll expenses	**23**	(871.398)	(9.131)	(854.162)	(9.097
Third party supplies	**24**	(595.566)	(6.241)	(558.136)	(5.944)
Other admin expenses	**25**	(245.293)	(2.570)	(239.219)	(2.548)
Taxes and other similar expenses		(1.265)	(13)	(2.542)	(27)
Depreciation	**8**	(222.010)	(2.326)	(135.915)	(1.448)
Retirement compensation prov		(7.656)	(80)	(7.502)	(80)
Other expenses	**22**	(43.392)	(455)	(21.980)	(234)
		(1.986.580)	(20.816)	(1.819.456)	(19.378)
Operating profit		**827.616**	**8.674**	**1.074.372**	**11.442**
Non-operating results (loss)	**27**	3.320	35	(23.235)	(247)
Profit before taxes		**830.936**	**8.709**	**1.051.137**	**11.195**
Provision for Income taxes	**28**	(154.002)	(1.614)	(147.853)	(1.552)
Net profit for the year		**676.934**	**7.095**	**903.284**	**9.643**

CASH FLOW STATEMENT

	2012 AKZ'000'S	2011 USD'000'S
Profit before tax	830.936	1.051.137
Add:		
Depreciation	222.010	135.915
Loan loss provisions	52.208	118.928
Less:		
Dividend paid	(180.786)	(89.198)
Tax paid	(146.102)	(150.794)
Cash flows from operating activities	778.266	1.065.988
Increase/decrease in loans and advances	(656.222)	543.387
Increase/decrease in accrued assets	(51.757)	184.051
Decrease in other assets	22.737	64.918
(Increase)/Decrease in dep from other banks	(195.890)	1.104.680
Increase in other liabilities	324.210	1.820
(Decrease) in other borrowings	(772.866)	-
Increase in accruals and other liabilities	44.676	720.344
	(506.846)	3.685.188
Investing activities		
Purchase of fixed assets	(770.545)	(799.464)
Sale/(Purchase) of trading and investment securities	6.262.096	(3.498.093)
Placements with other banks	(8.192.279	(5.472.766)
Equity investments	(3.464)	(14.536)
	(2.704.192)	(9.784.859)
Financing activities		
(Decrease)/increase in demand deposits	(6.795.191)	9.565.337
Increase in term deposits	7.066.644	756.243
	271.453	10.321.580
Increase in cash and cash equivalents	(2.939.585)	4.221.909
Opening balance of cash and cash equivalents	11.349.028	7.127.119
Closing balance of cash and cash equivalents	**8.409.443**	**11.349.028**

NOTES TO THE FINANCIAL STATEMENTS

1. CONSTITUTION AND ACTIVITY

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

The Bank was formed on the 17th of March 1997 and started its business activity on the 23rd of March 1999. BCA's business goal is to operate as a bank and to provide loans, using any financial operations as appropriate and investing in bonds or other financial instruments (Money transfer, Insurance sales. At the end of 2012, the Bank operated 25 branches throughout the country, 2 of which were opened during 2012.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. COMPARABILITY OF INFORMATION

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

2.2. BASIS OF PRESENTATION

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

Currency of presentation

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

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

Year ended on	Average Rate	Closing Rate
31.12.2011	93,89	95,28
31.12.2012	95,43	95,83

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.

The regulations of 18 June 2009 require specific provisions that are calculated according to the following criteria.

Classification of Operations and Credit Provisions

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

Risk	Risk Level	Minimum Provision to be constituted
None	A	0%
Very Low	B	1%
Low	C	3%
Moderate	D	10%
High	E	20%
Very High	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 doubled delay for the monthly check, as its loan portfolio has an overall delays above 24 months (as fixed by the article nº 6 of the rule nº 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 at 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

The tangible assets are registered at its acquisition cost. In this they are the indispensable accessory costs, although previous to the deed, such as notarial emoluments, brokerages, taxes paid in the acquisition and other.

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

	Useful life (Years)
Premises Owned	50
Improvements to leasehold premises	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 Notice 05/03 of 7 February 2003 of the National Bank of Angola.

i) Tax

Corporate Tax

Corporate tax 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 2008 to 2012 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.

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

The Presidential Decree Nº 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: Inter bank lending and Bills interests, and Treasury Bills interests.

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

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. CASH AND CASH EQUIVALENTS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Cash:				
-Local currency	1.375.508	14.354	1.381.841	14.504
-Foreign currency	375.501	3.919	707.675	7.427
	1.751.009	18.273	2.089.516	21.931
Balances at the National Bank of Angola (BNA)				
-Local currency	3.917.660	40.884	2.984.527	31.323
-Foreign currency	1.247.653	13.020	1.943.753	20.400
	5.165.313	53.904	4.928.280	51.723
Outstanding cheques	9.680	101	99.766	1.047
NOSTRO accounts	1.484.142	15.483	4.231.466	44.409
	1.493.822	15.584	4.331.232	45.456
	8.410.144	**87.761**	**11.349.028**	**119.110**

In accordance with Instructions No 03/10 of 04 July, and No nº 02/11 of 28 April, the statutory reserve required by the National Bank of Angola is 20%, 50%, and 100%, of the Deposits (in Kwanzas and Dollars converted into Kwanzas). The reserve requirement is calculated weekly on a simple average of balances on each day of the week. These deposits do not earn interest.

At 31 December 2012, the balance at the National Bank of Angola (BNA) both in local currency and foreign currency are to comply with minimum reserve requirements.

Most of Nostro balances are with the following Banks: Natexis Banques Populares, Byblos Bank Europe, Commerzbank e Credit Suisse.

4. PLACEMENTS WITH OTHER BANKS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
With local banks	14.602.054	152.381	4.362.569	45.785
With foreign banks	1.487.366	15.522	3.534.572	37.097
Gold coins	1.485	15	1.485	16
	16.090.905	**167.918**	**7.898.626**	**82.898**

Placement with local banks includes BCA's balance related to "Prime Imovel" financing for property development Project in Alvalade. Other investors in the same project are "Banco de Fomento Angola, SA" (BFA), and "Banco Angolano de Investimentos, SA" (BAI). The local initial investment was USD 60.000.000 and BCA share is of the same 1,67%. Interest on this loan is calculated at Libor (6m) plus 3,5%.

5. TRADING AND INVESTMENT SECURITIES

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

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Treasury bills –LCY	325.587	3.398	6.815.803	71.124
Bills Revenue	4.570	48	0	0
Fair-Value Adjustment	(79)	(1)	31.005	323
Net Treasury bills	330.078	3.445	6.846.808	71.447
Central bank bills – LCY	2.621.641	27.358	1.254.052	13.086
Central bank bills revenue	36.636	382	0	0
Fair-Value Adjustment	964	10	1.022	11
Net Central Bank bills	2.659.241	27.750	1.255.074	13.097
Treasury bonds – LCY	1.255.765	13.105	2.513.738	26.869
Treasury bonds revenue	17.456	182	0	0
Fair-Value Adjustment	3.854	40	0	0
Net Treasury bonds	1.277.075	13.327	2.513.738	26.869
	4.266.394	**44.522**	**10.615.620**	**111.413**

The above mentioned bonds are classified as Available for Sale. For the treasury bonds in foreign currency, USD 5.000.000 relates to BCA's participation in the country's reconstruction programme. USD 1.000.000,00 represents subordinated bonds in a local bank (Banco Keve), and EUR 975.000 were issued by the Portuguese government.

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

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Treasury and central bank bills:				
Up to 6 months	2.989.319	31.195	3.568.556	37.495
From 6 months to 1 year	-	-	4.533.326	47.633
	2.989.319	31.195	8.101.882	85.128
Treasury bonds:				
Up to 6 months	-	-	38.295	400
From 6 months to 1 year	253.808	2.649	1.914.746	20.000
More than 1 year	1.023.266	10.678	560.697	5.885
	1.277.074	13.327	2.513.738	26.285
	4.266.393	**44.522**	**10.615.620**	**111.413**

The average interest rate are displayed below:

	2012 %	2011 %	Variation %
Treasury bills –LCY	3,39	6,62	(3,23)
Central bank bills – LCY	4,62	7,02	(2,40)
Treasury Bonds - LCY	7,00	7,00	-
Treasury Bonds – FCY (USD)	7,20	3,72	3,48
Treasury Bonds – FCY (EUR)	5,45	-	5,45

6. LOANS AND ADVANCES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Loans and advances	4.535.198	47.325	3.409.475	35.783
Non performing loans	206.830	2.161	809.640	8.497
Loans revenue	55.292	577	-	-
	4.797.320	50.063	4.219.115	44.280
Loan loss provisions	(290.952)	(3.036)	(368.974)	(3.872)
	4.506.368	**47.027**	**3.850.141**	**40.408**

Loan loss provisions for non-performing loans, including overdue capital and interest and doubtful accounts as referred to in Note 4c) total AKZ 290.952 thousands (2011: 368.974 thousands), which represents 5.74% of total loans and advances.

The basic principles that BCA is 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, 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 2012 and 2011 the bank major customer represented 11,04% and 16,94% of the credit portfolio, respectively. The total of the top twenty customers represented at those dates 62% and 58% of the credit portfolio, respectively.

At 31 December 2012 and 2011 the credit granted to the bank shareholders or to companies managed by them was 60.485 thousand Kwanzas and 57.802 thousand Kwanzas (note 30), respectively.

At 31 December 2012 the sector analysis of credit provided by the bank was as follows:

	2012 AKZ'000	2012 USD'000	%
Construction	412.731	4.307	9
Wholesale and retail	1.533.060	15.998	32
Transport and communication	100.708	1.051	2
Service supply and housing	908.237	9.478	19
Individuals	1.842.584	19.229	38
	4.797.320	**50.063**	**100**

At 31 December 2011 the sector analysis of credit provided by the bank was as follows:

	2011 AKZ'000	2011 USD'000	%
Construction	634.905	6.663	15
Wholesale and retail	641.638	6.734	15
Manufacturing Industries	40.828	428	1
Electricity, gas and Water Production and Supply	938.916	9.854	22
Fishing and Agriculture	31.931	335	1
Individuals	1.930.897	20.266	46
	4.219.115	**44.280**	**100**

Loans and advances by currency:

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Kwanzas	2.362.199	24.650	1.093.872	11.480
US Dollars	2.434.942	25.411	3.125.119	32.799
Other Currencies	179	2	124	1
	4.797.320	**50.063**	**4.219.115**	**44.280**

At 31 December 2012 and 2011 the annual average credit interest rate (excluding the advances) was of 16,47% and 19,2%, respectively, for the credit on national currency, and 9,70% and 9,25%, respectively, for the credit on foreign currency.

Loans and advances by credit risk classification:

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
A	-	-	-	-
B	32.051	335	588.269	6.175
C	12.960	135	18.435	193
D	10.088	105	1.994	21
E	7.507	78	87.995	923
F	17.158	179	10.008	105
G	127.066	1.326	102.939	1.080
	206.830	**2.158**	**809.640**	**8.497**

Comparative analysis of loans and advances by credit risk classification:

						2012						
	Risk	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**WO**	**Reductions**	**Total**	**Portfolio 2011**
2011	A	**0,00%**	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	-
	B	0,00%	**75,15%**	5,20%	0,08%	0,24%	0,00%	1,50%	0,00%	17,83%	60,72%	2.562.169
	C	0,00%	0,01%	**84,71%**	0,56%	1,05%	0,00%	2,72%	0,00%	10,95%	30,16%	1.272.310
	D	0,00%	0,00%	21,83%	**31,12%**	11,68%	1,98%	4,39%	0,00%	29,00%	0,77%	32.311
	E	0,00%	0,00%	3,73%	28,89%	**23,67%**	0,00%	39,86%	0,00%	3,85%	1,28%	54.031
	F	0,00%	0,00%	0,00%	0,00%	0,00%	**0,00%**	92,06%	0,00%	7,94%	1,10%	46.538
	G	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	**47,29%**	52,04%	0,67%	5,97%	251.756
	Total	0,00%	45,64%	28,92%	0,83%	0,85%	0,02%	6,11%	3,11%	14,53%	100,00%	
Portfolio 2011		-	1.925.597	1.220.075	34.839	36.072	640	257.893	131.014	612.985		4.219.115

On 31 December 2012 and 2011, the renegotiated credits were 81.774 thousands of Kwanza and 95.354 thousands of Kwanza, respectively. In the two years referred to above, loan and advance write-offs utilizing existing loan loss provisions amounted to 130.231 thousands of Kwanza.

Maturity profile of loans and advances:

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Loans and advances:				
In foreign currency:				
Up to 1 year	584.429	6.101	1.086.669	11.405
From 1 to 5 years	1.095.804	11.435	1.119.122	11.745
More than 5 years	754.888	7.877	919.452	9.650
	2.435.121	25.413	3.125.243	32.800
In local currency:				
Up to 1 year	566.928	5.887	560.913	5.887
From 1 to 5 years	1.760.352	5.225	497.838	5.225
More than 5 years	-	-	-	-
Overdrafts	34.919	368	35.121	368
	2.362.199	24.650	1.093.872	11.480
	4.797.320	**50.063**	**4.219.115**	**44.280**

The credit provisions movement during the year of 2012 was:

Thousands of Kwanzas	Crédit Provisions
Balance at 31 December 2011	368.975
Reinforcements	83.792
Deductions	(31.584)
Provisions for the Year	52.208
Used	(130.231)
Balance at 31 December 2012	**290.952**

7. EQUITY INVESTMENTS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
EMIS – Empresa Interbancária de Serviços:				
Capital	19.593	205	19.593	206
Second Tier Capital	34.540	360	34.540	365
Capital - Impairment	(363)	(4)	(363)	(7)
	53.770	**561**	**53.770**	**564**
Stock Exchange	23.956	250	20.492	215
	77.726	**811**	**74.262**	**779**

These investments are valued in accordance with Note 2.3. The Second Tier Capital is remunerated at Libor (6m) plus 3,25%.

8. PROPERTY PLANT AND EQUIPMENT

INTANGIBLE ASSETS

AKZ'000	Opening Balance	Increases	Transfer	Adjust.	Write off	Closing Balance
Cost						
Software	71.955	2.617	-	13.944	-	88.516
Expansion related	-	-	-	-	-	-
Works in rented properties	1.027.098	59.231	54.427	(69.484)	(8.653)	1.062.619
Other intagible assets	1.299	-	-	1.227	-	2.526
	1.100.352	**61.848**	**54.427**	**(54.313)**	**(8.653)**	**1.153.661**
Depreciation						
Software	(53.348)	(8.813)	-	(13.945)	-	(76.106)
Expansion related	-	-	-	-	-	-
Works in rented properties	(217.753)	(65.099)	-	63.454	8.653	(210.745)
Other intagible assets	(1.042)	(250)	-	(1.227)	-	(2.519)
	(272.143)	**(74.162)**	**-**	**48.282**	**8.653**	**(289.370)**
Net						
Software	18.607	(6.196)	-	(1)	-	12.410
Expansion related	-	-	-	-	-	-
Works in rented properties	809.345	(5.868)	-	(6.030)	-	851.874
Other intagible assets	257	(250)	-	-	-	7
	828.209	**(12.314)**	**54.427**	**(6.031)**	**-**	**864.291**

TANGIBLE ASSETS

AKZ'000	Opening Balance	Increases	Transfer	Adjust.	Write off	Closing Balance
Cost						
Buildings	262.132	82.526	419.555	3.067	-	767.280
Equipment	925.185	118.094	52.469	27.960	-	1.123.708
Capital WIP	623.629	510.115	(526.449)	610	-	607.905
	1.810.946	**710.735**	**(54.426)**	**31.637**	**-**	**2.498.893**
Depreciation						
Buildings	(4.073)	(30.791)	-	(6.519)	-	(41.383)
Equipment	(522.682)	(117.056)	-	(24.584)	-	(664.322)
Capital WIP	-	-	-	-	-	-
	(526.755)	**(147.847)**	**-**	**(31.105)**	**-**	**(705.707)**
Net						
Buildings	258.059	51.735	419.555	(3.452)	-	725.897
Equipment	402.503	1.038	52.469	3.376	-	459.384
Capital WIP	623.629	510.115	(526.449)	610	-	607.905
	1.284.191	**562.888**	**(54.426)**	**534**	**-**	**1.793.186**

The adjustments column reflects the result of a detailed exercise to reconcile the general ledger to the fixed assets register/ledger.

9. OTHER ASSETS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Electronic settlements	5.659	59	54.474	571
International School	67.294	702	9.066	95
Other debtors	18.265	191	59.274	623
Petty Cash	8.889	93	-	-
	100.107	**1.045**	**122.814**	**1.289**

10. ACCRUED ASSETS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Probecea	384.942	4.017	384.942	4.039
Advances to suppliers	19.087	199	1.491	16
Accruals	50.252	524	49.021	515
- Health Insurance	2.303	24	-	-
- Rentals and hire	42.846	447	42.262	444
- Others	5.103	53	6.759	71
Sectional purchase of bankers association HQ	24.151	253	24.151	253
Unsold vehicle licence discs	2.524	26	13.622	143
Others	29.285	306	67	1
	541.690	**5.653**	**489.933**	**5.142**

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.

The amount of unsold licence vouchers in the Bank's possession at 31 December 2012 for sale to the public as an agent authorized by the National Directorate of Taxes for which the Bank receives a commission of 11%.

11. DEPOSITS FROM OTHER BANKS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
On demand:				
From foreign banks	968.848	10.110	1.164.035	12.217

12. DEPOSITS FROM CLIENTS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Demand deposits:				
In local currency	12.171.074	127.007	12.572.820	131.955
In foreign currency	4.766.322	49.737	11.159.767	117.124
	16.937.396	176.744	23.732.587	249.079
Term deposits:				
In local currency	10.782.828	112.520	3.887.330	40.798
In foreign currency	2.122.508	22.149	1.951.362	20.480
	12.905.336	134.669	5.838.692	61.278
	29.842.732	**311.413**	**29.571.279**	**310.357**

13. ACCRUALS AND OTHER LIABILITIES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Bankers cheques	145.653	1.520	57.992	609
Cheques resources – In local currency	10.243	107	6.051	63
Dividend payable	-	-	46.200	485
Others	118.406	1.236	115.357	1.211
Cashier excesses	9.097	94	13.093	137
	283.399	**2.957**	**238.693**	**2.505**

14. OTHER BORROWINGS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Amounts held as collateral for foreign exchange operations	61.518	642	834.385	8.758

15. OTHER LIABILITIES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Creditors				
Suppliers	409.151	4.270	129.100	1.355
Provisions	15.595	163	139.837	1.467
Staff	92.093	961	73.459	771
Fiscal obligations	165.589	1.728	157.689	1.655
Others	146.649	1.530	4.837	51
	829.077	**8.652**	**504.922**	**5.299**

Other accruals refer essentially to amounts owing for corporate income tax (117.333 thousand Kwanzas); income tax deducted from employees' salaries, stamp tax and social. All these amounts will be paid in 2013.

16. 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 2012 the bank shareholders structure was as follows:

	Number of shares	%
Jatosadinhi	656.984	20,08
GEFI	482.443	14,75
Salomão José Luheto Xirimbimbi	361.509	11,05
Fundo de Pensões	305.362	9,33
José Francisco Luís António	301.701	9,22
Mateus Filipe Martins	200.620	6,13
Casa Smart	124.354	3,81
Fernando José de Franca Van-Dunen	102.478	3,13
José Jaime Agostinho de S. Freitas	102.478	3,13
Visgosol	87.247	2,67
Lopo Fortunato Ferreira do Nascimento	68.556	2,10
Abel Fernandes da Silva	59.599	1,82
António Mosquito Mbakassy	59.599	1,82
Loy (Pedro de Castro Van-Dunem)	58.919	1,80
João Manuel de Oliveira Barradas	48.555	1,49
Augusto da Silva Tomás	47.135	1,44
Marcolino José Carlos Moco	47.135	1,44
Dumilde das Chagas Rangel	28.280	0,86
Imporafrica Lda.	28.280	0,86
Herdeiros de Valentim Amões	24.608	0,75
Generoso Hermenegildo Gaspar de Almeida	23.567	0,72
Benvindo Rafael Pitra	17.449	0,53
Estevão Pitra	8.724	0,27
Isaac Francisco Mário dos Anjos	8.724	0,27
José Amaro Tati	8.724	0,27
Santos Matoso Júnior	8.724	0,27
Total	**3.271.754**	**100,00**

17. STATEMENT OF SHAREHOLDERS' EQUITY

AKZ'000	Capital	Treasury shares	Capital maintenance reserve	Other reserves	Fair value adjustment	Retained income	Total
Balance 31 December 2011	**1.308.702**	**-**	**82.579**	**1.822.659**	**31.669**	**903.284**	**4.148.893**
Appropriation of 2011 retained income	-	-	-	712.737	-	(712.737)	-
Dividends	-	-	-		-	(190.547)	(190.547)
Fair value adjustment	-	-	-	-	(31.669)	-	(31.669)
2012 Fair value	-	-	-	-	3.053	-	3.053
Profits for the year	-	-	-	-	-	676.934	676.934
Balance 31 December 2012	**1.308.702**	**-**	**82.579**	**2.535.396**	**3.053**	**676.934**	**4.606.664**

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 revaluation of trade and investment securities that are available for sale. The total fair value adjustment amounted to 21.740 thousands of Kwanza, from which deferred tax amounting to 7.609 thousands of Kwanza was deducted to arrive at the fair value adjustment of 14.131 thousands of Kwanza.

18. INTEREST AND SIMILAR INCOME

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Interest on Loans and Advances	496.974	5.208	476.482	5.075
Term deposits with Banks abroad	4.987	52	2.897	31
Interbank lending	335.637	3.517	236.392	2.518
Other debtors and investments	43.228	453	47.358	504
Treasury Bills	640.440	6.711	871.725	9.284
	1.521.266	**15.941**	**1.634.854**	**17.412**

In the interbank lending interest, there are AKZ 13.048 thousands from the BCA "Prime Imovel" Project share.

Interest on Loans and Advances represents income earned in 2012 from Loans and Advances and includes AKZ 30.133 thousand received from a Syndicated Loan to SONANGOL.

The treasury bills interest refer to gains from the Treasury and central bank bills, as well as from the Treasury bonds

The treasury bills interests, gained from the bills issued by the Angolan government ruled by the 51/03 and 52/03 Decrees, of the 8 of July, are exempt from tax income.

19. INTEREST AND OTHER SIMILAR EXPENSES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Deposits	334.951	3.510	308.725	3.288
Interbank lending	17.443	183	-	-
On funds related to Treasury bills with repurchase agreements	6.087	63	312	3
	358.481	**3.756**	**309.037**	**3.291**

20. FEE AND COMMISSION INCOME

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Withdrawal fees	59.285	621	74.560	794
From general banking services	679.368	7.120	593.025	6.316
From guarantees given by the Bank	18.821	197	24.449	260
	757.474	**7.938**	**692.034**	**7.370**

21. RESULTS OF FINANCIAL OPERATIONS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Gains from FX transactions	973.827	10.204	1.403.452	14.948
Losses from FX transactions	(12.441)	(130)	(399.927)	(4.260)
	961.386	**10.074**	**1.003.525**	**10.688**

22. OTHER INCOME

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Bank guaranteed cheque fees	235	2	321	4
Cheque account fees	2.200	23	1.109	12
Reimbursement of expenses	1.598	17	1.454	15
Other	1.966	21	1.364	14
	5.999	**63**	**4.248**	**45**

23. SALARIES AND OTHER PAYROLL EXPENSES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Social Security	36.787	384	35.541	379
Other benefits	24.599	4	30.987	330
Staff Salaries	787.247	8.081	774.768	8.251
Other	22.765	662	12.866	137
	871.398	**9.131**	**854.162**	**9.097**

The Bank had 243 employees at 31 December 2012 (238 at 31 December 2011).

24. THIRD PARTY SUPPLIES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Communication costs	81.010	849	81.276	866
Repairs and maintenance	39.826	417	44.794	477
Professional services	44.231	463	51.321	546
Travel and other related costs	67.779	710	56.651	603
Third party supplies	168.999	1.771	150.690	1.605
Marketing	72.197	757	47.355	504
Rentals	117.878	1.235	122.311	1.303
Insurance	3.646	39	3.738	40
	595.566	**6.241**	**558.136**	**5.944**

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Computer costs	45.532	477	25.532	272
Security costs	92.579	970	84.763	903
Staff training	23.694	248	37.504	400
Cash transportation costs	14.503	152	11.262	120
Other	68.985	723	80.158	853
	245.293	**2.570**	**239.219**	**2.548**

26. IMPAIRMENT LOSSES ON LOANS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Provisions for loan losses	**52.208**	**547**	**118.928**	**1.267**

27. NON-OPERATING RESULTS

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Bad debt recoveries	5.782	61	9.056	96
Prior period gains	28.302	297	29.672	315
Prior period losses	(30.743)	(322)	(63.530)	(675)
Other expenses	(21)	(1)	1.567	17
	3.320	**35**	**(23.235)**	**(247)**

28. INCOME TAXES

The tax reconciliation at 31 December 2012 and 31 December 2011 is presented as follows:

	2012 AKZ'000	2011 AKZ'000
Profit before tax	830.936	1.051.137
Fiscal penalties	17.197	4.110
Tax exempt income	(408.128)	(632.810)
Taxable profits	440.005	422.437
Nominal tax rate	35%	35%
Income tax payable	**154.002**	**147.853**
Effective tax rate	19%	14%

29. OFF BALANCE SHEET ITEMS AND CONTINGENCIES

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Guarantees provided and other liabilities				
Guarantees and securities provided	(810.981)	(8.463)	(942.631)	(9.893)
Letters of Credit issued	(384.052)	(4.008)	(614.679)	(6.451)
	(1.195.033)	**(12.471)**	**(1.557.310)**	**(16.344)**
Responsibilities for provision of services				
Securities deposited by customers	**(3.081.311)**	**(32.115)**	**(3.069.889)**	**(32.219)**
Garantees received				
Guarantees received	**1.075.646**	**11.225**	**1.069.540**	**11.225**

30. RELATED PARTY DISCLOSURE

At 31 December 2012 and 2011, the main balances and deals held with the related party, were as follow:

	2012 AKZ'000	2012 USD'000	2011 AKZ'000	2011 USD'000
Assets:				
Other assets	384.942	4.017	384.942	4.039
Loans and advances	60.485	631	57.802	607
	445.427	**4.648**	**442.744**	**4.646**
Liabilities:				
Deposits	17.694	185	28.551	300
	17.694	**185**	**28.551**	**300**

The balances above were held with the following related parties:

- Probecea – Gestão de Participações SARL
- GEFI – Sociedade de Gestão de Participações, SARL
- Fundo de Pensões
- Jatosadinhi, Lda.

31. BALANCE SHEETS BY CURRENCY

	2012 LCY	2012 FCY	Total
ASSETS			
Cash and cash equivalents	5.302.367	3.107.076	8.409.443
Placements with other banks	14.576.763	1.514.142	16.090.905
Trading and Investment securities	3.553.219	713.175	4.266.394
Loans and advances	1.813.804	2.692.564	4.506.368
Equity investments	77.726	-	77.726
Intangible assets	864.291	-	864.291
Property, equipment and other tangible assets	1.793.186	-	1.793.186
Pending Foreign Exchange operations	32.783	67.294	100.077
Other assets	541.690	-	541.690
	28.555.829	**8.094.251**	**36.650.080**
LIABILITIES			
Deposits from other banks	-	968.145	968.145
Deposits from customers	21.890.822	7.951.910	29.842.732
Accruals and other liabilities	283.369	-	283.369
Other borrowings	-	61.518	61.518
Other liabilities	579.369	249.709	829.078
Prov for potential liabilities	-	58.574	58.574
	22.753.560	**9.289.856**	**32.043.416**
EQUITY			**4.606.664**

	2011 LCY	2011 FCY	Total
ASSETS			
Cash and cash equivalents	4.466.134	6.882.894	11.349.028
Placements with other banks	4.302.792	3.595.834	7.898.626
Trading and Investment securities	8.662.579	1.953.041	10.615.620
Loans and advances	724.898	3.125.243	3.850.141
Equity investments	74.262	-	74.262
Intangible assets	828.209	-	828.209
Property, equipment and other tangible assets	1.284.191	-	1.284.191
Pending Foreign Exchange operations	120.680	2.134	122.814
Other assets	443.830	46.103	489.933
	20.907.575	**15.605.249**	**36.512.824**
LIABILITIES			
Deposits from other banks	33.799	1.130.236	1.164.035
Deposits from customers	16.460.150	13.111.129	29.571.279
Accruals and other liabilities	125.842	112.851	238.693
Other borrowings	-	834.384	834.384
Other liabilities	287.369	217.553	504.922
Prov for potential liabilities	-	50.618	50.618
	16.907.160	**15.456.771**	**32.363.931**
EQUITY			**4.148.893**

32. SUBSEQUENT EVENTS

Between 31 December 2012 and the date of approval of the financial statements, there were no significant adjusting subsequent events affecting the financial position or performance of the Bank.

Kwanza River, Malange Province
Cangandala County.
Photo: Walter Fernandes ©2007

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 2012.

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

The Banks financial statements were audited by its external auditors, whose opinion is that the financial statements present fairly, in all material aspects, the financial position of BCA at 31 December 2012, the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Angola for the banking sector.

Having taken into consideration the external auditors report, it is the opinion of the Fiscal Council, that the Shareholders Assembly should approve the Annual Report and Financial Statements for the 2012 financial year.

The Fiscal Council

07 June 2013

Deloitte.

Deloitte & Touche - Auditores, Lda
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AUDITORS' REPORT

(Translation of a report originally issued in Portuguese)

(Amounts expressed in thousands of Kwanzas – tAKZ)

To the Shareholders and Board of Directors of Banco Comercial Angolano, S.A.

Introduction

1. We have audited the accompanying financial statements of Banco Comercial Angolano, S.A. (hereinafter also referred to as "the Bank"), which comprise the balance sheet as of 31 December, 2012, that reflects a total of 36,650,811 tAKZ and shareholders' equity of 4,606,664 tAKZ, including a net result of 676,934 tAKZ, the statements of income, of changes in shareholders' equity and of cash-flows for the year then ended and the corresponding Notes. Board of Directors Responsibility for the Financial Statements.

Board of Directors Responsibility for the Financial Statements

2. The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in Angola for the banking sector and for the internal control deemed necessary to enable the presentation of financial statements free from material misstatements, 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 International Standards on Auditing. 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 misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures contained in the financial statements. The procedures selected depend on the auditor´s judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making that risk assessment, the auditor considers the 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

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circumstances, but not with the purpose of expressing an opinion on the effectiveness of the internal control system of the Bank. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, the financial statements referred to in paragraph 1 above, present fairly, in all material aspects, the financial position of Banco Comercial Angolano, S.A. as of 31 December 2012, the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Angola for the banking sector (Note 2).

Emphasis of a Matter

7. The financial statements for the year ended at December 31, 2011 were audited by us and our Auditors´ report, dated May 25, 2012, included one scope limitation regarding the absence of replies and reconciliations of suppliers balances, which is not applicable to the financial statements as of 31 December, 2012.

Luanda, June 5, 2013

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