Annual Report 2016

BCA

Banco Comercial Angolano

Index

Banco Comercial Angolano

Approval of the Board of Directors

Cuchi River. Cuando-Cubango province.
Central Plateau.

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

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

The audited financial statements for the year ended on the 31st of December 2016, presented herewith were approved by the Board of Directors and are signed on its behalf by:

Francisco da Silva Cristovão
Chairman

Mateus Filipe Martins
Chief Executive Officer

Luanda, April 17th, 2017

São Miguel Fortress in Luanda.

Board Report 2016

Board Report 2016

The year under review was marked by many complex challenges for economic players operating in the Angolan market in general and specifically for Banco Comercial Angolano. The macroeconomic environment continued to be negative and difficult due to the depressed price of crude oil which, is still the major economic driver of the local economy, notwithstanding government's efforts to diversify the economy; the high rate of inflation registered during the period and negative real interest rates.

In terms of the priorities that were defined for 2016 we would like to highlight the following issues from a regulatory and prudential standpoint:

- The early full adoption of International Financial Reporting Standards (IFRS/IAS) by the bank as from 31 December 2016 which involved profound changes to accounting estimates, rules and disclosures for the year then ended and resulted in some significant adjustments to the prior year income statement;
- With the Central Bank's decision to fully implement Basel II in Angola, a number of notices and instructions were issued during the year with defined timelines that will result in a full, overhaul of the capital adequacy ratio calculation in the Angolan Banking sector;
- The full adoption of measures to charge, collect and remit a special tax on banking transactions that was introduced by Presidential Decree nº 1/2016 of 24 February and was in place during the whole of 2016 in order to partially cover the growing budget deficit at the time;
- The full implementation of policies, procedures, regulations, operational and IT systems to ensure full compliance with Anti Money Laundering and Combating of Financial Terrorism (AML/CFT) best practice; and
- The adoption of policies and procedures to ensure compliance with the requirements of the Foreign Account Tax Compliance Act (FATCA).

From a business and commercial perspective, we would like to highlight the following:

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

In 2016 we opened 10 new branches across the country (3 in Luanda, 2 in Benguela, 2 in Kwanza Sul, 2 in Kwanza Norte and 1 in Huambo). We also currently have the following branches at final stages of completion:

- Cabinda;
- Soyo;
- Caala;
- Ondjiva;
- Huambo – Sede; and
- Corporate Branch at "Edifício Kilamba".

BCA
Banco Comercial Angolano

After various economic analyses it was decided not to proceed with the construction of the following branches that had initially been earmarked for construction:

- N´Dalatando;
- Soyo (second branch);
- Kuito;
- Namibe;
- Porto do Soyo; and
- Benguela (second branch).

These branches may be constructed in future as the economy improves and business projections become favourable.

With the expected conclusion of works on the 6 branches that are currently under construction, our branch network will increase to 46 branches in 13 out of the 18 provinces in the country which will facilitate the achievement of our initial planned goal to grow our customer base to at least 100 000 clients within the next 3 years, of which between 80-90% of these will have debit cards and at least 60% will have access to our electronic banking channels such as internet banking, SMS banking and Mobile banking. We also aim to launch new innovative products and lines of business in the digital space after having completed in essence our investment in physical expansion in brick and motor structures. We have already made some significant steps and preliminary studies to put the bank on the digital path.

In terms of our human capital, we strongly believe that the key differentiating factors are the qualifications and adequate training of our staff members and a focus of continuously improving efficiency in all aspects of our business.

In addition to the significant investment, we have already been making in terms of customer centric training courses for all our staff members, all members of our Management Committee i.e. Directors, Heads of Departments and their deputies will work in our branch network at least a day each per week so as to focus attention on client needs and also provide on the job training to staff members so as to:

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

Some additional issues that will also continue to be prioritised by the management team are as follows:

- Finalisation of construction of the second Disaster Recovery site and full implementation of our Business Continuity Management model;
- Recapitalization of the bank;
- Continuing efforts in order to find a long--term solution for the bank's head office space;

Board Report 2016

- Initiating internal evaluations leading to the presentation of a business case for migrating to a new core banking system;
- Studies to incorporate digital banking solutions as an integral and important part of future solutions.

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

The bank's mission continues to be to "Create value for our stakeholders by providing world class banking services to our clients through maintaining excellent relationships with all those who contribute to the bank's growth; consolidating the banks image, reputation and prestige and ultimately by increasing our market share".

Financial Indicators

Assets

In 2016 there was relative stability in the bank's total assets with only a 6% reduction in comparison to the prior year. Notwithstanding the significant increase in "Other Assets" due to the inflow from the amount registered in the foreign transactions commitments account which had an increase of more than 1000%, the reduction in Cash and Cash equivalents of 67% coupled with the 80% reduction in Placements with other Banks, contributed significantly to the reduction in total assets.

Liabilities

Total liabilities also registered a 15% decrease due principally to a 19% decline in customer demand deposits and a 35% in customer term deposits.

Equity

The equity increased in 43% as a result of the net profit from the previous financial year.

Income Statement

Net interest margin (NIM) grew by 45% due mainly to a growth in loans and advances (with a 64% weighting) and greater interest income from investments in bonds and treasury bills (36% weighting) even though some line items of NIM suffered declines as was the case with interest from placements with other banks that declined by 21%, however, this did not have a significant impact on overall NIM due to that line item not representing a material portion of the NIM.

On the other hand the non interest margin grew substantially due to increases in commissions received and forex transaction gains of 73% and 68% respectively.

Proposal for the appropriation of the 2016 profits

In accordance with the Angolan financial Institutions laws, we propose that the after tax profit, amounting to AKZ 3.143.577 thousand be appropriated as follows:

AKZ 2.645.869,2 thousand to be allocated to accumulated reserves;

AKZ 497.707,8 thousand to be declared as dividends at the rate of AKZ 79,63 per share.

Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive Officer

Wooden bridge over the Cuando river.
Moxico province.

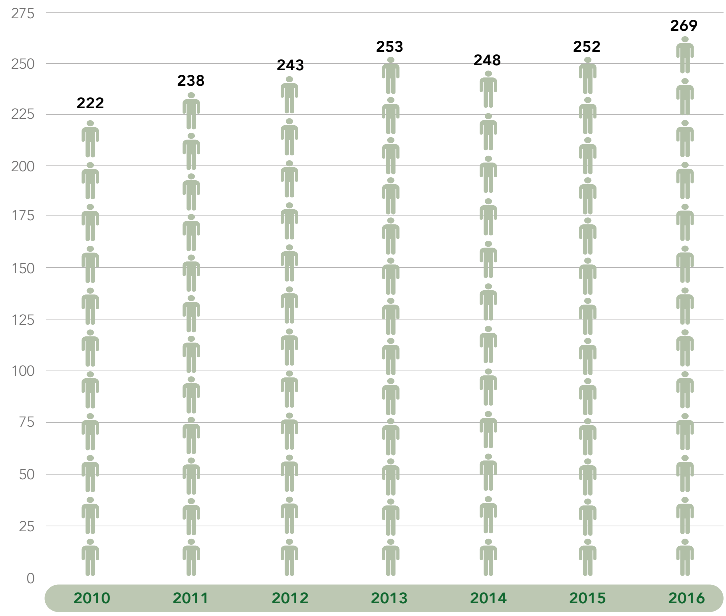
Banco Comercial Angolano

Growth of BCA

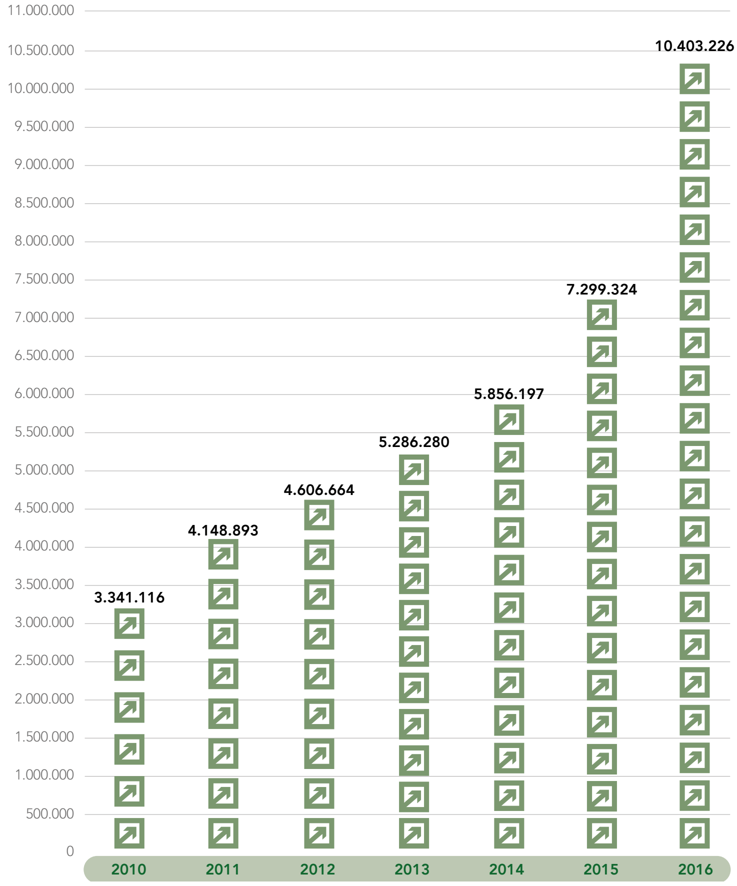
Growth of BCA

Customers

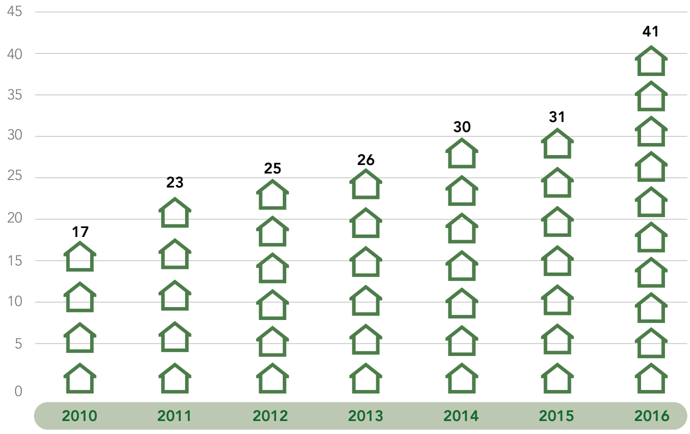
Total Employees



Equity

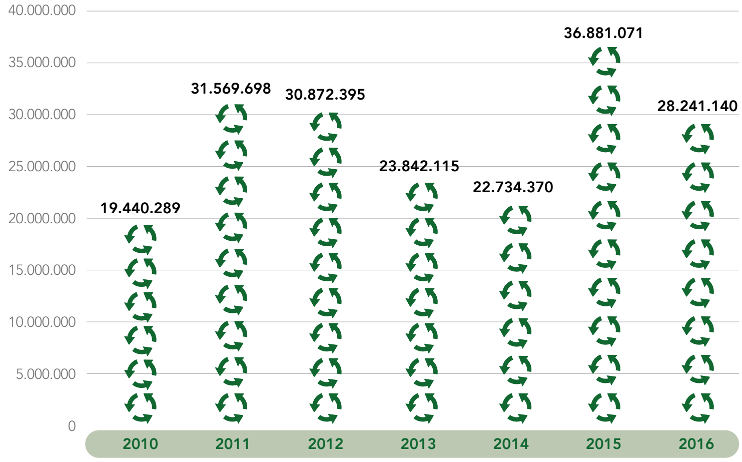


Branches

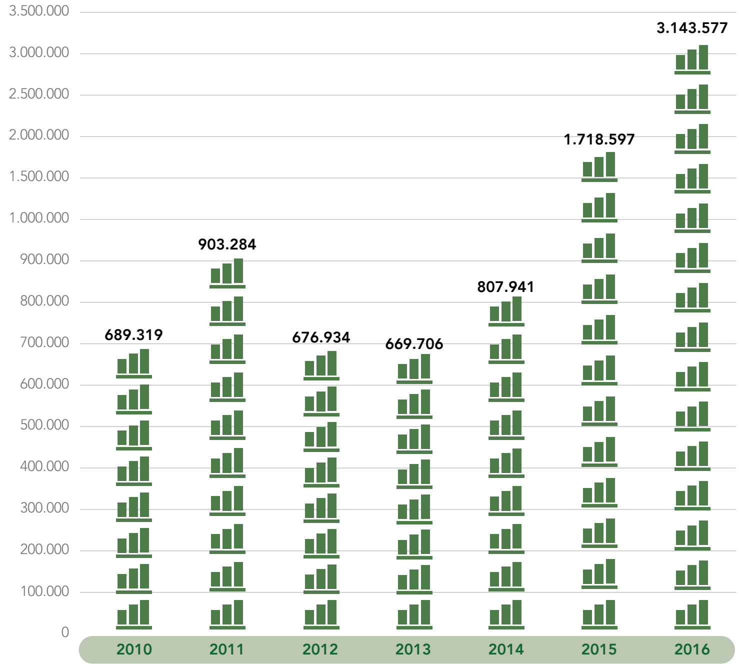


Growth of BCA

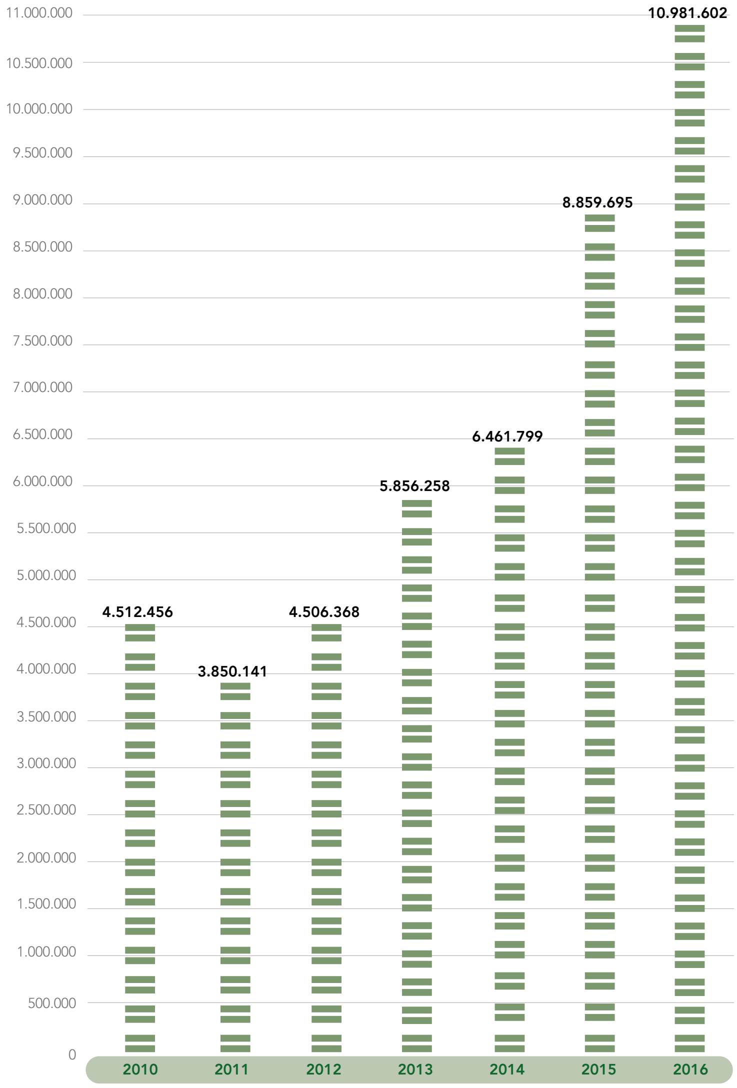
Customers Assets



Net Profits



Loans



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2010
2011
2012
2013
2014
2015
2016

Moon Viewpoint. Luanda province.

Banco Comercial Angolano

Key Indicators

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Balance Sheet				
Total Assets	43.919.888	264.733	46.870.743	346.382
Loans and Advances	10.981.602	66.193	8.859.695	65.475
Customers Liabilities	28.241.140	170.227	36.881.071	272.557
Shareholders' Equity	10.403.226	62.642	7.299.324	53.525
Activity				
Net Interest Income (NII)	3.694.621	22.525	2.543.977	21.022
Net Operating Margin (NOM)	7.383.374	45.015	5.149.544	42.553
Operating Costs (OC)	3.362.245	20.499	2.594.583	21.440
Operating Profit (OP)	4.073.501	24.835	2.196.637	18.152
Net Profit (NP)	3.143.577	19.165	1.718.597	14.202
NII/NOP	50,0%	50,0%	54,7%	54,7%
Non-Int. Income/NII	99,5%	99,5%	102,4%	102,4%
Cost-to-Income	45,5%	45,5%	50,4%	50,4%
OP/ Average Assets	7,7%	7,7%	6,0%	6,0%
Solidity				
Non-Performing Loans/Total Loans	3,2%	3,2%	3,8%	3,8%
Provisions/Non-Performing Loans	94,0%	94,0%	146,0%	146,0%
Return on Avg. Assets (ROAA)	7,2%	7,2%	3,7%	3,7%
Return on Equity (ROE)	35,5%	35,5%	22,5%	22,5%
Capital Adequacy Ratio	39,7%	39,7%	47,8%	47,8%
Fixed Assets Ratio	54,1%	54,1%	77,9%	77,9%
Gearing Ratio (Debt/equity)	319,0%	319,0%	593,2%	593,2%
Top 20 Loans/Equity	85,6%	85,6%	75,3%	75,3%

Basket traps for fish, handwoven from reeds.
Cubango river, Huíla province.

Banco Comercial Angolano

Governance and Management Structure

FISCAL COUNCIL	GENERAL ASSEMBLY	EXTERNAL AUDIT
Chairman Paul de Sousa Members Esperança Cahango e Domingos Filipe	Chairman Mário António de Sequeira e Carvalho Secretary José Francisco Luis António	PricewaterhouseCoopers

BOARD OF DIRECTORS

Chairman
Francisco da Silva Cristóvão (Non Executive)

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

Director
Mateus Filipe Martins

Director
Mathias Tohana Nleya

Director
José Carlos de Almeida Marques

EXECUTIVE COMMITEE

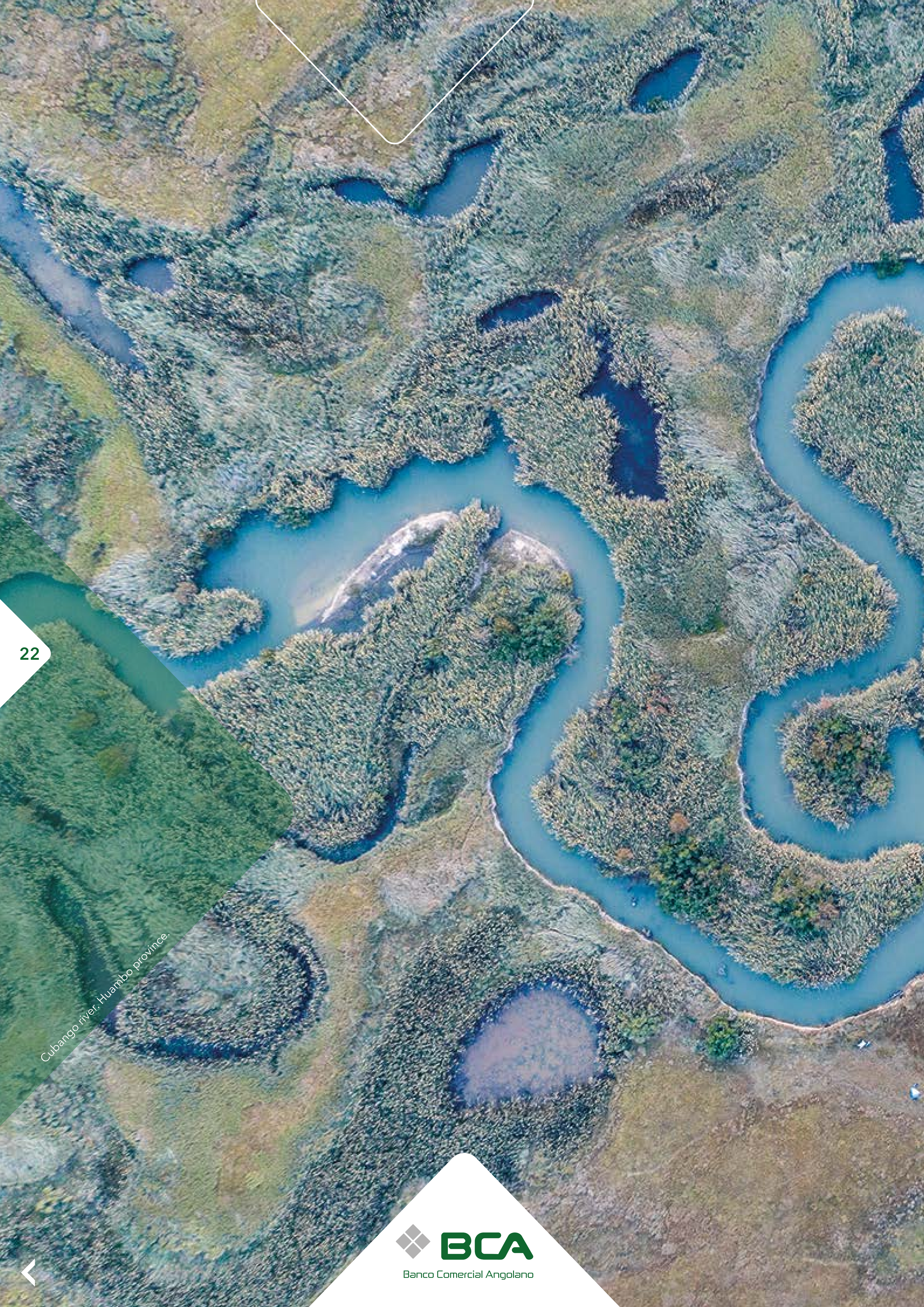
Chief Executive Officer
Mateus Filipe Martins

Executive Director
Mathias Tohana Nleya

Executive Director
José Carlos de Almeida Marques

RESPONSABILITIES

Chief Executive Officer Mateus Filipe Martins	Executive Director Mathias Tohana Nleya	Executive Director José Carlos de Almeida Marques
Administrative Services	**Risk Management**	**Corporate Banking**
Hernani Lúcio Andre Cambinda (Coordinating Manager)	Tatiana Moreira Paiva Muhongo (Coordinating Manager)	José Marques (Director)
Infrastructure & Branch Expansion	**Accounting**	**Retail Banking**
João Manuel Pinto dos Reis (Head)	Helder Lisboa (Head)	Mário Cristiano Tana Leitão (Head)
IT	**Treasury**	**Central Branch**
Pedro Bernardo (Head)	Bo Kronback (Head)	Cesaltina Pinto (Head)
Compliance Officer and Head of Policies & Procedures	**Reconciliations Department**	**Retail Banking for Central and South Regional**
Maria Lizeth Lemos (Head)	Pedro Cristóvão (Head)	Joaquim Gaspar (Head)
Internal Audit		**e-Banking Department**
Hirondina Ferreira (Head)		Marisa Ribeiro (Head)
Operations		
Antonio Alves (Deputy Head) Zuleica Pereira (Head of Departament) Adolfo Martins (Head of Departament)		
Loan Recovery Department		
Aldina Estevão (Head)		



Cubango river. Huambo province.

Corporate Governance Statement

Corporate Governance Statement

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

a) Board of Directors Executive Office

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

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

b) Risk, Compliance and Audit Commission

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

c) Staff remuneration and Heads of department appointment commission

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

d) Credit committee of the Board of Directors

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

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

CMC (Management Committee)

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

Executive Credit Committee

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

Investments Committee

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

Staff Credit Committee

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

New Products Committee

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

Asset and Liability Committee (ALCO)

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

Loan Recoveries Committee

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

Risk Management Committee

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

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

The committee meetings are chaired by the Executive Director for the control area.

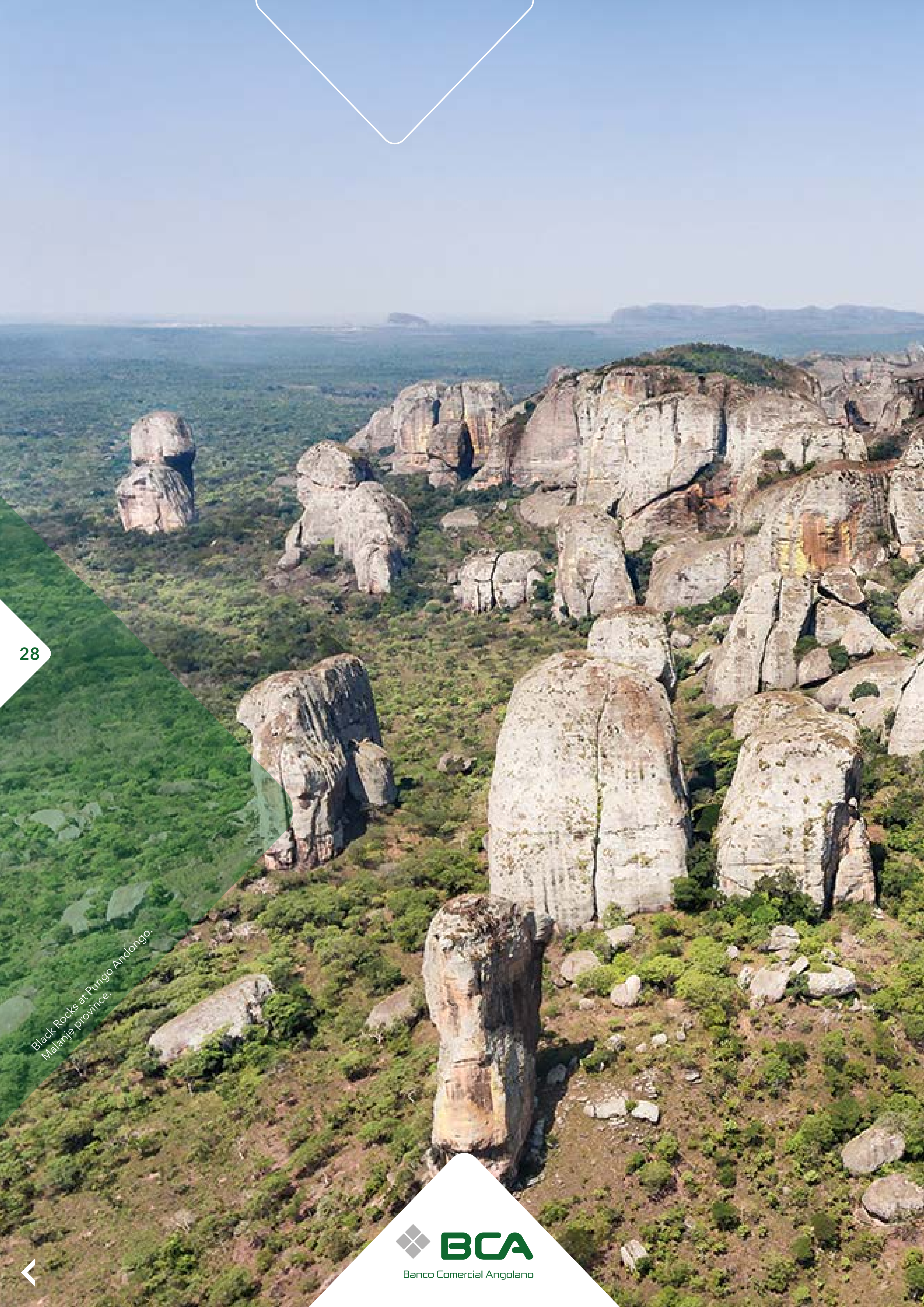
Branch expansion operational group

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

Technical support operational group

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

Banco Comercial Angolano



Black Rocks at Pungo Andongo.
Malanje province.

Banco Comercial Angolano

Risk Management Report

Risk Management Report

The accuracy in Risk management comprises the basic approach in "Banco Comercial Angolano" (BCA) line of corporative policy, with view to evaluate strategic alternatives and setting objectives aligned with its strategy.

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

The BCA Risk Management System considers six major types of risks, as displayed below:

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

The Risk Management System is governed by the following principles:

- Board commitment in defining, formalizing, implementing and reviewing the risk management system, installing in BCA, a culture driven for prudential management of the risks;
- Periodic review of the bank structure, to assure a proper distribution and segregation of responsibilities so that execution and validation activities are not assigned to the same employee;

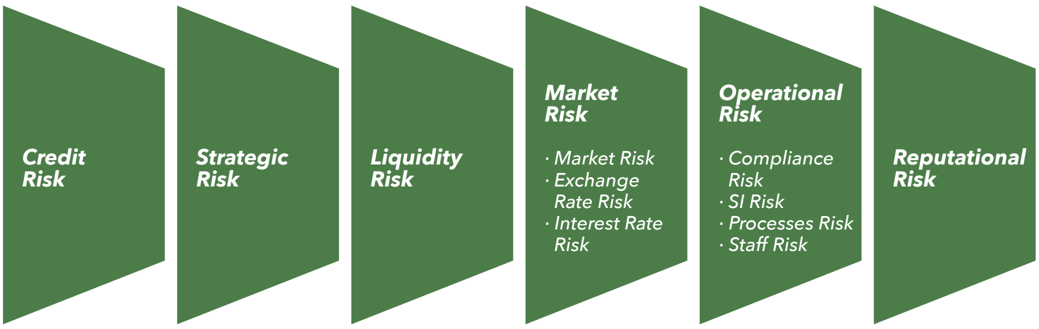


Figure 1

- Correct, accurate, and reliable data output;
- All employees must be submitted to a risk and compliance training, and must adopt a proactive rather than a reactive attitude;

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

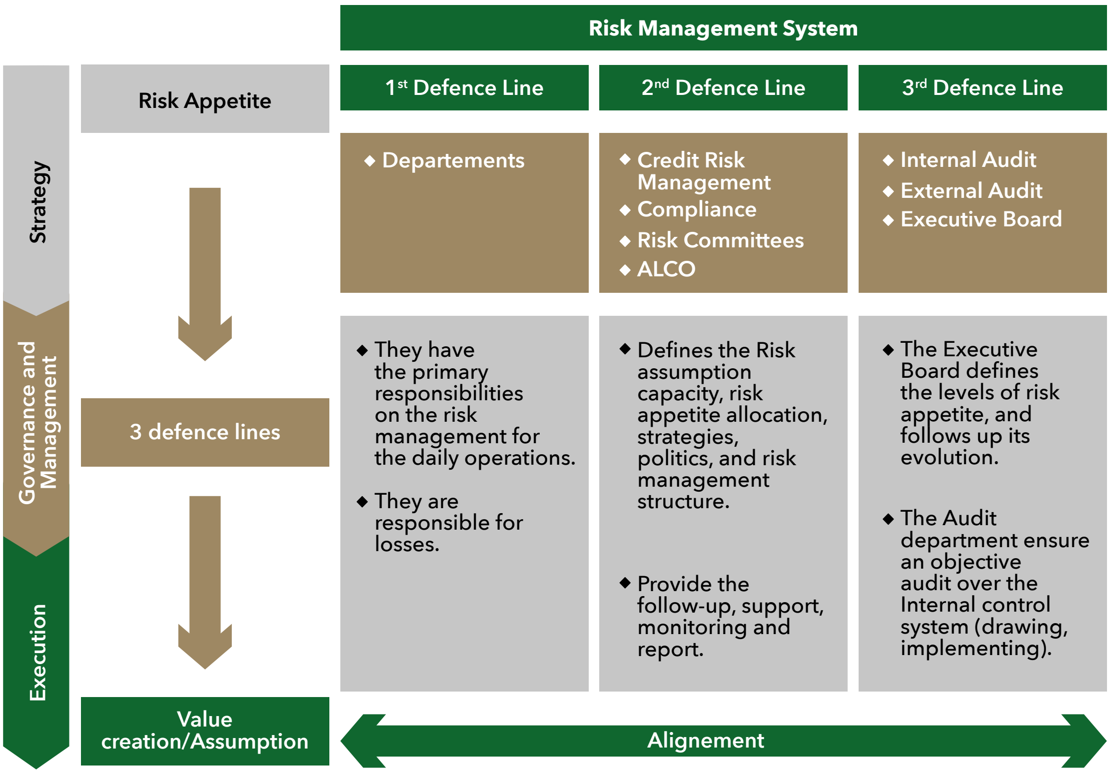


Figure 2

Risk Management Report

Credit and Counterparty Risk

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

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

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

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

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

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

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

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

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 seeks to obtain unlimited guarantees, cessions or capitalization of the credit accounts from the directors, partners or agents of the credit clients as security for the facilities that would have been granted to companies, corporations, partnerships, agents and spouses

in the case of personal loans. In 2016, the activity of the Credit Risk area had the following main vectors:

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

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

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

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

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

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

Strategic Risk

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

Liquidity Risk

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

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

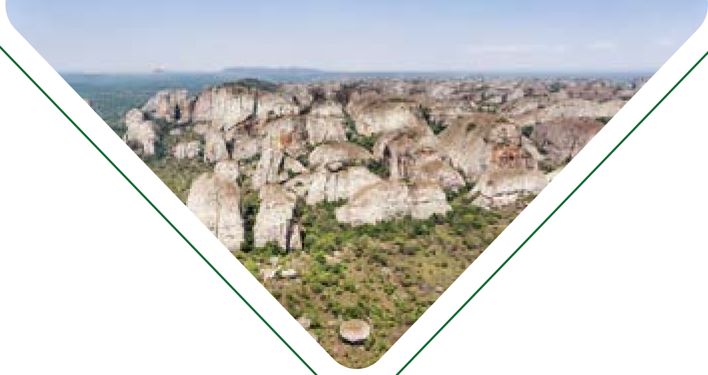
The careful administration of the liquidity is fundamental for the viability of the Bank. The administration of the liquidity risk includes a general approach on the Balance Sheet structure, which consolidates and synthesizes all of the origins and application of the liquidity, for besides including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

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

- To satisfy the customer requirements for cash withdrawals, loans and advances and other short-term liquidity requirements;
- To ensure that there is a buffer for any seasonal changes to demand for liquid assets are adequately catered for;
- To ensure the right balance between covering cyclical fluctuations in customer demand and the holding of excessive liquid assets with low returns;
- To minimise the potential negative impact of changes in market conditions that may affect the bank; and
- To provide security against the negative consequences that may be generated by a loss of confidence by customers resulting in a run on banks.

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

- Monitor and manage the liquidity cost in the Bank through daily meetings of liquidity;
- Assure that the Bank possesses, at any moment, a certain amount of net assets as protection against an unexpected movement in the cash flow;



- Consider and manage the characteristics and the risks of the different liquidity sources, adopting appropriate funding strategies (including the constitution of a wallet of bottoms, diversified and stable), according to the Bank's needs of liquidity;

- Reduce the liquidity risk emanated from improper funding source concentrations - to guarantee the appropriate diversification of deposits structure, to examine the trust level in a certain specific source of funding;

- Consider the need of diversification of the liquidity sources, assets' stability and the readiness of the alternative sources of funding to the liquidity.

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

The liquidity risk process monitoring includes:

- Monthly Cash flows expressed as percentage of the total deposits and current accounts.

- Required reserves and other required regulations.

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

Exchange Rate Risk

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

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

Evaluation of Exchange Rate Risk considers:

- Total amount of positions subjected to reevaluation by the conversion to the base currency;

- Volatility of the relevant exchange rates;

- Analysis of the magnitude of impacts on income and capital due to different scenarios of evolution in currency rates, through a simulations.

Risk Management Report

Interest Rate Risk

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

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

The assessment of interest rate risk should consider:

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

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

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

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

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

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

- Assets Margin: The assets margin at risk is the impact that adverse movements at

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

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

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

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

Operational Risk

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

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

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

- Reduce the operational risk management events and associated financial losses;

- Strengthen the BCA brand and the bank's economic capital;

- Satisfy the central bank requirements;

- Make a proactive follow-up of significant operational risk management events,

- ineffective controls and possible breaches of indicative limits;
- Establish appropriate risk appetite and tolerance;
- Delegate competencies and authorisation limits;
- Define the resource allocation format.

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

Compliance and Reputational Risk

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

The evaluation of Reputational Risk considers:

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

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

The objective of the policy governing compliance and reputational risk is their management such as defined in the above paragraphs, determining the devices and procedures that allow: i) to

minimize the probability that it becomes factual; ii) to identify, report to the Board and overcome the situations that may have arisen; iii) to ensure follow up and control; and iv) to provide evidence, if necessary, that the Bank has reputational risk amongst its main concerns and has available the organization and means required for its prevention and, should it be the case, to overcome it.

Sangano beach. Bengo province.

Macroeconomic Overview

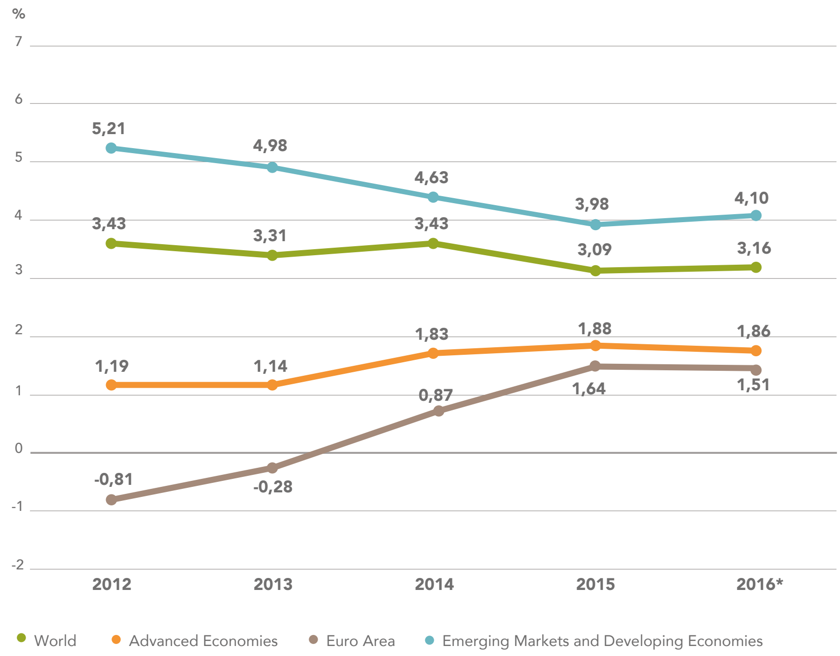
Macroeconomic Overview

Global economy

The forecast at the end of 2015 was that the global economy would continue to grow, although at a slow pace. Growth was predicted to be 3.6% in 2016. However, since these were nothing but predictions, the global economy had to settle for a growth of 3.1% matching the 2015 performance.

The anticipated strong growth of the world's biggest economy was undermined by economic activity that was well below expectations and by the uncertainties arising from markedly populist political scenarios in a number of advanced economies, such as the UK (Brexit). Consequently, the economic growth rate as projected was not achieved.

GDP Growth Percentage – Global Economy



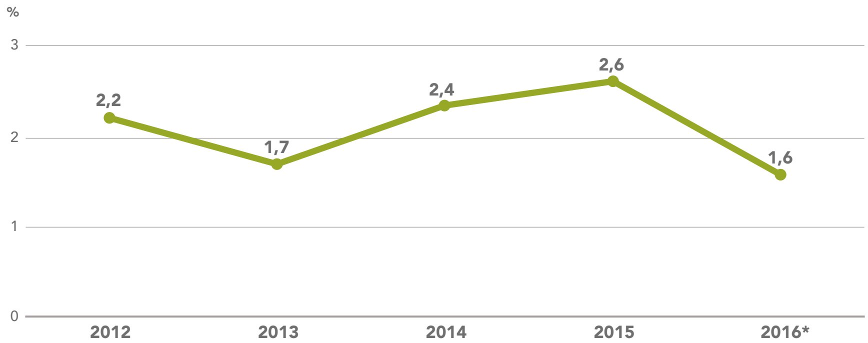
Source: IMF

** 2016 figures are projections by World Economic Outlook for October 2016.*

United States of America (USA)

Current performance (GDP) by the world's biggest economy fell to 1.6%. Reasons included a drop in productivity, stock-aimed production and decreased investment.

GDP Growth (%) – USA



Source: IMF

** Projections by World Economic Outlook, October 2016.*

One very positive note was the fall in unemployment to 4.9% - considered full employment.

Unemployment – USA

Country	2012	2013	2014	2015	2016*
USA	8,1	7,4	6,2	5,3	4,9

Source: IMF

** Projections by World Economic Outlook, October 2016.*

Macroeconomic Overview

Although unemployment continued to fall, inflation did not begin to increase until the last quarter. The Federal Reserve System therefore maintained Fed funds rate at between 0.25% and 0.50% throughout 2016 and only raised the FED funds rate in December by 0.25%.

Inflation at the end of period – USA					
Country	2012	2013	2014	2015	2016*
USA	1,8	1,3	0,6	0,7	1,8

Source: IMF

** Projections by World Economic Outlook, October 2016.*

Euro Area

GDP in the Euro area featured substantial variations. The average was 1.7% - the rate achieved in Germany. The large economies such as France and Italy performed well below the Euro area average and Greece turned in the worst performance (GDP expected to grow 0.1%).

Among the countries posting the best growth, Ireland stands out with real economic growth of 26.3% in 2015 and 5% in 2016. This performance is due to the inclusion in its national accounts of multinationals that have moved their registered offices to Ireland. Spain is also conspicuous with GDP growth almost double the Euro area average.

GDP Growth (%) – Euro Area					
Country	**2012**	**2013**	**2014**	**2015**	**2016***
Ireland	-1,1	1,1	8,5	26,3	4,9
Malta	2,8	4,5	3,5	6,2	4,1
Luxemburg	-0,8	4,3	4,1	4,8	3,5
Slovakia	1,5	1,4	2,5	3,6	3,4
Spain	-2,6	-1,7	1,4	3,2	3,1
...					
Germany	0,7	0,6	1,6	1,5	1,7
...					
France	0,2	0,6	0,6	1,3	1,3
Portugal	-4,0	-1,1	0,9	1,5	1,0
Finland	-1,4	-0,8	-0,7	0,2	0,9
Italy	-2,8	-1,7	-0,3	0,8	0,8
Greece	-7,3	-3,2	0,7	-0,2	0,1
Euro Area	**-0,9**	**-0,3**	**1,1**	**2,0**	**1,7**

Source: IMF

** Projections by World Economic Outlook, October 2016.*

Macroeconomic Overview

Spanish growth helped push down unemployment, which has remained persistently high for many years. Greece came bottom of the list because of weak progress and major financial problems. Italy and Portugal are also dealing with structural problems and unemployment rates well above the Euro area average. On the other side German unemployment at 4.3% (the same as the USA) means that this country is enjoying almost full employment.

Unemployment – Euro Area

Country	2012	2013	2014	2015	2016*
Greece	24,4	27,5	26,5	25,0	23,3
Spain	24,8	26,1	24,4	22,1	19,4
Cyprus	11,9	15,9	16,2	14,9	13,0
Italy	10,7	12,1	12,6	11,9	11,5
Portugal	15,5	16,2	13,9	12,4	11,2
...					
France	9,8	10,3	10,3	10,4	9,8
...					
Luxemburg	6,1	6,9	7,1	6,9	6,4
Austria	4,9	5,4	5,6	5,7	6,2
Estonia	10,0	8,6	7,4	6,1	5,6
Malta	6,3	6,4	5,8	5,4	4,8
Germany	5,4	5,2	5,0	4,6	4,3
Euro Area	**11,4**	**12,0**	**11,6**	**10,9**	**10,0**

Source: IMF

** Projections by World Economic Outlook, October 2016.*

Inflation is an indication that the Euro area economy is weak; in 2014 the inflation rate was negative (deflation). The European Central Bank launched a major programme to inject liquidity into the economies but without much effect at end 2016.

End of year inflation – Euro Area

Country	2012	2013	2014	2015	2016*
Belgium	2,1	1,2	-0,4	1,5	2,5
Portugal	2,1	0,2	-0,3	0,3	2,4
Luxemburg	2,5	1,5	-0,9	0,9	1,8
Malta	2,8	1,0	0,4	1,3	1,8
Austria	2,8	1,9	0,7	1,1	1,2
...					
Germany	2,1	1,3	0,0	0,3	1,2
...					
Latvia	1,6	-0,4	0,3	0,4	0,3
Cyprus	1,6	-1,1	-0,9	-0,5	0,0
France	1,5	0,8	0,1	0,3	0,0
Greece	0,3	-1,8	-2,5	0,4	-0,1
Italy	2,6	0,6	0,0	0,1	-0,6
Euro Area	**2,2**	**0,8**	**-0,2**	**0,2**	**0,6**

Source: IMF

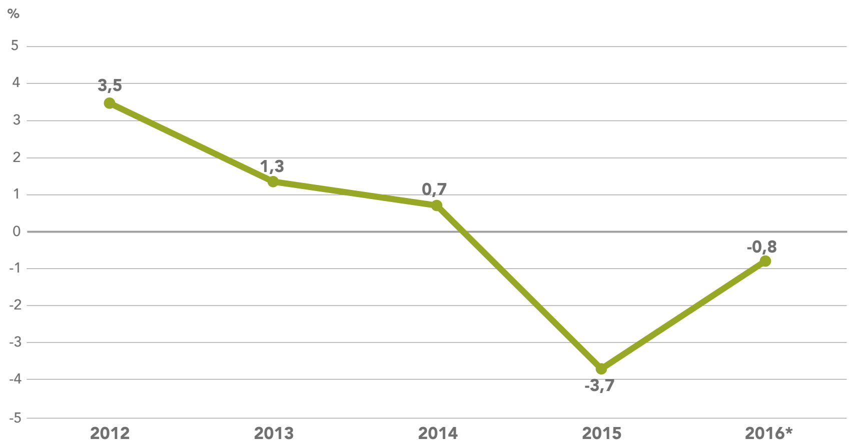
** Projections by World Economic Outlook, October 2016.*

Macroeconomic Overview

Russia

Russia is still feeling the consequences of the sanctions imposed as a result of the war in the Ukraine and of low oil prices. Its economy is therefore shrinking for the second consecutive year.

GDP Growth (%) – Russia



Source: IMF

** Projections by World Economic Outlook, October 2016.*

Although sanctions made inflation to surge in 2014 and 2015, prudent public finance policies have enabled the country to keep inflation under control.

End of year inflation – Russia

Country	2012	2013	2014	2015	2016*
Russia	6,6	6,5	11,4	12,9	5,9

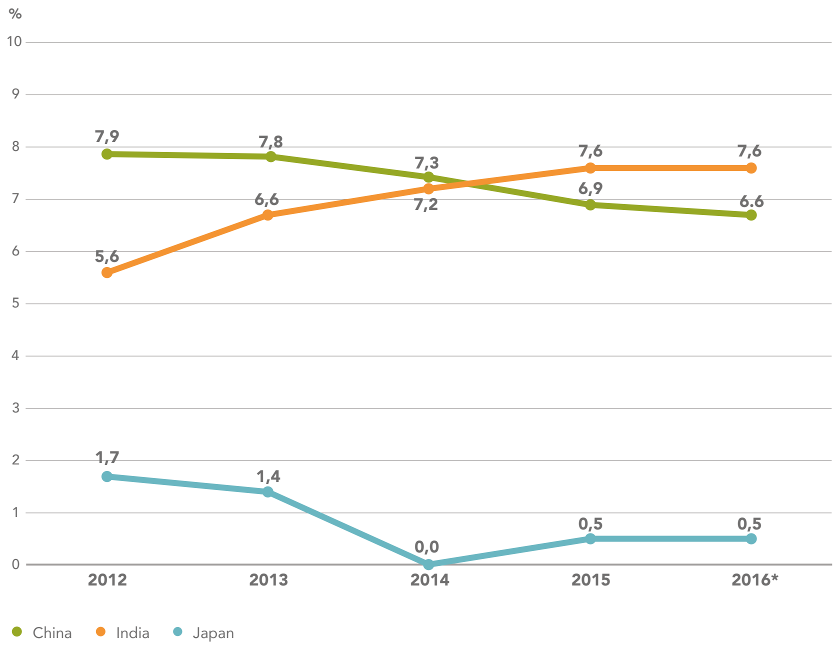
Source: IMF

** Projections by World Economic Outlook, October 2016.*

Asian Economies

The main developing economies were able to maintain a good rate of growth in 2016. However, for yet another year Japan found it hard to improve its economy despite a major financial expansion/stimulation programme.

GDP Growth – Asia



Source: IMF

** Projections by World Economic Outlook, October 2016.*

Macroeconomic Overview

China and India were successful in keeping inflation within set boundaries and below economic growth levels. Japan is struggling with deflation, which is creating a negative spiral in relation to investment and consumption.

End of year inflation – Asia					
Country	2012	2013	2014	2015	2016*
China	2,5	2,5	1,5	1,6	2,3
India	9,9	8,2	5,3	5,3	5,3
Japan	-0,2	1,5	2,5	0,2	-0,1

Source: IMF

** Projections by World Economic Outlook, October 2016.*

Latin America and the Caribbean

Just 3 countries in the region account for 2/3 of the GDP of Latin America and the Caribbean (Brazil, Mexico and Argentina) and the 8 biggest countries account for 90% of the region's GDP (in USD).

Several countries saw negative growth as a result of political crisis and of dependence on oil exports and other commodities for their finances and general income. In the case of Venezuela, the government has all but collapsed.

GDP Growth (%) – Latin America and the Caribbean						
Country	2011	2012	2013	2014	2015	2016*
Brazil	3,9	1,9	3,0	0,1	-3,8	-3,3
Mexico	4,0	4,0	1,4	2,2	2,5	2,1
Argentina	6,0	-1,0	2,4	-2,5	2,5	-1,8
Venezuela	4,2	5,6	1,3	-3,9	-6,2	-10,0
Colombia	6,6	4,0	4,9	4,4	3,1	2,2
Chile	5,8	5,5	4,0	1,8	2,3	1,7
Peru	6,5	6,0	5,8	2,4	3,3	3,7
Ecuador	7,9	5,6	4,6	3,7	0,3	-2,3

Source: IMF

** Projections by World Economic Outlook, October 2016.*

Other countries such as Mexico, Colombia, Chile and Peru are more stable, as shown by their positive GDP figures.

Sub-Saharan Africa

Nigeria and South Africa account for 50% of the GDP of Sub-Saharan Africa, while the 7 countries in the table below account for 3/4 of the zone's GDP.

Falling GDP in nominal terms (USD) is obvious from 2014 and is linked to the devaluation of local currencies in that period.

Nominal GDP (USD billions) – Sub-Saharan Africa

Country	2012	2013	2014	2015	2016*
Nigeria	461	515	568	494	415
South Africa	396	368	352	315	280
Angola	115	125	127	103	92
Ethiopia	43	48	56	62	69
Kenya	50	55	61	63	69
Tanzania	39	44	48	46	47
Ghana	42	48	39	38	43

Source: IMF

** Projections by World Economic Outlook, October 2016.*

The most heavily oil-dependent countries have suffered most - Nigeria now has 1.7% negative growth and Angolan growth is estimated at 0%.

GDP Growth (%) – Sub-Saharan Africa

Country	2012	2013	2014	2015	2016*
Nigeria	4,3	5,4	6,3	2,7	-1,7
South Africa	2,2	2,3	1,6	1,3	0,1
Angola	5,2	6,8	4,8	3,0	0,0
Ethiopia	8,7	9,9	10,3	10,2	6,5
Kenya	4,6	5,7	5,3	5,6	6,0
Tanzania	5,1	7,3	7,0	7,0	7,2
Ghana	9,3	7,3	4,0	3,9	3,3

Source: IMF

** Projections by World Economic Outlook, October 2016.*

The commodity crisis is also affecting South Africa, which is forecast to grow just 0.1%. The other leading economies in Sub-Saharan Africa enjoy better growth rates thanks to their more diversified economies.

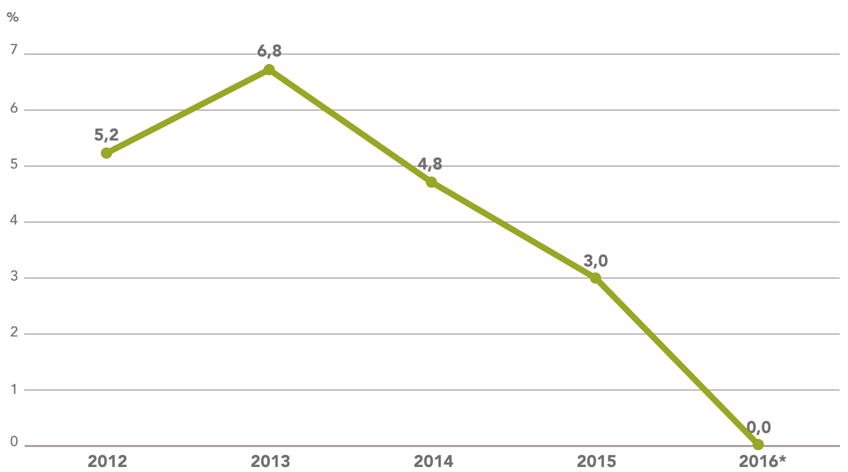
Angolan Economy

Overview of Economic Growth and Social Issues

In 2016, the Angolan economy was once again extremely dependent on the price of oil. The 2016 General State Budget initially estimated the price per barrel of oil at USD 45.00 but later revised the figure down to USD 40.90.

Falling revenues led to restrictions on the allocation by Ministries and the Angolan Central Bank (BNA) of currency for imports. Investment restrictions were also introduced and GDP, initially forecasted to achieve several percentage points, was adjusted to zero growth.

GDP Growth (%) – Angola

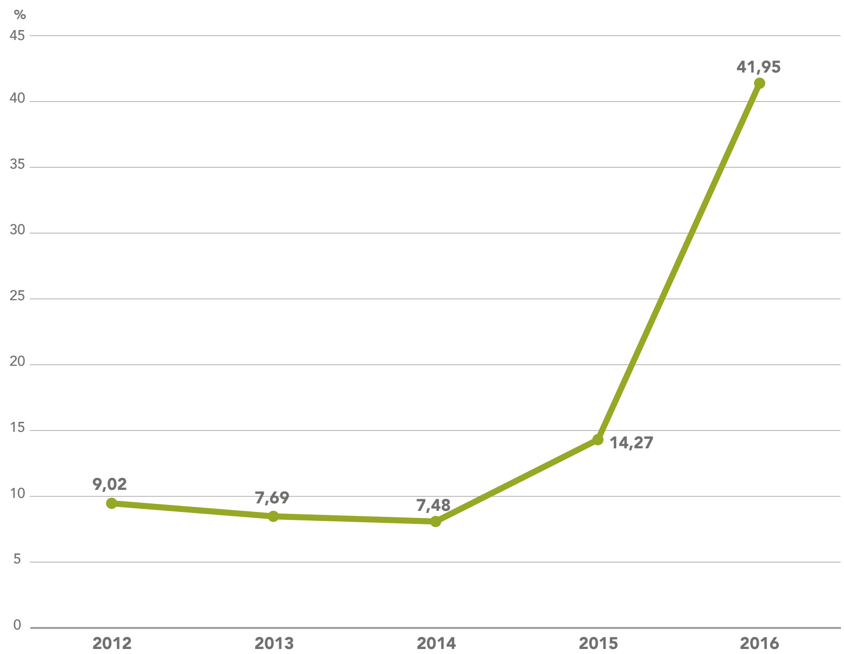


Source: IMF

** Projections by World Economic Outlook, October 2016.*

In 2016 the BNA battled against inflation but could not prevent as it reached a record high of 42%. The causes behind this inflation spike were: several devaluations of the Kwanza that increased the price of imports; a reduction in imports leading to unmet demand; inefficient product distribution and a huge lack of domestic production.

Annual inflation % (end of period) – Angola



Source: BNA.

Soaring prices, particularly of the basic basket, led the government to set up a committee to control the prices of this group of products, which are now called goods subject to "controlled prices".

Macroeconomic Overview

The AKZ was depreciated on several occasions in 2016. The largest currency price fluctuation was 15% on 1 January 2016. These depreciations were needed to reduce the demand for foreign currency, to shrink the gap between official and black market prices and to maintain international cash reserves (ICR) at acceptable levels.

USD/AKZ depreciation 2016	
Date	**%**
1-jan-2016	15,0%
11-feb-2016	1,5%
16-feb-2016	0,7%
18-mar-2016	0,6%
29-mar-2016	0,5%
8-apr-2016	1,4%
15-apr-2016	1,8%

Source: BNA.

It is probably because of the elections due to be held in August 2017 that the Kwanza has not been further depreciated. However the IMF has recommended this course of action quite often.

USD/AKZ exchange rate – BNA sell rate					
	2012	**2013**	**2014**	**2015**	**2016**
End of year exchange rate	96,072	97,862	102,94	135,988	166,728
Change (%)	0,60%	1,90%	5,19%	32,10%	22,60%
Average exchange rate	95,659	96,808	98,814	121,739	

Source: BNA.

Currency sales dropped dramatically in 2016 as oil receipts fell. At the start of 2016, BNA began selling EUR instead of USD. This was because Angolan banks were finding it hard to make payments in USD as a result of correspondent banking restrictions.

USD sold at public sales (USD millions)					
	2012	2013	2014	2015	2016
Total per year	18.201	19.282	19.175	17.484	11.181
Increase (%)	22%	6%	-1%	-9%	-36%
Monthly average	1.517	1.607	1.598	1.457	932

Source: BNA.

The drop in ICR is due to the public sales of foreign currency and direct sales by BNA.

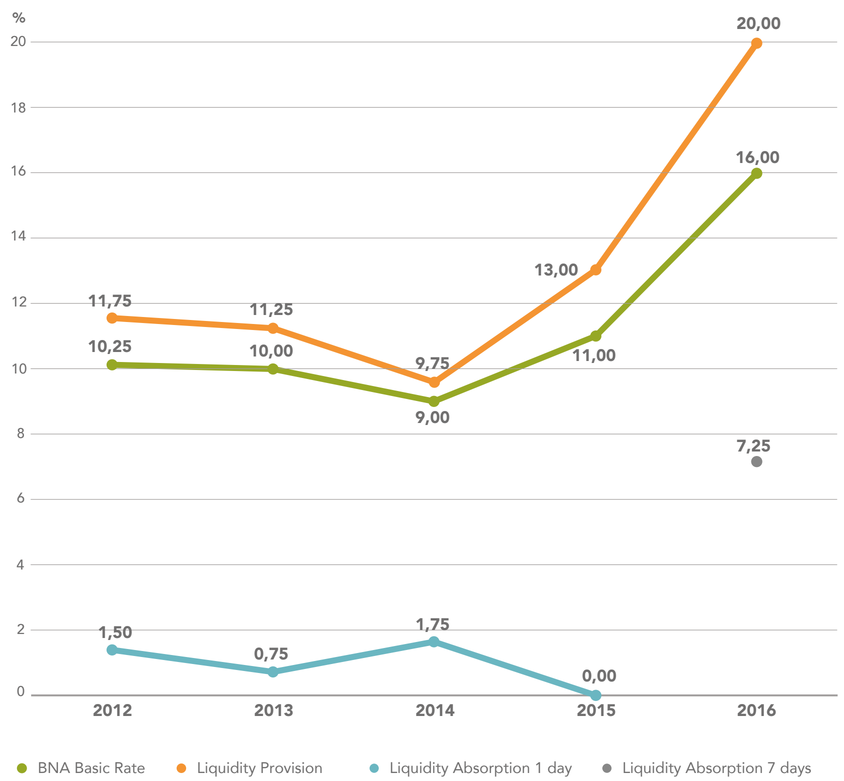
Currency reserves (USD millions)					
	2012	2013	2014	2015	2016
Currency reserves	30.828	31.154	27.101	24.266	21.399
Change	17%	1%	-13%	-10%	-12%

Source: BNA.

Macroeconomic Overview

With the surge of inflation and the desire to draw liquidity out of the market (to reduce the demand for goods, services and foreign currency), BNA has put up its rates. BNA's basic rate has therefore risen to 16%.

BNA Rates



Source: BNA.

Despite the rise in M3 from the end of 2015 to the end of 2016, from the middle of 2016 M3 was reduced in order to cut family and business resources and therefore to lower demand and inflation.

Money supply (AKZ millions)

	2012	2013	2014	2015	2016	Change
M3 AKZ and Foreign Currency	3.883.037	4.396.681	5.110.120	5.711.899	6.519.777	16%
M3 AKZ	2.156.467	2.650.018	3.411.644	3.902.817	4.515.508	18%
M3 Foreign Currency	1.726.570	1.746.663	1.698.476	1.809.083	2.004.269	11%
Foreign Currency as a % of M3	44%	40%	33%	32%	31%	

Source: BNA.

The 2016 General State Budget was revised to take account of low oil prices at the start of 2016. As last year, the General State Budget is still very sensitive to oil prices. Revenues are forecast to be at 2015 levels but their quality has improved as oil revenue is giving ground to non-oil revenue.

General State Budget (AKZ billions)

	2013		2014		2015		2016	
Oil revenue	3.630	75%	2.970	67%	1.898	56%	1.536	44%
Revenue from other sectors	972	20%	1.128	26%	1.158	34%	1.557	45%
Other revenue	247	5%	305	7%	326	10%	393	11%
Total revenue	4.849		4.403		3.381		3.485	
Spending	4.816		5.221		3.858		4.485	
Surplus / Deficit	32		-819		-477		-1.000	

Source: Finance Ministry.

The General State Budget has been in deficit since 2014. The deficit for 2016 was estimated to be AKZ 1 000 billion (almost USD 6 billion). The government will obtain this sum by issuing debt on the domestic and international markets.

Macroeconomic Overview

The deficit might be reduced if the State decided to increase its arrears or not to settle existing arrears with suppliers and other entities.

2016 oil exports were slightly below those of 2015 (632 million barrels vs 645 million), due in part to OPEC's agreement to reduce production from November). The average price fell from USD 52 in 2015 to USD 40 in 2016.

Oil Exports (millions of barrels and USD price)					
	2012	**2013**	**2014**	**2015**	**2016**
Barrels of oil exported	629	629	599	645	632
Barrels of oil / day	1,7	1,7	1,6	1,8	1,73
Average price	111	107	100	52	40

Source: Finance Ministry.

Lower oil prices meant less export income from oil. Diamond exports were at the same level.

Trade Balance (USD millions)					
	2012	**2013**	**2014**	**2015**	**2016**
Exports	71.093	68.247	59.170	33.181	27.139
Oil and oil derivatives	69.716	66.902	57.642	31.895	25.538
Diamonds	1.160	1.167	1.335	1.066	1.097
Agriculture and other	217,6	177,4	193	220	503,6
Imports	23.704	26.331	28.580	20.693	11.112
Trade balance	47.389	41.916	30.590	12.489	16.027

Source: Finance Ministry.

The trade balance has improved mainly as a result of the drop in imports and is merely a reflection of limited imports. When BNA sells little foreign currency, imports fall.

The trade balance figures for the end of 2016 are estimates based on the most recent available data at the end of the first half of 2016, since the figures to the end of 2016 have not yet been published.

With regard to public debt, a Bill was to be discussed in November 2016 concerning the raising of the debt ceiling to around 70% of GDP. This would keep the government within the law since the existing 60% ceiling was about to be broken.

And since the Bill aimed to redefine public debt as a concept, introducing the idea that consolidated public debt covers only the direct public debt of entities in the administrative public sector and does not include public sector business debt, it is reasonable to believe that the government will not have broken through the statutory ceiling, although this is not an IMF recommendation.

Public Debt (USD billions)

	2012	2013	2014	2015	2016
Internal government debt	12	16	21	22	
External government debt	22	29	29	25	
Public-sector buisness debt	9	14	10	11	N/A
Total public debt	34	45	50	47	
Public debt/GDP	30,1%	35,7%	42,5%	45,8%	

Source: Debt Management Unit (UGD) and State Budget.


Whale ribs used as supports for lanterns at the Flamingo Lodge. Namibe province.

Distribution Channels

1 - Direct:
Branches (41)

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

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

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

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

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

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

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

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

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

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

Banco Comercial Angolano

Funda Coca-Cola
Município de Cacuaco
Comuna da Funda
Fábrica Coca-Cola Bottling, S.A.R.L.

Porto Seco de Viana
Município de Viana
Avenida Deolinda Rodrigues, Km 25
Tel: (+244) 222 641 346

ENDE Sambizanga
Comuna de Ngola Kiluanji;
Avenida Ngola Kiluanji

Colégio Pitruca
Município de Belas
Urbanização Nova Vida
Tel: (+244) 222 641 329

Hospital do Prenda
Distrito do Prenda
Rua Comandante Arguelles
Tel: (+244) 222 641 357

Hipermercado Jumbo
Município da Maianga
Avenida Deolinda Rodrigues
Tel: (+244) 222 641 359

ENDE Viana
Município de Viana
Rua 11 de Fevereiro
Centro de Distribuição ENDE E.P.

Agência do Patriota
Município de Belas
Comuna do Benfica
Bairro Honga
Rua Direita do Patriota

ENDE Patriota
Município de Belas
Comuna do Benfica
Bairro Urbanização "Lar do Patriota"
Rua Direita do Patriota

ENDE Kilamba
Município de Kilamba
Comuna Centralidade de Kilamba
Bairro Nzinga Mbandi - Quarteirão L
Rua Amílcar Cabral, Loja nº 196B
R/C; Prédio 15

CABINDA
Cabinda
Bairro Deolinda Rodrigues
Rua Elias Garcia
Largo Lopes Pim-Pim
Tel: (+244) 231 220 125
Fax: (+244) 231 222 127

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

Porto de Cabinda
Rua do Comércio
Empresa Portuária de Cabinda
Tel: (+244) 222 641 364

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

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

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

Porto do Lobito
Avenida da Independência

Catumbela
Rua Bernardino Correia RC
Junto ao Centro de Distribuição da ENDE E.P.

Baía Farta
Rua Comandante Jika 2009 RC
Junto ao Centro de Distribuição da ENDE E.P.

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

HUAMBO
Aeroporto do Huambo
Rua Xavier Tramancal
Aeroporto Albano Machado
Tel: (+244) 222 641 354

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

São João
Comuna Comandante Vilinga
Junto à Loja da ENDE E.P.

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

ENDE Uíge
Rua Comandante Bula
Edifício Rimada
Centro de Distribuição ENDE E.P. Uíge
Tel: (+244) 222 641 335

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

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

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

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

CUANZA SUL
Sumbe
Rua do Cabouqueiro, Nº16; Zona 3
R/C do Edifício da Direcção da ENDE E.P.

Porto Amboim
Rua de Moçambique, Nº1120
Edifício dos serviços da ENDE E.P.

2 - Indirect:
Limited Service Branches
ATM Machines (58)
POS (235)

Lucala river and the Calandula/Kalandula falls (formerly Duque de Bragança falls), Malanje province.

Financial Statements

Financial Statements

For the year ended 31 December 2016

Balance Sheet as at 31 December 2016				
	Notes	31-12-2016 AKZ'000	31-12-2015 AKZ'000	01-01-2015 AKZ'000
Assets				
Cash and Balances at Central Banks	3	5.164.522	15.513.874	5.185.082
Balances at other Credit Institutions	4	5.367.258	1.736.886	1.836.285
Placements with C. Banks and other Credit Instit.	5	249.007	1.218.003	1.828.578
Financial Assets Available for Sale	6	11.543.826	13.817.051	11.422.543
Loans and advances	7	10.981.602	8.859.695	6.458.217
Other Tangible Assets	8	5.647.718	5.235.291	3.784.843
Intangible Assets	8	37.195	19.253	24.326
Deferred Taxes Receivable	9	59.863	88.769	1.075
Other Assets	10	4.868.897	381.921	381.332
Total Assete		**43.919.888**	**46.870.743**	**30.922.281**
Liabilities				
Deposits from other Credit Institutions	11	2.606.289	369.109	878.755
Deposits from clients				
a) Demand	12	22.029.086	27.346.639	13.293.911
b) Term	12	6.090.709	9.411.106	9.293.139
Provisions	13	150	76.165	75.882
IncomeTaxes	14	929.924	377.267	140.406
Deferred Taxes payable	15	-	100.773	-
Other Liabilities	16	1.860.504	1.890.360	1.386.498
Total Liabilities		**33.516.662**	**39.571.419**	**25.068.591**
Equity				
Capital		2.582.579	2.582.579	2.582.579
- Capital	17	2.500.000	2.500.000	2.500.000
- Capital maintenance reserve	17.1	82.579	82.579	82.579
Revaluation Reserves	17.1	(139.678)	(207.127)	(32.674)
Other Reserves and Retained Income	17.1	4.816.748	3.205.275	2.495.501
Net Income for the Year	17.1	3.143.577	1.718.597	808.284
Total Equity		**10.403.226**	**7.299.324**	**5.853.690**
Total Liabilities and Total Equity		**43.919.888**	**46.870.743**	**30.922.281**
OFF BALANCE SHEET ITEMS				
Guarantees given	28	5.126	15.000	971.626
Unused Credit Lines	28	10.986.654	-	176.883
Other Commitments	28	3.959.856	-	-
Guarantees received	28	(22.711.926)	(14.153.455)	(8.832.516)
Safeguard of Assets	28	(12.204.396)	-	-

Banco Comercial Angolano

Balance Sheet as at 31 December 2016

	Notes	31-12-2016 USD'000	31-12-2015 USD'000	01-01-2015 USD'000
Assets				
Cash and Balances at Central Banks	3	31.130	114.650	50.408
Balances at other Credit Institutions	4	32.352	12.836	17.852
Placements with C. Banks and other Credit Instit.	5	1.501	9.001	17.777
Financial Assets Available for Sale	6	69.582	102.110	111.046
Loans and advances	7	66.193	65.475	62.785
Other Tangible Assets	8	34.042	38.690	36.795
Intangible Assets	8	224	142	236
Deferred Taxes Receivable	9	361	656	10
Other Assets	10	29.348	2.822	3.707
Total Assets		**264.733**	**346.382**	**300.616**
Liabilities				
Deposits from other Credit Institutions	11	15.710	2.728	8.543
Deposits from clients				
a) Demand	12	132.783	202.096	129.239
b) Term	12	36.713	69.550	90.345
Provisions	13	1	563	738
IncomeTaxes	14	5.670	3.118	1.365
Deferred Taxes payable	15	-	832	-
Other Liabilities	16	11.214	13.970	13.479
Total Liabilities		**202.091**	**292.857**	**243.709**
Equity				
Capital	17	27.208	27.208	27.208
Revaluation Reserves	17.1	(842)	(1.531)	(318)
Other Reserves and Retained Income	17.1	29.034	23.687	24.261
Foreign currency translation reserve	17.1	(11.923)	(10.041)	(2.449)
Net Income for the Year	17.1	19.165	14.202	8.205
Total Equity		**62.642**	**53.525**	**56.907**
Total Liabilities and Total Equity		**264.733**	**346.382**	**300.616**
OFF BALANCE SHEET ITEMS				
Guarantees given	28	31	111	9.446
Unused Credit Lines	28	66.225	-	1.720
Other Commitments	28	23.869	-	-
Guarantees received	28	(136.899)	(104.596)	(85.867)
Safeguard of Assets	28	(73.564)	-	-

Income Statement for the Years ended 31 December 2016 and 2015					
	Notes	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Interest and other similar income	19	3.972.047	24.217	2.772.646	22.912
Interest and other similar expenses	20	(277.426)	(1.692)	(228.669)	(1.890)
Net Interest Margin		**3.694.621**	**22.525**	**2.543.977**	**21.022**
Fee and commission income	21	1.876.902	11.443	1.085.708	8.972
Fee and commission expenses	22	(51.814)	(316)	(30.801)	(255)
Results of financial operations	23	1.996.418	12.172	1.636.085	13.520
Other Operating Expenses	24	(132.753)	(809)	(85.425)	(706)
		3.688.753	**22.490**	**2.605.567**	**21.531**
Operating Margin		**7.383.374**	**45.015**	**5.149.544**	**42.553**
Salaries and other payroll expenses	25	(1.510.978)	(9.212)	(1.214.806)	(10.038)
Third parties supplies	26	(1.567.443)	(9.556)	(1.082.707)	(8.947)
Depreciation and Amortisation	8	(283.824)	(1.731)	(297.070)	(2.455)
Net Provisions	13	76.015	463	(102.130)	(844)
Impairment Losses on Loans	7	(23.643)	(144)	(256.194)	(2.117)
		(3.309.873)	**(20.180)**	**(2.952.907)**	**(24.401)**
Income Before Taxes		**4.073.501**	**24.835**	**2.196.637**	**18.152**
Income Taxes					
- Current	14	(929.924)	(5.670)	(377.267)	(3.118)
- Deferred	15	-	-	(100.773)	(832)
Income after Tax in Respect of Continuing Operations		**3.143.577**	**19.165**	**1.718.597**	**14.202**
Profit after Tax in Respect of Discontinuing Operations		-	-	-	-
Net Income for the Year		**3.143.577**	**19.165**	**1.718.597**	**14.202**
Earnings per Share	27				
- Basic		**0,50**		**0,27**	
- Diluted		**0,50**		**0,27**	

Banco Comercial Angolano

Statement of Comprehensive Income
For the Years Ended 31 December 2016 and 2015

	Notes	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Net Profit	**17.1**	**3.143.577**	**19.165**	**1.718.597**	**14.202**
Other Comprehensive Income					
Items that may not be reclassified to Income Statement	-	-	-	-	-
Items that may be reclassified to Income Statement					
Revaluation of financial Assets Available for Sale	**6**	(199.541)	(1.203)	(295.896)	(2.187)
Tax effect (30%)	**9**	59.863	361	88.769	656
	17.1	(139.678)	(842)	(207.127)	(1.531)
Income not included in the Income Statement	**17.1**	**(139.678)**	**(842)**	**(207.127)**	**(1.531)**
Other Comprehensive Income Net of Tax		**3.003.899**	**18.323**	**1.511.470**	**12.671**

Statement of Changes in Shareholder's Equity For the Years Ended 31 December 2016 and 2015						
Thousands of Kwanzas	**Capital**	**Capital Maintenance Reserves**	**Fair Value Adjustment Reserves**	**Other Reserves and Retained Income**	**Profit for the year**	**TOTAL of Equity**
Balance at 1 January 2015	**2.500.000**	**82.579**	**(32.674)**	**2.495.501**	**808.284**	**5.853.690**
Appropriation of 2014 retained Income	-	-	-	709.431	(709.431)	-
2014 Dividends	-	-	-	-	(98.510)	(98.510)
2014 Fair Value Adjustment	-	-	32.674	-	-	32.674
2015 Fair Value Adjustment	-	-	(207.127)	-	-	(207.127)
Retained Income Transfer	-	-	-	343	(343)	-
Profit for the Year	-	-	-	-	1.718.597	1.718.597
Balance at 31 December 2015	**2.500.000**	**82.579**	**(207.127)**	**3.205.275**	**1.718.597**	**7.299.324**
Appropriation of 2015 retained Income	-	-	-	1.213.172	(1.213.172)	-
2015 Dividends	-	-	-	-	(270.630)	(270.630)
2015 Fair Value Adjustment	-	-	207.127	-	-	207.127
2016 Fair Value Adjustment	-	-	(139.678)	-	-	(139.678)
Retained Income Transfer	-	-	-	398.645	-	398.645
Transition Adjustment	-	-	-	(344)	(234.795)	(235.139)
Profit for the Year	-	-	-	-	3.143.577	3.143.577
Balance at 31 December 2016	**2.500.000**	**82.579**	**(139.678)**	**4.816.748**	**3.143.577**	**10.403.226**

Statement of Cash Flows for the Years Ended 31 December 2016 and 2015			
	Notes	2016 AKZ'000	2015 AKZ'000
Profit before tax		4.073.501	2.196.637
Add:			
Amortisations	8	283.824	297.070
Impairment Losses on Loans	7	23.643	256.194
Less:			
Retirement compensation provisions	13	(76.015)	102.130
Dividends paid	17.1	(270.630)	(98.510)
Tax paid	14/16	(458.863)	(134.712)
Cash flows from Operating Activities		**3.575.460**	**2.618.809**
(Increase) in loans and advances	7	(1.966.034)	(2.642.192)
(Increase)/Decrease in other assets	10	(4.486.976)	17.529
Decrease/ (Increase) in deposit from other banks	11	2.237.180	(146.833)
Increase in other liabilities	16	48.276	163.197
		(592.094)	**10.510**
Investing Activities			
Purchase of tangible and intangible fixed assets	8	(731.157)	(1.752.499)
Purchase of trading and investment securities	6	2.273.225	(2.790.303)
Placements with central Bank and other banks	5	968.996	610.575
		2.511.064	**(3.932.227)**
Financing Activities			
Demand deposits	12	(5.317.553)	14.052.728
Term deposits	12	(3.320.397)	117.067
		(8.637.950)	**14.170.695**
(Decrease)/Increase in cash and cash equivalents		(6.718.980)	10.248.978
Opening balance of cash and cash equivalents	3/4	17.250.760	7.001.782
Closing balance of cash and cash equivalents	3/4	**10.531.780**	**17.250.760**

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 2016, the Bank operated 41 branches throughout the country, 10 of which were opened during 2016.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1. BASIS OF PRESENTATION

The BCA financial statements disclosed herewith, are related to the year ended 31 December 2016.

The financial statements were prepared from the accounting records of Banco BCA in conformity with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), as issued by the International Financial Reporting Standards Board (IASB) and interpreted by Internacional Financial Reporting Interpretation Committee (IFRIC), incorporated into the Angolan legislation through the Central Bank (Banco Nacional de Angola – BNA) Notice 6/2016 of 22 June.

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

The financial statement for the year ended 31 December 2016 were approved by the Board of Directors at 17 April 2017 and will be submitted to the Shareholders´ General Assembly, the body with a final power either to approve or not to approve them. However the Board of Directors expects the General Assembly will approve them.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and

reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity or for which assumptions and estimates are considered to be significant are presented in note 2.3.23.

Currency of Presentation

The financial statements for the years ended 31 December 2016 and 2015, are prepared in thousand of Kwanza (AKZ'000), as per Notice 15/07, article 5° of BNA. However, the Board has decided that the US Dollar (USD) is the Bank's reference currency as it is the currency most representative of the Bank's international operations. As a result, financial information is disclosed in both currencies in the most relevant notes, as per the Board of Directors' consideration. The AKZ/USD exchange rates used in the preparation of this financial statement were as follows:

Year Ended on	Average Rate	Closing Rate
31.12.2015	121.015	135.315
31.12.2016	164.021	165.903

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.

Transition to IFRS/IAS

The adoption of IFRS, in 1 January 2016, as per Notice 6/16, of 22 June, issued by the Central Bank (Banco Nacional de Angola), implied to introduce adjustments when applying the new accounting standards, which required changes in the balance sheet amounts, in equity and net income for the year ended in 31 December 2015. Those financial statements were previously prepared and disclosed under the former chart of accounts CONTIF.

In the preparation of the financial statements for the year ended 31 December 2016, and in setting the transition adjustments, the Bank adopted the rules of transtion established in IFRS 1 – first time adoption of International Financial Reporting Standards.

Adicionally, IFRS 1 allows certain exceptions to the retrospective application of IFRS. Among them, the Bank elected the following exceptions:

(i) Other tangible assets valuation

As per IFRS 1, the Bank decided to consider the costs of other tangible assets, their historic cost at the date of transition (1 January 2015), set as per the previous accounting policies which, in general, matches with the standard IAS16.

(ii) Derecognition of financial assets

In accordance with the option allowed by IFRS 1, the bank adopted to apply the derecognition requirements of IAS 39 for operations executed from 1 January 2016. Therefore, the assets derecognised up to this date, in accordance with the previous accounting policies, were not reexpressed in the balance sheet.

The analysis of impact of transition to IFRS on the accounts of the Bank is disclosed in Note 2.4.

Comparability of information

Up to 31 December 2015, the financial statements were prepared in conformity with the accounting standards as per the previous chart of account for financial institutions ("CONTIF") and any other disposition issued by Banco Nacional de Angola. They were converted to IFRS for comparability purpose merely, and to comply with IFRS 1.

2.2. TRANSACTIONS IN FOREIGN CURRENCY

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

2.3. ACCOUNTING POLICIES

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

2.3.1. Financial Assets and Liabilities

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

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

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

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

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

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

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

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

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

2.3.1.1.1. Financial assets held for trading and at fair value through profit or loss

Financial assets held for trading

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

Trading derivatives

Derivatives that are not taken as hedging instruments, are considered financial instruments at fair value through profit or loss. Trading derivatives with a positive fair value are included in Financial assets held for trading and the trading derivatives with negative fair value are included in Financial liabilities held for trading.

Embedded Derivatives

An embedded derivative is a financial instrument which is separated from its host contract and accounted for as trading derivative, with changes in the fair value reflecting in income statement, when:

- the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the entire instrument is not measured at fair value with changes in fair value recognised in the income statement.

Financial assets at fair value through profit or loss

The designation of financial assets and liabilities at fair value through profit and loss (Fair Value Option) can be met provided such a designation results in more relevant information either:

• Because the financial assets and liabilities are managed, assessed, internally disclosed at their fair value;

• because it eliminates or significantly reduces a measurement or recognition inconsistency (that is, accounting mismatch); or

• because the financial assets and liabilities contains one or more embedded derivatives significantly modify the cash flows of the original contracts (host contract).

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

2.3.1.1.2. Held-to-maturity financial Assets

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

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

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

2.3.1.1.3. Financial Assets available-for-sale

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

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

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

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

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

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

Impairment losses are recognised in income statement when identified.

2.3.1.1.4. Financial Liabilities

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

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

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

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

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

2.3.1.2. Amortised cost

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

2.3.1.3. Identification and measurement of impairment

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

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

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

For held-to-maturity financial assets, the impairment loss is the difference between the book value and present value of estimated future cash flows, discounted at the original effective interest rate (which is the recoverable amount), and is recognised in income statement. The assets concerned are disclosed in the balance sheet, net of impairment loss. In the case of asset with a variable interest rate, the discount rate to be used to calculate the impairment loss, is the actual effective interest rate, which is assessed as per each contract terms. In case of held-to-maturity financial assets, if in a subsequent period the amount of impairment loss reduces, and the reduction can objectively be related to an event occurred after the recognition of impairment, this may be reversed in the income for the year.

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

2.3.1.4. Transfer among categories

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

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

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

2.3.1.5. Derecognition

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

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

2.3.1.6. Offsetting of Financial Instruments

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

2.3.2. Loans and other receivables

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

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

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

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

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

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

Impairment

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

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

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

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

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

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

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

The impairment losses for homogeneous group with significant individual exposure, are assessed through an individual assessment. Exposures individually significant are all exposures of and above 0,35% of Regulatory Equity. In case of an objective evidence of impairment in loans and advances operations, the materiality limit is reduced to 0,1% of Regulatory Equity.

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

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

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

Individual Assessment

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

1. Economic-financial Analysis of client
    - Acquisition of financial statement for the period previous to the month being analysed;
    - Acquisition of full financial statements (with notes to the financial statements).
2. Contractual issues
    - Non-compliance with terms of contract;
    - Occasional overdrafts;
    - Bounced cheques;
    - Loans restructured due to financial difficulties.
3. Guarantees
    - Guarantee nature;
    - Level of real guarantees coverage to exposure.
4. Others:
    - Insolvency;
    - Judicial proceedings;
    - Debt due to State and Social Security.

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

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

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

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

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

Collective assessment

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

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

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

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

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

Process of collateral assessment

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

Regarding the conditons of loans operations approval, when there is a need for a client to offer a guarantee, if the kind of guarantee or collateral implies a request for its evaluation to determine its value,

a formal request for guarantee's evaluation might be demanded by the department of loans analysis, or trading area, which would enable to start a process from the external and independent adviser.

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

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

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

(i) Properties

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

The properties are revaluated every two years, whenever the risk exposure represents:

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

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

(ii) Demand deposit security

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

(iii) Other guarantees and other financial assets

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

2.3.3. Guarantees given and irrevocable commitments

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

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

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

These operations are subject to impairment tests.

2.3.4. Securities borrowing and repurchase agreement transactions

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

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

Securities transferred through loan agreements are not derecognised in the balance sheet, but are classified and accounted for in accordance with the accounting policy outlined in note 2.3.1.5. Securities received through loan agreements are not recognised in the balance sheet.

2.3.5. Equity instruments

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

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

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

2.3.6. Hedge accounting

The Bank designates as hedging instruments, derivatives contracted to hedge interest rate risk and foreign exchange rate risk resulting from its business.

Hedging derivative instruments are recorded at fair value and the gains and losses resulting from their revaluation are recognised in accordance with the hedging accounting adopted. An hedging relationship exists when: (i) at the inception of the transaction, there is a formal documentation for hedge relationship; (ii) the effectiveness of the hedge is higher; (iii) the hedge effectiveness can be reliably measured; (iv) the hedge is evaluated on a continuous basis and is actually determined as being highly effective throughout the lifetime of the financial report; (v) the probability of hedging for a foreseen transaction is high, presents an exposure to changes in cash flows which could affect the profit and loss accounts.

When a derivative financial instrument is used to hedge foreign exchange monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with derivatives is recognised in income statement for the year, as well as changes in the foreign exchange of monetary elements concerned.

2.3.6.1. Fair value hedge

Changes in fair value of derivatives designated as fair value hedge are recognised in the income statement, and so do changes in assets and liabilities (or group of assets and liabilities) fair value being hedged. If the hedge relationship stops meeting the requirements of hedge accounting, the derivative financial instrument is transferred to the trading book and the hedge accounting is terminated. If the hedged asset and liability equates to an instrument of a fixed income, the cumulative gains and losses from changes in the interest risk rate, concerned with the hedged item, until the date of hedge termination, are amortised against the income statement through the remaining years of the hedged item.

2.3.6.2. Cash flows hedge

Changes in the derivatives fair value, classified as cash flows hedge, are recognised in equity – cash flow reserves – for the effective part of the hedge relationship. Changes in the fair value of the ineffective hedge relationship, are recognised in income statement, in the moment they happen.

Cumulative amounts in equity are reclassified to income statement for the year in which the hedged item affects the income statement.

When the hedged instrument is derecognised, or the hedging relationship stops meeting the requirements of hedge accounting, or when it is revoked, the hedging relationship is discontinued prospectively. Therefore, the fair value changes accumulated in equity until the discontinuation might be: (i) deferred trough the remaining lifetime of the hedging instrument; or (ii) are immediately recognised in income statement for the year, in the case of the hedged instument termination.

In the case of a hedged relationship for a future transaction being discontinued, changes in derivatives fair value recognised in equity, remains untouchable, until the future transactions are recognised in income statement.

At 31 December 2016 and 2015 the Bank did not have any hedging operation classified as fair value hedge, or cash flows hedge.

2.3.7. Investments in subsidiaries and associates

The investments in subsidiaries and associates are accounted for in a separate financial statement of the Bank, at their historic cost net of any impairment loss.

Subsidiaries are entities (such as, investment funds, securitization vehicle…) controlled by the Bank. The Bank controls an entity when it is exposed to, or has right over the returns variabilities arising from the entity or has the power over its relevant activities.

Associates businesses are entities in which the Bank has a significant influence, but it has no control over the operational and financial policies. It is assumed that the Bank has significant influence when it holds, directly or indirectly, 20% or more of the voting rights in the investee. If the bank has less than 20% of voting rights, it has no significant influence, except when such an influence might be clearly demonstrated.

The significant inflence is normally demonstrated by one or more of the following: (i) representation in the board of directors; (ii) participation in the process of politics definition, decision of dividends

distribution; (iii) materially relevant transactions held between the Bank and the associate; (iv) exchange of managent staff; (v) supply of essential technical information.

Impairment

The recoverable amount of investment in subsidiaries and associates is evaluated whenever there is an evidence of impairment. The impairment loss is assessed taking into account the difference between the recoverable amount fo investment in subsidiaries and associates and its book value. The identified impairment losses are recorded in income statement, and subsequently might be reversed if there is a reduction in the amount of loss, in a later financial year. The recoverable amount is calculated taking into account the greater amount between value of use of assets (net of amortisation/ depreciation), and their fair value (net of sale costs). The latter is calculated by use of evaluation method, on the basis of discounted cash flows technics, taking into accounts the market conditions, the time value, and the business risks.

2.3.8. Leases

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

2.3.8.1. Finance leases

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

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

2.3.8.2. Operating leases

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

2.3.9. Other tangible Assets

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

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

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

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

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

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

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2.3.10. Intangible assets

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

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

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

2.3.11. Employee benefits

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

2.3.11.1. Short-term employee benefits

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

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

Variable remuneration paid to employees

The Board of Directors is in charge with fixing the respective allocation criteria to each employee, whenever necessary.

Variable remunaration is recognised in income statement for the year in which its is attributable to employees.

2.3.11.2. Post-employment benefits

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

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

Up to the year of 2015, the Bank set aside provisions for compensation of employees retirement under the former Angolan Labour Law n° 02/00 of 11 February 2000, which was revoked on the 13 September 2015 by the application of the law n° 07/2015 of 15 June 2015. The latter cancelled the obligation to set aside provisions for employees retirement.

2.3.11.3. Other long-term employee benefits

Other long-term employee benefits include items such as the following, if not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service: long-term paid absences such as long-service or sabbatical leave; jubilee or other long--service benefits; long-term disability benefits; profit-sharing and bonuses; and deferred remuneration.

2.3.11.4. Termination benefits

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

2.3.12. Provisions and Contingent Liabilities

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

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

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

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

2.3.13. Interest income and expense

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

Interest income arising from financial assets at fair value through profit or loss is also included under interest and other similar income.

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

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

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

Specifically regarding the accounting policy for interest on overdue loans' portfolio, the following aspects are considered:

- Interest income for overdue loans with collaterals are accounted for as income, up to the limit of the valuation of the collateral on a prudent basis, in accordance with IAS 18, assuming that there is a reasonable probability of recoverability; and
- The interests accrued and not paid for overdue loans for more than 90 days that are not covered by collaterals are written-off and are recognised only when received, in accordance with IAS 18, on the basis that its recoverability is considered to be remote.

For derivative financial instruments, except those classified as hedging instruments of interest rate risk, the interest component is not separated from the changes in the fair value and is classified under Net gains / (losses) from trading and hedging activities. For hedging derivatives of interest rate risk and those related to financial assets or financial liabilities recognised in the Fair Value Option category, the interest component of the changes in their fair value is recognised under interest income or expense (Net interest income).

2.3.14. Fee and commission income

Fees and commissions are recognised as follows:

- Fees and commissions that are earned on the execution of a significant act, such as loan syndication fees, are recognised as income during lifetime of such a significant act;

- Fees and commissions earned over the period in which the services are provided are recognised as income in the period the service is rendered;
- Fees and commissions which are an integral part of the effective interest rate of a financial instrument are recorded in income statement by the effective interest rate method.

2.3.15. Income Tax

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

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

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

The income derived from government bonds (short term treasury bills and long term bonds) issued by the state in accordance with the Public Debt Framework Act (Law nº 16/02 of 5 December), and Decrees 51 and 52/03 of 8 July, is exempt from Income Tax as stipulated in item 1 of article 23 of the Income Tax Code. The code specifically states that income from Angolan Government bonds should not be considered as taxable income in the calculation of income tax liabilities.

The tax law in Angola determines that all tax declarations for the previous 5 years are still subject to additional reviews and audits and hence the tax Office can order the bank to make changes to the tax expenses presented and hence result in a change in the taxable income. To this end, it means that the tax returns for 2012 to 2016 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.

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

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

The Bank is submitted to the "Urban Properties Tax", which is calculated applying 0,5% over the value of its premises used for its normal activities, as per the Law 18/11 of 21 April 2011.

The Bank is also submitted to indirect taxes, such as, tax on imported goods, stamp tax, consumption tax.

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

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

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

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

2.3.16. Cash and cash equivalent

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

2.3.17. Investment property

The Bank classifies as investment property the property held to earn rentals or for capital appreciation or both.

These investments are initially recognised at its acquisition cost, including the transaction costs and subsequently revaluated at its fair value. The fair value of the investment property should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in results as Other operating income.

Subsequent related expenditures are capitalised when they are expected to provide the Bank with greater future economic benefits than initially assessed.

2.3.18. Non-current assets held for sale

Non-current assets, groups of non-current assets held for sale (groups of assets together and related liabilities that include at least a non current asset) and discontinued operations are classified as held for sale when there is intention to sell the referred assets and liabilities and when the referred assets are available for immediate sale and its sale is highly probable.

The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, which are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

The Bank also classifies as non-current assets held for sale, the investments arising from recovered loans that are measured initially by the lower of its fair value net of selling costs and the loan's carrying amount on the date that the recovery occurs or the judicial decision is formalised.

The fair value is determined based on the expected selling price estimated through periodic valuations performed by the Bank. These valuations are executed in accordance with one of the following methods, which are elected taking onto account the specific situation of the property being assessed:

2.3.18.1. Comparative or sales method

Also known as "Inferred Analysis of property value", the Comparable Sales Method estimates the value of a house by examining the prices of other houses of a similar specification, in similar locations within a recent timeframe, and comparing them.

This is the most common method used in the residential property market, capturing general trends and projections and employing the common sense principle that substitution for similar goods should imply similar value.

2.3.18.2. Income method

This method allows to estimate the value of property by taking the net operating income of the rent collected and dividing it by the capitalization rate.

The income method is tipically used for income-producing properties.

2.3.18.3. Cost replacement method

The cost replacement method is a property valuation method that surmises that the price a buyer should pay for a piece of property should equal the cost to build an equivalent building. In cost approach appraisal, the market price for the property is equal to the cost of land plus cost of construction, plus the indirect costs, less depreciation. It yields the most accurate market value when the property is new.

The valuations are executed by specialised independent entities. Valuation reports are internally analised.

2.3.19. Dividends received

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

2.3.20. Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Bank's financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period in which they occur.

2.3.21. Results of financial operations

Results in financial operations includes gains and losses arising from financial assets and financial liabilities at fair value through profit and loss, that is, fair value changes and interest on trading derivatives and embedded derivatives, as well as the corresponding dividends received.

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

2.3.22. Earnings per share

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

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

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

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

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

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

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

2.3.23.1. Impairment of financial assets available-for-sale

The Bank determines that financial assets available-for-sale are impaired when there has been a significant or prolonged decrease in the fair value below its acquisition cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the volatility in the prices of the financial assets. According to the Bank's policies, 30% of depreciation in the fair value of an equity instrument, and 50% in the debt securities is considered a significant devaluation and the 1 year period is assumed to be a prolonged decrease in the fair value below the acquisition cost.

In addition, valuations are generally obtained through market quotation or valuation models that may require assumptions or judgment in making estimates of fair value.

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

2.3.23.2. Impairment losses on loans and advances to clients

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

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

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

2.3.23.3. Fair value of financial instruments

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

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

2.3.23.4. Income taxes

Significant interpretations and estimates are required in determining the amount for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the year.

Tax Authorities are entitled to review the Bank' determination of its annual taxable earnings, for a period of five years. Hence, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law which for its probability, the Board of Directors considers that there is no relevant material effect at the level of the financial statements.

2.4. TRANSITION ADJUSTAMENTS

The transition adjustments executed are as follow:

Thousand of Kwanzas	Equity as at 01-01-2015	Net Profit for the Year ended 31-12-2015	Equity as at 31-12-2015
Balance as per CONTIF	**5.856.197**	**1.483.802**	**7.343.237**
- Adjustment of Impairment Losses on Loan	(3.582)	(60.227)	(63.809)
- Adjustment of T. Bonds indexed to USD Revaluations	2.850	395.795	398.645
Effect on Income	**(732)**	**335.568**	**334.836**
Effect of Defferred Taxes	1.075	(100.773)	(100.451)
Effect on Equity of Treasury Bonds indexed to USD Revaluations	(2.850)		(278.298)
Balance as per IAS/IFRS	**5.853.690**	**1.718.597**	**7.299.324**

3. CASH AND BALANCES AT CENTRAL BANKS

This item, at 31 December 2016 and 2015, had the following composition:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Cash:				
- Local currency	1.190.007	7.173	1.620.302	11.974
- Foreign currency	1.093.879	6.594	593.166	4.384
	2.283.886	**13.767**	**2.213.468**	**16.358**
Balances at the National Bank of Angola (BNA):				
- Local currency	2.659.156	16.028	13.087.285	96.717
- Foreign currency	221.480	1.335	213.121	1.575
	2.880.636	**17.363**	**13.300.406**	**98.292**
	5.164.522	**31.130**	**15.513.874**	**114.650**

The Instruction n° 04/16, of 13 May, which revoked the Instruction n° 2/16, of 11 April, set the coefficient for the statutory reserve in local currency at 30%, keeping unchangeable the weighting to be accomplished with the Government bonds, both in local and foreign currencies. The new data imposed by the Instruction n° 04/2016 is the possibility to deduct from the amount of statutory reserves up to 80% of the representatives assets comprised by loans granted to businesses and projects in the agricultural, fishing, water, electricity, forestry sectors. The coefficient for the statutory reserves in foreign currency was kept at 15% for clients total deposits, and 100% for local and central government deposits. 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 2016, the balances at the Angolan Central Bank (BNA) both in local currency and foreign currency are to comply with minimum reserve requirements, and for the weekly foreign currency purchase.

4. BALANCES AT OTHER CREDIT INSTITUTIONS

This item, at 31 December 2016 and 2015, had the following composition:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Outstanding cheques	458	3	183	1
NOSTRO accounts	5.257.354	31.689	1.736.174	12.831
Pending Operations	109.446	660	529	4
	5.367.258	**32.352**	**1.736.886**	**12.836**

The AKZ 109.446 thousand recorded in Pending Operations refer to the amounts regarding the clearing system managed by EMIS.

5. PLACEMENTS WITH CENTRAL BANK AND OTHER CREDIT INSTITUTIONS

This item, at 31 December 2016 and 2015, had the following composition:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Placements with foreign Banks				
Capital	248.854	1.500	1.217.835	9.000
Accrual Interests	153	1	168	1
	249.007	**1.501**	**1.218.003**	**9.001**

The breakdown of placements by term, at 31 December 2016, and 31 December 2015, was as follows:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Up to 30 days	-	-	135.317	1.000
From 31 to 60 days	249.007	1.501	1.082.686	8.001
	249.007	**1.501**	**1.218.003**	**9.001**

The residual maturities profile, at 31 December 2016 and 31 December 2015, was as follows:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Up 3 days	249.007	1.501	-	-
From 4 to 15 days	-	-	676.707	5.001
From 16 to 30 days	-	-	541.296	4.000
	249.007	**1.501**	**1.218.003**	**9.001**

The interest rate of placements at 31 December 2016 was as follows:

- USD – 0,54%

Whilst, at 31 December 2015 was as follows:

- USD – 0,36%

6. FINANCIAL ASSETS AVAILABLE FOR SALE

On the 31 December 2016 and 2015, the trading and investment securities were classified as "Available for Sale", in accordance with the accounting policy described in note 2.3.1.1.3. They were as displayed below:

2016							
Thousand of Kwanzas	Buying costs	Capital Gains	Nominal Value Adjustment	Fair Value Adjustment	Deferred Profit	Impairment	Balance
Treasury bills – LCY	859.609	-	-	-	120.938	-	980.547
Treasury bonds – LCY:							
- Indexed to USD	6.126.609	1.263.650	-	(75.323)	82.646	-	7.397.582
- Non adjustable	200.000	-	(28)	(7.147)	2.462	-	195.287
- MINFIN	1.100.000	-	(33.842)	(44.085)	3.687	-	1.025.760
Treasury bonds – FCY:							
- USD Bonds	1.765.204	-	-	(78.105)	12.451	-	1.699.550
- Subordinates bonds	165.902	-	-	5.119	4.867	(1.659)	174.229
Shares at EMIS (AKZ)							
- Capital	26.253	-	-	-	-	-	26.253
- Supplements	44.980	-	-	-	-	(362)	44.618
	10.288.557	**1.263.650**	**(33.870)**	**(199.541)**	**227.051**	**(2.021)**	**11.543.826**

2016							
Thousand of Dollars	Buying costs	Capital Gains	Nominal Value Adjustment	Fair Value Adjustment	Deferred Profit	Impairment	Balance
Treasury bills – LCY	5.181		-	-	729	-	5.910
Treasury bonds – LCY:							
- Indexed to USD	36.930	7.617	-	(454)	498	-	44.591
- Non adjustable	1.206		-	(43)	15	-	1.178
- MINFIN	6.630		(204)	(266)	22	-	6.182
Treasury bonds – FCY:							
- USD Bonds	10.640		-	(471)	75	-	10.244
- Subordinates bonds	1.000		-	31	29	(10)	1.050
Shares at EMIS (AKZ)							
- Capital	158		-	-	-	-	158
- Supplements	271		-	-	-	(2)	269
	62.016	**7.617**	**(204)**	**(1.203)**	**1.368**	**(12)**	**69.582**

Thousand of Kwanzas	2015 Buying costs	Capital Gains	Nominal Value Adjustment	Fair Value Adjustment	Deferred Profit	Impairment	Balance
Treasury bills – LCY	1.488.735	-	-	-	82.987	-	1.571.722
Treasury bonds – LCY:							
- Indexed to USD	3.253.618	398.645	-	(24.096)	17.750	-	3.645.917
- Non adjustable	6.063.200	-	(4.164)	(108.408)	96.227	-	6.046.855
- MINFIN	1.100.000	-	(43.981)	(23.419)	3.666	-	1.036.266
Treasury bonds – FCY:							
- USD Bonds	1.439.752	-	-	(141.121)	7.792	-	1.306.423
- Subordinates bonds	135.315	-	-	1.148	3.887	(1.353)	138.997
Shares at EMIS (AKZ)							
- Capital	26.253	-	-	-	-	-	26.253
- Supplements	44.980	-	-	-	-	(362)	44.618
	13.551.853	**398.645**	**(48.145)**	**(295.896)**	**212.309**	**(1.715)**	**13.817.051**

Thousand of Dollars	2015 Buying costs	Capital Gains	Nominal Value Adjustment	Fair Value Adjustment	Deferred Profit	Impairment	Balance
Treasury bills – LCY	11.002		-	-	613	-	11.615
Treasury bonds – LCY:							
- Indexed to USD	24.046	2.946	-	(178)	131	-	26.945
- Non adjustable	44.808		(31)	(801)	711	-	44.687
- MINFIN	8.129		(325)	(173)	27	-	7.658
Treasury bonds – FCY:							
- USD Bonds	10.640		-	(1.043)	58	-	9.655
- Subordinates bonds	1.000		-	8	29	(10)	1.027
Shares at EMIS (AKZ)							
- Capital	194		-	-	-	-	194
- Supplements	332		-	-	-	(3)	329
	100.151	**2.946**	**(356)**	**(2.187)**	**1.569**	**(13)**	**102.110**

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

Thousand of Kwanzas	Fair Value Valuation	Amortised Cost Valuation	Historic Cost Valuation	Impairment	Net Value
	2016				
Treasury bills – LCY	980.547	-	-	-	980.547
Treasury bonds – LCY:					
- Indexed to USD	7.397.582	-	-	-	7.397.582
- Non adjustable	195.287	-	-	-	195.287
- MINFIN	1.025.760	-	-	-	1.025.760
Treasury bonds – FCY:					
- USD Bonds	1.699.550	-	-	-	1.699.550
- Subordinates bonds	175.888	-	-	(1.659)	174.229
Shares at EMIS (AKZ)					
- Capital	-	-	26.253	-	26.253
- Supplements	-	-	44.980	(362)	44.618
	11.474.614	**-**	**71.233**	**(2.021)**	**11.543.826**

Thousand of Dollars	Fair Value Valuation	Amortised Cost Valuation	Historic Cost Valuation	Impairment	Net Value
	2016				
Treasury bills – LCY	5.910	-	-	-	5.910
Treasury bonds – LCY:					
- Indexed to USD	44.591	-	-	-	44.591
- Non adjustable	1.178	-	-	-	1.178
- MINFIN	6.182	-	-	-	6.182
Treasury bonds – FCY:					
- USD Bonds	10.244	-	-	-	10.244
- Subordinates bonds	1.060	-	-	(10)	1.050
Shares at EMIS (AKZ)					
- Capital	-	-	158	-	158
- Supplements	-	-	271	(2)	269
	69.165	**-**	**429**	**(12)**	**69.582**

Thousand of Kwanzas	2015 Fair Value Valuation	Amortised Cost Valuation	Historic Cost Valuation	Impairment	Net Value
Treasury bills – LCY	1.571.722	-	-	-	1.571.722
Treasury bonds – LCY:					
- Indexed to USD	3.645.917	-	-	-	3.645.917
- Non adjustable	6.046.855	-	-	-	6.046.855
- MINFIN	1.036.266	-	-	-	1.036.266
Treasury bonds – FCY:					
- USD Bonds	1.306.423	-	-	-	1.306.423
- Subordinates bonds	140.350	-	-	(1.353)	138.997
Shares at EMIS (AKZ)					
- Capital	-	-	26.253	-	26.253
- Supplements	-	-	44.980	(362)	44.618
	13.747.533	**-**	**71.233**	**(1.715)**	**13.817.051**

Thousand of Dollars	2015 Fair Value Valuation	Amortised Cost Valuation	Historic Cost Valuation	Impairment	Net Value
Treasury bills – LCY	11.615	-	-	-	11.615
Treasury bonds – LCY:					
- Indexed to USD	26.945	-	-	-	26.945
- Non adjustable	44.687	-	-	-	44.687
- MINFIN	7.658	-	-	-	7.658
Treasury bonds – FCY:					
- USD Bonds	9.655	-	-	-	9.655
- Subordinates bonds	1.037	-	-	(10)	1.027
Shares at EMIS (AKZ)					
- Capital	-	-	194	-	194
- Supplements	-	-	332	(3)	329
	101.597	**-**	**526**	**(13)**	**102.110**

In the Treasury bonds in US Dollars, there are USD 5.640 thousand (AKZ 935.691 thousand) which were acquired to comply with the statutory reserves in the Central Bank, as per Instruction n° 04/2016 of 13 of May.

At 31 December de 2016 and 2015, Treasury bills are recorded at their buying cost, in accordance with the accounting policy described in the note 2.3.1.1.3.

The Government bonds are classified at the risk level A, while the subordinate bonds amounts are recognised at the risk level B.

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

Basis of fair value calculation of assets available for sale

The fair value is calculated in accordance with IFRS 13. The basis for this calculation is as follows:

1. Treasury bonds in AKZ – The yield curve to assess the treasury bonds was built taking into account the LUIBOR, and the interest rate for Repo's, treasury bills, treasury bonds indexed to USD, non adjustable and MINFIN treasury bonds. All the referred interest rates, with the exception of those related to MINFIN treasury bonds, were published by the National Bank of Angola (BNA) at 30 December 2016, the last working day for the year.

   The MINFIN treasury bonds interest rates were obtained assuming they behaved like LUIBOR's, Repo's and treasury bills interest rates, compared to the same period for the previous year.

   In average, the LUIBOR, the Repo's and treasury bills interest rates increased to 48% from 2015 to 2016. Therefore, MINFIN treasury bonds interest rates at 31 December 2016 reflect this average increase.

2. Treasury bonds in USD – the yield curve to discount the cash flows for treasury bonds in USD was obtained from the LIBOR and the Interest Rate Swap (IRS) plus the Credit Default Swap (CDS). The CDS for the Angolan State is not expressly decipherable. Nevertheless, there are datas available which help to assess its curve. The Angolan State has the B rating, and the CDS default curve with the B rating is available with the risk premium between 1,39% and 5,17% from 6 months to 10 years, respectively. In comparison to the Sub-Saharan region CDS, a spread of 3,945% was obtained, which is located between the gap referred above.

3. Subordinates bonds in USD – the yield curve to discount the cash flows for subordinates bonds in USD was obtained from the basis displayed in the above point. The risk premium between the assets without risk and the corporate debt, in this case, of "Banco Keve", was obtained from the difference between the "prime" interest rate, applied to the best/major client of the Bank, and the earnings from the treasury bills from 6 months to 1 year, which gave an average spread of 5,21%.

The losses and gains associated with variations in the fair value of assets available for sale, that are not reclassied to the incomes statements, as well as the other gains and losses reclassified to the income statements or to the other comprehensive income, were:

	2016				
	(Losses) Gains Associated with the Fair Value, that may not be reclassified to income statements			Other Gains/(Losses) reclassified to	
Thousand of Kwanzas	Fair Value Variation	Deferred Tax (30%)	Net Loss recorded in Order Comprehensive income	Income Statement	Other Comprehensive Income
Treasury bonds in AKZ					
-Indexed to USD	(75.323)	22.597	(52.726)	-	-
-Non ajustable	(7.147)	2.144	(5.003)	-	-
MINFIN	(44.085)	13.226	(30.859)	-	-
Treasury bonds in USD					
- USD bonds	(78.105)	23.432	(54.673)	-	-
- Subordinates bonds	5.119	(1.536)	3.583	-	-
Total	**(199.541)**	**59.863**	**(139.678)**	**-**	**-**

	2015				
	(Losses) Gains Associated with the Fair Value, that may not be reclassified to income statements			Other Gains/(Losses) reclassified to	
Thousand of Kwanzas	Fair Value Variation	Deferred Tax (30%)	Net Loss recorded in Order Comprehensive income	Income Statement	Other Comprehensive Income
Treasury bonds in AKZ					
-Indexed to USD	(24.096)	7.229	(16.867)	-	-
-Non ajustable	(108.408)	32.522	(75.886)	-	-
MINFIN	(23.419)	7.026	(16.393)	-	-
Treasury bonds in USD					
- USD bonds	(141.121)	42.336	(98.785)	-	-
- Subordinates bonds	1.148	(344)	804	-	-
Total	**(295.896)**	**88.769**	**(207.127)**	**-**	**-**

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

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Treasury bills:				
Up to 6 months	980.547	5.910	-	-
From 6 months to 1 year	-	-	1.571.722	11.615
	980.547	**5.910**	**1.571.722**	**11.615**
Treasury bonds:				
Up to 6 months	1.352.023	8.150	-	-
From 6 months to 1 year	-	-	-	-
More than 1 year	9.140.385	55.095	12.174.458	89.972
	10.492.408	**63.245**	**12.174.458**	**89.972**
Shares at EMIS:				
Unlimited Term	70.871	427	70.871	523
	70.871	**427**	**70.871**	**523**
	11.543.826	**69.582**	**13.817.051**	**102.110**

The average interest rate are displayed below:

	2016 %	2015 %
Treasury bills	16,63	7,49
Treasury bonds indexed to USD	7,26	7,51
Treasury bonds – non adjustable	7,00	7,00
Treasury bonds – MINFIN	7,63	7,63
Treaury bonds in USD	6,72	6,64

The equity investments (shares in EMIS) are valued in accordance with Note 2.3. 7. The supplements are remunerated at 6 months libor rate plus 325 base point.

The Bank adopts an investment politicy for trading and investment security in accordance with the reality of the Angolan Market, under a strict respect of risk control, mainly the liquidity and market risks.

As for the geographic concentration, those financial assets were all issued by residents entities.

7. LOANS AND ADVANCES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Internal Loans				
- Loans	2.933.455	17.682	3.980.647	29.418
- Overdrafts	3.778.578	22.776	4.592.813	33.941
- Other Loans	4.165.590	25.108	331.585	2.451
Non performing Loans and Interest	354.163	2.135	332.297	2.456
Accrued interest				
- Advances	2.922	18	77.621	574
- Loans and Other Loans	79.833	481	29.962	221
	11.314.541	68.200	9.344.925	69.061
Impairment Losses on Loans	(332.939)	(2.007)	(485.230)	(3.586)
	10.981.602	**66.193**	**8.859.695**	**65.475**

The impairment losses on loans is calculated in accordance with the accounting policies N°. 2.3.2.

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

- Granting of loans is subject to a rigorous process which ensures the accomplishment of the defined strategy and the regulatory laws issued by the central bank;
- In the credit risk assessment and evaluation process the bank takes into consideration the marginal effect of each loan on the whole loans and advances portfolio, the industry/sector limits, and the financial stability of the customer;
- In order to mitigate the credit risk, especially in ensuring the reduction of losses resulting from the loan granting process, the board of directors has emphasised the need for continuous improvement of the internal control environment and credit risk governance and hence approved the constitution of a Loan Recovery Committee in this regard.

At 31 December 2016 and 2015 the bank major customer represented 31,63% and 39,60% of the loan portfolio, respectively. The total of the top twenty customers represented in those dates 78,76% and 59.16% of the loan portfolio, respectively.

At 31 December 2016 and 2015 the loans granted to the bank shareholders or to companies managed by them was 197.511 thousand Kwanzas and 225.250 thousand Kwanzas, respectively. The note 29 analyses in detail the transactions held with the bank shareholders or to companies managed by them.

At 31 December 2016 and 2015, the annual average loans interest rate (excluding the advances) was 18,52%, and 15,42%, respectively, for loans conceded in local currency; 9,61% and 8,84% for loans conceded in foreign currency.

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

At 31 December 2016 and 2015, the maturity profile of loans and advances was:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Loans and advances: in foreign currency:				
Up to 1 year	9.622	58	57.942	428
From 1 to 5 years	183.295	1.105	229.128	1.694
More than 5 years	525.413	3.167	557.763	4.122
	718.330	4.330	844.833	6.244
In local currency:				
Up to 1 year	4.422.565	26.658	820.661	6.105
From 1 to 5 years	2.387.190	14.389	2.993.298	22.082
More than 5 years	7.879	47	15.699	116
Overdrafts	3.778.577	22.776	4.670.434	34.514
	10.596.211	63.870	8.500.092	62.817
	11.314.541	**68.200**	**9.344.925**	**69.061**

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

For the financial years of 2016 and 2015, bad debts have been deducted from the assets by use of loans provisions, which were rated at G level amounting to AKZ 157.063 thousand and AKZ 58.880 thousand, respectively.

During the year of 2016 there were no loans restructured.

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The composition of loans and advances to clients at 31 December 2016 and 31 December 2015 was as follows:

2016							
Loans and advances to Clients			Non Performing Loans and Advances				
Thousand of Kwanzas	Performing - Off Balance	Performing - In Balance	Up to 1 month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Total
Without Impairment	**10.991.780**	**10.960.378**	**-**	**-**	**-**	**-**	**21.952.158**
With Impairment analysed on Individual Basis	**-**	**-**	**-**	**6.865**	**3.471**	**-**	**10.336**
- Loans and Interests	-	-	-	9.453	46.431	201.281	257.165
- Impairment	-	-	-	(2.588)	(42.960)	(201.281)	(246.829)
With Impairment analysed on Collective Basis	**-**	**-**	**-**	**10.888**	**-**	**-**	**10.888**
- Loans and Interests	-	-	-	24.213	18.179	54.606	96.998
- Impairment	-	-	-	(13.325)	(18.179)	(54.606)	(86.110)
Total	10.991.780	10.960.378	-	17.753	3.471	-	21.973.382

2015							
Loans and advances to Clients			Non Performing Loans and Advances				
Thousand of Kwanzas	Performing - Off Balance	Performing - In Balance	Up to 1 month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Total
Without Impairment	**15.000**	**4.599.944**	**-**	**-**	**-**	**-**	**4.614.944**
With Impairment analysed on Individual Basis	**-**	**2.119.625**	**-**	**31.329**	**12.166**	**-**	**2.163.120**
- Loans and Interests	-	2.198.867	-	40.826	30.345	120.153	2.390.191
- Impairment	-	(79.242)	-	(9.497)	(18.179)	(120.153)	(227.071)
With Impairment analysed on Collective Basis	**-**	**2.018.028**	**62.045**	**14.171**	**2.387**	**-**	**2.096.631**
- Loans and Interests	-	2.213.817	75.640	15.040	5.315	44.978	2.354.790
- Impairment	-	(195.789)	(13.595)	(869)	(2.928)	(44.978)	(258.159)
Total	15.000	4.137.653	62.045	45.500	14.553	-	8.974.695

The "other commitments", recorded in the off balance, have a collateral of 100% (see "Other Assets" in the Balance). They have no credit risk and, therefore, they were excluded from this picture.

The composition of the performing Loans and Advances without impairment signs, at 31 December 2016 and 31 December 2015 was as follows:

2016					
Loans and Advances	**Maturity Profile for Preforming Loans and Advances**				
Thousand of Kwanzas	**Up to 30 Days**	**30 Days to 90 Days**	**90 Days to 180 Days**	**More than 180 Days**	**Total**
Preforming Loans and Interest					
Without Impairment signs on an individual analysis	6.129.639	1.907.613	-	402.706	8.439.958
Without Impairment sign on a collective analysis	199.276	98.233	115.737	2.107.174	2.520.420
Total	**6.328.915**	**2.005.846**	**115.737**	**2.509.880**	**10.960.378**

2015					
Loans and Advances	**Maturity Profile for Preforming Loans and Advances**				
Thousand of Kwanzas	**Up to 30 Days**	**30 Days to 90 Days**	**90 Days to 180 Days**	**More than 180 Days**	**Total**
Preforming Loans and Interest					
Without Impairment signs on an individual analysis	606.162	1.631.612	990.345	557.911	2.286.030
Without Impairment sign on a collective analysis	3.812.076	8.656	10.421	1.395.445	6.726.598
Total	**4.418.238**	**1.640.268**	**1.000.766**	**1.953.356**	**9.012.628**

The composition of non performing Loans and Advances with impairment signs, at 31 December 2016 and 31 December 2015 was as follows:

2016					
Loans and Advances	Non Performing Classes – Non Performing Loans				
Thousand of Kwanzas	Up to 30 Days	30 Days to 90 Days	90 Days to 180 Days	More than 180 Days	Total
Non Performing Loans and Interest					
With Impairment on an individual analysis	-	9.453	46.431	201.281	257.165
With Impairment on a collective analysis	-	24.213	18.179	54.606	96.998
Total	-	33.666	64.610	255.887	354.163

2015					
Loans and Advances	Non Performing Classes – Non Performing Loans				
Thousand of Kwanzas	Up to 30 Days	30 Days to 90 Days	90 Days to 180 Days	More than 180 Days	Total
Non Performing Loans and Interest					
With Impairment on an individual analysis	-	40.826	30.345	120.153	191.324
With Impairment on a collective analysis	75.640	15.040	5.315	44.978	140.973
Total	75.640	55.866	35.660	165.131	332.297

Analysis of Loans and Advances Exposures and the related impairment, composed by segment

	Expositions 2016			Impairment 2016		
Segment	Total	Performing	Non Performing	Total	Performing Loans	Non Performing Loans
Car Loans	17.853	12.042	5.811	3.454	125	3.329
Consumer Credit	164.682	91.666	73.016	22.882	1.662	21.220
Pre-approved Loans	2.886	-	2.886	2.868	-	2.868
Employees Loans	630.572	622.504	8.068	12.085	6.486	5.599
Enterprises Protocol	1.938.624	1.897.369	41.255	29.647	17.000	12.647
Overdrafts / Advances	5.983	2.405	3.578	4.207	623	3.584
Individual Analysis	8.439.958	8.231.234	208.724	246.829	48.520	198.309
Corporate Loans	113.983	103.158	10.825	10.967	1.042	9.925
Total	**11.314.541**	**10.960.378**	**354.163**	**332.939**	**75.458**	**257.481**

	Expositions 2015			Impairment 2015		
Segment	Total	Performing	Non Performing	Total	Performing Loans	Non Performing Loans
Car Loans	27.373	23.685	3.688	997	711	286
Consumer Credit	211.524	109.468	102.056	49.321	4.335	44.986
Pre-approved Loans	4.870	3.885	985	1.292	457	835
Employees Loans	535.472	535.472	-	5.355	5.355	-
Enterprises Protocol	1.638.552	1.634.838	3.714	51.648	51.151	497
Overdrafts / Advances	4.599.944	4.524.075	75.869	148.434	72.565	75.869
Individual Analysis	2.286.030	2.147.086	138.944	227.071	25.537	201.534
Corporate Loans	41.160	34.119	7.041	1.112	341	771
Total	**9.344.925**	**9.012.628**	**332.297**	**485.230**	**160.452**	**324.778**

Obs.: In 2016 and 2015 there were neither healing, nor restruturing and Loans and Advances operations.

Exposures by segment and by gap of days of delay – 2016

		Exposures for the Year of 2016			
		Performing Loans		Non performing loans	
		Days of delay < 30		Days of delay	Days of
Segment	Total Exposition	Without signs	with signs	< = 90	delay > 90
Car Loans	17.853	12.042	-	2.460	3.351
Consumer Credit	164.682	91.666	-	52.760	20.256
Pre-approved Loans	2.886	-	-	-	2.886
Employees Loans	630.572	622.504	-	2.616	5.452
Enterprises Protocol	1.938.624	1.897.369	-	26.024	15.231
Overdrafts / Advances	5.983	2.405	-	-	3.578
Individual analysis	8.439.958	8.179.193	52.041	24.112	184.612
Corporate Loans	113.983	103.158	-	10.825	-
Total	**11.314.541**	**10.908.337**	**52.041**	**118.797**	**235.366**

Impairment by segment and by gap of days of delay – 2016

		Loans and Advances Portfolio Impairment – 2016			
		Performing Loans		Non performing loans	
		Days of delay < 30		Days of delay	Days of
Segment	Total Exposition	Without signs	with signs	< = 90	delay > 90
Car Loans	3.454	125	-	631	2.698
Consumer Credit	22.882	1.662	-	7.906	13.314
Pre-approved Loans	2.868	-	-	-	2.868
Employees Loans	12.085	6.486	-	354	5.245
Enterprises Protocol	29.647	17.000	-	473	12.174
Overdrafts / Advances	4.207	623	-	-	3.584
Individual analysis	246.829	45.932	2.588	756	197.553
Corporate Loans	10.967	1.042	-	9.925	-
Total	**332.939**	**72.870**	**2.588**	**20.045**	**237.436**

Exposures by segment and by gap of days of delay – 2015

		Exposures for the Year of 2015			
		Performing Loans		Non performing loans	
		Days of delay < 30		Days of delay	Days of
Segment	**Total Exposition**	**Without signs**	**with signs**	**< = 90**	**delay > 90**
Car Loans	27.373	23.685	-	3.688	-
Consumer Credit	211.524	109.468	-	43.362	58.694
Pre-approved Loans	4.870	3.885	-	529	456
Employees Loans	535.472	535.472	-	-	-
Enterprises Protocol	1.638.552	1.634.838	-	1.573	2.141
Overdrafts / Advances	4.599.944	4.524.075	-	-	75.869
Individual analysis	2.286.030	1.839.501	307.585	-	138.944
Corporate Loans	41.160	34.119	-	-	7.041
Total	**9.344.925**	**8.705.043**	**307.585**	**49.152**	**283.145**

Impairment by segment and by gap of days of delay – 2015

		Loans and Advances Portfolio Impairment - 2015			
		Performing Loans		Non performing loans	
		Days of delay < 30		Days of delay	Days of
Segment	**Total Exposition**	**Without signs**	**with signs**	**< = 90**	**delay > 90**
Car Loans	996	710	-	286	-
Consumer Credit	49.321	4.335	-	15.221	29.765
Pre-approved Loans	1.292	457	-	379	456
Employees Loans	5.355	5.355	-	-	-
Enterprises Protocol	51.648	51.151	-	181	316
Overdrafts / Advances	148.434	72.565	-	-	75.869
Individual analysis	227.071	18.530	7.007	-	201.534
Corporate Loans	1.113	342	-	-	771
Total	**485.230**	**153.445**	**7.007**	**16.067**	**308.711**

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

Car Loans			
Year of concession	**Number of operations**	**Amount (AKZ'000)**	**Impairment (AKZ'000)**
2011 and previous years	1	1.247	1.247
2012	2	774	12
2013	4	1.685	17
2014	7	8.280	2.120
2015	4	4.633	46
2016	1	1.234	12
Total	**19**	**17.853**	**3.454**

Consumer Credit			
Year of concession	**Number of operations**	**Amount (AKZ'000)**	**Impairment (AKZ'000)**
2011 and previous years	8	101.738	14.379
2012	2	34.424	7.319
2013	6	2.859	87
2014	4	2.583	23
2015	8	8.647	590
2016	4	14.431	484
Total	**32**	**164.682**	**22.882**

Pre-approved Loans			
Year of concession	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2011 and previous years	-	-	-
2012	1	215	215
2013	1	143	143
2014	7	2.466	2.466
2015	1	62	44
2016	-	-	-
Total	**10**	**2.886**	**2.868**

Employees Loans			
Year of concession	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2011 and previous years	48	367.697	3.990
2012	14	1.398	30
2013	44	21.284	3.253
2014	51	67.030	2.510
2015	41	69.551	696
2016	44	103.612	1.606
Total	**242**	**630.572**	**12.085**

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Enterprises Protocol			
Year of concession	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2011 and previous years	119	85.956	4.137
2012	-	-	-
2013	4	608	472
2014	201	221.869	1.704
2015	409	748.554	15.450
2016	421	881.637	7.884
Total	**1.154**	**1.938.624**	**29.647**

Overdrafts/Advances			
Year of concession	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2011 and previous years	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	1.454	5.983	4.207
Total	**1.454**	**5.983**	**4.207**

Corporate Loans			
Year of concession	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2011 and previous years	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	4	85.167	8.194
2016	2	28.816	2.773
Total	**6**	**113.983**	**10.967**

Individual Analysis			
Year of concession	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2011 and previous years	34	436.290	173.273
2012	1	52.131	521
2013	4	15.763	5.443
2014	6	121.063	15.622
2015	10	4.878.028	31.260
2016	3	2.936.683	20.710
Total	**58**	**8.439.958**	**246.829**

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

a) at 31 de December 2016:

2016	Car Loans		Consumer Credit	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	294.809	92.391
Collective Impairment	17.853	3.454	164.682	22.882
Total	**17.853**	**3.454**	**459.491**	**115.273**

2016	Pre-approved Loans		Employees Loans	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	2.886	2.868	630.572	12.085
Total	**2.886**	**2.868**	**630.572**	**12.085**

2016	Enterprises Protocol		Overdrafts/Advances	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	1.938.624	29.647	5.983	4.207
Total	**1.938 624**	**29.647**	**5.983**	**4.207**

2016	Corporate Loans		Total	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	8.145.149	154.438	8.439.958	246.829
Collective Impairment	113.983	10.967	2.874.583	86.110
Total	**8.259.132**	**165.405**	**11.314.541**	**332.939**

b) at 31 December 2015:

2015	Car Loans		Consumer Credit	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	113.323	837
Collective Impairment	27.373	997	211.524	49.321
Total	**27.373**	**997**	**324.847**	**50.158**

2015	Pre-approved Loans		Employees Loans	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	4.870	1.292	535.472	5.355
Total	**4.870**	**1.292**	**535.472**	**5.355**

2015	Enterprises Protocol		Overdrafts/Advances	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	1.638.552	51.648	4.599.944	148.434
Total	**1.638.552**	**51.648**	**4.599.944**	**148.434**

2015	Corporate Loans		Total	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	2.172.707	226.234	2.286.030	227.071
Collective Impairment	41.160	1.112	7.058.895	258.159
Total	**2.213.867**	**227.346**	**9.344.925**	**485.230**

Details of Loans and Advances amount of gross exposures, and the respective amount of impairment for the exposures analysed individually and collectively, by sector of activity.

a) at 31 December 2016:

2016	Trade		Construction	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	222.833	81.942	-	-
Collective Impairment	362.738	2.806	18.220	157
Total	**585.571**	**84.748**	**18.220**	**157**

2016	Electricity		Non-profit Institutions	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	7.982.282	-	-	-
Collective Impairment	419.266	6.784	18	18
Total	**8.401.548**	**6.784**	**18**	**18**

2016	Particulars		Services	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	202.064	133.391	-	-
Collective Impairment	1.917.856	74.833	156.485	1.512
Total	**2.119.920**	**208.224**	**156.485**	**1.512**

2016	Transportation		Total	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	32.779	31.496	8.439.958	246.829
Collective Impairment	-	-	2.874.583	86.110
Total	**32.779**	**31.496**	**11.314.541**	**332.939**

b) em 31 de Dezembro de 2015:

2015	Farming		Trade	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	443.208	76.678
Collective Impairment	69	69	18.578	3.147
Total	**69**	**69**	**461.786**	**79.825**

2015	Construction		Education	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	19.796	352	37	37
Total	**19.796**	**352**	**37**	**37**

2015	Electricity		Financial Institutions	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	1.130.863	-	-	-
Collective Impairment	4.934.627	8	20	20
Total	**6.065.490**	**8**	**20**	**20**

2015	Hotel Trade		Housing	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	34	34	213	190
Total	**34**	**34**	**213**	**190**

2015	Industry		Non-Profit Institutions	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	94	88	168	152
Total	**94**	**88**	**168**	**152**

2015	Particulars		Public Sector	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	382.914	96.948	-	-
Collective Impairment	2.084.985	253.952	3	3
Total	**2.467.899**	**350.900**	**3**	**3**

2015	Telecomunications		Services	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	13.796	13.796	315.249	39.649
Collective Impairment	-	-	224	60
Total	**13.796**	**13.796**	**315.473**	**39.709**

2015	Fishing		Minning	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	13	13	10	10
Total	**13**	**13**	**10**	**10**

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2015	Transportation		Health	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	-	-
Collective Impairment	13	13	11	11
Total	**13**	**13**	**11**	**11**

2015	Aviation		Total	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	-	-	2.286.030	227.071
Collective Impairment	-	-	7.058.895	258.159
Total	**-**	**-**	**9.344.925**	**485.230**

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

2016	Angola		Total	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	8.439.958	246.829	8.439.958	246.829
Collective Impairment	2.874.583	124.215	2.874.583	86.110
Total	**11.314.541**	**332.939**	**11.314.541**	**332.939**

2015	Angola		Total	
Thousand of AKZ	Total Exposure	Impairment	Total Exposure	Impairment
Individual Impairment	2.286.030	227.071	2.286.030	227.071
Collective Impairment	7.058.895	258.159	7.058.895	258.159
Total	**9.344.925**	**485.230**	**9.344.925**	**485.380**

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

2016								
Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
Thousand of AKZ	Number of Properties	Amount	Number	Amount	Number of Properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 e < 100	2	59.712	-	-	-	-	-	-
> = 100 e > 500	-	-	-	-	26	231.088	119	230.750
> = 500 e > 1000	-	-	-	-	-	-	-	-
> = 1000 e > 2000	-	-	-	-	-	-	-	-
> = 2000 e > 5000	-	-	-	-	-	-	-	-
> = 5000			4	11.666.027	-	-	-	-
Total	**2**	**59.712**	**4**	**11.666.027**	**26**	**231.088**	**119**	**230.750**

2015								
Fair Value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
Thousand of AKZ	Number of Properties	Amount	Number	Amount	Number of Properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 e < 100	2	59.712	-	-	-	-	-	-
> = 100 e > 500	-	-	-	-	34	249.054	160	218.346
> = 500 e > 1000	-	-	-	-	-	-	-	-
> = 1000 e > 2000	-	-	-	-	-	-	-	-
> = 2000 e > 5000	-	-	-	-	-	-	-	-
> = 5000			3	9.000.000	-	-	-	-
Total	**2**	**59.712**	**3**	**9.000.000**	**34**	**249.054**	**160**	**218.346**

The below figures display the amounts of funding, by funding ratio, at 31 December 2016 and 2015:

2016					
Segment/Ratio	Number of properties	Number of other real guarantees	Performing Loans	Non Performing Loans	Impairment
			Thousand of AKZ	Thousand of AKZ	Thousand of AKZ
Corporate:	**2**	**3**	**7.663.064**	**7.581**	**1.277**
With no guarantees associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% e <75%	-	-	-	-	-
> = 75% e <100%	-	-	-	-	-
> = 100%	2	3	7.663.064	7.581	1.277
Housing:	**26**	**119**	**440.340**	**79.126**	**26.878**
With no guarantees associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% e <75%	26	-	363.525	69.985	22.741
> = 75% e <100%	-	-	-	-	-
> = 100%	-	119	76.815	9.141	4.137
Total	28	122	8.103.404	86.707	28.155

2015					
Segment/Ratio	Number of properties	Number of other real guarantees	Performing Loans	Non Performing Loans	Impairment
			Thousand of AKZ	Thousand of AKZ	Thousand of AKZ
Corporate:	**2**	**4**	**5.947.605**	**-**	**129**
With no guarantees associated	n.a	n.a	-	-	-
< 50%	2	-	142.334	-	129
> = 50% e <75%	-	-	-	-	-
> = 75% e <100%	-	-	-	-	-
> = 100%	-	4	5.805.271	-	-
Housing:	**34**	**160**	**484.881**	**3.848**	**6.290**
With no guarantees associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% e <75%	34	-	362.562	1.068	4.380
> = 75% e <100%	-	-	-	-	-
> = 100%	-	160	122.319	2.780	1.910
Total	36	164	6.432.486	3.848	6.419

The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2016, was as follows:

	2016			
Segments	Low Risk Grade			
Risk Grade BNA	aaa/1	aa+/2	aa/3	
Thousand of AKZ	A	B	C	Subtotal
Car Loans	-	11.937	237	12.174
Consumer Credit	-	85.804	24.053	109.857
Pre-approved Loans	-	4	-	4
Employees Loans	-	622.255	969	623.224
Enterprises Protocol	-	1.903.134	11.202	1.914.336
Overdrafts/Advances	-	1.394	201	1.595
Individual Analysis	7.416.163	748.248	-	8.164.411
Corporate Loans	-	113.983	-	113.983
Total	**7.416.163**	**3.486.759**	**36.662**	**10.939.584**

	2016			
Segments	Medium Risk Grade			
Risk Grade BNA	bbb+/6	bbb/7	bbb-/8	
Thousand of AKZ	D	D	D	Subtotal
Car Loans	2.359	-	-	14.533
Consumer Credit	34.329	-	-	144.186
Pre-approved Loans	-	-	-	4
Employees Loans	1.896	-	-	625.120
Enterprises Protocol	6.489	-	-	1.920.825
Overdrafts/Advances	-	-	-	1.595
Individual Analysis	7.581	-	-	8.171.992
Corporate Loans	-	-	-	113.983
Total	**52.654**	**-**	**-**	**10.992.238**

		2016		
Segments		**High Risk Grade**		
Risk Grade BNA	**ccc+/10**	**ccc/11**	**ccc-/12**	
Thousand of AKZ	**E**	**F**	**G**	**Total Geral**
Car Loans	-	2.073	1.247	17.853
Consumer Credit	-	17.751	2.745	164.682
Pre-approved Loans	-	60	2.822	2.886
Employees Loans	-	693	4.759	630.572
Enterprises Protocol	7.373	1.826	8.600	1.938.624
Overdrafts/Advances	372	198	3.818	5.983
Individual Analysis	11.798	43.420	212.748	8.439.958
Corporate Loans	-	-	-	113.983
Total	**19.543**	**66.021**	**236.739**	**11.314.541**

The breakdown of loans and advances portfolio, assessed by internal risk grades, at 31 December 2015, was as follows:

		2015		
Segments		**Low Risk Grade**		
Risk Grade BNA	**aaa/1**	**aa+/2**	**aa/3**	
Thousand of AKZ	**A**	**B**	**C**	**Subtotal**
Car Loans	-	-	26.954	26.954
Consumer Credit	-	-	194.452	194.452
Pre-approved Loans	-	-	-	-
Employees Loans	-	535.472	-	535.472
Enterprises Protocol	-	1.628.883	6.302	1.635.185
Overdrafts/Advances	-	4.518.638	5.383	4.524.021
Individual Analysis	949.738	845.872	184.445	1.980.055
Corporate Loans	-	39.619	-	39.619
Total	**949.738**	**7.568.484**	**417.536**	**8.935.758**

		2015		
Segments		**Medium Risk Grade**		
Risk Grade BNA	**bbb+/6**	**bbb/7**	**bbb-/8**	
Thousand of AKZ	**D**	**D**	**D**	**Subtotal**
Car Loans	-	-	-	26.954
Consumer Credit	-	-	-	194.452
Pre-approved Loans	-	-	-	-
Employees Loans	-	-	-	535.472
Enterprises Protocol	1.548	-	-	1.636.733
Overdrafts/Advances	-	-	-	4.524.021
Individual Analysis	27.745	-	-	2.007.800
Corporate Loans	-	-	-	39.619
Total	**29.293**	**-**	**-**	**8.965.051**

		2015		
Segments		**High Risk Grade**		
Risk Grade BNA	**ccc+/10**	**ccc/11**	**ccc-/12**	
Thousand of AKZ	**E**	**F**	**G**	**Total Geral**
Car Loans	-	-	419	27.373
Consumer Credit	1.854	1.353	13.865	211.524
Pre-approved Loans	42		4.828	4.870
Employees Loans	-	-	-	535.472
Enterprises Protocol	684	-	1.135	1.638.552
Overdrafts/Advances	328	40	75.555	4.599.944
Individual Analysis	107.479	3.544	167.207	2.286.030
Corporate Loans	1.541	-	-	41.160
Total	**111.928**	**4.937**	**263.009**	**9.344.925**

The impairment losses on loans movement during the year of 2016 was:

Thousand of Kwanzas	2016	2015
Opening balance	485.230	238.130
Reinforcements	195.447	521.137
Deductions	(171.804)	(264.943)
Impairment Losses on loans for the year	23.643	256.194
Used	(175.934)	(9.094)
Closing Balance	**332.939**	**485.230**

8. OTHER TANGIBLE AND INTANGIBLE ASSETS

	2016 Intangible Assets					
Thousand of Kwanzas	Opening Balance	Increases	Transf.	Other	Transition Adjustments	Closing Balance
Cost						
Software	122.147	777	-	-	(50.829)	72.095
Expansion related	1.060	-	-	-	(1.060)	-
Other Intangible Assets	19.493	-	30.365	-	(322)	49.536
	142.700	**777**	**30.365**	**-**	**(52.211)**	**121.631**
Amortisation						
Software	(108.427)	(8.704)	-	-	49.757	(67.374)
Expansion related	(1.000)	-	-	-	1.000	-
Other Intangible Assets	(14.020)	(3.366)	-	-	324	(17.062)
	(123.447)	**(12.070)**	**-**	**-**	**51.081**	**(84.436)**
Net						
Software	13.720	(7.927)	-	-	(1.072)	4.721
Expansion related	60	-	-	-	(60)	-
Other Intangible Assets	5.473	(3.366)	30.365	-	2	32.474
	19.253	**(11.293)**	**30.365**	**-**	**(1.130)**	**37.195**

2015 Intangible Assets						
Thousand of Kwanzas	Opening Balance	Increases	Transf.	Other	Transition Adjustments	Closing Balance
Cost						
Software	116.970	5.177	-	-	-	122.147
Expansion related	1.060	-	-	-	-	1.060
Works in rented properties	1.073.745	4.388	(1.078.133)	-	-	-
Other Intangible Assets	14.462	5.031	-	-	-	19.493
	1.206.237	**14.596**	**(1.078.133)**	**-**	**-**	**142.700**
Amortisation						
Software	(97.828)	(10.599)	-	-	-	(108.427)
Expansion related	(647)	(353)	-	-	-	(1.000)
Works in rented properties	(352.235)	(67.170)	419.405	-	-	-
Other Intangible Assets	(9.691)	(4.329)	-	-	-	(14.020)
	(460.401)	**(82.451)**	**419.405**	**-**	**-**	**(123.447)**
Net						
Software	19.142	(5.422)	-	-	-	13.720
Expansion related	413	(353)	-	-	-	60
Works in rented properties	721.510	(62.782)	(658.728)	-	-	-
Other Intangible Assets	4.771	702	-	-	-	5.473
	745.836	**(67.855)**	**(658.728)**	**-**	**-**	**19.253**

2016 Other Tangible Assets						
Thousand of Kwanzas	Opening Balance	Increases	Transf.	Other	Transition Adjustments	Closing Balance
Cost						
Buildings	2.067.346	-	633.263	-	(38)	2.700.571
Equipment	1.529.328	45.304	318.681	(1.467)	(186.062)	1.705.784
Works in rented properties	918.131	4.583	459.879	-	(2.808)	1.379.785
Capital WIP	2.409.704	680.493	(1.446.464)	-	-	1.643.733
	6.924.509	**730.380**	**(34.641)**	**(1.467)**	**(188.908)**	**7.429.873**
Amortisation						
Buildings	(231.610)	(80.601)	-	-	23	(312.188)
Equipment	(1.062.126)	(124.810)	-	-	177.588	(1.009.348)
Works in rented properties	(395.482)	(66.343)	-	-	1.206	(460.619)
Capital WIP	-	-	-	-	-	-
	(1.689.218)	**(271.754)**	**-**	**-**	**178.817**	**(1.782.155)**
Net						
Buildings	1.835.736	(80.601)	633.263	-	(15)	2.388.383
Equipment	467.202	(79.506)	318.681	(1.467)	(8.474)	696.436
Works in rented properties	522.649	(61.760)	459.879	-	(1.602)	919.166
Capital WIP	2.409.704	680.493	(1.446.464)	-	-	1.643.733
	5.235.291	**458.626**	**(34.641)**	**(1.467)**	**(10.091)**	**5.647.718**

	2015 Other Tangible Assets					
Thousand of Kwanzas	**Opening Balance**	**Increases**	**Transf.**	**Other**	**Transition Adjustments**	**Closing Balance**
Cost						
Buildings	1.879.192	5.306	182.848	-	-	2.067.346
Equipment	1.443.574	65.804	19.950	-	-	1.529.328
Works in rented properties	-	-	918.131	-	-	918.131
Capital WIP	798.095	1.666.793	(42.796)	(12.388)	-	2.409.704
	4.120.861	**1.737.903**	**1.078.133**	**(12.388)**	**-**	**6.924.509**
Amortisation						
Buildings	(129.467)	(78.220)	(23.923)	-	-	(231.610)
Equipment	(926.594)	(136.399)	-	867	-	(1.062.126)
Works in rented properties	-	-	(395.482)	-	-	(395.482)
Capital WIP	-	-	-	-	-	-
	(1.056.061)	**(214.619)**	**(419.405)**	**867**	**-**	**(1.689.218)**
Net						
Buildings	1.749.725	(72.914)	158.925	-	-	1.835.736
Equipment	516.980	(70.595)	19.950	867	-	467.202
Works in rented properties	-	-	522.649	-	-	522.649
Capital WIP	798.095	1.666.793	(42.796)	(12.388)	-	2.409.704
	3.064.800	**1.523.284**	**658.728**	**(11.521)**	**-**	**5.235.291**

9. DEFERRED TAXES RECEIVABLE

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Variations in Fair Value of Assets Available for Sale	199.541	1.203	295.896	2.187
Income Tax	30%	30%	30%	30%
Deferred Tax Receivable	**59.863**	**361**	**88.769**	**656**

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10. OTHER ASSETS

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Foreign Exchange Operations	3.959.645	23.867	-	-
VISA Cards	463.446	2.794	-	-
Electronic settlements	-	-	2.698	20
EMIS	8.839	53	8.839	65
Customs Gains	10.252	62	9.658	71
Advance Income Tax	29.282	177	27.170	201
Stock Exchange	-	-	-	-
-Investment	-	-	33.829	250
-Impairment	-	-	(33.829)	(250)
International School	-	-	-	-
-Investment	290.832	1.753	240.559	1.778
-Impairment	(290.832)	(1.753)	(240.559)	(1.778)
Suppliers Advance	19.087	115	19.087	141
Stationery	59.802	361	120.297	889
Accruals	114.861	692	75.233	556
-Health Insurance	79.435	479	40.207	297
-Rental and Hire	30.036	181	29.869	221
-Others	5.390	32	5.157	38
Sectional purchase ABANC HQ	19.321	116	20.529	152
Unsold vehicle licence discs	13.178	79	22.973	170
Expense Advances	47.461	286	68.618	507
Artistic Patrimony	1.467	9	-	-
Others	122.256	737	6.819	50
TOTAL OTHER ASSETS	**4.868.897**	**29.348**	**381.921**	**2.822**

The amounts recorded in the foreign Exchange operations are expressed in local currency, their purpose is the purchase of foreign currency at BNA by clients.

The account "VISA cards" refers to the Project of pre-paid and credit cards of VISA, implemented since 2016. There are EUR 2,50 millions of Bank BAI collateral in this amount. BAI is BCA principal in VISA cards project.

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

The deferred tax is a result of the advance income tax for 2016, paid in August 2015, in the light of the law 19/14.

The amount in "Stock Exchange" was the BCA share in this financial instituition up to 2015. It was converted into 199 treasury bonds indexed to US dollars with the ISIN reference AOTNOI703M16, at the amount of AKZ 39.468 thousand.

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

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

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

The unsold licence vouchers, amounting to AKZ 13.178 thousand, in the Bank's possession at 31 December 2016 are to be sold to the public as an agent authorized by the Tax National Administration, from which the Bank receives a 11% commission.

At 31 December 2016 the expense advances is composed by the amounts advanced to the branches to acquire consumables.

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

In "Others" account, there is a no reconciled amount of AKZ 114.359 thousand, which was not displayed in the Nostro statement of account as at 31 December 2016. It was reconciled earlier in January 2017.

11. DEPOSITS FROM OTHER CREDIT INSTITUTIONS

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
From Banks in the Country				
- Deposits from other banks	2.315.000	13.954	-	-
- Interest to be paid to banks	3.771	23	-	-
- Certified cheques	57.442	346	246.401	1.821
- Bankers cheques	117	1	3.163	23
- Withholding Income Tax	1.834	11	5.348	40
- Withholding Urban Property Tax	139	1	5.504	41
- Cashier excesses	1.265	8	1.103	8
- Others	226.721	1.366	107.590	795
	2.606.289	15.710	369.109	2.728
From Foreign Banks				
- Deposits from other banks	-	-	-	-
Total	**2.606.289**	**15.710**	**369.109**	**2.728**

The deposits from other credit in the country are deposits from "Banco Prestígio" (AKZ 900.000 thousand), Banco Valor (AKZ 715.000 thousand), and FINIBANCO (AKZ 700.000 thousand).

There is in "Others" account the amount of AKZ 124.764 thousand, which refers to bankers cheques with more than 2 years, not claimed by clients; the amount of AKZ 11.877 which is concerned with the "Credit Transfer system"; the amount of AKZ 29.116 thousand, regarding the EMIS Settlement System; and the amount of AKZ 45.101 thousand belonging to clients, for bank transfer purpose, pending due to lack of some documentation.

12. DEPOSITS FROM CLIENTS

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Demand deposits:				
- In local currency	17.083.896	102.975	24.788.540	183.191
- In foreign currency	4.945.190	29.808	2.558.099	18.905
	22.029.086	**132.783**	**27.346.639**	**202.096**
Term deposits:				
- In local currency	4.159.227	25.071	7.795.757	57.612
- In foreign currency	1.931.482	11.642	1.615.349	11.938
	6.090.709	**36.713**	**9.411.106**	**69.550**
	28.119.795	**169.496**	**36.757.745**	**271.646**

On the 31 of December 2016 and 2015, the major bank deposit was 16,93% and 27,83% of all deposits, respectively. The Top 20 deposits represented 64,45% and 72,54% of all deposits.

The analysis of the residual maturity profile is displayed in the financial instruments approach, in note 18.

13. PROVISIONS

	2016 AKZ'000	2015 AKZ'000
Opening Balance	76.165	75.882
Provisions for the Year	(76.015)	-
- Cancellations	(76.015)	-
Translation Reserve	-	963
Used	-	(680)
Closing Balance	**150**	**76.165**

The provisions for potential liabilities are the compensation for workers retirement, which were reinforced on yearly basis, as per the former Angolan Labour Law nº 02/00 of 11 February de 2000, revoked on the 13 September 2015 by the application of the law nº 07/2015 of 15 June 2015. They were cancelled as there is no legal obligation to establish these provisions in the new Labour Law.

14. INCOME TAXES

The income tax reconciliation at 31 December 2016 and 2015 is presented below:

	2016 AKZ'000	2015 AKZ'000
Income before tax	4.073.501	1.861.069
Positive Patrimony Variations in Equity	398.965	-
Non deductable costs	127.117	400.062
Tax exempt income	(1.499.837)	(1.003.576)
Taxable profits	3.099.746	1.257.555
Nominal tax rate	30%	30%
Net Income tax payable	**929.924**	**377.267**
Effective tax rate	23%	20%

The income tax for 2016 was calculated according to the new Income Tax Law (Law 19/14), applied from January 2015. The tax exempt income is comprised of interest income generated by government bonds, the "Banco Keve" subordinate bonds, and the placements with foreign banks.

15. DEFERRED TAXES PAYABLE

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Revaluation of Treasury Bonds indexed to US Dollars	-	-	398.645	2.946
Impairment Losses on Loans	-	-	(62.734)	(173)
Sum	-	-	335.911	2.773
Deferred Taxes (30%)	**-**	**-**	**100.773**	**832**

16. OTHER LIABILITIES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Suppliers	917.998	5.533	1.176.585	8.695
Provisions	586.067	3.532	395.575	2.923
Staff	89.845	542	94.236	696
Fiscal obligations	42.741	258	24.321	181
Deposits for Foreign Exchange Operations	121.345	731	123.326	911
Dividends payable	102.508	618	76.317	564
	1.860.504	**11.214**	**1.890.360**	**13.970**

There are in "Provisions" account the amount of incurred costs whose invoices were not received as at 31 December 2016, such as, health care (AKZ 121.784 thousand), rent (AKZ 57.537 thousand), and others.

The "Staff" item is composed by the amount payable in January 2017, as employees vacation allowance.

Fiscal Obligations refer essentially to the withhold income tax deducted from employees' salaries, stamp tax and social security contributions, capital gains tax, and Special Contribution over the Bank Operations. All these amounts will be paid on 31 January 2017, the latest.

At 31 December 2016, the balance in "Deposits for Foreign Exchange Operations" is composed by the stand-by amounts of clients for letters of credit.

The account "Dividends payable" is comprised by dividends to be paid to the bank deceased shareholders, awaiting the court judgement on legal heirs.

17. CAPITAL

The share capital of the bank is AKZ 2.500.000.000, represented by 6.250.000 shares of a nominal value of AKZ 400 each.

At 31 December 2016 and 31 December 2015 the bank shareholders structure did not change, and was as follows:

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

The BCA shares were issued at par, and were fully paid. There were no changes in the shares during 2016 and 2015.

17.1. STATEMENT OF SHAREHOLDERS' EQUITY

Thousand of Kwanzas	Capital	Capital Maintenance Reserves	Fair Value Adjustment Reserves	Other Reserves and Retained Income	Profit for the Year	TOTAL of Equity
Balance at 1 January 2015	**2.500.000**	**82.579**	**(32.674)**	**2.495.501**	**808.284**	**5.853.690**
Appropriation of 2014 retained Income	-	-	-	709.431	(709.431)	-
2014 Dividends	-	-	-	-	(98.510)	(98.510)
2014 Fair Value Adjustment	-	-	32.674	-	-	32.674
2015 Fair Value Adjustment	-	-	(207.127)	-	-	(207.127)
Retained Income Transfer	-	-	-	343	(343)	-
Profit for the Year	-	-	-	-	1.718.597	1.718.597
Balance at 31 December 2015	**2.500.000**	**82.579**	**(207.127)**	**3.205.275**	**1.718.597**	**7.299.324**
Appropriation of 2015 retained Income	-	-	-	1.213.172	(1.213.172)	-
2015 Dividends	-	-	-	-	(270.630)	(270.630)
2015 Fair Value Adjustment	-	-	207.127	-	-	207.127
2016 Fair Value Adjustment	-	-	(139.678)	-	-	(139.678)
Retained Income Transfer	-	-	-	398.645	-	398.645
Transition Adjustment	-	-	-	(344)	(234.795)	(235.139)
Profit for the Year	-	-	-	-	3.143.577	3.143.577
Balance at 31 December 2016	**2.500.000**	**82.579**	**(139.678)**	**4.816.748**	**3.143.577**	**10.403.226**

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

In the "Reserves", only the amount of "Other Reserves" are available for share.

The potential capital gains and losses from the revaluation of the treasury bonds indexed to US Dollars, amounting to 398.645 thousand of Kwanzas in 31 December 2015, and 865.005 thousand of Kwanzas in 31 December 2016, were reclassified to the income statement, representing the major adjustment (see note 2.4.) during the transition to IAS/IFRS.

18. ANALYSIS OF FINANCIAL INSTRUMENTS

The book value of financial instruments, at 31 December 2016:

	2016				
Thousand of Kwanzas	Fair Value Valuation	Amortised Cost Valuation	Historic Cost Valuation	Impairment	Net Value
Assets	**11.474.614**	**19.562.435**	**4.279.885**	**(334.960)**	**34.981.974**
- Balances at Central Bank	-	2.880.636	-	-	2.880.636
- Balances at other Banks	-	5.367.258	-	-	5.367.258
- Placements with C. Bank/other Banks	-	-	249.007	-	249.007
- Assets Available for Sale	11.474.614	-	71.233	(2.021)	11.543.826
- Loans and Advances	-	11.314.541	-	(332.939)	10.981.602
- Other Assets	-	-	3.959.645	-	3.959.645
Liabilities	**-**	**(30.847.429)**	**-**	**-**	**(30.847.429)**
- Deposits from C. Bank/other Banks	-	(2.606.289)	-	-	(2.606.289)
- Demand Deposits from Clients	-	(22.029.086)	-	-	(22.029.086)
- Term Deposits from Clients	-	(6.090.709)	-	-	(6.090.709)
- Deposits for FX Operations	-	(121.345)	-	-	(121.345)
Total	**11.474.614**	**(11.284.994)**	**4.279.885**	**(334.960)**	**4.134.545**

The book value of financial instruments, at 31 December 2015:

	2015				
Thousand of Kwanzas	Fair Value Valuation	Amortised Cost Valuation	Historic Cost Valuation	Impairment	Net Value
Assets	**13.747.533**	**24.382.217**	**1.323.065**	**(520.774)**	**38.932.041**
- Balances at Central Bank	-	13.300.406	-	-	13.300.406
- Balances at other Banks	-	1.736.886	-	-	1.736.886
- Placements with C. Bank/other Banks	-	-	1.218.003	-	1.218.003
- Assets Available for Sale	13.747.533	-	71.233	(1.715)	13.817.051
- Loans and Advances	-	9.344.925	-	(485.230)	8.859.695
- Other Assets	-	-	33.829	(33.829)	-
Liabilities	**-**	**(37.250.180)**	**-**	**-**	**(37.250.180)**
- Deposits from C. Bank/other Banks	-	(369.109)	-	-	(369.109)
- Demand Deposits from Clients	-	(27.346.639)	-	-	(27.346.639)
- Term Deposits from Clients	-	(9.411.106)	-	-	(9.411.106)
- Deposits for FX Operations	-	(123.326)	-	-	(123.326)
Total	**13.747.533**	**(12.867.963)**	**1.323.065**	**(520.774)**	**1.681.861**

With the exception of the assets available for sale, recorded at their fair value and historic cost (see note 6), the remaining financial instruments are recorded at amortised cost, as their fair value equates to their amortised cost.

The fair value for all financial instruments is assessed from data obtained in the market, that is, they belong to level 2.

The Maximum exposure of financial instruments to credit risk was:

	2016		
Thousand of AKZ	**Gross Book Value**	**Impairment**	**Net Book Value**
In Balance	**35.316.934**	**(334.960)**	**34.981.974**
- Balances at Central Bank	2.880.636	-	2.880.636
- Balances at other Credit Institutions	5.367.258	-	5.367.258
- Placements with C. Bank and OCI	249.007	-	249.007
- Assets Available for Sale	11.545.847	(2.021)	11.543.826
- Loans and Advances	11.314.541	(332.939)	10.981.602
- Other Assets	3.959.645	-	3.959.645
Off Balance	**10.991.780**	**(150)**	**10.991.630**
- Guarantees given	5.126	(150)	4.976
- Unsued Credit Lines	10.986.654	-	10.986.654
Total	**46.308.714**	**(335.110)**	**45.973.604**

	2015		
Thousand of AKZ	**Gross Book Value**	**Impairment**	**Net Book Value**
In Balance	**39.452.815**	**(520.774)**	**38.932.041**
- Balances at Central Bank	13.300.406	-	13.300.406
- Balances at other Credit Institutions	1.736.886	-	1.736.886
- Placements with C. Bank and OCI	1.218.003	-	1.218.003
- Assets Available for Sale	13.818.766	(1.715)	13.817.051
- Loans and Advances	9.344.925	(485.230)	8.859.695
- Other Assets	33.829	(33.829)	-
Off Balance	**15.000**	**(150)**	**14.850**
- Guarantees given	15.000	(150)	14.850
- Unsued Credit Lines	-	-	-
Total	**39.467.815**	**(520.924)**	**38.946.891**

The "Other Commitments", recorded in the off balance, have a collateral of 100% (see "Other Assets" account in balance), they have no credit risk exposure and, therefore, were excluded from this picture.

The credit quality of financial instruments was:

		2016		
Thousand of AKZ	**Grade of Rating**	**Gross Exposure**	**Impairment**	**Net Exposure**
In Balance		**35.316.934**	**(332.939)**	**34.981.974**
- Balances at Central Bank	Low	2.880.636	-	2.880.636
- Balances at other Credit Institutions	Low	5.367.258	-	5.367.258
- Placements with C. Bank and OCI	Low	249.007	-	249.007
- Loans and Advances		11.314.451	(332.939)	10.981.602
	Low	10.939.582	(71.481)	10.868.101
	Medium	52.655	(20.045)	32.610
	High	322.304	(241.413)	80.891
- Assets Available for Sale	Low	11.545.847	(2.021)	11.543.826
- Other Assets	Low	3.959.645	-	3.959.645
Off Balance		**10.991.780**	**(150)**	**10.991.630**
- Guarantees given	Low	5.126	(150)	4.976
- Unsued Credit Lines	Low	10.986.654	-	10.986.654
Total		**46.308.714**	**(33.089)**	**45.973.604**

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2015				
Thousand of AKZ	**Grade of Rating**	**Gross Exposure**	**Impairment**	**Net Exposure**
In Balance		**39.452.815**	**(520.774)**	**38.932.041**
- Balances at Central Bank	Low	13.300.406	-	13.300.406
- Balances at other Credit Institutions	Low	1.736.886	-	1.736.886
- Placements with C. Bank and OCI	Low	1.218.003	-	1.218.003
- Loans and Advances		9.344.925	(485.230)	8.859.695
	Low	8.935.759	(160.451)	8.775.308
	Medium	29.293	(16.067)	13.226
	High	379.873	(308.712)	71.161
- Assets Available for Sale	Low	13.818.766	(1.715)	13.817.051
- Other Assets	Low	33.829	(33.829)	-
Off Balance		**15.000**	**(150)**	**14.850**
- Guarantees given	Low	15.000	(150)	14.850
- Unsued Credit Lines	Low	-	-	-
Total		**39.467.815**	**(520.924)**	**38.946.891**

Obs: The grades of rating disclosed in the above picture are of internal source;
The "Other Commitments", recorded in the off balance sheet, have a collateral of 100% (see "Other Assets" account in balance), they have no credit risk exposure and, therefore, were excluded from this picture.

Financial Statements

For the year ended 31 December 2016

In the liquidity risk scope, the full contractual cash flows of financial instruments, at 31 December 2016, were:

2016										
Residual Maturity Profile										
Thousand of AKZ	Demand	<= 1 month	> 1 <= 3 months	> 3 <= 6 months	> 6 months <= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Unlimited	Total
Assets	**16.400.464**	**147.079**	**1.518.465**	**1.781.461**	**675.182**	**3.864.840**	**6.409.640**	**1.681.968**	**3.959.645**	**36.438.744**
Balances at Central Bank	2.880.636	-	-	-	-	-	-	-	-	2.880.636
Balances at other Credit Institutions	5.367.258	-	-	-	-	-	-	-	-	5.367.258
Placements with C. Bank and OCI	-	-	249.007	-	-	-	-	-	-	249.007
- with local financial intitutions	-	-	-	-	-	-	-	-	-	-
- with foreign financial institutions	-	-	249.007	-	-	-	-	-	-	249.007
Assets Available for Sale	-	-	1.000.000	1.408.621	-	2.195.645	5.856.714	1.160.386	-	11.621.366
- Treasury Bills	-	-	1.000.000	-	-	-	-	-	-	1.000.000
- Treasury Bonds	-	-	-	1.408.621	-	2.195.645	5.856.714	1.160.386	-	10.621.366
- Shares at EMIS	-	-	-	-	-	-	-	-	-	-
Loans and Advances	8.152.570	147.079	269.458	372.840	675.182	1.669.195	552.926	521.582	-	12.360.832
Other Assets	-	-	-	-	-	-	-	-	3.959.645	3.959.645
Liabilities	**(24.364.618)**	**(1.333.342)**	**(1.316.063)**	**(2.327.515)**	**(1.151.643)**	**(4.917)**	**-**	**-**	**(349.331)**	**(30.847.429)**
Deposits from Other Credit Institutions	(2.318.771)	(59.532)	-	-	-	-	-	-	(227.986)	(2.606.289)
Deposits from Clients	(22.045.847)	(1.273.810)	(1.316.063)	(2.327.515)	(1.151.643)	(4.917)	-	-	-	(28.119.795)
- Demand	(22.029.086)	-	-	-	-	-	-	-	-	(22.029.086)
- Term	(16.761)	(1.273.810)	(1.316.063)	(2.327.515)	(1.151.643)	(4.917)	-	-	-	(6.090.709)
Other Liabilities	-	-	-	-	-	-	-	-	(121.345)	(121.345)
Liquidity Gap	**(7.964.154)**	**(1.86.263)**	**202.402**	**(546.054)**	**(476.461)**	**3.859.923**	**6.409.640**	**1.681.968**	**3.610.314**	**5.591.315**
Cumulative Liquidity Gap	**(7.964.154)**	**(9.150.417)**	**(8.948.015)**	**(9.494.069)**	**(9.970.530)**	**(6.110.607)**	**(299.033)**	**1.981.001**	**5.591.315**	**5.591.315**

In the liquidity risk scope, the full contractual cash flows of financial instruments, at 31 December 2015, were:

					2015					
					Residual Maturity Profile					
Thousand of AKZ	Demand	<= 1 month	> 1 <= 3 months	> 3 <= 6 months	> 6 months <= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Unlimited	Total
Assets	**19.817.606**	**671.652**	**5.503.128**	**3.631.671**	**732.646**	**3.568.566**	**3.435.766**	**1.831.070**	**-**	**39.192.105**
Balances at Central Bank	13.300.406	-	-	-	-	-	-	-	-	13.300.406
Balances at other Credit Institutions	1.736.886	-	-	-	-	-	-	-	-	1.736.886
Placements with C. Bank and OCI	-	135.317	1.082.686	-	-	-	-	-	-	1.218.003
- with local financial intitutions	-	-	-	-	-	-	-	-	-	-
- with foreign financial institutions	-	135.317	1.082.686	-	-	-	-	-	-	1.218.003
Assets Available for Sale	-	232.200	3.994.900	3.236.100	-	2.057.743	2.940.965	1.129.977	-	13.591.885
- Treasury Bills	-	-	900.000	700.000	-	-	-	-	-	1.600.000
- Treasury Bonds	-	232.200	3.094.900	2.536.100	-	2.057.743	2.940.965	1.129.977	-	11.991.885
- Shares at EMIS	-	-	-	-	-	-	-	-	-	-
Loans and Advances	4.780.314	304.135	425.542	395.571	732.646	1.510.823	494.801	701.093	-	9.344.925
Other Assets	-	-	-	-	-	-	-	-	-	-
Liabilities	**(27.425.744)**	**(1.671.579)**	**(3.839.921)**	**(3.359.695)**	**(721.222)**	**-**	**-**	**-**	**(232.019)**	**(37.250.180)**
Deposits from Other Credit Institutions	-	(260.416)	-	-	-	-	-	-	(108.693)	(369.109)
Deposits from Clients	(27.425.744)	(1.411.163)	(3.839.921)	(3.359.695)	(721.222)	-	-	-	-	(36.757.745)
- Demand	(27.346.639)	-	-	-	-	-	-	-	-	(27.346.639)
- Term	(79.105)	(1.411.163)	(3.839.921)	(3.359.695)	(721.222)	-	-	-	-	(9.411.106)
Other Liabilities	-	-	-	-	-	-	-	-	(123.326)	(123.326)
Liquidity Gap	**(7.608.138)**	**(999.927)**	**1.663.207**	**271.976**	**11.424**	**3.568.566**	**3.435.766**	**1.831.070**	**(232.019)**	**1.941.925**
Cumulative Liquidity Gap	**(7.608.138)**	**(8.608.065)**	**(6.944.858)**	**(6.672.882)**	**(6.661.458)**	**(3.092.892)**	**342.874**	**2.173.944**	**1.941.925**	**1.941.925**

The contractual cash flows for the capital, at December 2016, were as follow:

					2016					
					Residual Contractual Maturity Profile					
Thousand of AKZ	**Demand**	**<= 1 month**	**> 1 <= 3 months**	**> 3 <= 6 months**	**> 6 months <= 1 year**	**> 1 year <= 3 years**	**> 3 years <= 5 years**	**> 5 years**	**Unlimited**	**Total**
Assets	**16.054.173**	**147.079**	**1.377.921**	**1.713.866**	**675.182**	**3.076.201**	**6.480.190**	**1.566.452**	**3.959.645**	**35.050.709**
Balances at Central Bank	2.880.636	-	-	-	-	-	-	-	-	2.880.636
Balances at other Credit Institutions	5.367.258	-	-	-	-	-	-	-	-	5.367.258
Placements with C. Bank and OCI	-	-	248.854	-	-	-	-	-	-	248.854
- with local financial intitutions	-	-	-	-	-	-	-	-	-	-
- with foreign financial institutions	-	-	248.854	-	-	-	-	-	-	248.854
Assets Available for Sale	-	-	859.609	1.341.026	-	2.107.006	5.927.264	1.044.870	-	11.279.775
- Treasury Bills	-	-	859.609	-	-	-	-	-	-	859.609
- Treasury Bonds	-	-	-	1.341.026	-	2.107.006	5.927.264	1.044.870	-	10.420.166
- Shares at EMIS	-	-	-	-	-	-	-	-	-	-
Loans and Advances	7.806.279	147.079	269.458	372.840	675.182	969.195	552.926	521.582	-	11.314.541
Other Assets	-	-	-	-	-	-	-	-	3.959.645	3.959.645
Liabilities	**(24.360.794)**	**(1.305.773)**	**(1.305.439)**	**(2.324.105)**	**(1.144.148)**	**(4.917)**	**-**	**-**	**(349.331)**	**(30.794.507)**
Deposits from Other Credit Institutions	(2.315.000)	(59.532)	-	-	-	-	-	-	(227.986)	(2.602.518)
Deposits from Clients	(22.045.794)	(1.246.241)	(1.305.439)	(2.324.105)	(1.144.148)	(4.917)	-	-	-	(28.070.644)
- Demand	(22.029.086)	-	-	-	-	-	-	-	-	(22.029.086)
- Term	(16.708)	(1.246.241)	(1.395.439)	(2.324.105)	(1.144.148)	(4.917)	-	-	-	(6.041.558)
Other Liabilities	-	-	-	-	-	-	-	-	(121.345)	(121.345)
Liquidity Gap	**(8.306.621)**	**(1.158.694)**	**72.482**	**(610.239)**	**(468.966)**	**3.071.284**	**6.480.190**	**1.566.452**	**3.610.314**	**4.256.202**
Cumulative Liquidity Gap	**(8.306.621)**	**(9.465.315)**	**(9.392.833)**	**(10.003.072)**	**(10.472.038)**	**(7.400.754)**	**(920.564)**	**645.888**	**4.256.202**	**4.256.202**

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The contractual cash flows for the capital, at December 2015, were as follow::

2015										
Residual Contractual Maturity Profile										
Thousand of AKZ	Demand	<= 1 month	> 1 <= 3 months	> 3 <= 6 months	> 6 months <= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Unlimited	Total
Assets	**19.753.439**	**666.652**	**5.488.928**	**3.628.170**	**734.055**	**3.564.500**	**3.433.290**	**1.819.070**	**-**	**39.088.104**
Balances at Central Bank	13.300.406	-	-	-	-	-	-	-	-	13.300.406
Balances at other Credit Institutions	1.736.886	-	-	-	-	-	-	-	-	1.736.886
Placements with C. Bank and OCI	-	135.317	1.082.686	-	-	-	-	-	-	1.218.003
- with local financial intitutions	-	-	-	-	-	-	-	-	-	-
- with foreign financial institutions	-	135.317	1.082.686	-	-	-	-	-	-	1.218.003
Assets Available for Sale	-	232.200	3.994.900	3.236.100	-	2.057.743	2.940.965	1.129.977	-	13.591.885
- Treasury Bills	-	-	900.000	700.000	-	-	-	-	-	1.600.000
- Treasury Bonds	-	232.200	3.094.900	2,536.100	-	2.057.743	2.940.965	1.129.977	-	11.991.885
- Shares at EMIS	-	-	-	-	-	-	-	-	-	-
Loans and Advances	4.716.147	299.135	411.342	392.070	734.055	1.506.757	492.325	689.093	-	9.240.924
Other Assets	-	-	-	-	-	-	-	-	-	-
Liabilities	**(27.425.478)**	**(1.656.598)**	**(3.810.892)**	**(3.352.903)**	**(719.006)**	**-**	**-**	**-**	**(232.019)**	**(37.196.896)**
Deposits from Other Credit Institutions	-	(260.416)	-	-	-	-	-	-	(108.693)	(369.109)
Deposits from Clients	(27.425.478)	(1.396.182)	(3.810.892)	(3.352.903)	(719.006)	-	-	-	-	(36.704.461)
- Demand	(27.346.639)	-	-	-	-	-	-	-	-	(27.346.639)
- Term	(78.839)	(1.396.182)	(3.810.892)	(3.352.903)	(719.006)	-	-	-	-	(9.357.822)
Other Liabilities	-	-	-	-	-	-	-	-	(123.326)	(123.326)
Liquidity Gap	**(7.672.039)**	**(989.946)**	**1.678.036**	**275.267**	**15.049**	**3.564.500**	**3.433.290**	**1.819.070**	**(232.019)**	**1.891.208**
Cumulative Liquidity Gap	**(7.672.039)**	**(8.661.985)**	**(6.983.949)**	**(6.708.682)**	**(6.693.633)**	**(3.129.133)**	**304.157**	**2.123.227**	**1.891.208**	**1.891.208**

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

	2016				
	Exposure to		Items that are not subjected		
Thousands of AKZ	Fixed Interest Rate	Variable Interest Rate	to Interest Risk Rate	Derivatives	Total
Assets	**21.935.162**	**839.273**	**12.207.539**	**-**	**34.981.974**
Balances at Central Bank	-	-	2.880.636	-	2.880.636
Balances at other Credit Institutions	-	-	5.367.258	-	5.367.258
Placements with C. Bank and OCI	249.007	-	-	-	249.007
- With Local Financial Institutions	-	-	-	-	-
- With Foreign financial Institutions	249.007	-	-	-	249.007
Assets Available for Sale	10.704.553	839.273	-	-	11.543.826
Loans and Advances	10.981.602	-	-	-	10.981.602
Other Assets	-	-	3.959.645	-	3.959.645
Liabilities	**(8.409.480)**	**-**	**(22.437.949)**	**-**	**(30.847.429)**
Deposits from Other Credit Institutions	(2.318.771)	-	(287.518)	-	(2.606.289)
Deposits from Clients	(6.090.709)	-	(22.029.086)	-	(28.119.795)
- Demand	-	-	(22.029.086)	-	(22.029.086)
- Term	(6.090.709)	-	-	-	(6.090.709)
Other Liabilities	-	-	(121.345)	-	(121.345)
TOTAL	**13.525.682**	**839.273**	**(10.230.410)**	**-**	**4.134.545**

2015					
	Exposure to		Items that are not subjected to Interest Risk Rate		
Thousands of AKZ	Fixed Interest Rate	Variable Interest Rate		Derivatives	Total
Assets	**23.212.577**	**682.172**	**15.037.292**	**-**	**38.932.041**
Balances at Central Bank	-	-	13.300.406	-	13.300.406
Balances at other Credit Institutions	-	-	1.736.886	-	1.736.886
Placements with C. Bank and OCI	1.218.003	-	-	-	1.218.003
- With Local Financial Institutions	-	-	-	-	-
- With Foreign financial Institutions	1.218.003	-	-	-	1.218.003
Assets Available for Sale	13.134.879	682.172	-	-	13.817.051
Loans and Advances	8.859.695	-	-	-	8.859.695
Other Assets	-	-	-	-	-
Liabilities	**(9.411.106)**	**-**	**(27.839.074)**	**-**	**(37.250.180)**
Deposits from Other Credit Institutions	-	-	(369.109)	-	(369.109)
Deposits from Clients	(9.411.106)	-	(27.346.639)	-	(36.757.745)
- Demand	-	-	(27.346.639)	-	(27.346.639
- Term	(9.411.106)	-	-	-	(9.411.106)
Other Liabilities	-	-	(123.326)	-	(123.326)
TOTAL	**13.801.471**	**682.172**	**(12.801.782)**	**-**	**1.681.861**

Details of financial instruments with exposure to interest rate risk, as per date of maturity or reset:

2016										
	Dates of Reset/Dates of Maturity									
Thousand of AKZ	**Demand**	**<= 1 month**	**> 1 <= 3 months**	**> 3 <= 6 months**	**> 6 months <= 1 year**	**> 1 year <= 3 years**	**> 3 years <= 5 years**	**> 5 years**	**Unlimited**	**Total**
Assets	**15.970.010**	**168.303**	**518.312**	**1.259.960**	**675.182**	**1.805.043**	**9.203.403**	**1.351.095**	**4.030.515**	**34.981.823**
Balances at Central Bank	2.880.636	-	-	-	-	-	-	-	-	2.880.636
Balances at other Credit Institutions	5.367.258	-	-	-	-	-	-	-	-	5.367.258
Placements with C. Bank and OCI	-	-	248.854	-	-	-	-	-	-	248.854
- with local Financial Institutions	-	-	-	-	-	-	-	-	-	-
- with foreign Financial Institutions	-	-	248.854	-	-	-	-	-	-	248.854
Assets Available for Sale	-	-	-	887.120	-	1.105.848	8.650.477	829.513	70.870	11.543.828
Loans and Advances	7.722.116	168.303	269.458	372.840	675.182	699.195	552.926	521.582	-	10.981.602
Other Assets	-	-	-	-	-	-	-	-	3.959.645	3.959.645
Liabilities	**(24.360.794)**	**(1.354.924)**	**(1.305.439)**	**(2.324.105)**	**(1.144.148)**	**(4.917)**	**-**	**-**	**(349.331)**	**(30.843.658)**
Deposits from Other Credit Institutions	(2.315.000)	(59.532)	-	-	-	-	-	-	(227.986)	(2.602.518)
Deposits from Clients	(22.045.794)	(1.295.392)	(1.305.439)	(2.324.105)	(1.144.148)	(4.917)	-	-	-	(28.119.795)
- Demand	(22.029.086)	-	-	-	-	-	-	-	-	(22.029.086)
- Term	(16.708)	(1.295.392)	(1.305.439)	(2.324.105)	(1.144.148)	(4.917)	-	-	-	(6.090.709)
Other Liabilities	-	-	-	-	-	-	-	-	(121.345)	(121.345)
Net Exposure	**(8.390.784)**	**(1.186.621)**	**(787.127)**	**(1.064.145)**	**(468.966)**	**1.800.126**	**9.203.403**	**1.351.095**	**3.681.184**	**4.138.165**

2015										
	Dates of Reset/Dates of Maturity									
Thousand of AKZ	Demand	<= 1 month	> 1 <= 3 months	> 3 <= 6 months	> 6 months <= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Unlimited	Total
Assets	**19.753.439**	**434.452**	**1.623.351**	**392.070**	**2.141.707**	**7.234.220**	**4.502.971**	**2.778.961**	**70.870**	**38.932.041**
Balances at Central Bank	13.300.406	-	-	-	-	-	-	-	-	13.300.406
Balances at other Credit Institutions	1.736.886	-	-	-	-	-	-	-	-	1.736.886
Placements with C. Bank and OCI	-	135.317	1.082.686	-	-	-	-	-	-	1.218.003
- with local Financial Institutions	-	-	-	-	-	-	-	-	-	-
- with foreign Financial Institutions	-	135.317	1.082.686	-	-	-	-	-	-	1.218.003
Assets Available for Sale	-	-	129.323	-	1.407.652	6.108.692	4.010.646	2.089.868	70.870	13.817.051
Loans and Advances	4.716.147	299.135	411.342	392.070	734.055	1.125.528	492.325	689.093	-	8.859.695
Other Assets	-	-	-	-	-	-	-	-	-	-
Liabilities	**(27.425.478)**	**(1.656.598)**	**(3.810.892)**	**(3.406.187)**	**(719.006)**	**-**	**-**	**-**	**(232.019)**	**(37.250.180)**
Deposits from Other Credit Institutions	-	(260.416)	-	-	-	-	-	-	(108.693)	(396.109)
Deposits from Clients	(27.425.478)	(1.396.182)	(3.810.892)	(3.406.187)	(719.006)	-	-	-	-	(36.757.745)
- Demand	(27.346.639)	-	-	-	-	-	-	-	-	(27.346.639)
- Term	(78.839)	(1.396.182)	(3.810.892)	(3.406.187)	(719.006)	-	-	-	-	(9.411.106)
Other Liabilities	-	-	-	-	-	-	-	-	(123.326)	(123.326)
Net Exposure	**(7.672.039)**	**(1.222.146)**	**(2.187.541)**	**(3.014.117)**	**1.422.701**	**7.234.220**	**4.502.971**	**2.778.961**	**(161.149)**	**1.681.861**

Decomposition of financial instruments by currency:

	2016				
Thousands of AKZ	**Kwanzas**	**US Dollars**	**Euro**	**Other Currencies**	**Total**
Assets	**26.670.863**	**4.550.063**	**3.716.054**	**53.833**	**34.990.813**
- Balances at Central Bank	2.659.156	221.480	-	-	2.880.636
- Balances at other Credit Institutions	109.904	1.487.471	3.716.050	53.833	5.367.258
- Placements with C. Bank and OCI	-	249.007	-	-	249.007
- Assets Available for Sale	9.670.047	1.873.779	-	-	11.543.826
- Loans and Advances	10.263.272	718.326	4	-	10.981.602
- Other Assets	3.968.484	-	-	-	3.968.484
Liabilities	**(23.797.624)**	**(4.220.011)**	**(2.759.909)**	**(69.885)**	**(30.847.429)**
- Deposits fom Other Credit Institutions	(2.554.501)	(48.695)	(2.940)	(153)	(2.606.289)
- Deposits from Clients – Demand	(17.083.895)	(2.326.174)	(2.549.285)	(69.732)	(22.029.086)
- Deposits from Clients – Term	(4.159.228)	(1.723.797)	(207.684)	-	(6.090.709)
- Deposits from Clients for FX Operations	-	(121.345)	-	-	(121.345)
Total	**2.873.239**	**330.052**	**956.145**	**(16.052)**	**4.143.384**

	2015				
Thousands of AKZ	**Kwanzas**	**US Dollars**	**Euro**	**Other Currencies**	**Total**
Assets	**33.474.490**	**5.270.730**	**135.735**	**51.086**	**38.932.041**
- Balances at Central Bank	13.087.285	213.121	-	-	13.300.406
- Balances at other Credit Institutions	712	1.554.872	135.688	45.614	1.736.886
- Placements with C. Bank and OCI	-	1.218.003	-	-	1.218.003
- Assets Available for Sale	12.371.631	1.445.420	-	-	13.817.051
- Loans and Advances	8.014.862	839.314	47	5.472	8.859.695
- Other Assets	-	-	-	-	-
Liabilities	**(32.910.798)**	**(2.675.439)**	**(1.634.675)**	**(29.268)**	**(37.250.180)**
- Deposits fom Other Credit Institutions	(326.501)	(3.575)	(39.033)		(369.109)
- Deposits from Clients – Demand	(24.788.540)	(2.378.322)	(150.509)	(29.268)	(27.346.639)
- Deposits from Clients – Term	(7.795.757)	(170.216)	(1.445.133)	-	(9.411.106)
- Deposits from Clients for FX Operations	-	(123.326)	-	-	(123.326)
Total	**563.692**	**2.595.291**	**(1.498.940)**	**21.818**	**1.681.861**

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

2016						
Thousand of AKZ	**-20%**	**-10%**	**-5%**	**+5%**	**+10%**	**+20%**
Currency						
US Dollars	82.159	36.515	17.297	(15.649)	(29.876)	(54.773)
Euro	344.336	153.038	72.492	(65.588)	(125.213)	(229.557)
Other currencies	6.276	2.789	1.321	(1.195)	(2.282)	(4.184)
Total	**432.771**	**192.342**	**91.110**	**(82.432)**	**(157.371)**	**(288.514)**

2015						
Thousand of AKZ	**-20%**	**-10%**	**-5%**	**+5%**	**+10%**	**+20%**
Currency						
US Dollars	321.229	142.768	67.627	(61.186)	(116.811)	(214.153)
Euro	(47.079)	(20.924)	(9.911)	8.967	17.120	31.386
Other currencies	3.812	1.694	803	(726)	(1.386)	(2.542)
Total	**277.962**	**123.539**	**58.519**	**(52.945)**	**(101.077)**	**(185.309)**

Stress Test of financial instruments to the interest rate variations:

	2016					
Thousand of AKZ	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+ 200 bp
Assets						
Loans and Advances	652.176	326.036	163.018	(163.018)	(326.036)	(652.176)
Assets Available for Sale	499.779	249.823	124.912	(124.912)	(249.823)	(499.779)
Placements	312	153	76	(76)	(153)	(312)
Total of Assets	**1.152.267**	**576.012**	**288.006**	**(288.006)**	**(576.012)**	**(1.152.267)**
Liabilities						
Deposits	(38.507)	(19.138)	(9.569)	9.569	19.138	38.507
Total of Liabilities	**(38.507)**	**(19.138)**	**(9.569)**	**9.569**	**19.138**	**38.507**
Net Effect	**1.190.774**	**595.150**	**297.575**	**(297.575)**	**(595.150)**	**(1.190.774)**

	2015					
Thousand of AKZ	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+ 200 bp
Assets						
Loans and Advances	188.641	94.266	47.133	(47.133)	(94.266)	(188.641)
Assets Available for Sale	429.709	218.137	109.069	(109.069)	(218.137)	(429.709)
Placements	325	159	79	(79)	(159)	(325)
Total of Assets	**618.675**	**312.562**	**156.281**	**(156.281)**	**(312.562)**	**(618.675)**
Liabilities						
Deposits	(48.067)	(23.803)	(11.901)	11.901	23.803	48.067
Total of Liabilities	**(48.067)**	**(23.803)**	**(11.901)**	**11.901**	**23.803**	**48.067**
Net Effect	**666.742**	**336.365**	**168.182**	**(168.182)**	**(336.365)**	**(666.742)**

19. INTEREST AND OTHER SIMILAR INCOME

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Loans & Advances to Customers	2.460.773	15.003	1.496.695	12.369
Term deposits with Banks abroad	5.990	37	1.406	12
Interbank lending	229.185	1.397	295.337	2.440
Other debtors and investments	69.700	425	89.315	738
Treasury Bills	1.206.399	7.355	889.259	7.348
	3.972.047	**24.217**	**2.772.012**	**22.907**

20. INTEREST AND OTHER SIMILAR EXPENSES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Deposits	222.152	1.355	224.552	1.856
Deposits from other Credit Institution in the Country	55.274	337	4.117	34
	277.426	**1.692**	**228.669**	**1.890**

Both the interest and other similar income, the interest and other similar expenses were calculated in accordance with the accounting policy N°. 2.3.13.

21. FEE AND COMMISSION INCOME

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Withdrawal fees	68.254	416	38.585	319
From general banking services	1.808.319	11.025	1.045.859	8.643
From guarantees given by the Bank	329	2	1.264	10
	1.876.902	**11.443**	**1.085.708**	**8.972**

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

22. FEE AND COMISSION EXPENSES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Electronic settlements fees	(37.210)	(227)	(21.556)	(178)
Fees paid to Nostro Banks	(14.604)	(89)	(9.245)	(77)
	(51.814)	**(316)**	**(30.801)**	**(255)**

Both the Fee and Comission Income and Fee and Comission Expenses were calculated in accordance with the accounting policy N° 2.3.14.

23. RESULTS OF FINANCIAL OPERATIONS

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Gains from FX transactions	1.418.685	8.650	1.361.639	11.252
Losses from FX transactions	(287.272)	(1.751)	(121.349)	(1.003)
Treasury Bonds Revaluations	865.005	5.273	395.645	3.295
	1.996.418	**12.172**	**1.635.935**	**13.544**

The treasury bonds revaluations are the unrealised capital gains that, with the adoption of IAS/IFRS, were adjusted as results of financial operations from the financial assets (embedded derivatives). They are the major effect in the transition to IAS/IFRS.

24. OTHER OPERATING EXPENSES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Taxes and similar expenses	(113.757)	(693)	(94.429)	(781)
Regulation's Penalty	(1.042)	(6)	(326)	(3)
Others	(17.954)	(110)	9.964	83
	(132.753)	**(809)**	**(84.791)**	**(701)**

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

Banco Comercial Angolano

25. SALARIES AND OTHER PAYROLL EXPENSES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Corporate Boards salaries	85.975	524	77.843	643
Employees salaries	1.250.828	7.626	1.054.234	8.711
Health, work accident insurance	107.618	656	78.667	650
Others	66.557	406	4.062	34
	1.510.978	**9.212**	**1.214.806**	**10.038**

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

All salaries and other payroll expenses are short term employee benefits, as per the accounting policy 2.3.11.1. The Bank had 269 employees at 31 December 2016 (252 at 31 December 2015).

26. THIRD PARTY SUPPLIES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Communication costs	199.358	1.215	148.126	1.224
Office supplies/consumables	306.712	1.871	137.733	1.138
Water and Electricity	20.818	127	10.531	87
Repairs and maintenance	44.563	272	29.627	245
Fuel and Lubricant	20.578	125	10.999	91
Professional services	152.468	929	88.510	731
Travel and other related costs	52.947	323	32.175	266
Marketing	89.227	544	79.930	660
Rentals	224.629	1.369	183.809	1.519
Insurance	9.997	61	12.831	106
IT services	112.904	688	81.711	675
Security Services	146.290	892	129.886	1.073
Transport for Staff and Assets	42.026	256	48.876	404
Staff Training	21.743	133	15.106	125
Casual Labours	45.489	277	31.280	259
Others	77.694	474	41.577	344
	1.567.443	**9.556**	**1.082.707**	**8.947**

The professional services were incurred acquiring external consultancy to implement the presidential decree regarding the Special Contribution over the Banking Operations, ML/FT, FATCA, fiscal, for the adoption of IAS/IFRS, external audit, and others.

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

Leases	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Up to 1 Year	224.629	1.354	183.809	1.359
From 1 Year to 5 Years	1.127.448	6.796	919.045	6.792
More than 5 Years	-	-	-	-
Total	**1.352.077**	**8.150**	**1.102.854**	**8.151**

27. EARNINGS PER SHARE

The Earnings per share, are calculated as follows:

Thousand of Kwanzas	2016	2015
Net Profit for the year	3.143.577	1.721.447
Adjusted net profit	3.143.577	1.721.447
Average number of shares	6.250.000	6.250.000
Basic earnings per Share	0,50	0,28
Diluted earnings per share	0,50	0,28

28. OFF BALANCE SHEET ITEMS AND CONTINGENCIES

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Guarantees given and other contingent liabilities				
Guarantees and sureties given	5.126	31	15.000	111
Letters of Credit issued	10.986.654	66.225	-	-
	10.991.780	**66.266**	**15.000**	**111**
Commitments	3.959.856	23.869	-	-
TOTAL	**14.951.636**	**90.125**	**15.000**	**111**
Responsibilities for services rendered				
Guaranties received	**22.711.926**	**136.899**	**14.153.455**	**104.596**
Safeguard of Assets				
Treasury Bills held by Clientes	265.298	1.599	-	-
Treasury Bonds held by Clients	11.939.098	71.965	-	-
	12.204.396	**73.564**	**-**	**-**

The Bank provides services of safeguard, management of clients assets (treasury bills, treasury bonds indexed to US Dollars), amounting to AKZ 12.204.396 thousand.

The guarantees received, are composed by real guarantees and personal guarantees, whilist the note 7 discloses the real guarantees only.

29. RELATED PARTY DISCLOSURE

At 31 December 2016 and 2015, the main balances and deals held with the related party, were as follow:

Disclosure of Balance sheet:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Assets				
Loans and Advances	197.511	1.191	225.250	1.665
	197.511	**1.191**	**225.250**	**1.665**
Liabilities				
Deposits	794.218	4.787	692.937	5.121
	794.218	**4.787**	**692.937**	**5.121**

Disclosure of income statements:

	2016 AKZ'000	2016 USD'000	2015 AKZ'000	2015 USD'000
Interest earned from loans and advances	11.263	69	25.497	211
Interest paid to Demand deposits	(12.721)	(78)	(10.636)	(88)
Net Interest Margin	(1.458)	(9)	14.861	123
Complementary Margin	-	-	-	-
Operating Margin	**(1.458)**	**(9)**	**14.861**	**123**
Profit before taxes	**(1.458)**	**(9)**	**14.861**	**123**
- Fiscal impact	437	3	(4.458)	(37)
Profit after tax in respect of continuing Operations	**(1.021)**	**(6)**	**10.403**	**86**
Profit after tax in respect of discontinuing operations	-	-	-	-
Net Profit for the Year	(1.021)	(6)	10.403	86

At 31 December 2016, the interest rates in the transactions held with third parties entities were in average 26% for loans and advances in local currency, and 10% for loans and advances conceded in foreign currency. The interest rates for demand deposits, were in average, 2,38% in local currency, and 1,31% in foreign currency.

30. BALANCE SHEETS BY CURRENCY

	2016 Local Currency (Expressed in AKZ)	2016 Foreign Currency (Expressed in AKZ)	2016 Total
Assets			
Cash and Balances at Central Banks	3.849.163	1.315.359	5.164.522
Balances at other Credit Institutions	109.904	5.257.354	5.367.258
Placements with C. Banks and Other Credit Institutions	-	249.007	249.007
Financial Assets available for Sale	9.670.047	1.873.779	11.543.826
Loans and Advances	10.263.272	718.330	10.981.602
Other Tangible Assets	5.647.718	-	5.647.718
Intangible Assets	37.195	-	37.195
Deferred Taxes receivable	59.863	-	59.863
Other Assets	4.246.376	622.521	4.868.897
	33.883.538	**10.036.350**	**43.919.888**
Liabilities			
Deposits from other credits Institutions	2.554.501	51.788	2.606.289
Deposits from clientes	21.243.123	6.876.672	28.119.795
Provisions	150	-	150
Income Taxes	929.924	-	929.924
Deferred Taxes payable	-	-	-
Other Liabilities	1.579.385	281.119	1.860.504
	26.307.083	**7.209.579**	**33.516.662**
Equity			**10.403.226**

There are in local currency financial assets available-for-sale, treasury bonds indexed to US Dollars, amounting to AKZ 7.397.582 thousand.

	2015 Local Currency (Expressed in AKZ)	2015 Foreign Currency (Expressed in AKZ)	2015 Total
Assets			
Cash and Balances at Central Banks	14.707.770	806.104	15.513.874
Balances at other Credit Institutions	712	1.736.174	1.736.886
Placements with C. Banks and Other Credit Institutions	-	1.218.003	1.218.003
Financial Assets available for Sale	12.371.631	1.445.420	13.817.051
Loans and Advances	8.014.862	844.833	8.859.695
Other Tangible Assets	4.712.642	-	4.712.642
Intangible Assets	541.902	-	541.902
Other Assets	400.478	70.212	470.690
	40.749.997	**6.120.746**	**46.870.743**
Liabilities			
Deposits from other credits Institutions	326.501	42.608	369.109
Deposits from clientes	32.584.297	4.173.448	36.757.745
Provisions	150	76.015	76.165
Income Taxes	377.267	-	377.267
Deferred Taxes payable	100.773	-	100.773
Other Liabilities	1.206.934	683.426	1.890.360
	34.595.922	**4.975.497**	**39.571.419**
Equity			**7.299.324**

31. SUBSEQUENT EVENTS

From 31 December 2016 to the date of the financial statements approval, there were no significant facts affecting the financial position and/or performance of the Bank that required adjustment and/or disclosure.

Mokoro (canoe) in the Cuanavale river
spring lagoon.
Moxico province.

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 2016.

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 2016, the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS)

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 2016 financial year.

Luanda, 27th April 2017.

The Fiscal Council,

Paul de Sousa
Chairman of the Fiscal Council

Domingos Filipe
Vogal

Esperança Cahango
Vogal

Independent Auditor's Report

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

Introduction

1. We have audited the accompanying financial statements of Banco Comercial Angolano, S.A. These financial statements comprise the balance sheet at 31st December 2016 with total assets of 43,919,888 thousands of Kwanzas, net equity of 10,403,226 thousands of Kwanzas and profit for the year of 3,143,577 thousands of Kwanzas, and the statement of comprehensive income, statement of changes in equity and a statement of cash flows for the year then ended and the corresponding annex.

Director's responsibility for the financial statements

2. The director's are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) in force 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

3. Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the Technical Standards issued by the Institute of Statutory Auditors "Ordem dos Contabilistas e Peritos Contabilistas de Angola". 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.

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

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

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director's, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion the financial statements referred to in Paragraph 1 above present fairly in all material respects, the financial position of Banco Comercial Angolano, S.A. as at 31st December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in force.

Luanda, April 19th 2017

PricewaterhouseCoopers (Angola), Lda
Registered at Ordem dos Contabilistas e Peritos Contabilistas de Angola under the n° E20170010

Represented by:

Ricardo Santos

Ricardo Santos, Expert Accountant N° 20120086

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

Banco Comercial Angolano

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

www.bca.co.ao

Edition:

Banco Comercial Angolano, S.A.

Design:

Futuro Publicidade, Lda.

Photos:

Kostadin Luchansky

Printing:

Futuro, Lda.

July 2017