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Banco Comercial Angolano

Annual Report 2013

Index

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Approval of the Board of Directors

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Approval of the Board of Directors

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

To satisfy this responsibility the Bank has put in place systems of internal accounting and administrative control to ensure that its assets are safeguarded and that 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 2013, presented herewith 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, April 21st, 2014

Board Report

O ÊXITO DO NOSSO TRABALHO, ASSENTA NA COESÃO DAS NOSSAS EQUIPAS

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Board Report - 2013

The operating strategy adopted by the bank in 2013, had a significant effect on the net profit for the year. Despite the regulatory changes introduced by the Central Bank during the last two years, interest rate reductions for placements, loans and trading and investment securities, the strategy adopted allowed the bank to maintain stability in its net profits, in comparison to those of the previous year.

The bank continues to invest heavily in the improvement of the internal control environment by automating most of its daily activities, continuously improving efficiency in servicing customers and in diversifying distribution channels and products offered.

During the year ended, the bank participated in a number of syndicated loan agreements that sought to promote lending in the economy with an aim helping restart the manufacturing industry in Angola. The loans granted during the year ensured there was a significant increase in the bank's loan portfolio balance at the end of the year. BCA was also one of the banks that signed a memorandum of agreement with the Government for the "Angola Investe" programme.

Our focus on effective risk management results in the bank's solidity and prudential ratios being above average and providing consequently, a minimum exposure to risk and to the negative effects of excessive risks.

The areas considered by the Board to be extremely important and to which it applies substantial resources are the following: Corporate governance (operating of several management and support committees), management information systems, operational risk management, market and liquidity risk management, branch network, where all branch layouts were standardized and a brand facelift exercise carried out, as well as the human capital (through our human resources training inside and outside the country), Know Your Customer policies and Compliance and Suppliers management.

It is our conviction that, taking into accounts the continuous growth of our customer base, the retention of these customers, coupled with a capital reinforcement, will lead BCA into a period of fast growth and better profitability for the benefit of all stakeholders.

Financial indicators

Assets

The bank's total assets reduced by 10,64%, caused mainly by the decrease of 33,09% in money market placements, although a 14% loans increase occurred. The significant decrease in the yields of trading and investment securities that occurred since 2012 necessitated a realignment of the bank's investment strategy with more funds being directed to loans and to short term interbank overnight placements, which had a great impact on the asset mix. It is encouraging to note that 61,12% of the bank's assets are interest or fee earning.

Liabilities

On the side of the liabilities, notwithstanding the fact that total customer liabilities were almost stagnant in relation to the prior year, there was a significant shift in the deposit mix where there was a reduction of 37,47% in term deposits.

Equity

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

Income Statement

In 2013, the net interest margin increased in 5%. This increase was as a result of a higher investment in placements with other local banks (109% increase) and in loans (which increased by 28%), despite a reduction of 80% in the trading and investment securities portfolio. The variance on the operating margin was mainly as a result of a 26% increase in foreign currency transactions during the year.

Proposal for the appropriation of 2013 profits

In accordance with the Angolan financial Institutions laws, we propose the after tax profit, amounting to AKZ 669.706 thousands to be appropriated as follows:

1. AKZ 474.469 thousand to be allocated to reserves;
2. AKZ 195.237 thousand to be declared as dividends at the rate of AKZ 59,67 per share.

Future prospects

As from the year 2014 going forth, we will continue to focus on the expansion of our branch footprint with a goal of reaching 33 branches in the next 12 months. We will consolidate our presence in Luanda with new branches in Petrangol, Viana, Lar do Patriota and Sambizanga and also open full services branches in provinces outside Luanda such as in Huila, Malanje, Zaire (Soyo), Kwanza Sul and Namibe. Our objective continues to be that of attracting more customers, improving the bank's profitability and its visibility throughout the country.

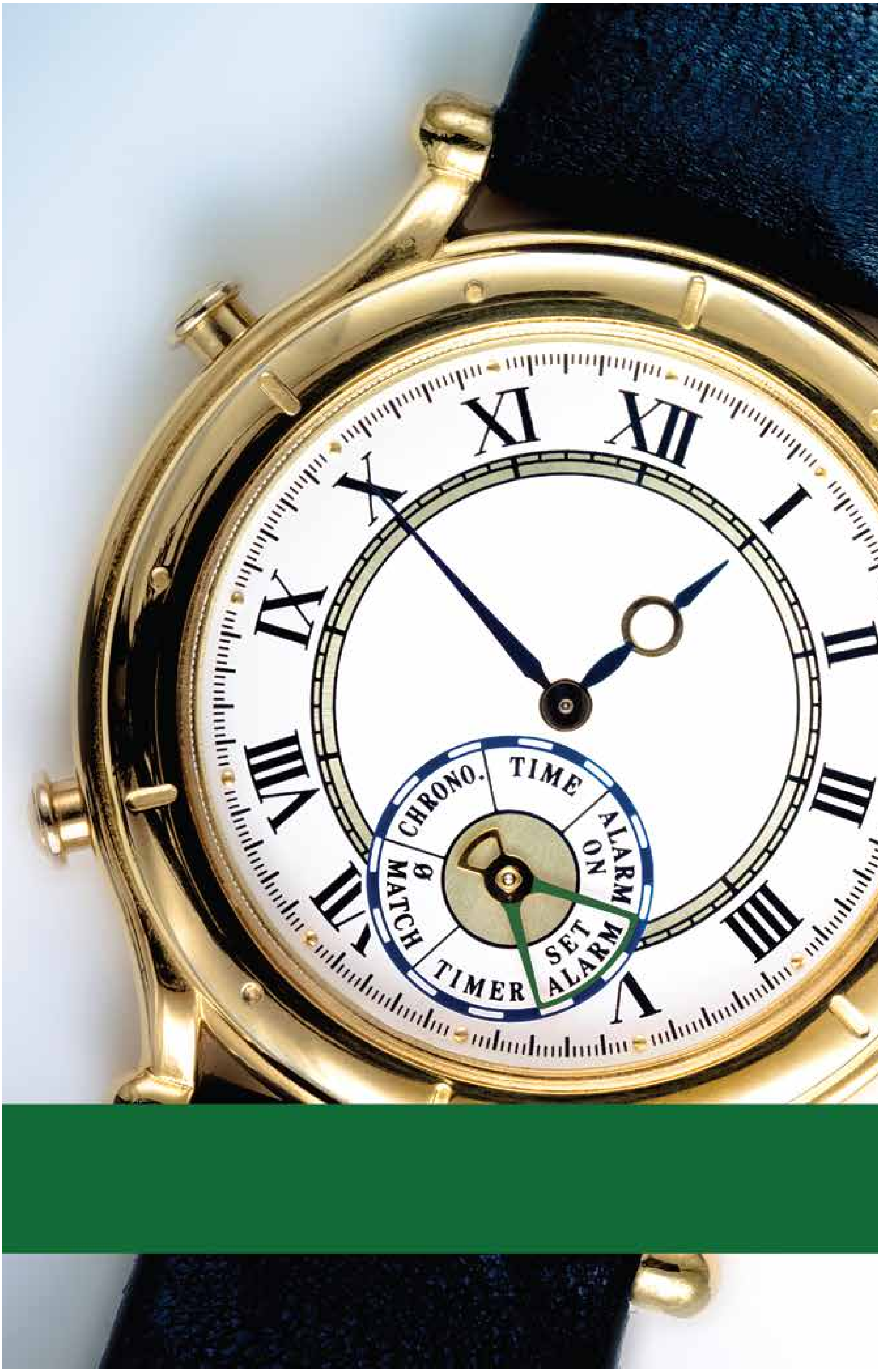
The strengthening of human capital competences through the implementation of an integrated Human Resources management model that will allow the bank to attract, motivate, develop and retain talent. We will continue to invest heavily in technical and soft skills training of our staff in order to equip them with the necessary skills to ensure excellent service quality and delivery to our customers.

The conclusion of our new Disaster Recovery site and the issuing of VISA debit and credit cards are also projects which are at an advanced stage of completion and are also very important to the bank.

Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive Officer

Growth of BCA



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EFICIÊNCIA E RIGOR PROFISSIONAL EM PRIMEIRO LUGAR

Gestão focada para o cliente acima de tudo

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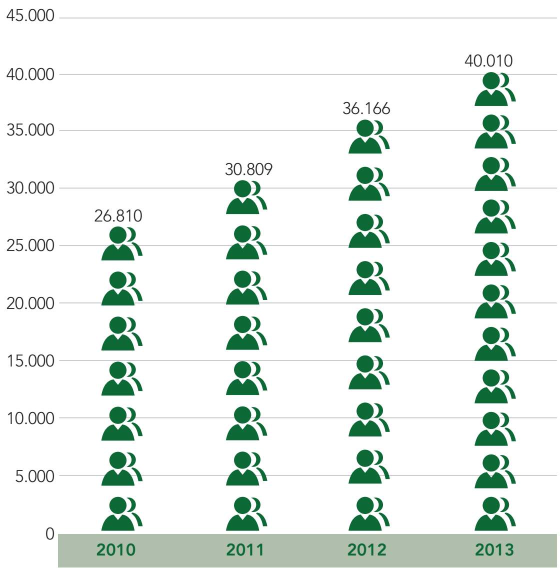
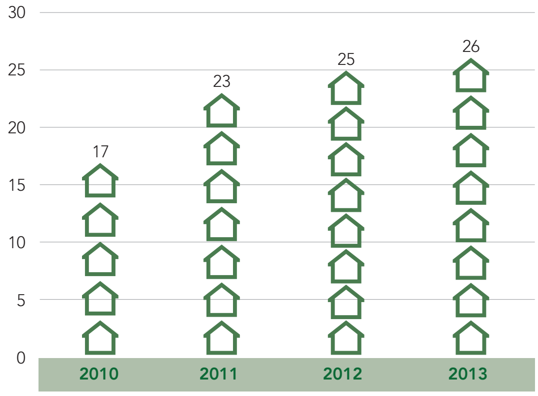
Growth of BCA

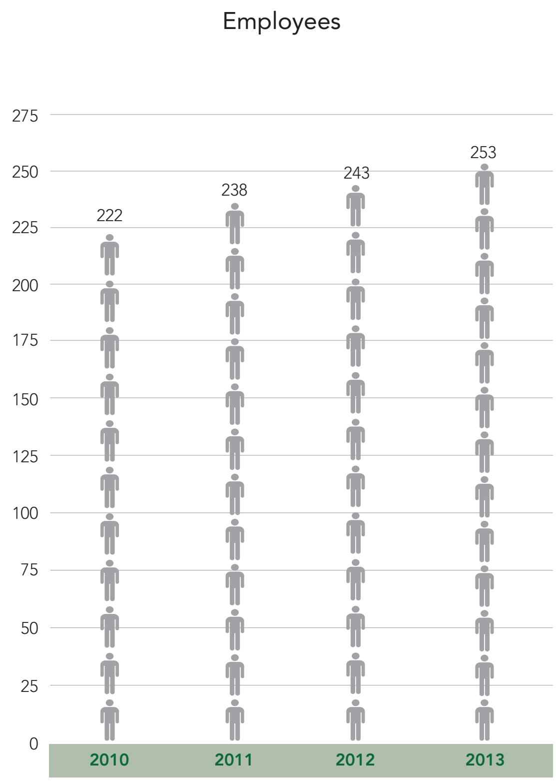
Customers

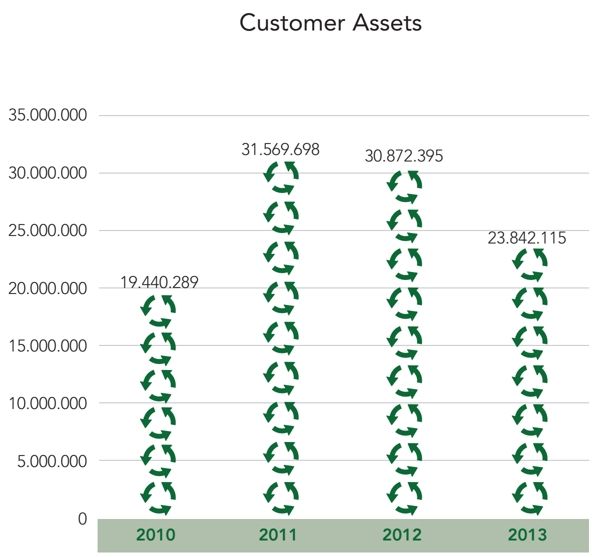


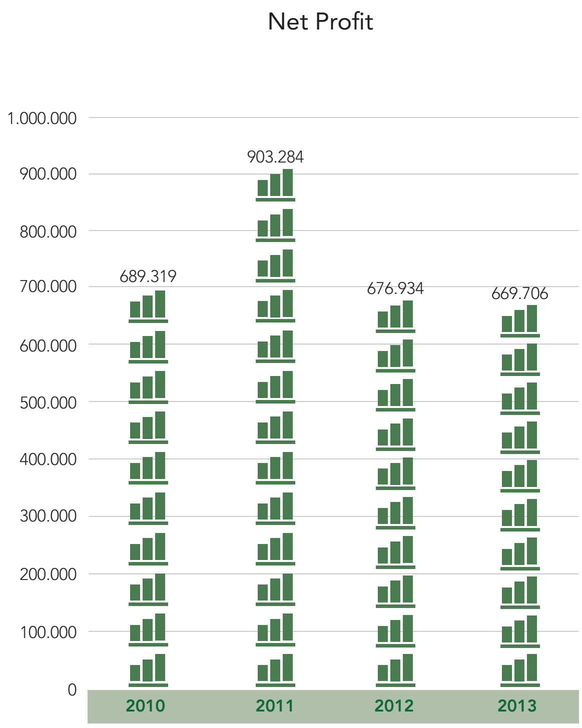
Branches



Growth of BCA







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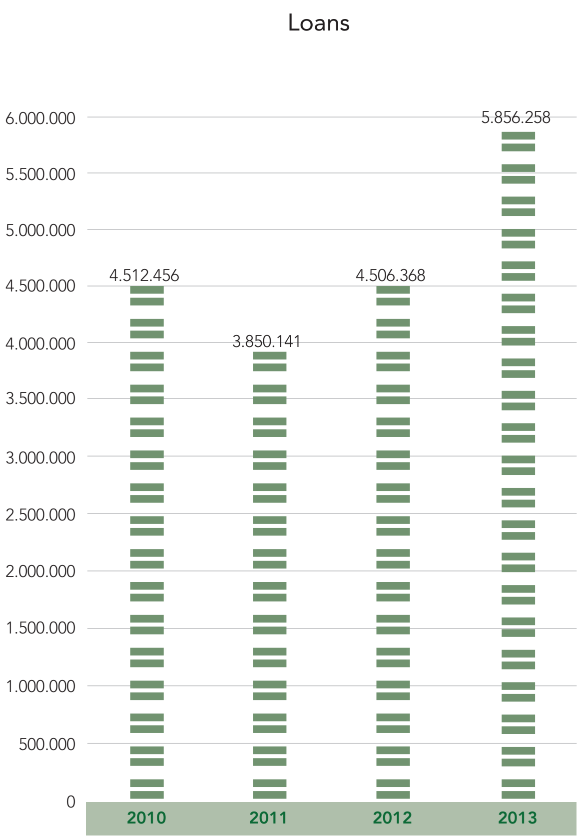
Growth of BCA



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Key Indicators

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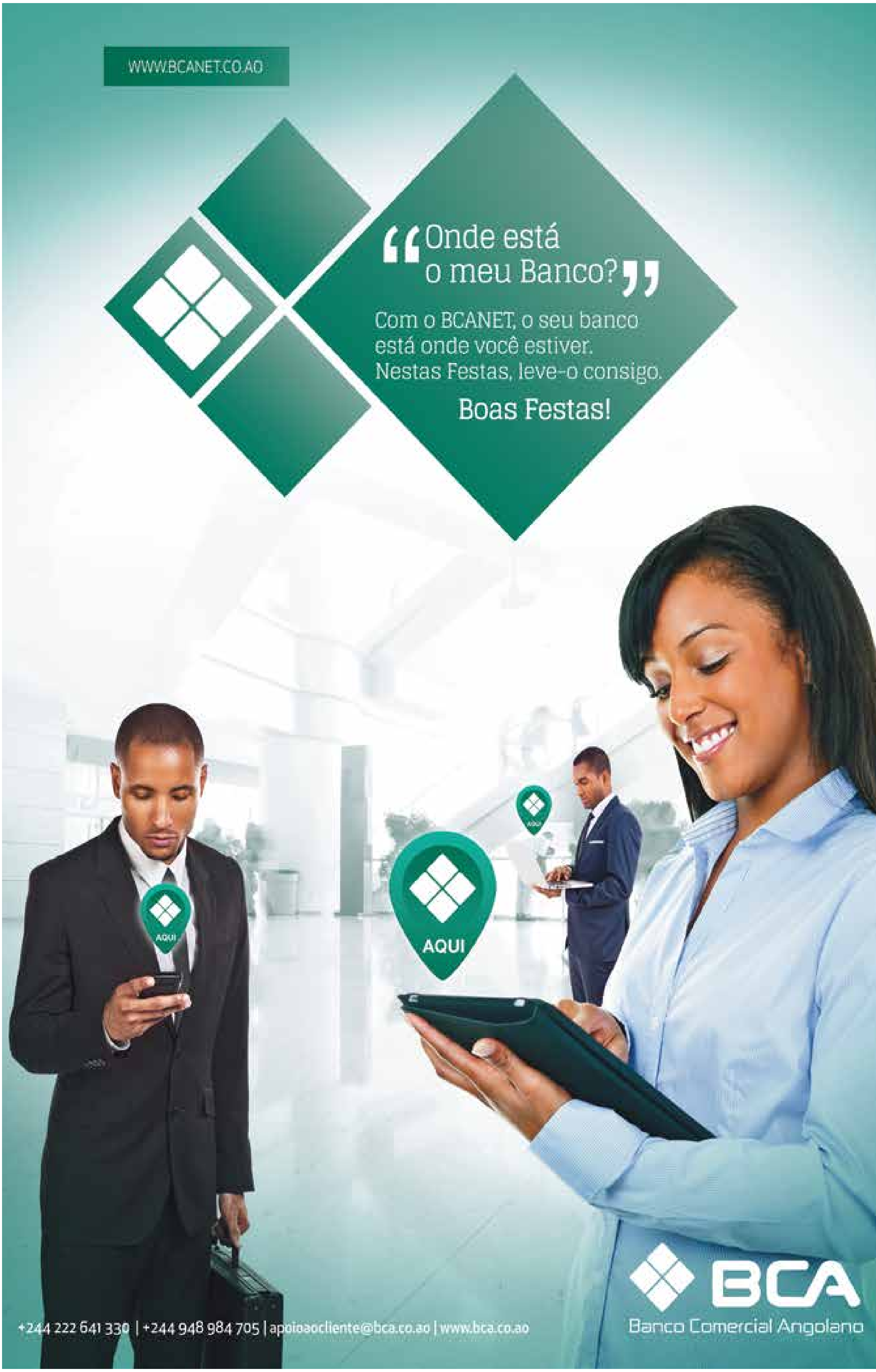
Key Indicators

	2013 AKZ´000	2013 USD´000	2012 AKZ´000	2012 USD´000
Balance Sheet				
Total assets	30.854.273	316.069	36.650.811	382.457
Loans and advances	5.856.258	59.991	4.506.368	47.027
Customer liabilities	23.842.115	244.237	30.872.395	322.158
Shareholder's equity	5.286.280	54.152	4.606.664	48.076
Activity				
Net Interest Income (NII)	1.217.662	12.620	1.162.785	12.185
Net Operating Margin (NOM)	3.223.262	33.407	2.814.196	29.490
Operating Costs (OC)	2.224.698	23.058	1.986.580	20.816
Operating Profit (OP)	998.564	10.349	827.616	8.674
Net Profit (NP)	669.706	6.941	676.934	7.095
NII/NOP	37,8%	37,8%	41,3%	41,3%
Non-int. Income/NII	165,6%	165,6%	142,0%	142,0%
Cost-to-income	69,0%	69,0%	70,6%	70,6%
OP/Average Assets	7,2%	7,2%	6,9%	6,9%
Solidity				
Non-Preforming Loans/Total Loans	2,9%	2,9%	4,3%	4,3%
Provisions/Non-Preforming Loans	143,6%	143,6%	140,7%	140,7%
Return On Avg. Assets (ROAA)	2,2%	2,2%	2,3%	2,3%
Return On Equity (ROE)	13,5%	13,5%	18,0%	18,0%
Capital Adequacy Ratio	35,2%	35,2%	32,2%	32,2%
Fixed Assets Ratio	73,8%	73,8%	70,5%	70,5%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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

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	Hirondina Ferreira
• Head of Human Resources	Hernani Cambinda
• Head of Operations	Zuleica Pereira
• 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

Corporate Governance Statement

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OS PROJECTOS MUDAM OS VALORES NÃO

Corresponder às suas expectativas será sempre a nossa prioridade

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

CMC (Management Committee)

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

Credit Management Committee

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

New product committee

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

Asset and Liability Committee (ALCO)

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

Loan Recoveries Committee

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

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 associated costs together with discussing and monitoring progress on all new branch projects. It is composed of two Executive Directors, the head of the infrastructure department and any other ad-hoc members.

Technical support committee

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

In the light of the Central Bank Notices n° 1/2013, 2/2013 and 4/2013, the bank began an internal restructuring process, in order to adapt its operating ways to the above mentioned regulations and we expect to conclude this process during 2014.


O seu cartão para as
compras do dia-a-dia
BCA Visa Classic e BCA Visa Gold
BCA
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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 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
- 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.

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

The liquidity risk is the risk of compromising the financial capacity of the bank, in such a way that the current operations cannot be financed and the financial commitments cannot be accomplished in due time.

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

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

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

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

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

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

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

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

The liquidity risk process monitoring includes:

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

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

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

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

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

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

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

- Liabilities Margin: The liabilities margin at risk is the impact that the adverse movements at prices and liability composition level (product type, etc.) have in the value of the bank liabilities.

- Exploration Result: measured through the negative deviation from the set fees level, commissions and service rate, as a consequence of the business risk resulting from the non accomplishment of the sales objectives, reduction of prices due to pressures of the competitors and the reduction on the transactions volume. The risk associated to revenues from the trading and investment activities is managed as an integral part of the market, commercial and investment risk.

- Operating expenses: measured through the negative deviation from the set operating expenses level, which can happen due to the occurrence of no planned costs, inadequate costs control and under-use of the installed capacity.

Credit Risk

The loan risk refers to the risk of financial loss (capital and/or revenue) as a result of a debtor default, for any reason.

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

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

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

The Bank will not concede loan of any nature to any customer lacking the capacity to pay back one's debt.

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

Facilities should be granted to an individual or a company in which the assets, to whom the assets against which loan is being conceded belong.

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

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

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

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

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Global Economy

The world economy continued to struggle in 2013 to improve growth. Similar to what transpired in 2012, the emerging markets and developing economies showed higher growth than the advanced economies, where, for instance, the Euro Zone had a drop in the growth rate for a third consecutive year. In many developed economies the high public debt burdens lead to fiscal austerity measures, which limited the possibility to get out of the economic downturn.

Percent growth in GDP

Area	2009	2010	2011	2012	2013
World	-0,4	5,2	3,9	3,2	3,0
Advanced economies	-3,4	3,0	1,7	1,4	1,3
Euro area	-4,4	2,0	1,6	-0,7	-0,5
Emerging markets and developing economies	3,1	7,5	6,3	5,1	4,7

Source: IMF

Developed economies

United States of America (USA)

The world's biggest economy, the USA, registered a growth of 1,9% in GDP in 2013, compared to 2,8% achieved in the previous year. The reason behind this decrease can be found in the limited expansion of the Government budget, the unwillingness of banks to grant credit and a slower than expected recovery in consumption spending. Some positive signs were although also present with a continuous decrease in the unemployment rate. The FED continued throughout 2013 with its quantitative easing (QE) – buying bonds from the banks in order to accommodate liquidity for the sector and increasing credit and thereby stimulating the economy. Further the aim of QE was to avoid a low rate of inflation, but notwithstanding these efforts it still dropped from 1,8% in 2012 to 1,2% in 2013.

Euro-zone

Although the Euro crisis has abated, the Euro zone was among the hardest hit economically. Overall for the zone, GDP fell with 0,5% (having fallen in the previous year by 0,7%), but with great differences between the 17 countries of the Euro-zone. Germany and France had a growth of 0,5% and 0,3% respectively, while the lowest rated were Spain with -1,2%, Portugal with -1,4%, Italy with -1,9%, Greece with -3,9% and Cyprus with -6,0%. The southern European countries had difficulties due to the fiscal austerity measures that were introduced to reduce the budget deficits and escalating public debt. A consequence was a much higher unemployment rate than other parts of the Euro-zone, lower consumption and even deflation. Like Greece some years ago, Cyprus also had to be bailed out. The rescue packet covers the period from 2013 till 2016 and is in excess of 10 billion Euros.

Percentual growth in GDP

Country	2009	2010	2011	2012	2013
Germany	-5,1	3,9	3,4	0,9	0,5
France	-3,1	1,7	2,0	0,0	0,3
Spain	-3,8	-0,2	0,1	-1,6	-1,2
Portugal	-2,9	1,9	-1,3	-3,2	-1,4
Italy	-5,5	1,7	0,5	-2,4	-1,9
Greece	-3,1	-4,9	-7,1	-7,0	-3,9
Cyprus	-1,9	1,3	0,4	-2,4	-6,0

Source: IMF

Unemployment rate (% of total labor force)

Country	2009	2010	2011	2012	2013
Greece	9,5	12,5	17,7	24,2	27,3
Spain	18,0	20,1	21,7	25,0	26,4
Portugal	9,5	10,8	12,7	15,7	16,3
Cyprus	5,4	6,3	7,9	11,9	16,0
Italy	7,8	8,4	8,4	10,7	12,2
France	9,5	9,7	9,6	10,2	10,8
Germany	7,8	7,1	6,0	5,5	5,3

Source: IMF

Inflation, end of period

Country	2009	2010	2011	2012	2013
Germany	0,8	1,9	2,3	2,1	1,2
Italy	1,1	2,1	3,7	2,6	0,7
Spain	0,9	2,9	2,4	3,0	0,3
Portugal	-0,1	2,4	3,5	2,1	0,2
France	1,0	2,0	2,6	1,5	0,0
Cyprus	1,6	1,9	4,2	1,5	-1,3
Greece	2,6	5,2	2,4	0,8	-1,7

Source: IMF

Russia

Russia forms part of BRICS (Brazil, Russia, India, China and South Africa) and is the 8th largest economy worldwide. The natural resources as timber, precious metals and especially oil, gas and coal have helped Russia's growth in recent years. The country is the largest exporter of oil and gas, and not being a member of OPEC means it is not constrained by the grouping's production quotas. In 2013, Russia registered decreased growth, mainly as a result of low domestic demand and low investment activities.

Percent growth in GDP

Country	2009	2010	2011	2012	2013
Russia	-7,8	4,5	4,3	3,4	1,3

Source: IMF

Asia

The dominating economies in Asia, China (2nd biggest economy in the world), Japan (3rd) and India (10th) showed almost no change in their growth. For China it was a question of not overheating the economy, which could lead to higher inflation and property speculation. Demand in China helped the growth to increase slightly above the Government target of 7,5%. Although the growth is on the higher level compared to almost any other country in the world, it didn't increase the inflation, which was kept at 2,5% at end of year. The high growth has lead China to become the largest importer of oil, from which Angola is benefitting. The structure of production changed letting the service sector (46%) overtake the output of the industry sector (44%), leaving 10% for the primary sector.

Japan has a structural problem with a large public debt which limits the budget maneuvers to spur the economy. After a higher growth in the first half of 2013, the second half slowed down, as export and consumer spending decreased. The closing of Fukushima nuclear energy production lead to an increased import of energy, and exports of goods to Asia slowed due to lower growth perspectives. The USD/JPY exchange rate was devalued by 21% during 2013 in an attempt to kick-start exports. This also helped Japan to break the deflation of the last 4 years – at end of 2013 when it registered inflation of 1,4%.

India has slowed the pace slightly, having a growth in GDP of 4,4% against 4,7% the previous year. The country still ranks second worldwide in farm output and agriculture and fishing accounts for one fifth of GDP and provide employment to half the population. India struggles with a negative current account balance, and the Rupee hit an all time low against the USD during 2013: 68,80. The Government introduced some capital control measures and the Rupee recovered to a level of 62,00, having started the year at 57,00.

Percent growth in GDP

Country	2009	2010	2011	2012	2013
China	9,2	10,4	9,3	7,7	7,7
Japan	-5,5	4,7	-0,5	1,4	1,5
India	8,5	10,3	6,6	4,7	4,4

Source: IMF

Sub-Saharan Africa

The growth of Sub-Saharan Africa continues at a nice pace with 4,9% in 2013. The GDP purchasing-power-parity per capita increased from USD 2.192 in 2009 to USD 2.565 in 2013. Inflation has come down in recent years and although the current account balance in general is negative, the debt levels are at a reasonable level. Six countries account for about two thirds of all Sub-Saharan Africa's GDP, with Angola in third place with GDP of USD 122 billion. Except from China the region of Sub-Saharan Africa has the greatest potential of growth.

Percent growth in GDP

Country	2009	2010	2011	2012	2013
Angola	2,4	3,4	3,9	5,2	4,1
Ethiopia	10,0	10,6	11,4	8,5	9,7
Ghana	4,0	8,0	15,0	7,9	5,5
Kenya	2,7	5,8	4,4	4,6	5,6
Nigeria	7,0	8,0	7,4	6,6	6,3
South Africa	-1,5	3,1	3,6	2,5	1,9
Sub-Saharan Africa	2,6	5,6	5,5	4,9	4,9

Source: IMF

Gross Domestic Product, current prices im billion USD

Country	2009	2010	2011	2012	2013
South Africa	285	365	404	382	351
Nigeria	171	232	248	264	286
Angola	75	82	104	115	122
Ethiopia	32	29	31	43	48
Kenya	31	32	34	41	45
Ghana	26	32	39	40	44
Sub-Saharan Africa	908	1.091	1.242	1.276	1.318

Source: IMF

South America

South America has in general slowed its pace. Like Sub-Saharan Africa, Latin America is dominated by a few economies. The six largest economies account for 87% of the continent. Brazil alone counts for 39% and is the seventh largest economy in the world. Mexico has a weight of 22% of the Latin economies. The overall growth of South America was 2,7%, with Brazil, Mexico and Venezuela dragging the average down, while countries such as Argentina, Colombia and Chile had growth percentages above 4%. Some countries have suffered due to lower commodity prices. The lower import rate of China and India has meant less export, and local demand as well as trade between countries in the region has also slumped. All countries, except Venezuela, have deficits on their current accounts. Monetary policy has been sharpened as inflation has increased, for instance Venezuela had and inflation rate of 56% in 2013.

Percent growth in GDP

Country	2009	2010	2011	2012	2013
Brazil	-0,3	7,5	2,7	1,0	2,3
Mexico	-4,7	5,1	4,0	3,9	1,1
Argentina	0,9	9,2	8,9	1,9	4,3
Colombia	1,7	4,0	6,6	4,2	4,3
Venezuela	-3,2	-1,5	4,2	5,6	1,0
Chile	-0,9	5,7	5,7	5,5	4,2
South America	-1,3	6,0	4,6	3,1	2,7

Source: IMF

Gross Domestic Product, current prices im billion USD

Country	2009	2010	2011	2012	2013
Brazil	1.622	2.143	2.475	2.248	2.243
Mexico	895	1.051	1.169	1.184	1.259
Argentina	306	368	445	475	488
Colombia	234	287	336	370	382
Venezuela	329	296	316	381	374
Chile	172	217	251	266	277
South America	4.055	4.932	5.641	5.633	5.775

Source: IMF

The Angolan Economy

Economic Growth and Social economic issues (Overview)

The Angolan economy grew at a slower pace in 2013. The actual number varies depending on the source: IMF sees 4,1% as public investments have been below target level whereas the Angolan Government claims a growth closer to 5,1%. Oil and diamond revenues still account for half the GDP, and the aim of the Government to diversify the economy - reduce the impact of the oil sector and increase agriculture and industry - has not yet borne fruit.

Percent growth in GDP

Country	2009	2010	2011	2012	2013
Angola	2,4	3,4	3,9	5,2	4,1

Source: IMF

In order to promote the policy of diversification of the Angolan economy, a number of development programmes have been launched. The aim of the programmes is to increase the SME sector, obtain macroeconomic stability and at the same time achieve an improved fiscal position.

There have been continuous efforts to rebuild the economic and social infrastructure, such as roads, railways and harbors as well as improving human development and living conditions through low and medium income housing projects.

Based on the public investments and incentive programmes the Government launched an ambitious plan to increase employment, but the unemployment rate remains significantly high at about 30% of the workforce and the rate of poverty is still around 1/3 of the population, as reported by the Angolan National Statistical Institute (INE).

According to BNA (Banco Nacional de Angola) the country has made important steps in a variety of human development indicators, including poverty, health and education, but still ranks low in the Human Development Index (HDI) at 148th place out of 187 countries surveyed.

Inflation

Inflation has developed positively with a downward trend in recent times. The biggest contributors to the present inflation are hotels and restaurants, food and non alcoholic beverages, clothing and footwear and furniture and utilities.

Annual inflation in % (end of period)

	2009	2010	2011	2012	2013
Consumer Price Inflation	13,99	15,31	11,38	9,02	7,69

Source: BNA

Foreign exchange policy

A key factor to reduce inflation has been a stable exchange rate. Angola imports the majority of all goods consumed and the so-called imported inflation through a higher exchange rate has been diminished during 2013 and previous years.

Exchange rate USD/AKZ - BNA selling rate

	2009	2010	2011	2012	2013
End of year exchange rate	89,621	92,991	95,520	96,072	97,862
% increase		3,8%	2,7%	0,6%	1,9%
Average exchange rate	79,788	92,208	94,130	95,659	96,808

Source: BNA

The amounts of USD sold at the Central Bank auctions have grown over the past years, but in 2013 BNA limited the amounts attributed to the commercial banks. This was a direct consequence of the final implementation (July 2013) of the currency law for the oil sector, which should bring billions of USD into the banking system. Nevertheless, during the second half of 2013 the in-flow of USD was very low and only concentrated in a few banks, meaning that the banking sector as a whole didn´t benefit from the new law. A consequence has been longer execution time for performing foreign transfers.

USD amounts sold at auctions - in million USD

	2009	2010	2011	2012	2013
Amount per year	10.636	11.613	14.888	18.201	19.282
Increase in %		9%	28%	22%	6%
Average per month	886	968	1.241	1.517	1.69 7

Source: BNA

Foreign exchange reserves

The foreign exchange reserves in December 2013 were only slightly above the level of December 2012. During 2013 the reserves actually grew to USD 34.385 million in May, but lost momentum at the end of the year, as diamond prices dropped and the quantity of crude oil exported also decreased. With the level of reserves Angola can pay for more than a year's import of goods and when services and dividend payments are included, the foreign exchange reserves covers about 10 months.

Foreign reserves (Million USD)

	2009	2010	2011	2012	2013
Foreign reserves	12.621	17.327	26.084	30.632	30.945

Source: BNA

Monetary area

The money supply increased with the growth of the economy. M3 measured in foreign currency (mainly USD) and kwanza increased 14%. When only considering AKZ, the increase was 30%, which is a sign that the foreign currency is diminishing its weight and hence the economy is de-dollarized.

Monetary supply (Billion AKZ)

		2012	2013	Increase
M3	AKZ & Foreign currency	3.875.993	4.431.323	14%
M3	AKZ	2.048.036	2.657.871	30%
	% Foreign currency/M3	47%	40%	

Source: BNA

Government budget and fiscal policy

The budget for 2013 reveals the continuous effort of the Government to diversify the economy and have other resources other than revenue from the oil sector. For the first time in many years, 2013 shows a budget deficit of around 3,4% of GDP. The previous years had budget surpluses of 12% (2011) and 8% (2012) of GDP. Further, the tax reform approved in 2010and implemented the following years has meant a wider base and better control of non oil taxes.

Government budget (billion AKZ)

	2010		2011		2012		2013	
Revenue from oil sector	2.500	76%	3.817	80%	4.050	80%	3.282	72%
Revenue non oil sector	594	18%	711	15%	744	15%	1.119	24%
Other income	201	6%	248	5%	246	5%	169	4%
Total revenue	3.296		4.776		5.040		4.570	

Source: Ministry of Finance

72% of government revenue comes from the exploration of energy and covers almost half the country's total GDP. This makes the economy heavily dependent on oil revenues and vulnerable to oil price shocks. Nonetheless, the main challenge rests on the government's ability to ensure diversification of the economy for a diminished reliance of the country's hydrocarbon resource earnings.

External sector

Angola's economic growth is mainly due to the exploration of natural resources where 98% of total exports in Angola are oil or oil derivatives, 1,7% are diamonds and the rest mainly agricultural products, such as coffee. Of import articles the main items are vehicles, transport material, machinery and equipment, base metals, farming products, food and energy.

Trade account (million USD)

	2009	2010	2011	2012	2013
Exports	40.828	50.595	67.130	71.093	67.770
Oil/oil derivatives	39.803	49.352	65.591	69.716	66.599
Diamonds	814	976	1.205	1.160	1.122
Agriculture and other	212	267	514	218	50
Imports	22.660	16.667	20.229	23.717	27.689
Trade account	18.168	33.928	47.028	47.376	40.081

Source: INE & BNA

Oil export (million barrels)

	2009	2010	2011	2012	2013
Oil export in barrels	647	625	586	617	629
Barrels of oil/day	1,8	1,7	1,6	1,7	1,7
Average price	61	78	110	112	107

Source: Ministry of Finance

Principal trading partners (million USD)

Export	2013	% Country	% Group	Import	2013	% Country	% Group
China	31.970	47%		Portugal	4.567	16%	
India	6.764	10%		China	3.065	11%	
USA	5.021	7%	75%	USA	1.663	6%	43%
Taiwan	4.007	6%		Brazil	1.262	5%	
Canada	3.305	5%		South Africa	1.247	5%	
Total Export	67.770			Total Import	27.689		

Source: INE & BNA

Five trading partners make up for 75% of all exports, with the two main BRIC countries, China and India being the top export destinations for Angola. On the import side there are 5 countries from 5 continents, which almost stand for half of all imports.

The public debt (public companies and Government) has been fairly stable and shows a debt level of GDP, which is decreasing. Compared to Europe, USA or other developed countries the debt level must be considered very low. The debt of public companies is basically from Sonangol and TAAG.

Public debt (billion USD)

	2009	2010	2011	2012	2013
Government debt internal	20	14	12	12	12
Government debt external	10	10	10	12	12
Public company debt external	5	7	10	9	9
Total public debt	35	31	32	34	33
Public debt / GDP	52%	37%	31%	30%	28%

Source: Ministry of Finance

Foreign Direct Investment (FDI)

One point worth highlighting is FDI. According to the annual report from ANIP (the Government agency assessing all investments) more than USD 3 billion entered Angola in 2013. Besides the investments in the oil sector a great variety of investments were made in for instance industry, construction, agriculture, hotels, education, trade and service industry.

FDI (million USD)

	2009	2010	2011	2012	2013
Inward investments	15.086	11.859	8.835	1.937	3.110

Source: Unctad/ANIP

Financial Sector

The central bank has continuously improved the banking supervision insuring transparency and increased information flow. The banking system includes 25 banking institutions, divided between commercial, regional, development and investment banks. The number of financial institutions and their branches has increased and the percentage population having accounts or access to banking services has increased to around 50% of the adult population, according to BNA. This is the fruit of a campaign launched by BNA introducing attractive financial products and increasing financial awareness among the general population.

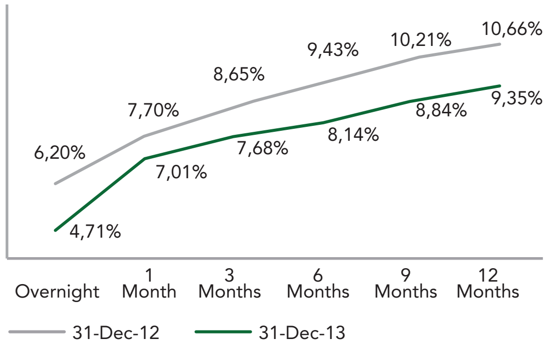
BNA rates

	2011	2012	2013
BNA base rate	10,25%	10,25%	10,00%
Borrowing rate	11,50%	11,75%	11,25%
Placement rate	1,50%	1,50%	0,75%

Source: BNA

With the lower inflation BNA has pushed the general interest level down. The pressure has been on the banks investing in credit instead of T-Bills and Government bonds.

Luibor rates



From the interbank rates, LUIBOR, a clear pattern emerges with a drop in the yield curve of 1,49% in the overnight rate and between 0,69% and 1,37% in the rest of the maturities.

Despite the lower interest rates the deposits grew well in AKZ (34%), while in foreign currency there was a decrease of 1%. The efforts of de-dollarizing the economy can clearly be seen. In 2009 and 2010 AKZ deposits accounted for less than half the total deposit amounts, however, in 2013 almost two thirds were in AKZ and only a third in foreign currency.

Deposits in national and foreign currency (million AKZ)

	2009	2010	2011	2012	2013
National currency	1.047.985	1.312.640	1.804.705	2.209.358	2.951.370
Foreign currency	1.309.999	1.351.141	1.786.687	1.804.847	1.784.933
National currency %	44%	49%	50%	55%	62%
Foreign currency %	56%	51%	50%	45%	38%

Source: BNA

Credit in national and foreign currency (million AKZ)

	2009	2010	2011	2012	2013
Government & public company debt national currency	660.740	619.300	668.090	764.527	1.040.907
Private sector debt national currency	450.728	561.462	1.021.310	1.425.012	1.781.318
Credit in national currency	1.111.468	1.180.762	1.689.399	2.189.540	2.822.226
Government debt foreign currency	315.016	375.077	285.747	226.240	248.010
Private sector debt foreign currency	814.413	1.019.804	1.041.927	1.137.454	1.060.083
Credit in foreign currency	1.129.429	1.394.881	1.327.674	1.363.694	1.308.093
Total credit	2.240.898	2.575.642	3.017.073	3.553.234	4.130.319

Source: BNA

The same pattern is reflected in credit, where the growth in AKZ is 29% in 2013. The outstanding amount in foreign currency is contracting by 4%.

Looking at the distribution it is possible to verify again the effect of the de-dollarization policy. Two thirds of the outstanding credit is in AKZ and one third in foreign currency whereas 5 years ago it was equally distributed.

Distribution of Credit in national and foreign currency (million AKZ)

	2009	2010	2011	2012	2013
Government & public company debt national currency	29%	24%	22%	22%	25%
Private sector debt national currency	20%	22%	34%	40%	43%
Credit in national currency	50%	46%	56%	62%	68%
Government debt foreign currency	14%	15%	9%	6%	6%
Private sector debt foreign currency	36%	40%	35%	32%	26%
Credit in foreign currency	50%	54%	44%	38%	32%
Total credit	100%	100%	100%	100%	100%

Source: BNA

In all, the Angolan economy has performed well, although with a slower pace. The diversification of the economy is still underway, but helped by a controlled inflation, exchange rate, public debt and Government budget.

Cada vez mais perto de si

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Banco Comercial Angolano

Balance Sheet

	Notes	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Assets					
Cash and cash equivalents	3	7.113.801	72.873	8.410.144	87.761
Placements with other banks	4	10.766.538	110.292	16.090.905	167.918
Trading and Investment securities	5	3.393.529	34.763	4.266.394	44.522
Loans and advances	6	5.856.258	59.991	4.506.368	47.027
Equity investments	7	70.871	726	77.726	811
Intangible assets	8	786.207	8.054	864.291	9.019
Property, equipment and other tangible assets	8	2.545.585	26.077	1.793.186	18.713
Pending Foreign Exchange operations	9	152.599	1.563	100.107	1.045
Other Assets	10	168.885	1.730	541.690	5.653
		30.854.273	316.069	36.650.811	382.457
Liabilities					
Deposits from other banks	11	22.284	228	968.848	10.110
Deposits from clients					
a) Demand	12	15.719.935	161.034	16.937.396	176.744
b) Term	12	8.069.130	82.660	12.905.336	134.669
Accruals and other liabilities	13	506.593	5.190	283.399	2.957
Other borrowings	14	53.050	543	61.518	642
Other liabilities	15	1.131.325	11.589	829.077	8.652
Prov. for potential liabilities		65.676	673	58.573	611
		25.567.993	261.917	32.044.147	334.385
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	12.963	133	3.053	32
Other reserves	17	3.212.330	32.907	2.535.396	26.458
Foreign currency translation reserve		-	(829)	-	(513)
Retained income for the year		669.706	6.941	676.934	7.095
		5.286.280	54.152	4.606.664	48.072
		30.854.273	316.069	36.650.811	382.457

Income Statement

	Notes	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Interest and other similar income	18	1.507.988	15.629	1.521.266	15.941
Interest and other similar expenses	19	(290.326)	(3.009)	(358.481)	(3.756)
Net Interest Margin		1.217.662	12.620	1.162.785	12.185
Fee and commission income	20	797.159	8.262	757.474	7.938
Results of financial operations	21	1.213.475	12.577	961.386	10.074
Other income	22	5.977	62	5.999	63
Fee and commission expenses		(27.227)	(282)	(21.240)	(223)
		1.989.384	20.619	1.703.619	17.852
Impairment losses on loans	26	16.216	168	(52.208)	(547)
Operating margin		3.223.262	33.407	2.814.196	29.490
Salaries and other payroll expenses	23	(1.000.517)	(10.370)	(871.398)	(9.131)
Third party supplies	24	(735.296)	(7.620)	(595.566)	(6.241)
Other admin expenses	25	(235.793)	(2.444)	(245.293)	(2.570)
Taxes and similar expenses		(2.774)	(29)	(1.265)	(13)
Depreciation	8	(241.063)	(2.498)	(222.010)	(2.326)
Retirement compensation prov		(5.843)	(61)	(7.656)	(80)
Other expenses		(3.412)	(36)	(43.392)	(455)
		(2.224.698)	(23.058)	(1.986.580)	(20.816)
Operating Profit		998.564	10.349	827.616	8.674
Non-operating results/(Loss)	27	9.151	95	3.320	35
		1.007.715	10.444	830.936	8.709
Provision for Income taxes	28	(338.009)	(3.503)	(154.002)	(1.614)
Net profit for the year		669.706	6.941	676.934	7.095

Cash Flow Statement

	2013 AKZ'000	2012 AKZ'000
Profit before tax	1.007.715	830.936
Add:		
Depreciation	241.063	222.010
Retirement compensation provisions	5.843	-
Less:		
Loan loss provisions	(16.216)	52.208
Non Operating Results	(3.314)	-
Dividend paid	-	(180.786)
Tax paid	(144.476)	(146.102)
Cash flows from operating activities	1.090.615	778.266
Increase in loans and advances	(1.320.917)	(656.222)
Increase in accrued assets	(12.137)	(51.757)
(Increase)/Decrease in other assets	(52.492)	22.737
(Decrease) in deposit from other banks	(946.563)	(195.890)
Increase in other liabilities	108.715	324.210
(Decrease) in other borrowings	(8.468)	(772.866)
Increase in accruals and other liabilities	223.194	44.676
	(918.053)	(506.846)
Investing activities		
Purchase of fixed assets	(528.710)	(769.844)
Sale/ (Purchase) of trading and investment securities	872.865	6.262.096
Placements with other banks	5.324.367	(8.192.279)
Equity investments	6.855	(3.464)
	5.675.377	(2.703.491)
Financing activities		
Demand deposits	(1.217.461)	(6.795.191)
Term deposits	(4.836.206)	7.066.644
	(6.053.667)	271.453
Decrease in cash and cash equivalents	(1.296.343)	(2.938.884)
Opening balance of cash and cash equivalents	8.410.144	11.349.028
Closing balance of cash and cash equivalents	7.113.801	8.410.144

NOTES TO THE FINANCIAL STATEMENTS

1. CONSTITUTION AND ACTIVITY

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

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

At the end of 2013, the Bank operated 26 branches throughout the country, 1 of which was opened during 2013.

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
31.12.2012	95,43	95,83
31.12.2013	96,49	97,62

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%
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 doubled delay for the monthly check, as its loan portfolio has an overall delays above 24 months (as fixed by the article n° 6 of the rule n° 04/09)

d) Other Provisions

The Bank has constituted "guarantees provided" whose levels attribution observe, as for credits provisions, the 3/2012 BNA Law. The provisions for the labours retirement compensation is set in accordance with the article 262 of the labour law, and the article n°3 of the Decree n° 76/05, issued on October 12th.

e) Transactions in foreign currency

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

f) Trading and investment securities

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

1. Trading assets – Investments acquired for the purpose of generating short term fluctuations in price or dealer's margin. Trading assets are held at fair value and unrealised gains and losses are accounted for as non-interest income in the income statement.

2. Held-to-maturity – Investments with a fixed maturity date and where the bank has a firm intention and ability to hold the investment to such date. The investments are held at amortised cost and reviewed where appropriate.
3. Available-for-sale – Investments normally held to maturity, but that may be sold in response to a need for liquidity owing to changes in interest rates, Exchange rates or other economic conditions.

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

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

Impairments that are considered to be permanent in nature are recognised as losses immediately in the period and taken to the income statement and 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.

g) 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.

h) Property, plant and equipment

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

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

	Useful lfe (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 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.

i) 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.

j) 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 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 N° 5/11 of 30 December, introduced several legislative changes to the IAC code, as a consequence of the running fiscal reform.

The IAC incidence is on the interests from financial placements of the bank, such as: 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 81° a) of the tax law.

k) Impairment

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

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

a) An asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;
c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease an asset's recoverable amount materially;
d) The carrying amount of the net assets of the entity is more 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.

l) Principal estimates and provisions

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

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

3. CASH AND CASH EQUIVALENTS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Cash:				
-Local currency	1.750.962	17.937	1.375.508	14.354
-Foreign currency	284.585	2.915	375.501	3.919
	2.035.547	20.852	1.751.009	18.273
Balances at the National Bank of Angola (BNA)				
-Local currency	2.244.856	22.996	3.917.660	40.884
-Foreign currency	1.202.172	12.315	1.247.653	13.020
	3.447.028	35.311	5.165.313	53.904
Outstanding cheques	50.524	517	9.680	101
NOSTRO accounts	1.580.702	16.193	1.484.142	15.483
	1.631.226	16.710	1.493.822	15.584
	7.113.801	72.873	8.410.144	87.761

In accordance with Instructions No 03/13 of 01 July, the coefficient for the statutory reserve required by the National Bank of Angola is 15%, 50%, and 100%, for the total deposits, expressed in local currency, of clients, local and central governments, respectively. 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 2013, the balances 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 Populaires, Byblos Bank Europe, Commerzbank, "Banco Português de Investimentos", "Banco Português de Negócios" and "Banco Atlântico Europa".

4. PLACEMENTS WITH OTHER BANKS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
With local banks	9.543.615	97.765	14.602.054	152.381
With foreign banks	1.221.438	12.512	1.487.366	15.522
Gold coins	1.485	15	1.485	15
	10.766.538	110.292	16.090.905	167.918

Placements with local banks are composed by the balance lent to three local banks and two foreign banks.

5. TRADING AND INVESTMENT SECURITIES

2013						
Thousands of Kwanzas	Buying Costs	Nominal Value Adjustment	Fair Value Adjustment	Deferred Profit	Provisions	Balance
Treasury bills –LCY	676.851	-	10.973	7.375	-	695.199
Treasury bonds – LCY						
- TX	421.177	20.862	-	4.019	-	446.058
- NR	1.497.300	(553)	9.592	13.013	-	1.519.352
Treasury bonds – FCY						
- USD	488.092	-	-	5.866	-	493.958
- EUR	136.200	-	(621)	5.219	(1.343)	139.455
Subordinates Bonds	97.619	-	-	2.864	(976)	99.507
	3.317.239	20.309	19.944	38.356	(2.319)	3.393.529

2012						
Thousands of Kwanzas	Buying Costs	Nominal Value Adjustment	Fair Value Adjustment	Deferred Profit	Provisions	Balance
Treasury bills –LCY	325.587	-	(79)	4.570	-	330.078
Central bank bills – LCY	2.621.641	-	964	36.636	-	2.659.241
Treasury bonds – LCY						
- TX	542.492	17.292	-	4.116	-	563.900
- NR	-	-	-	-	-	-
Treasury bonds – FCY						
- USD	479.130	-	-	8.586	-	487.716
- EUR	123.215	-	3.854	1.914	(1.232)	127.751
Subordinates Bonds	9.826	-	-	2.840	(958)	97.708
	4.187.891	17.292	4.739	58.662	(2.190)	4.266.394

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 local bank (Banco Keve). The trading and investment securities from the Angolan State are classified in A risk level, while those of the Portuguese state and Banco Keve are recorded at B risk level.

The bank acquired from the Angolan State Non Adjustable Bonds (NR) in local currency, amounting to AKZ 1.497.300.000. Unlike the TX bonds, whose nominal value is adjusted as the AOA/USD exchange rate depreciated, that of the NR bonds does not.

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

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Treasury and central bank bills				
Up to 6 months	-	-	2.989.319	31.195
From 6 months to 1 year	695.199	7.122	-	-
	695.199	7.122	2.989.319	31.195
Treasury bonds				
Up to 6 months	457.123	4.683	-	-
From 6 months to 1 year	77.034	789	253.808	2.649
More than 1 year	2.164.173	22.169	1.023.266	10.678
	2.698.330	27.641	1.277.074	13.327
	3.393.529	34.763	4.266.393	44.522

The average interest rate are displayed below:

	2013 %	2012 %	Variation %
Treasury bills –LCY	5,36	3,39	1,97
Central bank bills – LCY	-	4,62	(4,62)
Treasury Bonds - LCY	7,02	7,00	0,02
Treasury Bonds – FCY (USD)	7,58	7,20	0,38
Treasury Bonds – FCY (EUR)	5,63	5,45	0,18

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

6. LOANS AND ADVANCES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Loans and advances	5.895.521	60.393	4.535.198	47.325
Non performing loans	171.120	1.753	206.830	2.161
Accrued interest	35.380	362	55.292	577
	6.102.021	62.508	4.797.320	50.063
Loan loss provisions	(245.763)	(2.517)	(290.952)	(3.036)
	5.856.258	59.991	4.506.368	47.027

Loan loss provisions for non-performing loans, including overdue capital and interest and doubtful accounts as referred to in Note c) total AKZ 245.763 thousands (2012: 290.952 thousands), which represents 4.03% 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 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 2013 and 2012 the bank major customer represented 21,39% and 11,04% of the credit portfolio, respectively. The total of the top twenty customers represented in those dates 66,93% and 62% of the credit portfolio, respectively.

At 31 December 2013 and 2012 the credit conceded to the bank shareholders or to companies managed by them was 71.850 thousand Kwanzas and 60.485 thousand Kwanzas, respectively.

There is in the credit portfolio the share in SONANGOL trade union amounting to AKZ 100.338.723,00 in 31 December 2013. The BCA share in the Prime Imovel trade union of USD 279.432 is recorded in loans portfolio as well.

At 31 December 2013 the sector analysis of credit provided by the bank was as follows:

	2013 AKZ'000	2013 USD'000	%
Construction	322.520	3.304	5
Wholesale and retail	912.615	9.349	15
Transport and communication	98.682	1.011	2
Service supply and housing	2.617.845	26.817	43
Individuals	2.150.359	22.027	35
	6.102.021	62.508	100

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

Loans and advances by currency:

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Kwanzas	4.486.944	45.963	2.362.199	24.650
US Dollars	1.614.988	16.544	2.434.942	25.411
Other currencies	89	1	179	2
	6.102.021	62.508	4.797.320	50.063

At 31 December 2013 and 2012 the annual average credit interest rate (excluding the advances) was of 17,70% and 16,47%, respectively, for the credit on national currency, and 7,10% and 9,16%, respectively, for the credit on foreign currency.

Loans and advances by credit risk classification:

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
A	-	-	-	-
B	17.404	178	32.051	335
C	18.135	186	12.960	135
D	9.604	98	10.088	105
E	14.920	153	7.507	78
F	7.445	76	17.158	179
G	103.612	1.062	127.066	1.326
	171.120	1.753	206.830	2.158

Comparative analysis of loans and advances by credit risk classification:

		2013										2012
	Risk	A	B	C	D	E	F	G	WO	Reductions	Total	Portfolio
2012	A	**100,00%**	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	21,49%	1.030.788.885
2012	B	0,00%	**81,68%**	0,52%	0,10%	0,08%	0,00%	0,38%	0,00%	17,25%	72,28%	3.467.641.571
2012	C	0,00%	10,01%	**63,97%**	1,53%	15,32%	0,00%	2,34%	0,00%	6,83%	1,28%	61.644.250
2012	D	0,00%	0,00%	9,67%	**0,00%**	16,55%	0,00%	70,25%	0,00%	3,54%	0,68%	32.448.600
2012	E	0,00%	0,10%	0,00%	0,00%	**0,00%**	0,01%	54,25%	2,44%	43,19%	0,15%	7.042.254
2012	F	0,00%	3,94%	0,00%	0,00%	0,00%	**4,44%**	75,07%	11,43%	5,12%	0,44%	21.283.916
2012	G	0,00%	4,06%	0,00%	1,33%	0,00%	0,00%	**43,13%**	32,82%	18,66%	3,68%	176.470.524
	Total	21,49%	59,04%	0,82%	0,00%	0,00%	0,02%	1,59%	1,26%	15,78%	100,00%	
	2012 Portfolio	1.030.788.885	2.832.257.484	39.435.391	529	0	945.563	76.120.453	60.521.123	757.250.590		4.797.320.000

Maturity profile of loans and advances:

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Loans and advances				
In foreign currency:				
Up to 1 year	432.219	4.428	584.429	6.101
From 1 to 5 years	799.112	8.186	1.095.804	11.435
More than 5 years	482.044	4.938	754.888	7.877
	1.713.375	17.552	2.435.121	25.413
In local currency:				
Up to 1 year	1.175.754	12.044	566.928	5.887
From 1 to 5 years	3.212.892	32.912	1.760.352	18.395
More than 5 years	-	-	-	-
Overdrafts	-	-	34.919	368
	4.388.646	44.956	2.362.199	24.650
	6.102.021	62.508	4.797.320	50.063

For the financial years of 2013 and 2012, bad debts have been deducted from the assets by use of loans provisions, which were rated at G level amounting to AKZ 28.973 thousands and AKZ 130.231 Thousands, respectively.

On the other hand, the credit provisions movement during the year of 2013 was:

Thousands of Kwanzas	Credit Provisions
Balance at 01 January 2013	290.952
Reinforcements	58.418
Deductions	(74.634)
Provision for the Year	(16.216)
Used	(28.973)
Balance at 31 December 2013	245.763

7. EQUITY INVESTMENTS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
EMIS – Empresa Interbancária de Serviços:				
Capital	26.253	269	19.593	205
Suplements	44.980	461	34.540	360
Capital - Impairment	(362)	(4)	(363)	(4)
	70.871	726	53.770	561
Stock Exchange	-	-	23.956	250
	70.871	726	77.726	811

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

The amount paid a few years ago for a shareholding in the Angolan stock exchange was reclassified to "Other Assets" as an agreement has been reached for it to be reimbursed.

8. PROPERTY PLANT AND EQUIPMENT

INTANGIBLE ASSETS

AKZ'000	Opening Balance	Increases	Transf.	Other	Write Off	Closing Balance
Cost						
Software	88.516	20.963	-	-	-	109.479
Expansion related	-	1.060	-	-	-	1.060
Works in rented properties	1.062.619	80.243	(113.644)	-	-	1.029.218
Other intangible assets	2.526	11.936	-	-	-	14.462
	1.153.661	114.202	(113.644)	-	-	1.154.219
Depreciation						
Software	(76.106)	(8.699)	-	-	-	(84.805)
Expansion related	-	(294)	-	-	-	(294)
Works in rented properties	(210.745)	(66.386)	-	-	-	(277.131)
Other intangible assets	(2.519)	(3.263)	-	-	-	(5.782)
	(289.370)	(78.642)	-	-	-	(368.012)
Net						
Software	12.410	12.264	-	-	-	24.674
Expansion related	-	766	-	-	-	766
Works in rented properties	851.874	13.857	(113.644)	-	-	752.087
Other intangible assets	7	8.673	-	-	-	8.680
	864.291	35.560	(113.644)	-	-	786.207

TANGIBLE ASSETS

AKZ'000	Opening Balance	Increases	Transf.	Other	Write Off	Closing Balance
Cost						
Buildings	767.280	535.925	113.644	-	-	1.416.849
Equipment	1.123.708	130.062	-	-	-	1.253.770
Capital WIP	607.905	133.607	-	-	-	741.512
	2.498.893	799.594	113.644	-	-	3.412.131
Depreciation						
Buildings	(41.383)	(36.298)	-	(58)	-	(77.739)
Equipment	(664.324)	(126.123)	-	1.640	-	(788.807)
Capital WIP	-	-	-	-	-	-
	(705.707)	(162.421)	-	1.582	-	(866.546)
Net						
Buildings	725.897	499.627	113.644	(58)	-	1.339.110
Equipment	459.384	3.939	-	1.640	-	464.963
Capital WIP	607.905	133.607	-	-	-	741.512
	1.793.186	637.173	113.644	1.582	-	2.545.585

The transfer amount refers to Huambo premises in which the bank was a tenant, until 2013, when it was fully acquired as a bank property.

9. OTHER ASSETS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Electronic settlements	7.745	79	5.659	59
International School	132.401	1.357	67.294	702
Other debtors	354	3	18.265	191
Expense advances	12.099	124	8.889	93
	152.599	1.563	100.107	1.045

10. ACCRUED ASSETS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Probecea	-	-	384.942	4.017
Advances to suppliers	19.087	196	19.087	199
Stationery	25.542	262	31.449	328
Accruals	40.644	416	50.252	524
-Health Insurance	1.983	20	2.303	24
-Rentals and hire	35.041	359	42.846	447
-Others	3.620	37	5.103	53
Sectional purchase of ABANC HQ	22.944	235	24.151	253
Unsold vehicle licence discs	3.154	32	2.524	26
Others	57.514	589	29.285	306
	168.885	1.730	541.690	5.653

The amount of unsold licence vouchers in the Bank's possession at 31 December 2013 is to be sold to the public as an agent authorized by the Tax National Administration, from which the Bank receives a 11% commission.

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

There is in the account "Other" the amount given to the Shopping Rudimba (AKZ 20.160 thousands), and the amount to be collected from the Angolan Stock Exchange.

11. DEPOSITS FROM OTHER BANKS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
On Demand:				
From foreign banks	22.284	228	968.848	10.110

12. DEPOSITS FROM CLIENTS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Demand deposits:				
In local currency	10.531.791	107.887	12.171.074	127.007
In foreign currency	5.188.144	53.147	4.766.322	49.737
	15.719.935	161.034	16.937.396	176.744
Term deposits:				
In local currency	6.909.876	70.785	10.782.828	112.520
In foreign currency	1.159.254	11.875	2.122.508	22.149
	8.069.130	82.660	12.905.336	134.669
	23.789.065	243.694	29.842.732	311.413

13. ACCRUALS AND OTHER LIABILITIES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Bankers cheques	251.651	2.578	145.653	1.520
Cheques resources – In local currency	15.902	163	10.243	107
Others	238.910	2.448	118.406	1.236
Cashier excesses	130	1	9.097	94
	506.593	5.190	283.399	2.957

In the "Others" accounts there is the amount concerned with MoneyGram Operations (AKZ 172.466 thousand); with the Credit Transfer System (AKZ11.292 thousand), and the values regarding the Jumbo Supermarket (AKZ 4.534 thousand).

14. OTHER BORROWINGS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Amounts held as collateral for foreign exchange operations	53.050	543	61.518	642

15. OTHER LIABILITIES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Creditors				
Suppliers	388.627	3.981	409.151	4.270
Provisions	222.599	2.280	15.595	163
Staff	100.179	1.026	92.093	961
Fiscal obligations	359.122	3.679	165.589	1.728
Others	60.798	623	146.649	1.530
	1.131.325	11.589	829.077	8.652

Fiscal Obligations refer essentially to the amounts owing for corporate income tax (AKZ 338.009 thousands); income tax deducted from employees' salaries, stamp tax and social. All these amounts will be paid in 2014.

There are in Provisions account the amount of incurred costs whose invoices were not received as at 31-12-2014, such as, health care (AKZ 90.647), rent (AKZ 27.441), communications (AKZ 7.883), and others.

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. The net profit per share is 20,43%.

At 31 December 2013 the bank shareholders structure was as follows:

	Number of Shares	%
SADINO, Lda	427.960	13,08
Salomão José Luheto Xirimbimbi	361.509	11,05
GEFI	318.854	9,75
Fundo de Pensões	305.362	9,33
José Francisco Luís António	301.701	9,22
Julião Mateus Paulo "Dino Matrosse"	229.023	7,00
Mateus Filipe Martins	200.620	6,13
Afonso Domingos Van-Dúnem "Mbinda"	163.588	5,00
Casa Smart	124.354	3,80
Fernando José de Franca Van-Dunen	102.479	3,13
José Jaime Agostinho de S. Freitas	102.479	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
Pedro de Castro Van-Dunem (Herdeiros)	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-IMOBILIÁRIA Lda.	28.280	0,86
Valentim Amões (Herdeiros)	24.608	0,75
Generoso Hermenegildo G. de Almeida	23.567	0,72
Benvindo Rafael Pitra (Herdeiros)	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

		RESERVE				
AKZ'000	Capital	Capital maintenance reserve	Other reserves	Fair value adjust.	Retained Income	Total
Balance 31 December 2012	1.308.702	82.579	2.535.396	3.053	676.934	4.606.664
Appropriation of 2012 retained income	-	-	676.934	-	(676.934)	-
Dividends	-	-	-	-	-	-
Fair value adjustment	-	-	-	(3.053)	-	(3.053)
2013 Fair value adjustment	-	-	-	12.963	-	12.963
Profits for the year	-	-	-	-	669.706	669.706
Balance 31 December 2013	1.308.702	82.579	3.212.330	12.963	669.706	5.286.280

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

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

The fair value adjustment is issued from the trade and investment securities assessment that are available for sale. The total fair value adjustment amounted to 19.943 thousands of kwanzas, from which deferred tax amounting to 6.980 thousands of Kwanzas were deducted to arrive at the net fair value adjustment of AKZ 12.963 thousands.

18. INTEREST AND OTHER SIMILAR INCOME

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Loans & Advances to Customers	635.631	6.588	496.974	5.208
Term deposits with Banks abroad	5.554	58	4.987	52
Interbank lending	702.175	7.277	335.637	3.517
Other debtors and investments	35.198	365	43.228	453
Treasury Bills	129.430	1.341	640.440	6.711
	1.507.988	15.629	1.521.266	15.941

Interests from the term deposits with Banks abroad, and the interbank lending, comprising interest income, were realized in the local and foreign currency.

The Loans & Advances to Customers interests represent the 2013 loans, from which there are AKZ 16.434 thousands received from the "Sindicato bancário SONANGOL".

The treasury bills interest refer to gains from the Treasury and central bank bills, as well as from the Treasury bonds. Capital tax is applied to the government bonds interest gained.

19. INTEREST AND OTHER SIMILAR EXPENSES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Deposits	288.680	2.992	334.951	3.510
Interbank lending	-	-	17.443	183
On funds related to Treasury bills with repurchase agreements	1.646	17	6.087	63
	290.326	3.009	358.481	3.756

The costs recorded in the Deposits refer to the term deposits earnings paid to customers.

20. FEE AND COMMISSION INCOME

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Withdrawal fees	65.789	682	59.285	621
From general banking services	716.545	7.426	679.368	7.120
From guarantees given by the Bank	14.825	154	18.821	197
	797.159	8.262	757.474	7.938

The gains from general banking services are profit from the intermediation in import operations, MoneyGram Transfers, insurance and others.

21. RESULTS OF FINANCIAL OPERATIONS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Gains from FX transactions	2.400.887	24.884	973.827	10.204
Losses from FX transactions	(1.187.412)	(12.307)	(12.441)	(130)
	1.213.475	12.577	961.386	10.074

22. OTHER INCOME

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Bank guaranteed cheque fees	35	1	235	2
Cheque account fees	4.660	48	2.200	23
Reimbursement of expenses	1.277	13	1.598	17
Other	5	-	1.966	21
	5.977	62	5.999	63

23. SALARIES AND OTHER PAYROLL EXPENSES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Social Security	38.321	397	36.787	384
Other benefits	115.681	1.200	24.599	4
Staff Salaries	814.541	8.442	787.247	8.081
Other	31.974	331	22.765	662
	1.000.517	10.370	871.398	9.131

The Bank had 253 employees at 31 December 2013 (243 at 31 December 2012).

24. THIRD PARTY SUPPLIES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Communication costs	165.476	1.715	81.010	849
Repairs and maintenance	34.830	361	39.826	417
Professional services	53.236	551	44.231	463
Travel and other related costs	46.902	486	67.779	710
Third party supplies	197.160	2.043	168.999	1.771
Marketing	76.959	798	72.197	757
Rentals	153.334	1.589	117.878	1.235
Insurance	7.399	77	3.646	39
	735.296	7.620	595.566	6.241

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Computer costs	57.802	599	45.532	477
Security costs	91.543	949	92.579	970
Staff training	26.835	278	23.694	248
Cash transportation costs	13.352	138	14.503	152
Other	46.261	480	68.985	723
	235.793	2.444	245.293	2.570

In the "Others" account there are AKZ 14.732 thousands costs of the Clean casual labors. The donations (AKZ 7.855 thousands), and others.

26. IMPAIRMENT LOSSES ON LOANS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Provisions for loan losses	16.216	168	52.208	547

27. NON-OPERATING RESULTS

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Bad debt recoveries	5.837	61	5.782	61
Prior period gains	5.146	53	28.302	297
Prior period losses	(1.832)	(19)	(30.743)	(322)
Other expenses	-	-	(21)	(1)
	9.151	95	3.320	35

28. INCOME TAXES

The tax reconciliation at 31 December 2013 is presented as follows:

	2013 AKZ'000	2012 AKZ'000
Profit before tax	1.007.715	830.936
Fiscal penalties	19.691	17.197
Tax exempt income	58.608	(408.128)
Taxable profits	968.798	440.005
Nominal tax rate	35%	35%
Income Tax Payable	339.079	154.002
Deduction of IAC paid	1.070	-
Net Income tax payable	338.009	154.002
Effective tax rate	34%	19%

The fiscal benefit is comprised by the gains from the government bonds. The Capital tax deductions from the payable income taxes were subject to the Central Bank and to the "Banco Keve" securities investments.

29. OFF BALANCE SHEET ITEMS AND CONTINGENCIES

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Guarantees provided and other liabilities				
Guarantees and securities provided	18.000	184	(810.981)	(8.463)
Letters of Credit issued	1.845.276	18.903	(384.052)	(4.008)
	1.863.276	19.087	(1.195.033)	(12.471)
Responsibilities for provision of services				
Securities deposited by customers	-	-	(3.081.311)	(32.115)
Guarantees received				
Guarantees received	9.046.715	92.674	1.075.646	11.225

30. RELATED PARTY DISCLOSURE

At 31 December 2013 and 2012, the main balances and deals held with the related party, were as follow:

	2013 AKZ'000	2013 USD'000	2012 AKZ'000	2012 USD'000
Assets:				
Other assets	-	-	384.942	4.017
Loans and advances	71.850	736	60.485	631
	71.850	736	445.427	4.648
Liabilities:				
Deposits	415.471	4.257	17.694	185
	415.471	4.257	17.694	185

At 2013 the balances held above refers to the related parties who are the bank shareholders.

31. BALANCE SHEETS BY CURRENCY

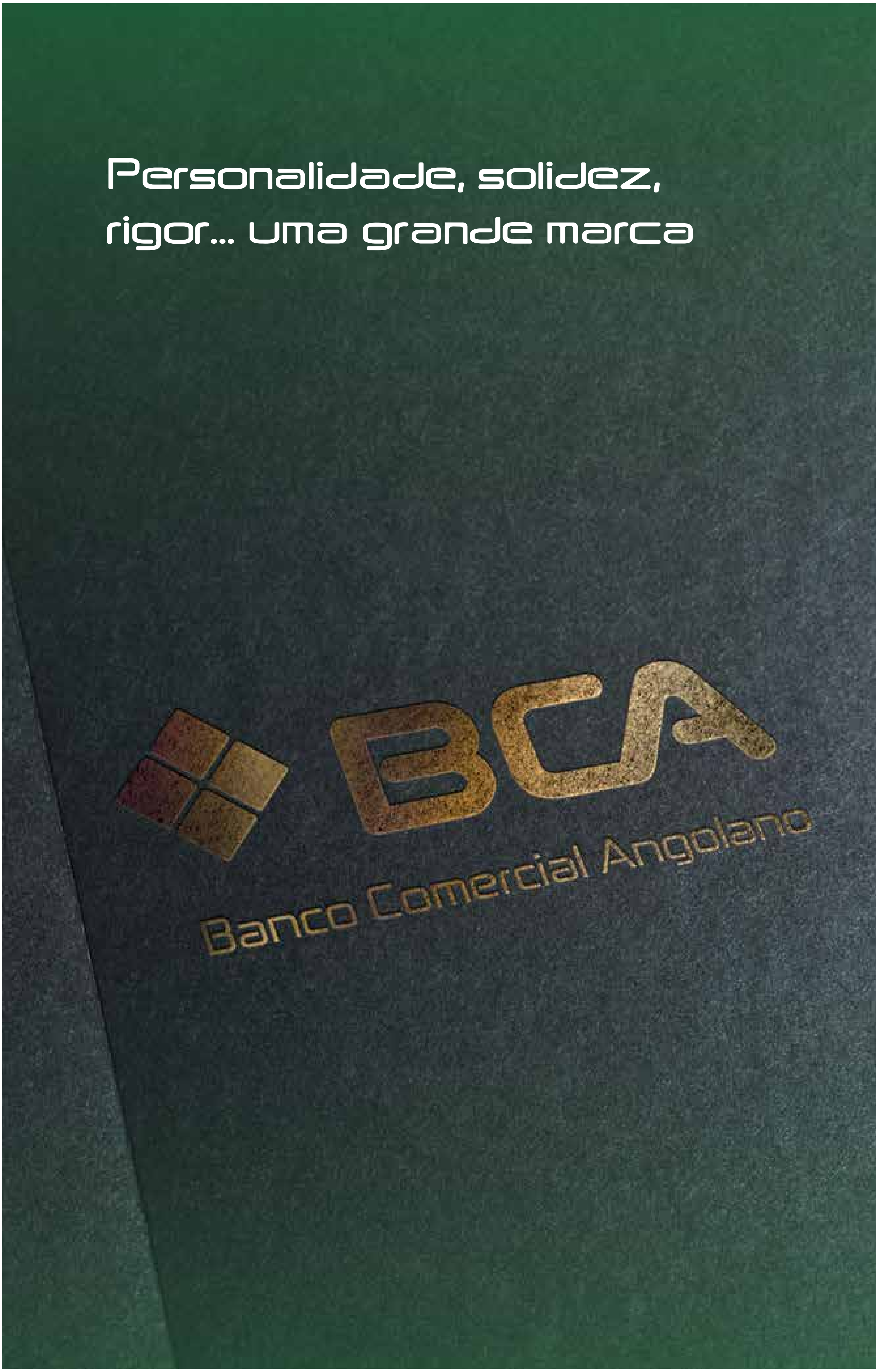
	2013 Local Currency (Expressed in AKZ)	2013 Foreign Currency (Expressed in AKZ)	Total
ASSETS			
Cash and cash equivalents	4.046.342	3.067.459	7.113.801
Placements with other banks	9.545.100	1.221.438	10.766.538
Trading and Investment securities	2.658.290	735.239	3.393.529
Loans and advances	4.241.181	1.615.077	5.856.258
Equity investments	70.871	0	70.871
Intangible assets	786.207	0	786.207
Property, equipment and other tangible assets	2.545.585	0	2.545.585
Pending Foreign Exchange operations	21.715	130.884	152.599
Other assets	112.692	56.193	168.885
	24.027.983	6.826.290	30.854.273
LIABILITIES			
On demand from other banks	-	-	-
Deposits from other banks	-	22.284	22.284
Deposits from customers	17.441.667	6.347.398	23.789.065
Accruals and other liabilities	481.339	25.254	506.593
Other borrowings	-	53.050	53.050
Other liabilities	780.359	350.966	1.131.325
Prov for potential liabilities	150	65.526	65.676
	18.703.515	6.864.478	25.567.993
EQUITY			5.286.280

	2012 Local Currency (Expressed in AKZ)	2012 Foreign Currency (Expressed in AKZ)	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

32. CONTINGENCIES

From 31 December 2013 to the date of the financial statements approval, there were no significant facts affecting the patrimony required to be published.

Report and Opinion of the Fiscal Council
External Auditors´ Report



BCA
Banco Comercial Angolano

Report and Opinion of the Fiscal Council

Dear Shareholders,

In accordance with the Angolan Legal and Regulatory requirements, the fiscal council is required to issue a report in respect of its activities and issue an opinion in respect of the Financial Statements of the "Banco Comercial Angolano" (BCA) for the financial year ended 31 December 2013.

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 2013, 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 2013 financial year.

The Fiscal Council

24 April 2014

To the Board of Directors of
Banco Comercial Angolano

Independent auditor's report

Report on the financial statements

We have audited the accompanying financial statements of Banco Comercial Angolano, S.A.. These financial statements comprise the balance sheet at December 31, 2013 with total assets of 30.854.273 thousands of Kwanzas, net equity of 5.286.280 thousands of Kwanzas and profit for the year of 669.706 thousands of Kwanzas, and the profit and loss account, statement of changes in equity and a statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

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policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Banco Comercial Angolano, S.A. as at December 31, 2013 and of its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Angola applicable to the banking sector.

Emphasis of Matter

Without affecting the opinion expressed in the previous paragraph, we draw your attention to the fact that the financial statements as of December 31, 2012, presented as comparative balances, were examined by another auditing firm. The related audit report, signed on June 5, 2013, issued an emphasis related to a matter without any impact on the financial statements of 2012 and 2013.

For PricewaterhouseCoopers (Angola), Lda

Ricardo Santos

Ricardo Santos
Partner

Luanda, April 23, 2014

Banco Comercial Angolano

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