Annual Report 2017

Banco Comercial Angolano

Wooden Mask.
Angolan handicraft.

Index

Handmade drum, musical instrument.
Angolan handicraft.

Approval by the Board of Directors

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

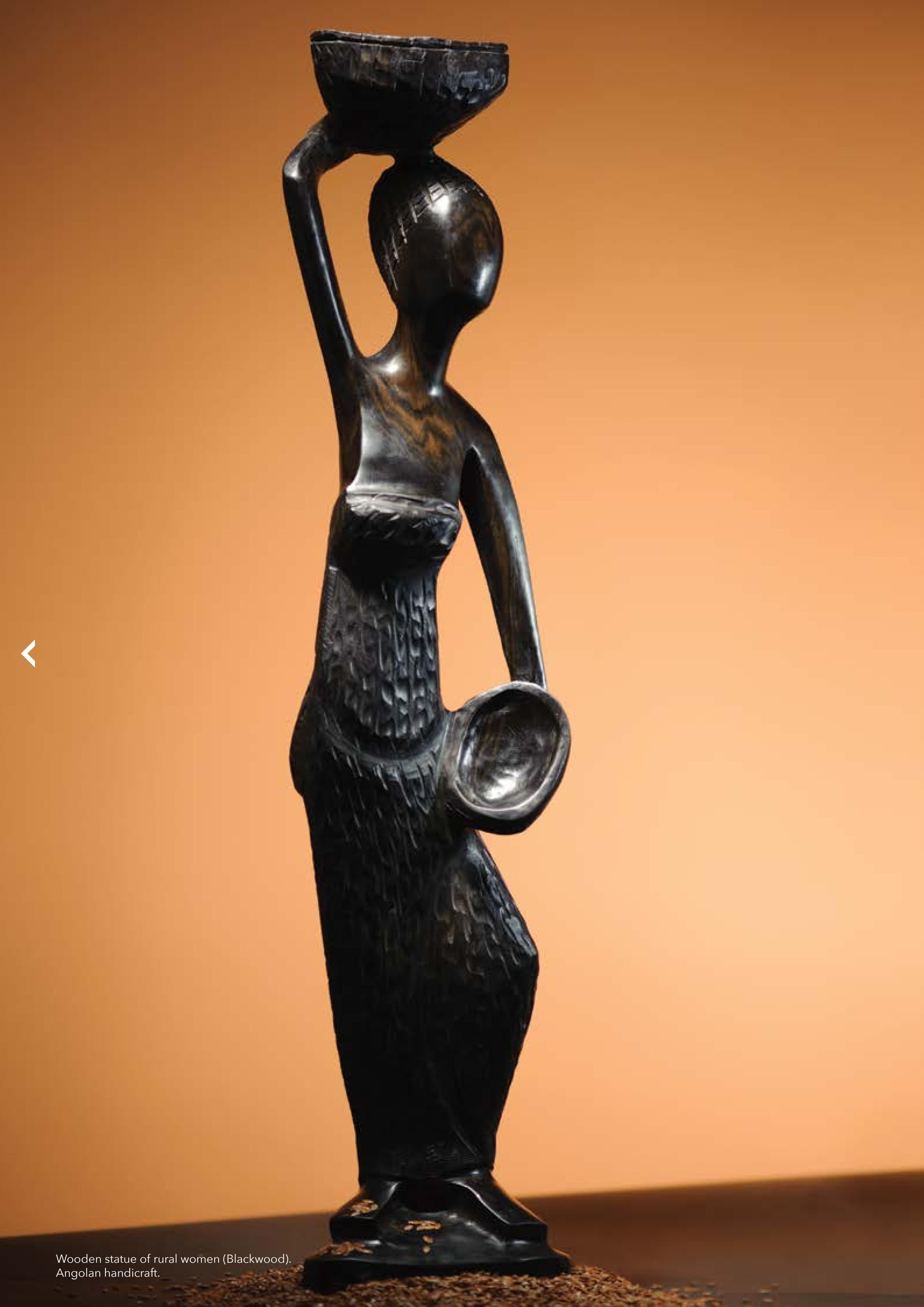
To satisfy this responsibility the Bank has put in place systems of internal accounting and administrative control, to ensure that its assets are safeguarded and that transactions are executed and recorded in accordance with the rules and procedures adopted.

The audited financial statements for the year ended on the 31st of December 2017, 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, 05 April 2018



Wooden statue of rural women (Blackwood).
Angolan handicraft.

Board Report 2017

As in 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 state's general budget, the high rate of inflation registered during the period, negative real interest rates, and the government debt estimated at 70% of GDP.

In terms of the priorities, we would like to highlight the following issues from a regulatory and prudential standpoint that were concluded in 2017:

- With the Central Bank's decision to fully implement Basel II, as from 2016, a number of notices and instructions were issued, with defined timelines that will result in an overhaul of the capital adequacy ratio calculation in the Angolan Banking sector;
- 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).

In the operational field, the construction of an additional Disaster Recovery and business continuity management centre was concluded.

From a business and commercial perspective, the following tasks are yet to be concluded:

- 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.

To aid in achieving these objectives, and to ensure a close proximity to the customers, four new branches were opened, 1 in Cabinda, 1 in Ondjiva, and 2 in Huambo province (1 in the Huambo CBD and 1 in Caála).

The following branches are in the final stages of construction, and will be opened in 2018:

- Soyo; and
- Corporate Branch at "Edifício Kilamba".

With the conclusion of this expansion phase, our branch network increased to 43 branches in 13 out of the 18 provinces in the country which will facilitate the achievement of our initial goal to grow our customer base to at least 100 000 clients within the next 3 years, of which between 80-90% 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 completing in essence our investment in brick and motor structures.

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, we focus attention on client needs in order to:

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

In addition to the significant investment, we have already been making in terms of customer centric training courses for all our staff members, with a view to improving service delivery to our clients, transfering know-how to branches, and improving the perception of clients with regard to BCA Brand.

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

- Recapitalisation of the bank;
- Continuing efforts in order to find a long-term solution for the bank's head office building;
- Migrating to a new core banking system;
- Incorporating digital banking solutions as an integral and important part of future solutions.

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

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

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

Financial Indicators

Assets

In 2017, there was relative stability in the bank's total assets with only a 3% reduction in comparison to the prior year. Notwithstanding the significant increase in "Placements with Central Banks and other Credit Institutions" due to the reduction in "Balances at other Institutions" of 82% coupled with the 82% reduction in "Other Assets" and with 17% reduction in "Financial Assets Available for Sale", contributed significantly to the reduction in total assets.

Liabilities

Total liabilities registered a 8% decrease due to a 88% decline in " Deposits from other Credit

Institutions", a 25% decrease in "Income Taxes", and a 23% reductions in "Other liabilities", despite the increase of 12% in customer "Term Deposits".

Equity

he equity increased in 15% as a result of the net profit from the previous financial year.

Income Statement

Net interest margin (NIM) decreased in 13% due to the reduction of income from Investments in bonds and treasury bills which saw a 39% decrease, as consequence of Treasury bonds that matured early in 2017.

On the other hand the non interest margin decreased by 14%, mainly due to the reduction of forex transaction gains of 44%, which contributed to an overall decrease in net income of 37%.

Proposal for the appropriation of the 2017 profits

The Board of Director proposes that the after tax profit, amounting to AKZ 1.983.153 thousand be appropriated as follows:

Legal Reserves: 10%;
Other Reserves: 90%.

The appropriation for "Legal Reserves" is based on article 89 point 1, of the Angolan financial Institutions Law N° 12/15, and the "Other Reserves" are to be retained as part of the equity.

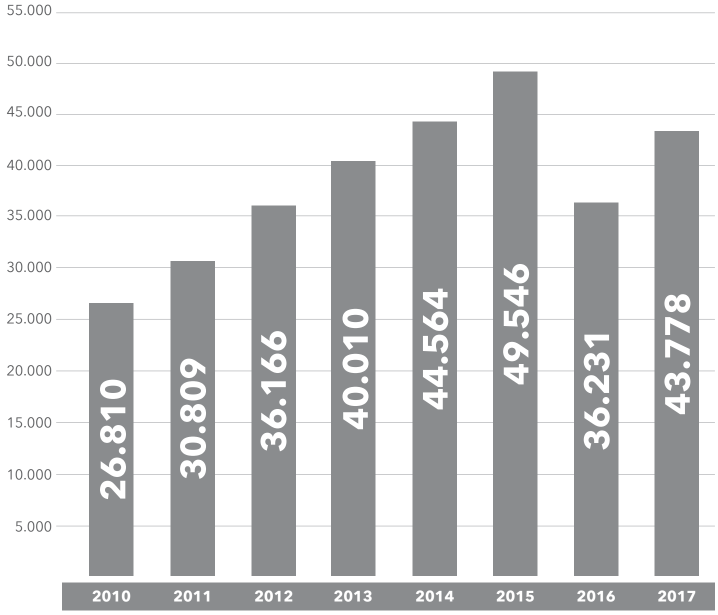
Francisco da Silva Cristóvão
Chairman

Mateus Filipe Martins
Chief Executive Officer

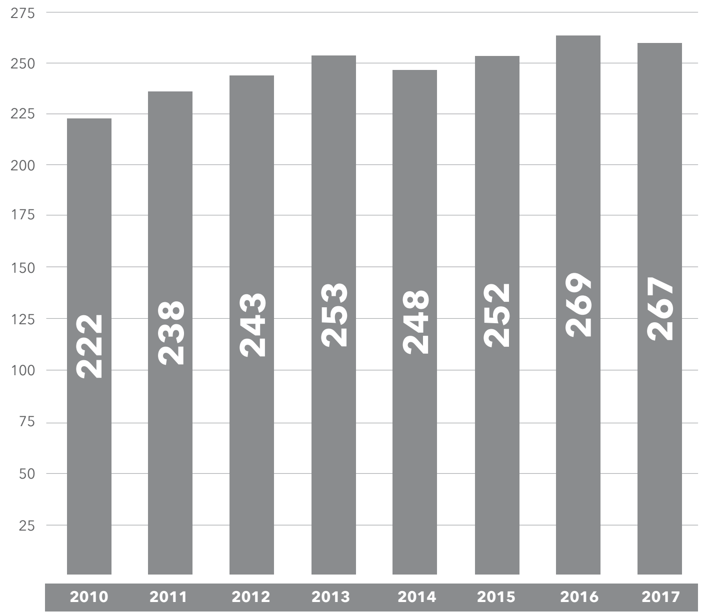
Wooden statue of Hunter (Blackwood).
Angolan handicraft.

Growth of BCA

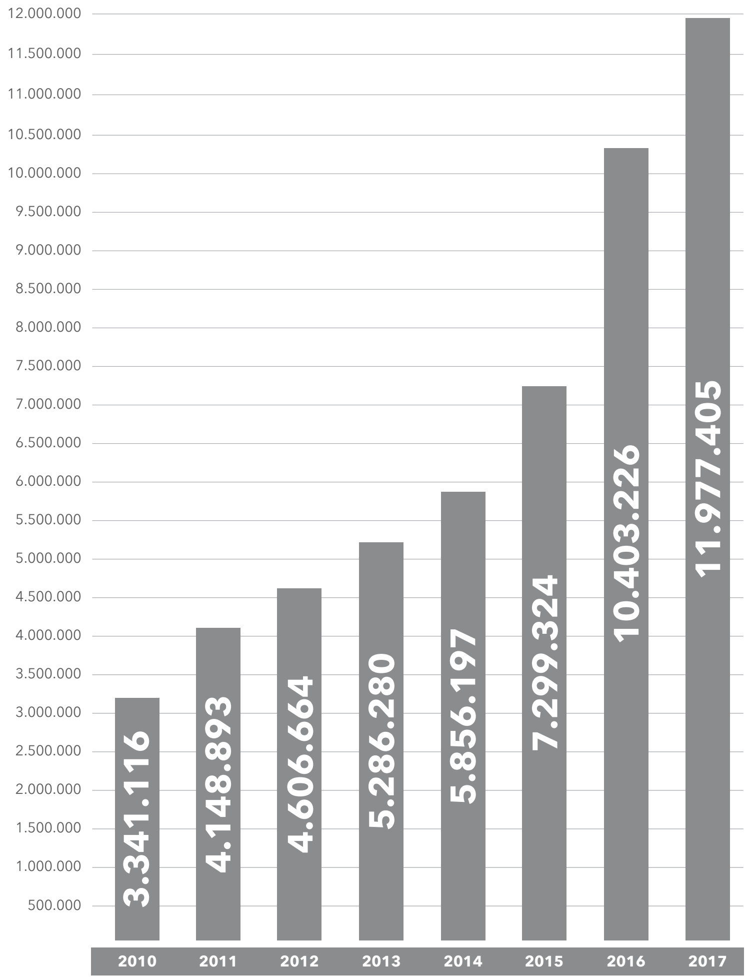
Customers



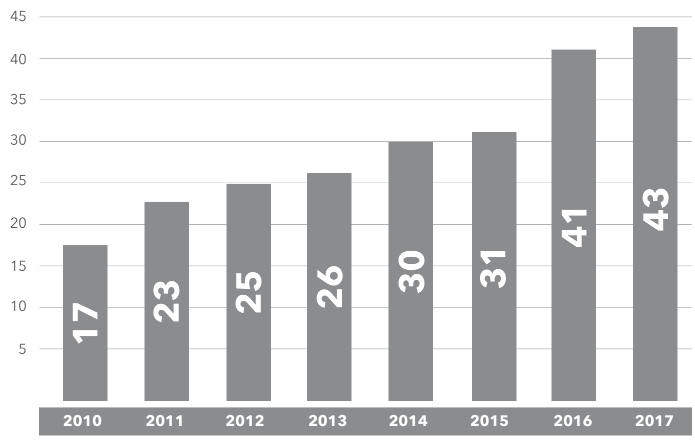
Total Employees



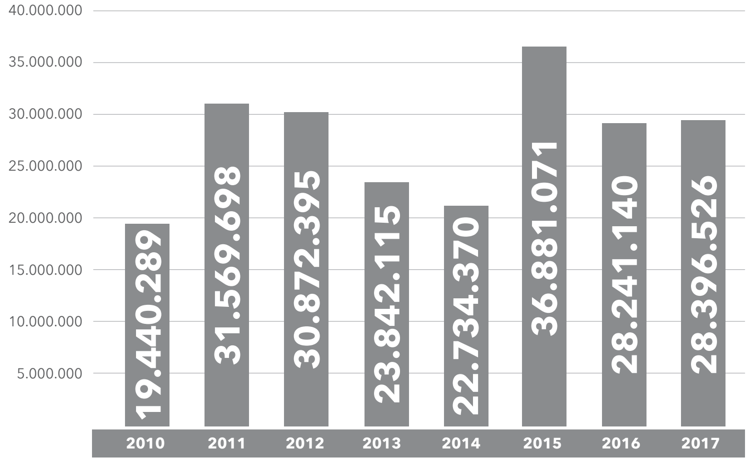
Equity (AKZ'000)



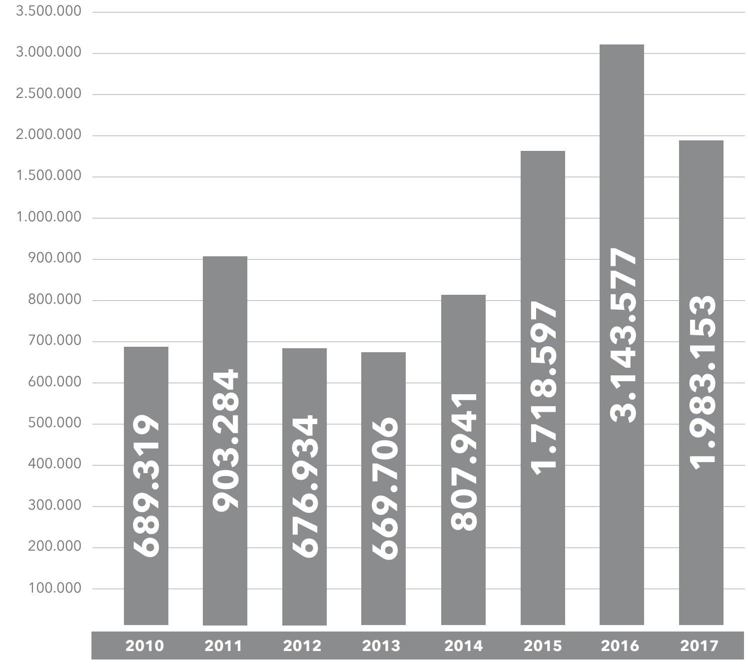
Branches



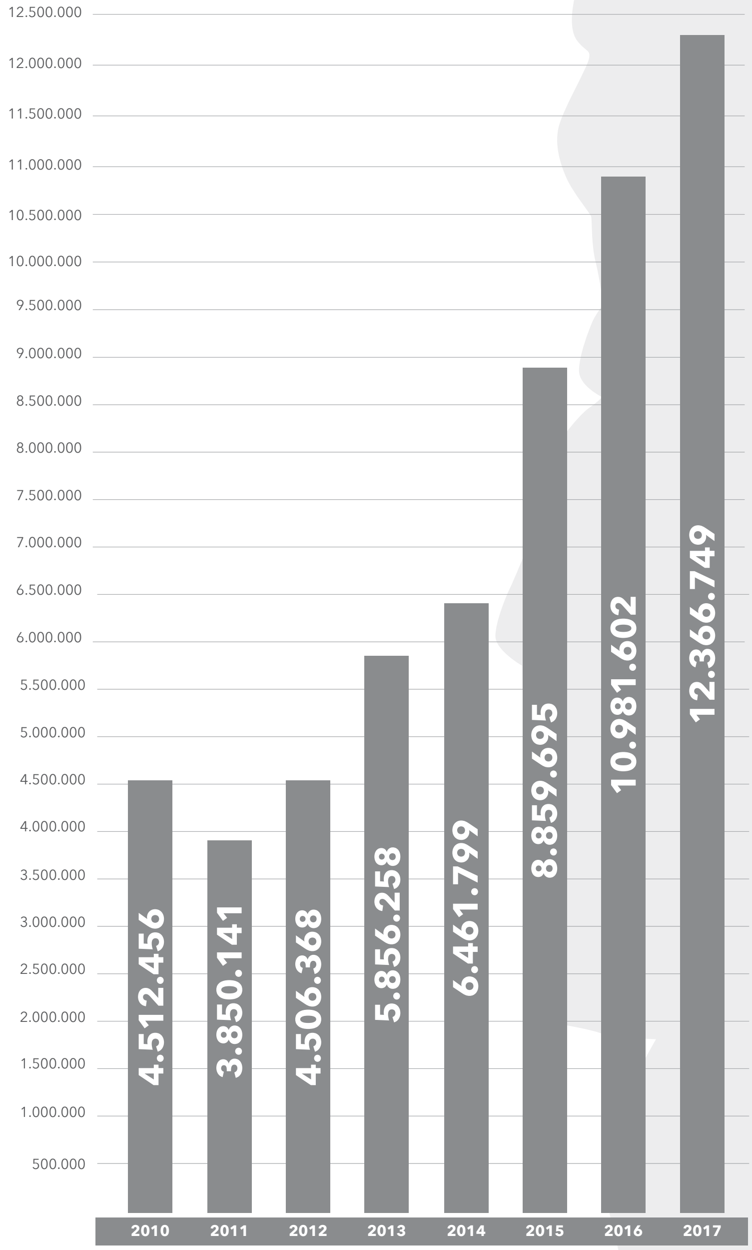
Customer Assets (AKZ'000)



Net Profits (AKZ'000)



Loans (AKZ'000)



Handmade drum, musical instrument.
Angolan handicraft.

BCA
Banco Comercial Angolano

Key Indicators

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Balance Sheet				
Total Assets	42.694.563	257.314	43.919.888	264.733
Loans and Advances	12.366.749	74.533	10.981.602	66.193
Customer Liabilities	28.396.526	171.143	28.241.140	170.227
Shareholders' Equity	11.977.405	72.186	10.403.226	62.642
Activity				
Net Interest Margin (NIM)	3.230.767	19.472	3.694.621	22.525
Net Operating Margin (NOM)	6.419.773	38.693	7.383.374	45.015
Operating Costs (OC)	3.604.467	21.724	3.362.245	20.499
Operating Profit (OP)	2.677.559	16.138	4.073.501	24.835
Net Profit (NP)	1.983.153	11.953	3.143.577	19.165
NIM/NOM	50,3%	50,3%	50,0%	50,0%
Non Interest Margin/NIM	95,9%	95,9%	99,5%	99,5%
Cost-to-Income	56,1%	56,8%	45,5%	45,5%
Operating Costs/Average Assets	8,4%	8,4%	7,7%	7,7%
Solidity				
Non-Preforming Loans/Total Loans	3,6%	3,6%	3,2%	3,2%
Provisions/Non-Preforming Loans	66,0%	66,0%	94,0%	94,0%
Return On Average Assets (ROAA)	4,6%	4,6%	7,2%	7,2%
Return On Equity (ROE)	17,7%	17,7%	35,5%	35,5%
Capital Adequacy Ratio	49,4%	49,4%	39,7%	39,7%
Other Tangible and Intagible Assets Ratio	56,8%	56,8%	54,1%	54,1%
Gearing Ratio (Debt/Equity)	308,2%	308,2%	319,0%	319,0%
Top 20 Loans/Equity	82,7%	82,7%	85,6%	85,6%

Wooden statue of tribal women (Blackwood).
Angolan handicraft.

Governance and Management Structure

FISCAL COUNCIL	GENERAL ASSEMBLY	EXTERNAL AUDIT
Chairman Paul de Sousa Members Esperança Cahango and Domingos Filipe	Chairman Mário António de Serqueira e Carvalho Secretary José Francisco Luis António	KPMG Angola – Audit, Tax, Advisory, S.A.

BOARD OF DIRECTORS

Chairman
Francisco da Silva Cristóvão (Non Executive)

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

Director
Mateus Filipe Martins

Director
Mathias Tohana Nleya

Director
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 Hernani Lúcio André Cambinda (Coordinating Manager)	**Risk Management** Tatiana Moreira Paiva Muhongo (Coordinating Manager)	**Corporate Banking** José Marques (Director)
Infrastructure & Branch Expansion João Manuel Pinto dos Reis (Head)	**Accounting** Helder Lisboa (Head)	**Retail Banking** Mário Cristiano Tana Leitão (Coordinating Manager) Hirondina Ferreira (Deputy Head)
IT Pedro Bernardo (Head)	**Treasury** Bo Kronback (Head)	
Compliance Officer and Head of Policies & Procedures Maria Lizeth Lemos (Head)	**Reconciliations Department** Pedro Cristóvão (Head)	**Central Branch** Cesaltina Pinto (Head)
Internal Audit Madalena Salvador (Deputy Head)		**e-Banking Department** Marisa Ribeiro (Head)
Operations António Alves (Deputy Head) Zuleica Pereira (Head of Departament) Adolfo Martins (Head of Departament)		
Loan Recovery Department Aldina Estevão (Head)		

COMMITTEES OF THE BOARD OF DIRECTORS

Credit Committee of the Board of Directors
Risk, Compliance and Audit Commission
Staff Remuneration and Heads of Departement Appointment Commission

SUBCOMMITTEE OF THE EXECUTIVE OFFICE

(CMC) Management Committee
Executive Credit Committee
Investments Committee
New Products Committee
Asset and Liability Committee (ALCO)
Loan Recoveries Committee
Branch Expansion Operational Group
Technical Support Operational Group

Wooden sculpture of the Thinker (blackwood, ebony).
Angolan handicraft.

Corporate Governance Statement

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

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

- **Non Executive Chairman:** Francisco da Silva Cristóvão
- **Non Executive and Independent Director:** António Daniel Pereira dos Santos
- **Executive Director and Chief Executive Officer:** Mateus Filipe Martins
- **Executive Director:** Mathias Tohana Nleya
- **Executive Director:** José Carlos de Almeida Marques

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

One of Non Executive Directors is the Chairman of the Board of Directors (Francisco da Silva Cristóvão) and the second Non Executive Director (António Daniel Pereira dos Santos) is the chairman of the credit committee of the board of Directors, which analyses and approves fundings above USD 2 million. As the Non Executive Director, Mister António Daniel Pereira dos Santos, fulfils the requirements of independence, he chairs the Risk, Audit and Compliance Commission of the Board of Directors.

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

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

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

- **Chief Executive Officer** (Mateus Filipe Martins) – Suppport Departments, such as, Human resources, IT; Infrastrutures and tools; Operations; Legal; Compliance, Policies and Procedures; Internal Audit; and Marketing Departments;
- **Executive Director** (Mathias Tohana Nleya) – Control Departments, such as, Credit and Risk Management; Accounting; Treasury; and controls and routines;
- **Executive Director** (José Carlos de Almeida Marques) – Commercial areas, such as Retail and Corporate Banking, and other distribution channel (Internet Banking and Visa Cards).

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

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

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 of the Executive Director, the financial Executive Director, and the Executive Director for the Control area; the Coordinating Director for the Credit and Risk area; the head of Internal Audit Department and the Compliance Officer.

c) **Staff Remuneration and Heads of Department Appointment Commission** – chaired by the Chief Executive Officer, it is composed of 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 of the two Non-Executive Directors and one Executive Director. It analyses, discusses and approves the credit processes, and appreciates and approves the recommendations of the Management Credit Committee.

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

CMC (Management Committee)

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

Executive Credit Committee

The Executive Credit Committee is comprised by the Executive Directors and the heads of the Credit, Risk, Legal, Treasury, 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 Treasury, 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, Treasury, 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 Commitee (ALCO)

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

Loan Recoveries Committee

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

Risk Management Committee

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

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

Branch Expansion Operational Group

This group defines the branch expansion strategy and evaluates the associated costs together with discussing and monitoring progress on all new branch projects. It is chaired by the CEO and is composed of the Executive Director for the commercial area, Coordinating Manager for administrative services, the heads of the infrastructure, retail, corporate, and IT departments.

Technical Support Operational Group

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

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

Wooden sculpture.
Angolan handicraft.

Macroeconomic Outlook

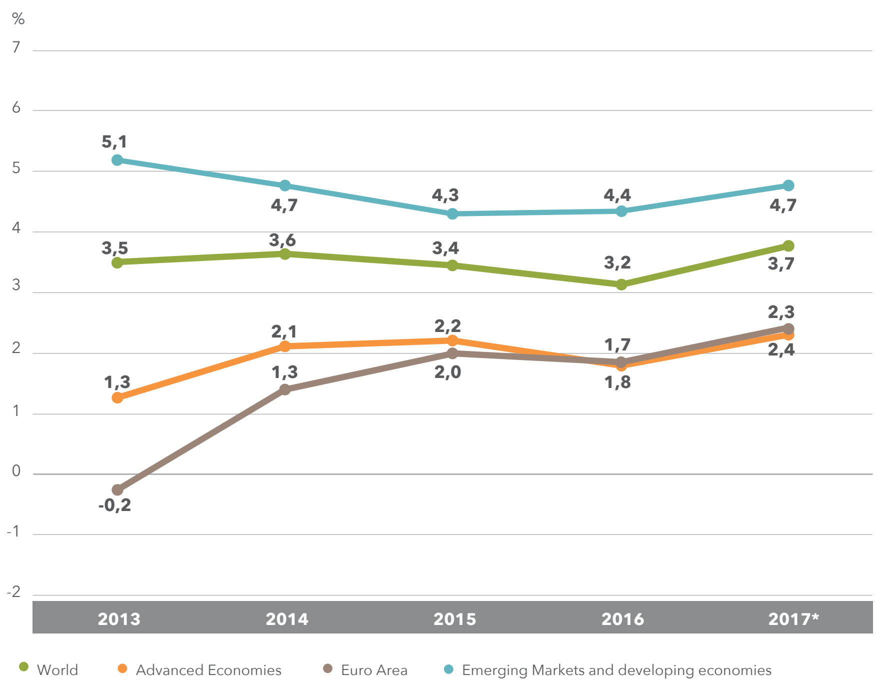
GLOBAL ECONOMY

Global economic activity seems to be on a firmer footing as growth recovers.

The recovery in the world economy is confirmed by data presented by the International Monetary Fund at the last World Economic Forum in Davos, Switzerland; according to such data, the 120 economies representing three-quarters of world GDP recorded an annual growth recovery.

The 3.7% growth in the world economy is the highest rate in the last five years.

Changes in GDP (%)



Source: IMF

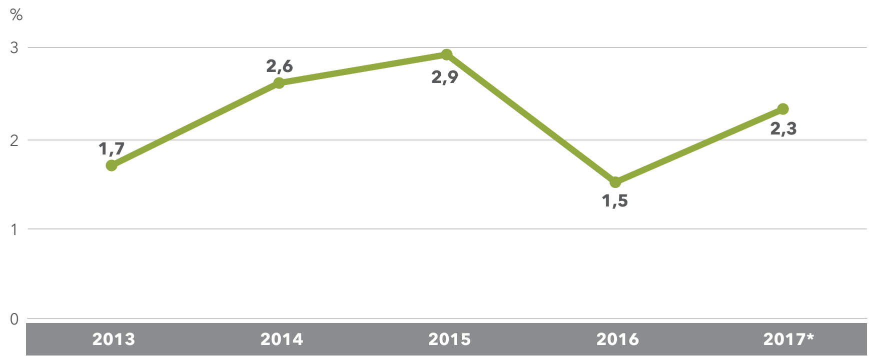
** The 2017 figures are World Economic Outlook projections for January 2018.*

United States

The updated growth projections published in January 2018 revised the growth forecast of the world's largest economy upwards to 2.3 percent from the forecast of 2.1 percent in October 2017.

This growth forecast is mostly underpinned by tax reforms that will boost investment by cutting corporate tax from 35 percent to 21 percent.

GDP growth (%) – USA



Source: IMF

** World Economic Outlook projections, January 2018.*

As a result of the expectations generated by the Tax Cuts and Jobs Act, unemployment fell from 4.9% in 2016 to 4.4% in 2017.

Unemployment Rate (%) – USA

2013	2014	2015	2016	2017*
7,4	6,2	5,3	4,9	4,4

Fonte: FMI

** Projecções do World Economic Outlook, Outubro 2017.*

Inflation fell by 0.4 percentage points to 1.8%, which, although paradoxically contrary to what would be expected of a reduction in unemployment, is explained by the fact that this increase did not create any pressure on wages.

End of Year inflation (%) – USA

2013	2014	2015	2016	2017*
1,3	0,5	0,7	2,2	1,8

Source: IMF

** World Economic Outlook projections, January 2018.*

Euro Area

The consolidation of the economic growth recovery in the Euro area proceeds with the area's average growth rising to 2.1 percent from 1.8 last year.

Among the four largest economies in the area (those representing three-quarters of the region's GDP), Germany's growth rate is on a par with the Euro area, France is growing at a rate of 1.6%, Italy at 1.5% and Spain's economy is showing the most impressive growth at 3.1%.

The small economies in the area - those representing no more than 3% of GDP - are the fastest growing, obviously benefiting from trade with large economies whose business environments are strengthened by better consumer confidence indicators and higher investments.

GDP Growth (%) – Euro Area Countries

Country	2013	2014	2015	2016	2017*
Malta	4,6	8,2	7,1	5,5	5,1
Ireland	1,6	8,3	25,5	5,1	4,1
Estonia	1,9	2,9	1,7	2,1	4,0
Slovenia	-1,1	3,0	2,3	3,1	4,0
Luxembourg	4,0	5,6	4,0	4,2	3,9
Latvia	2,6	2,1	2,7	2,0	3,8
Lithuania	3,5	3,5	1,8	2,3	3,5
Cyprus	-6,0	-1,5	1,7	2,8	3,4
Slovakia	1,5	2,6	3,8	3,3	3,3
Spain	-1,7	1,4	3,2	3,2	3,1
Netherlands	-0,2	1,4	2,3	2,2	3,1
Finland	-0,8	-0,6	0,0	1,9	2,8
Portugal	-1,1	0,9	1,6	1,4	2,5
Austria	0,1	0,6	1,0	1,5	2,3
Germany	0,6	1,9	1,5	1,9	2,1
Greece	-3,2	0,4	-0,2	0,0	1,8
Belgium	-0,1	1,6	1,5	1,2	1,6
France	0,6	0,9	1,1	1,2	1,6
Italy	-1,7	0,1	0,8	0,9	1,5
Euro Area	**-0,2**	**1,3**	**2,0**	**1,8**	**2,1**

Source: IMF

** World Economic Outlook projections, October 2017.*

Unemployment in the Euro area fell by 0.8 percentage points in 2016 to 9.2% in 2017.

As in previous years, Greece leads this group of countries with the highest rates.

Spain continues the fight against unemployment. Although still well above the regional average, its economic growth is in line with the changes in employment statistics. The unemployment rate fell by 2.5 percentage points to 17.1%.

Among the economies in the table below, five have above average unemployment and five below average, with the best performer being the area's largest economy, Germany with 3.8 percent.

Unemployment rate (%) – Euro Area					
Country	**2013**	**2014**	**2015**	**2016**	**2017***
Greece	27,5	26,5	24,9	23,6	22,3
Spain	26,1	24,4	22,1	19,6	17,1
Cyprus	15,9	16,1	14,9	13,0	11,8
Italy	12,1	12,6	11,9	11,7	11,4
Portugal	16,2	13,9	12,4	11,1	9,7
:::					
France	10,3	10,3	10,4	10,0	9,5
Slovakia	14,3	13,2	11,5	10,4	9,6
:::					
Luxembourg	6,9	7,1	6,8	6,4	5,9
Austria	5,3	5,6	5,7	6,0	5,4
Estonia	8,6	7,4	6,2	6,8	8,4
Malta	6,4	5,8	5,4	4,7	4,4
Germany	5,2	5,0	4,6	4,2	3,8
Euro Area	**12,0**	**11,6**	**10,9**	**10,0**	**9,2**

Source: IMF

** World Economic Outlook projections, October 2017.*

Inflation has risen in many Euro area countries but has fallen in some. As a result, the bloc's average remains at the 2016 level, 1.1%, slightly removed from the European Central Bank's target which envisages the price variation level to stand at approximately two percent.

Some ECB Governing Council members argue that the quantitative easing programme should come to an end since it was supposed to have already fulfilled its goal. However the ECB president announced that from January 2018 he would halve the purchase of assets from €60 billion a year to €30 billion. No exact date is set for the end of the programme.

End of Year inflation (%) – Euro Area Countries

Country	2013	2014	2015	2016	2017*
Estonia	2,0	0,1	-0,2	2,4	4,5
Lithuania	0,5	-0,2	-0,2	2,0	3,3
Latvia	-0,4	0,3	0,4	2,1	3,0
Portugal	0,2	-0,3	0,3	0,9	2,3
Slovenia	0,7	0,1	-0,4	0,5	1,7
Austria	1,9	0,7	1,0	1,5	1,7
Malta	1,0	0,4	1,3	1,0	1,5
Belgium	1,2	-0,4	1,5	2,2	1,4
Netherlands	1,3	0,1	0,2	0,7	1,4
Slovakia	0,4	-0,1	-0,5	0,2	1,3
Luxembourg	1,5	-1,0	0,8	1,6	1,3
Spain	0,3	-1,0	0,0	1,6	1,2
France	0,8	0,1	0,3	0,6	1,1
Germany	1,4	0,0	0,2	1,7	1,1
Greece	-1,8	-2,5	0,4	0,3	1,0
Italy	0,6	0,0	0,1	0,5	0,9
Ireland	0,3	-0,2	0,2	-0,2	0,9
Cyprus	-1,1	-0,9	-0,5	0,1	0,8
Finland	1,9	0,6	-0,2	1,1	0,5
Euro Area	**0,8**	**-0,2**	**0,2**	**1,1**	**1,1**

Source: IMF

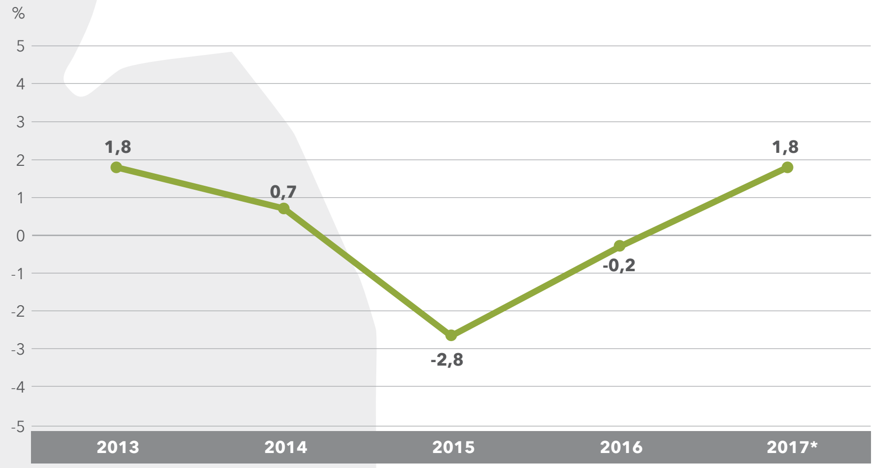
** World Economic Outlook projections, October 2017.*

Russia

Following the serious consequences of sanctions and oil price fluctuations in 2014 with adverse effects in the following two years, the Russian authorities reacted in 2017 with policies such as letting the rouble float freely and strengthen the liquidity of the financial system.

Another factor that played a major role in helping Russian economy was the rise in the oil price, greatly influenced by the extension of the cut-off agreement in OPEC production for which Russia has worked hard.

GDP growth (%) – Russia



Source: IMF

** World Economic Outlook projections, October 2017.*

The IMF Consultative Council report on the latest study of the Russian economy concluded that weak consumer demand, the appreciation of the rouble and low food prices, as a result of a good crop this agricultural year, are the basis for the encouraging data on inflation which decreased 1.4 percentage points to 4% in 2017.

End of Year inflation (%) – Russia

2013	2014	2015	2016	2017*
6,5	11,4	12,9	5,4	4,0

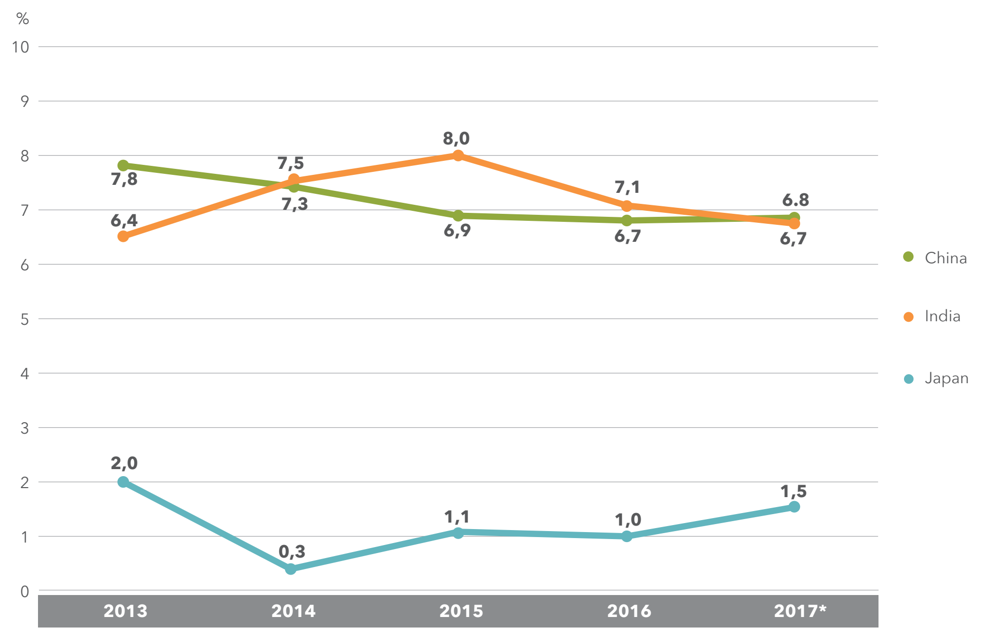
Source: IMF

** World Economic Outlook projections, October 2017.*

Asian Economies

The main developing economies in Asia are keeping good economic growth rates, although India has slowed by 0.4 percentage points compared to its 2016 growth rate, mainly due to contractions in private consumption caused by liquidity shortage.

GDP growth (%) – Asia



Source: IMF

** World Economic Outlook projections, October 2017.*

China continues to benefit from growing external demand and the internal reforms it has undertaken.

In Japan, economic growth is anchored in fiscal stimuli, investment, and private consumption.

Inflation remains low in Asia's largest economies. Japan, for example, switched from deflation in 2016 to 0.1% inflation, a move explained by rising energy costs and the depreciation of the Yen.

End of Year inflation (%) – Asia					
Country	2013	2014	2015	2016	2017*
China	2,5	1,5	1,6	2,1	2,3
India	8,2	5,3	5,3	3,6	4,5
Japan	1,5	2,5	0,2	-0,1	0,1

Source: IMF

** World Economic Outlook projections, October 2017.*

Latin America and the Caribbean

The most significant factor in the current state of the region's economy is undoubtedly political instability.

Brazil seems to have emerged from the economic recession. The government is committed to stabilising the economy with a very ambitious reform agenda. However the political environment is still very troubled and is grounds for concern.

The Venezuelan economy is far from recovering from the economic collapse to which it was led by the political crisis.

Argentina recorded major improvements, emerging from recession with a 2.5% growth. This turnaround is mostly explained by the reforms in the public sector and greater private consumption caused by increases in real wages.

GDP growth (%) – Latin America and Caribbean					
Country	2013	2014	2015	2016	2017*
Brazil	3,0	0,5	-3,8	-3,6	0,7
Mexico	1,4	2,3	2,7	2,3	2,1
Argentina	2,4	-2,5	2,6	-2,2	2,5
Venezuela	1,3	-3,9	-6,2	-16,5	-12,0
Colombia	4,9	4,4	3,1	2,0	1,7
Chile	4,0	1,9	2,3	1,6	1,4
Peru	5,8	2,4	3,3	4,0	2,7
Ecuador	4,9	4,0	0,2	-1,5	0,2

Source: IMF

** World Economic Outlook projections, October 2017.*

Sub-Saharan Africa

In sub-Saharan Africa, Nigeria and South Africa account for 50 percent of GDP, while the seven countries in the table below account for three-quarters of GDP in this region.

The fall in GDP in nominal terms (USD) has been very marked since 2014 and comes as a result of the devaluation of local currencies during this year. For example, Nigeria let the Naira float freely.

Nominal GDP in USD billions – Sub-Saharan Africa					
Country	**2013**	**2014**	**2015**	**2016**	**2017***
Nigeria	515	568	494	405	395
South Africa	367	351	318	295	344
Angola	125	127	103	95	124
Ethiopia	48	56	65	73	80
Kenya	55	62	64	71	78
Tanzania	44	48	48	48	52
Ghana	48	39	37	43	45
Sub-Saharan Africa	**1.622**	**1.693**	**1.517**	**1.413**	**1.529**

Source: IMF

** World Economic Outlook projections, October 2017.*

Positive trends in the oil price are encouraging the oil-dependent economies, which for the most part saw their growth prospects improved.

GDP growth (%) – Sub-Saharan Africa					
Country	**2013**	**2014**	**2015**	**2016**	**2017***
Nigeria	5,6	6,4	6,0	1,1	0,8
South Africa	20,7	4,6	-20,5	6,1	6,0
Angola	6,8	4,8	3,0	-0,7	1,5
Ethiopia	3,1	5,0	4,8	3,7	3,3
Kenya	3,9	3,7	3,5	6,6	6,7
Tanzania	4,8	3,6	1,1	0,0	0,3
Ghana	5,5	4,4	3,9	2,1	1,0
Sub-Saharan Africa	**5,3**	**5,1**	**3,4**	**1,4**	**2,6**

Source: IMF

** World Economic Outlook projections, October 2017.*

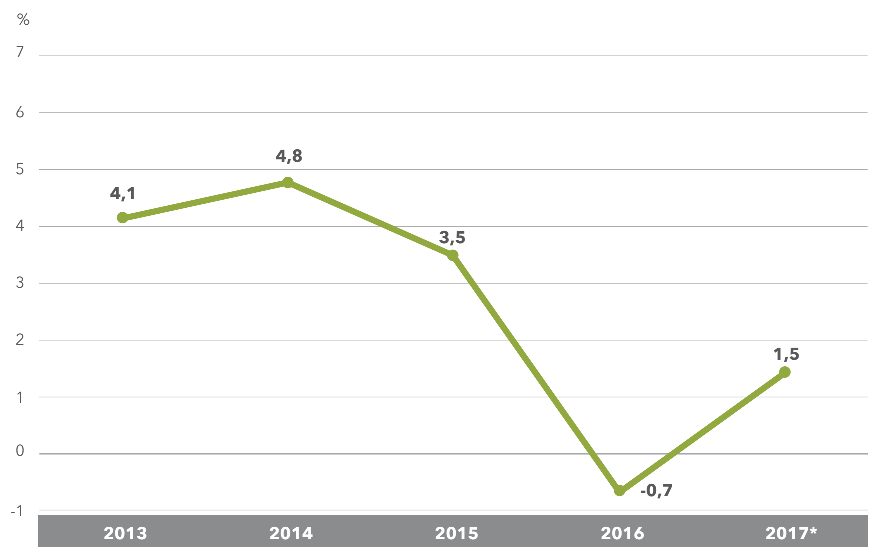
ANGOLAN ECONOMY

Economic Growth Overview

Following the Angolan economic recovery from the shock caused by the fall in the oil price, GDP grew by 1.5%, against the 0,7% contraction seen in 2016.

This projection is supported by developments in the oil price during 2017. The average price per barrel of oil traded in 2017 was 25% higher than the price per barrel traded in 2016.

GDP growth (%) – Angola



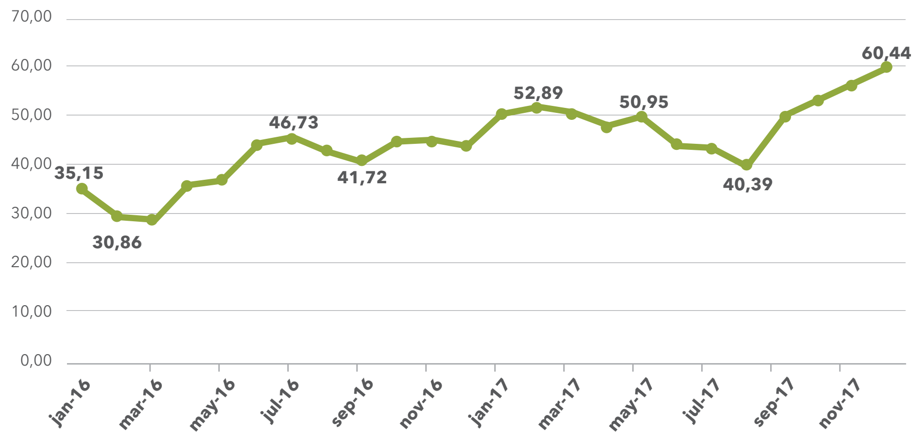
Source: IMF

** World Economic Outlook projections, October 2017.*

Average price of oil barrel		
Year	**Price in USD**	**Variation**
2016	40,37	25%
2017	50,61	

Source: Ministry of Finance

Average price of oil barrel in USD



Source: Ministry of Finance

Inflation

Inflation fell by 15.69 percentage points from 41.95% in 2016 to 26.26% at the end of 2017.

This reduction is the result of a series of monetary and exchange rate policies applied in 2017, particularly with the withdrawal of around AKZ 26 billion from circulation.

Annual inflation in % (end of year)

Type of inflation	2013	2014	2015	2016	2017*
Cosumer prices	7,69	7,49	14,27	41,95	26,26

Source: BNA

Monthly average of banknotes and coins in circulation in AKZ millions

Year	Currency in circulation	Variation
2016	473.069	-25.909
2017	447.159	

Source: Ministry of Finance

Importers, particularly of staple goods, were subject to strict control by the Angolan authorities, which forcibly prevented price rises by penalising economic operators who tried to change prices.

A different event related to government-related policy, other than monetary policy, was that elections were held in 2017, and the government managed their foreign exchange policy, by preventing the Kwanza from devaluating. Hence the exchange rate recorded very fluctuations throughout the year.

Exchange rate EUR/AKZ – BNA selling rate					
	2013	2014	2015	2016	2017
End of year exchange rate	134,717	125,353	148,553	186,282	186,303
Variation in %	6,35%	-6,95%	18,51%	25,40%	0,01%
Average exchange rate	128,782	130,381	134,348	183,833	186,296

Source: BNA

As oil revenues improved and the Net International Reserves were used on a permanent basis, the amount of currencies sold in auctions and direct sales rose 9% in 2017; with this the supply of basic necessities increased which impacted on inflation as stated earlier.

Currency sold at auctions – In USD millions					
	2013	2014	2015	2016	2017
Amounts per year	19.282	19.175	17.484	11.181	12.219
% increase	6%	-1%	-9%	-36%	9%
Monthly average	1.607	1.598	1.457	932	1.018

Source: BNA

Oil tax revenue – Monthly average in AKZ millions		
Year	Average Revenue	Variation
2016	109.014	25.629
2017	134.643	

Source: Ministry of Finance

The fall in ILR is due to foreign currency sales at auctions and to direct sales from BNA without sufficient support from oil sales revenues.

International Liquid Reserves (USD millions)					
	2013	2014	2015	2016	2017
Currency reserves	31.154	27.101	24.266	20.807	13.343

Source: BNA

The BNA kept its interest rates high, and even raised the base rate by two percentage points, although ironically inflation targets failed to remunerate seven-day transactions.

BNA rates					
	2013	2014	2015	2016	2017
BNA basic rate	10,00%	9,00%	11,00%	16,00%	18,00%
Liquidity supply	11,25%	9,75%	13,00%	20,00%	20,00%
7 days absorption liquidity	0,00%	0,00%	0,00%	7,25%	0,00%
O/N absorption liquidity	0,75%	1,75%	0,00%	0,00%	0,00%

Source: BNA

As referred to above, and confirmed in the table below, the M3 monetary aggregate in AKZ contracted.

Nevertheless there is a small increase in the same aggregate in foreign currency because households put little trust in the national currency due to the news of a likely devaluation of the Kwanza.

Money supply in AKZ millions						
	2013	2014	2015	2016	2017	Variation
M3 AKZ and Foreign currency	4.396.681	5.110.120	5.711.899	6.528.855	6.521.678	0%
M3 AKZ	2.650.018	3.418.191	3.910.892	4.545.868	4.522.786	-1%
M3 FC	1.746.663	1.691.930	1.801.008	1.982.987	1.998.892	1%
Proportion of FC as % of M3	40%	33%	32%	30%	31%	

Source: BNA

The General State Budget (OGE) 2017 forecast a price PER barrel of oil at USD 46 and exports of 664.7 million barrels. The closing projections for 2017 were driven by price developments, pointing to an oil tax revenue of AKZ 1,703 billion, representing 52 percent of total forecast revenue.

General State Budget (AKZ Billions)	2013		2014		2015		2016		2017	
Oil Sector revenue	3.630	75%	2.970	67%	1.898	56%	1.536	44%	1.703	52%
Other sector revenues	972	20%	1.128	26%	1.158	34%	1.557	45%	1.244	38%
Other revenues	247	5%	305	7%	326	10%	393	11%	307	9%
Total revenue	4.849		4.403		3.381		3.485		3.254	
Expenses	4.816		5.221		3,858		4.485		4.222	
Surplus / Deficit	32		-819		-477		-1.000		-968	

Source: Ministry of Finance

Oil exports continue to fall not only because of the extension of the OPEC cut-off agreement, but also because investments in the sector are lacking.

Oil Exports (in millions of barrels)	2013	2014	2015	2016	2017
Barrels of oil exported	609	587	628	611	596
Average barrels oil/day	1,7	1,6	1,7	1,7	1,6
Average price	108	96	50	40	51

Source: Ministry of Finance

With preliminary data for 2017, the trade balance saw a positive improvement in 2017 compared to the 2016 data.

Hence, the increase in the value of exports is mainly due to the price effect, since the number of barrels of oil exported was almost 69 million lower than that foreseen in OGE 2017. Imports are expected to decline slightly.

Trade Balance (USD millions)								
	2010	2011	2012	2013	2014	2015	2016	2017*
Exports	**51.452**	**68.043**	**71.873**	**69.562**	**60.851**	**34.437**	**28.300**	**32.901**
Oil/oil derivatives	49.351	65.591	69.716	66.902	57.642	31.895	26.366	30.653
Diamonds	976	1.205	1.159	1.167	1.335	1.066	980	1.139
Agriculture and others	267	514	218	177	193	220	243	282
Services	857	732	780	1.316	1.681	1.256	711	826
Imports	**35.421**	**43.898**	**45.848**	**49.393**	**53.538**	**37.969**	**25.657**	**24.283**
Goods	16.667	20.228	23.704	26.331	28.580	20.693	13.040	12.342
Services	18.754	23.670	22.144	23.062	24.958	17.276	12.617	11.941
Commercial balance	**16.030**	**24.144**	**26.025**	**20.169**	**7.313**	**-3.531**	**2.643**	**8.617**

**Estimates based on the Quick Information Sheet of Foreign Trade Statistics from the National Statistics Institute (INE)*

Complete data for public debt are yet to be published. The information available in the OGE 2018 shows that in July 2017, the stock of public government debt amounted to AKZ 9.978,22 billion, representing 59,84% of GDP.

In November 2016, a bill was proposed that would change the limit on public indebtedness, which was intended to rise to around 70% of GDP, in order to prevent the Government from acting outside the law at a time when the 60% ceiling was on the verge of being breached.

The concept of public debt was reformulated in that proposal. It introduced the principle that consolidated public debt is only comprised of the direct public debt of public sector entities, and excludes public sector corporate debt.

Banco Comercial Angolano

Handmade drum, musical instrument.
Angolan handicraft.

BCA
Banco Comercial Angolano

Distribution Channels

1 - Direct:
Branches (43)

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

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

Ngola Kiluanji
Rua Ngola Kiluanji, 183
São Paulo - Luanda
Tel: (+244) 222 384 508/40

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

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

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: (+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

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
Estrada de Cacuaco

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 Talatona
Comuna do Benfica
Bairro Honga
Rua Direita do Patriota

ENDE Patriota
Município de Talatona
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 196 B R/C;
Prédio 15

CABINDA
ENDE Cabinda
Bairro da Resistência
Avenida Salazar
(Comando da Régia)

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

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

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

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
Ondjiva
Município de Ondjiva
Comuna de Bangula
Rua Comandante Cowboy

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

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

Huambo
Comuna Sede do Huambo
Cidade Baixa
Av. Norton de Matos, 24

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

Caála
Município da Caála
Comuna Sede
Avenida Norton de Matos
Área Operacional do Centro
de Distribuição da Caala

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, Nº 16, Zona 3
R/C do Edifício da Direcção da ENDE
E.P.

Porto Amboim
Rua de Moçambique, Nº 1120
Edifício dos serviços da ENDE E.P.

2 - Indirect:
Limited Service Branches
ATM Machines (59)
POS (235)

Wooden sculptures.
Angolan handicraft.

Financial Statements

Balance Sheet as at 31 December 2017 and 2016

	Notes	31-12-2017 AKZ'000	31-12-2017 USD'000	31-12-2016 AKZ'000	31-12-2016 USD'000
Assets					
Cash and Balances at Central Banks	3	9.063.757	54.626	5.164.522	31.130
Balances at other Credit Institutions	4	952.738	5.742	5.367.258	32.352
Placements with C. Banks and other Credit Institutions	5	4.193.975	25.277	249.007	1.501
Financial Assets Available for Sale	6	9.557.702	57.603	11.543.826	69.582
Loans and advances	7	12.366.749	74.533	10.981.602	66.193
Other Tangible Assets	8	5.630.682	33.935	5.647.718	34.042
Intangible Assets	8	28.695	173	37.195	224
Deferred Taxes Receivable	9	21.857	131	59.863	361
Other Assets	10	878.408	5.294	4.868.897	29.348
Total Assets		**42.694.563**	**257.314**	**43.919.888**	**264.733**
Liabilities					
Deposits from other Credit Institutions	11	320.722	1.933	2.606.289	15.710
Deposits from clients					
a) Demand	12	21.447.418	129.261	22.029.086	132.783
b) Term	12	6.819.445	41.100	6.090.709	36.713
Provisions	13	150	1	150	1
IncomeTaxes	14	694.406	4.185	929.924	5.670
Other Liabilities	15	1.435.017	8.648	1.860.504	11.214
Total Liabilities		**30.717.158**	**185.128**	**33.516.662**	**202.091**
Equity					
Capital		2.582.579	27.208	2.582.579	27.208
- Capital	16.1	2.500.000	27.208	2.500.000	27.208
- Capital maintenance reserve	16.1	82.579	-	82.579	-
Revaluation reserves	16.1	(51.000)	(307)	(139.678)	(842)
Other reserves and retained income	16.1	7.462.673	44.977	4.816.748	29.034
Foreign currency translation reserve	16.1	-	(11.645)	-	(11.923)
Retained income for the year	16.1	1.983.153	11.953	3.143.577	19.165
Total Equity		**11.977.405**	**72.186**	**10.403.226**	**62.642**
Total Liabilities and Total Equity		**42.694.563**	**257.314**	**43.919.888**	**264.733**
OFF BALANCE SHEET ITEMS					
Guarantees given	28	-	-	5.126	31
Letters of credit	28	212.438	1.280	-	-
Undrawn commitments	28	1.115.596	6.724	10.986.654	66.225
Other commitments	28	-	-	3.959.856	23.869
Guarantees received	28	(16.656.326)	(100.386)	(22.711.926)	(136.899)
Custodial assets	28	(10.871.592)	(65.522)	(12.204.396)	(73.564)

Income Statement for the years ended 31 December 2017 and 2016

	Notes	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Interest and other similar income	18	3.525.959	21.251	3.972.047	24.217
Interest and other similar expenses	19	(295.192)	(1.779)	(277.426)	(1.692)
Net Interest Margin		**3.230.767**	**19.472**	**3.694.621**	**22.525**
Fee and Commission Income	20	2.238.139	13.489	1.876.902	11.443
Fee and Commission Expenses	21	(74.306)	(447)	(51.814)	(316)
Results of Financial Operations	22	1.126.296	6.788	1.996.418	12.172
Other Operating Expenses	23	(101.123)	(609)	(132.753)	(809)
		3.189.006	**19.221**	**3.688.753**	**22.490**
Operating Margin		**6.419.773**	**38.693**	**7.383.374**	**45.015**
Salaries and other Payroll Expenses	24	(1.532.899)	(9.239)	(1.510.978)	(9.212)
Third Parties Supplies	25	(1.680.608)	(10.129)	(1.567.443)	(9.556)
Depreciation and Amortisation	8	(390.960)	(2.356)	(283.824)	(1.731)
Net Provisions	13/15	(121.753)	(735)	76.015	463
Impairment Losses on Loans	7	34.856	210	(23.643)	(144)
Impairment Losses on Other Assets	10	(50.850)	(306)	-	-
		(3.742.214)	**(22.555)**	**(3.309.873)**	**(20.180)**
Income before Taxes		**2.677.559**	**16.138**	**4.073.501**	**24.835**
Income Taxes					
- Currents	14	(694.406)	(4.185)	(929.924)	(5.670)
- Deferred		-	-	-	-
Net Income per Year		**1.983.153**	**11.953**	**3.143.577**	**19.165**
Earnings per Share (AKZ'000)	**26**				
- Basic		0,32		0,50	
- Diluted		0,32		0,50	

Statement of Comprehensive Income for the years ended 31 December 2017 and 2016

	Notes	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Net Profit		1.983.153	11.953	3.143.577	19.165
Other Compreensive Income					
Items that may be reclassified to Income Statement					
Change in the fair value of Financial Assets available for sale	6	(72.857)	(438)	(199.541)	(1.203)
Tax effect (30%)	9	21.857	131	59.863	361
Income not included in the Income Statement	16.1	(51.000)	(307)	(139.678)	(842)
Other Compreensive Income Net of Tax		1.932.153	11.646	3.003.899	18.323

Statement of Changes in Shareholder's Equity
for the years ended 31 December 2017 and 2016

AKZ'000	Capital	Capital Maintenance Reserves	Fair value Adjustment Reserves	Other Reserves and Retained Income	Profit for the Year	Total of Equity
Balance at 31-12-2015	**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 adjustement	-	-	(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 31-12-2016	**2.500.000**	**82.579**	**(139.678)**	**4.816.748**	**3.143.577**	**10.403.226**
Appropriation of 2016 retained income	-	-	-	2.645.869	(2.645.869)	-
2016 Dividends	-	-	-	-	(497.708)	(497.708)
2016 fair value adjustment	-	-	139.678	-	-	139.678
2017 fair value adjustment	-	-	(51.000)	-	-	(51.000)
Retained income	-	-	-	56	-	56
Profit for the year	-	-	-	-	1.983.153	1.983.153
Balance at 31-12-2017	**2.500.000**	**82.579**	**(51.000)**	**7.462.673**	**1.983.153**	**11.977.405**

Statement of Cash Flows for the years ended 31 December 2017 and 2016

	Notes	2017 AKZ'000	2016 AKZ'000
Profit before tax		2.677.559	4.073.501
Add:			
Depreciations	8	390.960	283.824
Provision for potential responsibilities	13/15	121.753	(76.015)
Impairment losses on other assets	10	50.850	-
Less:			
Impairment losses on loans	7	(34.856)	23.643
Dividends paid	16.1	(497.708)	(270.630)
Tax paid	14/15	(748.159)	(458.863)
Cash flows from operating activities		**1.960.399**	**3.575.460**
Increase in loans and advances	7	(1.348.510)	(1.966.034)
Increase (Decrease) in other assets	10	3.990.489	(4.486.976)
Decrease (Increase) in deposits from other banks	11	(2.285.567)	2.237.180
Decrease (increase) in other liabilities	15	(539.181)	48.276
		1.777.630	**(592.094)**
Investing activities			
Purchase of tangible and intangible assets	8	(481.139)	(731.157)
Purchase of trading and investment securities	6	1.986.124	2.273.225
Placements with central Banks and other banks	5	(3.944.968)	968.996
		(2.439.983)	**2.511.064**
Financing activities			
Demand deposits	12	(581.668)	(5.317.553)
Term deposits	12	728.736	(3.320.397)
		147.068	**(8.637.950)**
Decrease in cash and cash equivalents		(515.285)	(6.718.980)
Opening balance of cash and cash equivalents		10.531.780	17.250.760
Closing balance of cash and cash equivalents	3/4	10.016.495	10.531.780

NOTES TO THE FINANCIAL STATEMENT

1. CONSTITUTION AND ACTIVITY

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

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

At the end of 2017, the Bank operated 43 branches throughout the country, 4 of which were opened during 2017.

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 2017.

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. BCA adopted IFRS for the first time in 2016, taking the date of 01 January 2015, as the date of transition.

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 2017 were approved by the Board of Directors at 05 April 2018 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 2.3.18.

Currency of presentation

The financial statements for the years ended 31 December 2017 and 2016, are prepared in thousand of Kwanza (AKZ'000), as per Notice 15/07, article 5° of BNA. The functional currency of the Bank is Kwanza (AKZ). However, the Board has decided that the US Dollar (USD) is the Bank's reference currency as it is the currency most representative of the Bank's international operations. As a result, financial information is disclosed in both currencies in the most relevant notes, as per the Board of Directors' consideration. The AKZ/USD exchange rates used in the preparation of this financial statement were as follows:

Year ended on	Average Rate	Closing Rate
31.12.16	164,021	165,903
31.12.17	165,917	165,924

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

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

2.2. TRANSACTIONS IN FOREIGN CURRENCY

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

2.3. ACCOUNTING POLICIES

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

2.3.1. Financial 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.

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.

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

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

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

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

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

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

2.3.1.5. 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 commissions, taxes and other costs and income relating to credit operations. Loans and other receivables are subsequently valued at amortised cost, using the effective interest rate method and are subject to impairment tests.

Interest income, commissions, fees and other costs and income on credit operations are recognised on an accruals basis over the period of the operations, regardless of when they are received or paid.

Commission received relating to credit commitments is deferred and recognised on a straight-line basis over the period of the commitment.

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

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

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

Impairment

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

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

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

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

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

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

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

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

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

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

Individual Assessment

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

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

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

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

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

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

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

Collective assessment

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

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

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

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

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

Process of loan security assessment

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

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

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

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

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

(i) Properties

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

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

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

(ii) Demand deposit security

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

(iii) Other guarantees and other financial assets

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

2.3.3. Guarantees given and irrevocable commitments

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

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

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

These operations are subject to impairment tests.

2.3.4. Securities 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 2.3.1.1. Securities received through loan agreements are not recognised in the balance sheet.

2.3.5. Equity instruments

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

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

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

2.3.6. Leases

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

2.3.6.1. Finance leases

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

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

2.3.6.2. Operating leases

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

2.3.7. Other tangible Assets

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

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

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

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

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

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

2.3.8. Intangible assets

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

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

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

2.3.9. Employee benefits

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

2.3.9.1. Short-term employee benefits

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

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

2.3.9.2. Post-employment benefits

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

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

2.3.9.3. Termination benefits

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

2.3.10. Provisions and Contingent Liabilities

Provisions are recognised when: (i) the Bank has a present legal or 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.

2.3.11. 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), in Notes 19 and 20, through the effective interest rate method.

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

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

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

2.3.12. Fee and commission income

Fees and commissions are recognised as follows:

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

2.3.13. Income Tax

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

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

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

The income derived from government bonds (short term treasury bills and long term bonds) issued by the state in accordance with the Public Debt Framework Act (Law 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 2013 to 2017 still fall within this legal requirement. Management, however, does not foresee that any material changes could be effected by the tax Office on the self-declarations that were submitted for the period stated above.

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

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

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

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

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

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

Deferred Tax

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

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

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

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

2.3.14. Cash and cash equivalent

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

2.3.15. Dividends received

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

2.3.16. Results of financial operations

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

This caption also includes the gains and losses arising from the sale of 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.

2.3.17. Earnings per share

Basic earnings per share (Note 26) are calculated by dividing net profit attributable to shareholders of the Bank, by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury stock. Actually the Bank has no purchased shares held as treasury stock.

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

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

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

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

Considering that in some cases there are several alternatives to the accounting treatment chosen by the 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.

2.3.18.1. 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.

2.3.18.2. Impairment losses on credit portfolio

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

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

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

2.3.18.3. 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.

2.3.18.4. 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.

3. CASH AND BALANCES AT CENTRAL BANKS

This item, at 31 December 2017 and 2016, had the following composition:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Cash:				
- Local currency	2.240.732	13.505	1.190.007	7.173
- Foreign currency	724.338	4.365	1.093.879	6.594
	2.965.070	17.870	2.283.886	13.767
Balances at the National Bank of Angola (BNA)				
- Local currency	5.948.526	35.851	2.659.156	16.028
- Foreign currency	150.161	905	221.480	1.335
	6.098.687	36.756	2.880.636	17.363
	9.063.757	54.626	5.164.522	31.130

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

The Instruction nº 06/2017, of 01 December, which revoked Instruction nº 2/2016, of 11 April, and Instruction 04/2016, of 13 May, sets the coefficient for the statutory reserve in local currency at 21% in cash. It abolished the possibility of the use of government bonds in partial compliance of the minimum reserve requirement. The coefficient for the statutory reserves in foreign currency is 15% for clients total deposits, and 75% for central government deposits, and 50% for local governments and administrations. On the other hand, this Instruction offers the possibility to deduct from the amount of statutory reserves in local currency, up to 80% of the representatives assets comprised by loans granted to businesses and projects in the agricultural, livestock, forestry, and fishing sectors. The reserve requirement is calculated weekly, on the arithmetic average of balances, on each day of the week. These deposits do not earn interest.

At 31 December 2017, the balances at the National Bank of Angola (BNA) both in local currency and foreign currency are to comply with minimum reserve requirements, and for the weekly foreign currency purchase.

4. BALANCES AT OTHER CREDIT INSTITUTIONS

This item, at 31 December 2017 and 2016, had the following composition:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Outstanding cheques	-	-	458	3
NOSTRO accounts	950.997	5.732	5.257.354	31.689
Pending Operations	1.741	10	109.446	660
	952.738	5.742	5.367.258	32.352

The AKZ 1.741 thousand recorded in "Pending Operations" refer to the amounts regarding the clearing system managed by EMIS.

NOSTRO accounts had the following breakdown:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Banco Português de Negócios	87.329	526	182.171	1.098
First Rand Bank	55.774	336	50.723	306
Natix Banques Populaires	287.279	1.731	204.253	1.231
ABSA – Current Account	1.794	11	3.667	22
BYBLOS Bank	9.446	57	71.824	433
BPI Lisboa	164.538	992	2.074.732	12.505
Atlântico Europa - Portugal	107.316	647	1.310.922	7.902
BCP - Lisboa	237.521	1.432	1.359.062	8.192
	950.997	5.732	5.257.354	31.689

5. PLACEMENTS WITH CENTRAL BANK AND OTHER CREDIT INSTITUTIONS

This item, at 31 December 2017 and 2016, had the following composition:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Placements with local Banks				
- Capital	3.090.000	18.623	-	-
- Accrual interests	3.950	24	-	-
	3.093.950	**18.647**	**-**	**-**
Placements with foreign Banks				
- Capital	1.099.243	6.625	248.854	1.500
- Accrual interests	782	5	153	1
	1.100.025	**6.630**	**249.007**	**1.501**
	4.193.975	**25.277**	**249.007**	**1.501**

The residual maturities profile, at 31 December 2017 and 2016, was as follows:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Up to 3 days	3.174.818	19.135	249.007	1.501
4 to 15 days	914.883	5.514	-	-
31 to 45 days	104.274	628	-	-
	4.193.975	**25.277**	**249.007**	**1.501**

The interest rate of placements at 31 December 2017 was as follows:

- AKZ – 9,70%;
- USD – 1,47%.

Whilst, at 31 December 2016 was as follows:

- USD – 0,54%.

6. FINANCIAL ASSETS AVAILABLE FOR SALE

On the 31 December 2017 and 2016, the trading and investment securities were classified as "Financial assets available for sale", in accordance with the accounting policy described in Note 2.3.1.1.3. They were as displayed below:

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

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

2016							
AKZ'000	**Buying costs**	**Capital revaluation**	**Premium/ Discount**	**Fair value reserve**	**Deferred profits**	**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	1.138.260	626.944	-	(78.105)	12.451	-	1.699.550
- Subordinates bonds	95.414	70.487	-	5.119	4.867	(1.659)	174.229
Shares at EMIS (AKZ)		-	-	-	-	-	-
- Capital	26.253	-	-	-	-	-	26.253
- Supplements	44.980	-	-	-	-	(362)	44.618
	9.591.125	1.961.081	87.068	(199.541)	106.114	(2.021)	11.543.826

2016							
USD'000	**Buying costs**	**Capital revaluation**	**Premium/ Discount**	**Fair value reserve**	**Deferred profits**	**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	525	(1.203)	1.368	(12)	69.582

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

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

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

2016					
AKZ'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Impairment	Net Value
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	1.699.551	-	-	-	1.699.551
- Subordinates bonds	175.887	-	-	(1.659)	174.228
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

2016					
USD'000	Fair value valuation	Amortised cost valuation	Historic cost valuation	Impairment	Net Value
Treasury bills – LCY	5.910	-	-	-	5.910
Treasury bonds – LCY:	44.591	-	-	-	44.591
- Indexed to USD	1.178	-	-	-	1.178
- Non adjustable	6.182	-	-	-	6.182
- MINFIN					
Treasury bonds – FCY:	10.244	-	-	-	10.244
- USD bonds	1.060	-	-	(10)	1.050
- Subordinates bonds					
Shares at EMIS (AKZ)					
- Capital	-	-	158	-	158
- Supplements	-	-	271	(2)	269
	69.165	-	429	(12)	69.582

There are USD 5.640 (AKZ 935.691) thousand of USD Treasury bonds, acquired to fulfill the weekly statutory reserves, in foreign currency, as per Instruction n° 04/2016 of 13 May.

The Treasury bonds are classified at the risk level A, whilst 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.

The BCA supplements at EMIS, were revaluated to the USD/AKZ Exchange rate, and inserted in BCA shares at EMIS, in accordance with the resolution of the General Shareholders Assembly of EMIS of 16 June 2017.

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

2017 Losses/(Gains) associated with the fair value, that may not be reclassified to income statement			
AKZ'000	Fair value reserve	Deferred Tax (30%)	Net Loss/gains recorded in other comprehensive income
Treasury bills	820	(246)	574
Treasury bonds in AKZ			
- Indexed to USD	122.227	(36.668)	85.559
- MINFIN	(200.525)	60.157	(140.368)
Treasury bonds in USD			
- USD bonds	2.330	(699)	1.631
- Subordinates bonds	2.291	(687)	1.604
	(72.857)	21.857	(51.000)

2016 Losses/(Gains) associated with the fair value, that may not be reclassified to income statement			
USD'000	**Fair value reserve**	**Deferred Tax (30%)**	**Net Loss/gains recorded in other comprehensive income**
Treasury bills			
Treasury bonds in AKZ	(75.323)	22.597	(52.726)
- Indexed to USD	(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
	(199.541)	59.863	(139.678)

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

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Treasury Bills				
Up to 6 months	245.183	1.478	980.547	5.910
	245.183	1.478	980.547	5.910
Treasury Bonds				
Up to 6 months	345.883	2.084	1.352.023	8.150
6 months to 1 year	1.702.812	10.263	-	-
More than 1 year	7.165.857	43.188	9.140.385	55.095
	9.214.552	55.535	10.492.408	63.245
Shares at EMIS:				
Unlimited term	97.967	590	70.871	427
	97.967	590	70.871	427
	9.557.702	57.603	11.543.826	69.582

The average interest rates are displayed below:

	2017	2016
	%	%
Treasury bills	16,15	16,63
Treasury bonds indexed to USD	7,32	7,26
Treasury bonds – non adjustable	-	7,00
Treasury bonds – MINFIN	7,75	7,63
Treasuy bonds in USD	6,95	6,72

The shares at EMIS are valued in accordance with Note 2.3.1.1.3.

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

7. LOANS AND ADVANCES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Internal Loans				
- Loans	3.169.551	19.103	2.933.455	17.682
- Overdrafts	4.859.847	29.290	3.778.578	22.776
- Other Loans	4.161.373	25.080	4.165.590	25.108
Non performing Loans and Interest	443.171	2.671	354.163	2.135
Accrued interest				
- Advances	-	-	2.922	18
- Loans and Other Loans	29.109	175	79.833	481
	12.663.051	76.319	11.314.541	68.200
Impairment Losses on Loans	(296.302)	(1.786)	(332.939)	(2.007)
	12.366.749	74.533	10.981.602	66.193

The impairment losses on loans is calculated in accordance with the accounting policies n.º 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.

The credit assets are subject of a greater supervisory approach. The size and typology of credit assets creates the opportunity of significant concentration levels, requiring a particular consideration at risk management level, in a cross-cutting manner.

At 31 December 2017 and 2016 the bank major customer represented 38,28% and 31,63% of the loan portfolio, respectively. The total of the top twenty customers represented in those dates 78,24% and 78,76% of the loan portfolio, respectively.

At 31 December 2017 and 2016 the loans granted to the bank shareholders or to companies managed by them was 32.499 thousand Kwanzas and 51.837 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 2017 and 2016, the annual average loans interest rate (excluding the advances) was 20,42%, and 18,52%, respectively, for loans conceded in local currency – 9,78%, and for loans conceded in foreign currency – 9,61%.

Loans granted in foreign currency were disbursed in previous years. There are no new loans granted in foreign currency, since the entry into force of the Notice 3/2012, which 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 (Artº 8 n.º 2 and n.º 3).

At 31 December 2017 and 2016, the maturity profile of loans and advances was:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Loans and advances:				
Up to 1 year	31.451	190	9.622	58
1 year to 5 years	72.228	435	183.295	1.105
More than 5 years	433.992	2.616	525.413	3.167
	537.671	3.241	718.330	4.330
In local currency:				
Up to 1 year	4.762.940	28.706	4.422.565	26.658
1 year to 5 years	2.495.124	15.038	2.387.190	14.389
More than 5 years	7.469	45	7.879	47
Advances	4.859.847	29.289	3.778.577	22.776
	12.125.380	73.078	10.596.211	63.870
	12.663.051	76.319	11.314.541	68.200

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

For the financial years of 2017 and 2016, bad debts have been deducted from the assets by use of loans provisions, which were rated at G level amounting to AKZ 170 thousand and AKZ 157.063 thousand, respectively.

The composition of loans and advances to clients at 31 December 2017 and 2016 was as follows:

2017 Loans and Advances to Clients							
	Performing off-balance	Performing in-balance	Non preforming loans and advances				
AKZ'000			Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Total
Without impairment	1.328.034	12.219.880	-	-	-	-	13.547.914
With impairment analysed on individual basis	-	-	126.292	-	-	24.060	150.352
- Loans and Interests	-	-	132.962	-	-	229.851	362.813
- Impairment	-	-	(6.670)	-	-	(205.791)	(212.461)
With impairment analysed on collective basis	-	(44.744)	5.779	8.885	9.903	16.694	(3.483)
- Loans and Interests	-	-	6.572	9.316	23.401	41.069	80.358
- Impairment	-	(44.744)	(793)	(431)	(13.498)	(24.375)	(83.841)
	1.328.034	12.175.136	132.071	8.885	9.903	40.754	13.694.783

2016 Loans and Advances to Clients							
	Performing off-balance	Performing in-balance	Non preforming loans and advances				
AKZ'000			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)
	10.991.780	10.960.378	-	17.753	3.471	-	21.973.382

At 31 December 2016, the "other commitments", recorded in the off-balance, had a collateral of 100% (see "Other Assets" in the Balance). They had no credit risk and, therefore, they were excluded from this picture.

The composition of the performing Loans and Advances without signs of impairment, at 31 December 2017 and 2016 was as follows:

2017 Loans and Advances					
	Maturity Profile for Performing Loans and Advances				
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment signs on an individual analysis	4.848.700	4.148.155	-	381.348	9.378.203
Without Impairment signs on a collective analysis	119.948	788	5.187	2.709.612	2.835.535
	4.968.648	4.148.943	5.187	3.090.960	12.213.738

2016 Loans and Advances					
	Maturity Profile for Performing Loans and Advances				
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Performing Loans and Interest					
Without Impairment signs on an individual analysis	6.129.639	1.907.613	-	402.706	8.439.958
Without Impairment signs on a collective analysis	199.276	98.233	115.737	2.107.174	2.520.420
	6.328.915	2.005.846	115.737	2.509.880	10.960.378

The composition of non performing Loans and Advances with impairment signs, at 31 December 2017 and 2016 was as follows:

2017 Loans and Advances

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

2016 Loans and Advances

	Non Performing Classes – Non Performing Loans				
AKZ'000	Up to 30 Days	30 to 90 Days	90 to 180 Days	More than 180 Days	Total
Non Performing Loans and Interest					
With Impairment on an individual basis analysis	-	9.453	46.431	201.281	257.165
With Impairment on a collective basis analysis	-	24.213	18.179	54.606	96.998
	-	33.666	64.610	255.887	354.163

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

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

Segment AKZ'000	Loans Exposures – 2016 Total	Performing	Non performing	Impairment – 2016 Total	Performing Loans	Non performing Loans
Car Loans	17.853	12.042	5.811	3.454	125	3.329
Consumer Credit	459.491	332.189	127.302	115.273	50.182	65.091
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
Corporate Loans	8.259.132	8.093.869	165.163	165.405	1.042	164.363
	11.314.541	10.960.378	354.163	332.939	75.458	257.481

Obs.: During 2017 and 2016 there were no healing of loans operations.

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

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

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

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

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

2016 Exposures					
		Performing loans		Non performing loans	
		Days of delay < 30		Days of delay	Days of delay
Segment AKZ'000	Total Exposure	Without signs	With signs	< = 90	> 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
Corporate Loans	8.553.941	8.282.351	52.041	34.937	184.612
	11.314.541	10.908.337	52.041	118.797	235.366

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

2016 Impairment on Loans and Advances Portfolio					
		Performing loans		Non performing loans	
		Days of delay < 30		Days of delay	Days of delay
Segment AKZ'000	Total Exposure	Without signs	With signs	< = 90	> 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
Corporate Loans	257.796	46.974	2.588	10.681	197.553
	332.939	72.870	2.588	20.045	237.436

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

Car Loans			
Year granted	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2012 and previous years	1	1.247	1.247
2013	1	275	14
2014	6	3.908	1.171
2015	3	2.872	28
2016	-	-	-
2017	-	-	-
	11	8.302	2.460

Consumer credit			
Year granted	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2012 and previous years	9	44.492	5.204
2013	4	1.370	685
2014	2	1.651	17
2015	5	4.219	515
2016	3	8.433	424
2017	2	1.400	13
	25	61.565	6.858

Pre-approved loans			
Year granted	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2012 and previous years	1	215	215
2013	-	-	-
2014	4	940	940
2015	-	-	-
2016	-	-	-
2017	1	631	6
	6	1.786	1.161

Employees loans			
Year granted	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2012 and previous years	52	456.620	68.813
2013	34	8.417	3.230
2014	41	45.553	8.226
2015	43	61.959	614
2016	109	170.320	59.914
2017	128	154.421	1.025
	407	897.290	141.822

Enterprises protocol			
Year granted	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2012 and previous years	78	39.840	5.463
2013	2	393	393
2014	118	103.767	2.576
2015	403	503.279	11.755
2016	416	651.861	12.437
2017	421	798.814	8.758
	1.438	2.097.954	41.382

Overdrafts/Advances			
Year granted	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2012 and previous years	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	3.465	12.404	8.932
	3.465	12.404	8.932

Corporate loans			
Year granted	Number of operations	Amount (AKZ'000)	Impairment (AKZ'000)
2012 and previous years	-	-	-
2013	1	4.500	4.500
2014	2	86.939	80.480
2015	5	6.519.182	25
2016	2	2.648.155	-
2017	10	324.974	8.682
	20	9.583.750	93.687

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

a) at 31 December 2017:

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

2017	Pre-approved Loans		Employees Loans	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	185.875	119.177
Collective assessment	1.786	1.161	711.415	22.645
	1.786	1.161	897.290	141.822

2017	Enterprises Protocol		Overdrafts/Advances	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	2.097.954	41.382	12.404	8.932
	2.097.954	41.382	12.404	8.932

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

b) at 31 December 2016:

2016	Car Loans		Consumer Credit	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment		-	294.809	92.391
Collective assessment	17.853	3.454	164.682	22.882
	17.853	3.454	459.491	115.273

2016	Pre-approved Loans		Employees Loans	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	2.886	2.868	630.572	12.085
	2.886	2.868	630.572	12.085

2016	Enterprises Protocol		Overdrafts/Advances	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	-	-	-	-
Collective assessment	1.938.624	29.647	5.983	4.207
	1.938.624	29.647	5.983	4.207

2016	Corporate Loans		Total	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	8.145.149	154.438	8.439.958	246.829
Collective assessment	113.983	10.967	2.874.583	86.110
	8.259.132	165.405	11.314.541	332.939

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

a) at 31 December 2017:

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

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

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

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

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

b) at 31 December 2016:

2016	Trade		Construction	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	222.833	81.942	-	-
Collective assessment	362.738	2.806	18.220	157
	585.571	84.748	18.220	157

2016	Electricity		Fishing	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	7.982.282	-	-	-
Collective assessment	419.266	6.784	18	18
	8.401.548	6.784	18	18

2016	Particulars		Services	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	202.064	133.391	-	-
Collective assessment	1.917.856	74.833	156.485	1.512
	2.119.920	208.224	156.485	1.512

2016	Transportation		Total	
AKZ'000	Total exposure	Impairment	Total exposure	Impairment
Individual assessment	32.779	31.496	8.439.958	246.829
Collective assessment	-	-	2.874.583	86.110
	32.779	31.496	11.314.541	332.939

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

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

2016	Angola	
AKZ'000	Total exposure	Impairment
Individual assessment	8.439.958	246.829
Collective assessment	2.874.583	86.110
	11.314.541	332.939

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

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

2016	Non performing Loans		
AKZ'000	Number of Operations	Exposures	Impairment
Extension of term	-	-	-
Period of grace	-	-	-
Reduction of interest rate	-	-	-
	-	-	-

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

AKZ'000	2017	2016
Opening balance of restructured loans (gross of impairment)	-	-
Restructured loans in the period	2.457	-
Accrued interests of restructured loans portfolio	62	-
Partial or total settlement of restructured loans	-	-
Loans reclassified from “restructured” to “normal”	-	-
Others	-	-
Closing balance of restructured loans (gross of impairment)	2.519	-

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

2017								
Fair value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
AKZ'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 and < 100	2	172.518	-	-	-	-	-	-
> = 100 and > 500	-	-	-	-	32	255.916	78	159.891
> = 500 and > 1000	-	-	-	-	-	-	-	-
> = 1000 and > 2000	-	-	-	-	-	-	-	-
> = 2000 and > 5000	-	-	-	-	-	-	-	-
> = 5000	-	-	3	11.272.749	-	-	-	-
	2	172.518	3	11.272.749	32	255.916	78	159.891

2016								
Fair value	Corporate				Housing			
	Property		Other real guarantees		Property		Other real guarantees	
AKZ'000	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50	-	-	-	-	-	-	-	-
> = 50 and < 100	2	59.712	-	-	-	-	-	-
> = 100 and > 500	-	-	-	-	26	231.088	119	230.750
> = 500 and > 1000	-	-	-	-	-	-	-	-
> = 1000 and > 2000	-	-	-	-	-	-	-	-
> = 2000 and > 5000	-	-	-	-	-	-	-	-
> = 5000	-	-	4	11.666.027	-	-	-	-
	2	59.712	4	11.666.027	26	231.088	119	230.750

The below figures display the amounts of lending, by lending ratio, at 31 December 2017 and 2016:

2017					
Segment/Ratio	Number of properties	Number of other real guarantees	Performing loans (AKZ'000)	Non performing loans (AKZ'000)	Impairment (AKZ'000)
Corporate	2	3	4.487.567	2.519	1.725
With no guarantees associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% and <75%	-	-	-	-	-
> = 75% and <100%	-	-	-	-	-
> = 100%	2	3	4.487.567	2.519	1.725
Housing	26	78	348.543	24.827	12.268
With no guarantees associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% and <75%	26	-	316.192	17.338	6.805
> = 75% and <100%	-	-	-	-	-
> = 100%	-	78	32.351	7.489	5.463
	28	81	4.836.110	27.346	13.993

2016					
Segment/Ratio	Number of properties	Number of other real guarantees	Performing loans (AKZ'000)	Non performing loans (AKZ'000)	Impairment (AKZ'000)
Corporate	2	3	7.663.064	7.581	1.277
With no guarantees associated	n.a	n.a	-	-	-
< 50%	-	-	-	-	-
> = 50% and <75%	-	-	-	-	-
> = 75% and <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% and <75%	26	-	363.525	69.985	22.741
> = 75% and <100%	-	-	-	-	-
> = 100%	-	119	76.815	9.141	4.137
	28	122	8.103.404	86.707	28.155

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

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

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

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

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

2016				
Segment		**Low Risk Grade**		
Risk grade-BNA	**aaa/1**	**aa+/2**	**aa/3**	
AKZ'000	**A**	**B**	**C**	**Subtotal**
Car Loans	-	11.937	237	12.174
Consumer Credit	-	324.615	24.053	348.668
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
Corporate Loans	7.416.163	623.420	-	8.039.583
	7.416.163	3.486.759	36.662	10.939.584

2016				
Segment		**Medium Risk Grade**		
Risk grade-BNA	**bbb+/6**	**bbb/7**	**bbb-/8**	
AKZ'000	**D**	**D**	**D**	**Subtotal**
Car Loans	2.359	-	-	14.533
Consumer Credit	41.910	-	-	171.029
Pre-approved Loans	-	-	-	4
Employees Loans	1.896	-	-	625.120
Enterprises Protocol	6.489	-	-	1.920.825
Overdrafts/Advances	-	-	-	1.595
Corporate Loans	-	-	-	8.259.132
	52.654	-	-	10.992.238

2016				
Segment		**High Risk Grade**		
Risk grade-BNA	**ccc+/10**	**ccc/11**	**ccc-/12**	
AKZ'000	**E**	**F**	**G**	**Subtotal**
Car Loans	-	2.073	1.247	17.853
Consumer Credit	11.798	26.234	30.881	459.491
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
Corporate Loans	-	34.937	184.612	8.259.132
	19.543	66.021	236.739	11.314.541

The movement on impairments during the years of 2017 and 2016 was:

AKZ'000	2017	2016
Opening balance	**332.939**	**485.230**
Reinforcements	89.531	195.447
Deductions	(124.387)	(171.804)
Impairment losses for the year	(34.856)	23.643
Used	(1.781)	(175.934)
Closing balance	**296.302**	**332.939**

8. OTHER TANGIBLE AND INTANGIBLE ASSETS

2017 Intangible Assets					
AKZ'000	Opening Balance	Increases	Transfers	Write-off	Closing Balance
Cost					
Software	72.095	-	-	(45.111)	26.984
Other Intangible Assets	49.536	1.681	-	(22)	51.195
	121.631	1.681	-	(45.133)	78.179
Depreciation					
Software	(67.374)	(2.331)	-	45.111	(24.594)
Other Intangible Assets	(17.062)	(7.850)	-	22	(24.890)
	(84.436)	(10.181)	-	45.133	(49.484)
Net					
Software	4.721	(2.331)	-	-	2.390
Other Intangible Assets	32.474	(6.169)	-	-	26.305
	37.195	(8.500)	-	-	28.695

2016 Intangible Assets					
AKZ'000	Opening Balance	Increases	Transfers	Write-off	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
Depreciation					
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

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

2016 Other Tangible Assets						
AKZ'000	Opening balance	Increases	Transfers	Regularis.	Write-off	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
Work 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
Depreciation						
Buildings	(231.610)	(80.601)	-	-	23	(312.188)
Equipment	(1.062.126)	(124.810)	-	-	177.588	(1.009.348)
Work in rented properties	(395.482)	(66.343)	-	-	1.206	(460.619)
	(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
Work 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

9. DEFERRED TAX RECEIVABLE

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Variations in fair value of Assets available for sale	72.857	438	199.541	1.203
Income Tax	30%	30%	30%	30%
Deferred Tax Receivable	21.857	131	59.863	361

10. OTHER ASSETS

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Foreign Exchange operation	-	-	3.959.645	23.867
VISA cards	597.246	3.600	463.446	2.794
EMIS	8.839	53	8.839	53
Customs Department	-	-	10.252	62
- Gains	50.850	306	10.252	62
- Impairment	(50.850)	(306)	-	-
Advance Income Tax	47.419	286	29.282	177
International school	-	-	-	-
- Investment	290.866	1.753	290.832	1.753
- Impairment	(290.866)	(1.753)	(290.832)	(1.753)
Stationary	18.121	109	59.802	361
Accruals	115.791	698	114.861	692
- Health Insurance	98.859	596	79.435	479
- Rental and hire	15.727	95	30.036	181
- Others	1.205	7	5.390	32
Sectional purchase ABANC HQ	18.114	109	19.321	116
Unsold vehicle licence discs	11.307	68	13.178	79
Expense Advance	57.121	344	47.461	286
Artistic Patrimony	1.467	9	1.467	9
Others	2.983	18	122.256	737
	878.408	5.294	4.849.810	29.233

The amounts recorded in the foreign Exchange operations, in 2016, were expressed in local currency. There purpose was to purchase foreign currency at BNA on behalf of clients.

The account "VISA cards" is made up of a collateral for the settlement of amounts that will fall due from the use of the bank's VISA prepaid and credit cards, in the amount of EUR 3,22 millions (2,50 millions, in 2016).

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

The deferred tax is a result of the advance income tax for 2017, paid in August 2017, in the light of the law 19/14.

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

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

The Sectional purchase for the ABANC (Banker´s Association) headquarter, undertook by BCA, is to be depreciated for 20 years from 2013.

The unsold licence vouchers, amounting to AKZ 11.307 thousand, in the Bank's possession at 31 December 2017, 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 2017 the expense advances were composed by the amounts advanced to the branches to acquire consumables for their daily use.

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

In "Others" account, there is an unreconciled 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

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
From banks in the country				
- Deposits from other banks	-	-	2.315.000	13.954
- Interest to be paid to other banks	-	-	3.771	23
- Certified cheques	88.110	531	57.442	346
- Bankers cheques	117	1	117	1
- Withholding income tax	6.219	37	1.834	11
- Withholding urban property tax	470	3	139	1
- Cashier excesses	1.159	7	1.265	8
- Others	224.647	1.354	226.721	1.366
	320.722	1.933	2.606.289	15.710

In 31 December 2016, the deposits from other credit institutions in the country were deposits from "Banco Prestígio" (AKZ900.000 thousand), Banco Valor (AKZ 715.000 thousand), and FINIBANCO (AKZ 700.000 thousand).

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

There is in "Others" an amount of AKZ 124.764 thousand (in 31 December 2017 and 2016), which refers to bankers cheques with more than 2 years, not claimed by clients; the amount of AKZ 9.640 thousand (2016: AKZ 11.877 thousand) which is concerned with the "Credit Transfer system"; the amount of AKZ 71.934 thousand (2016: AKZ 29.116 thousand), regarding the EMIS Settlement System; the amount of AKZ 12.696 thousand to be paid to suppliers, and the amount belonging to clients, for transfer purpose, pending due to lack of some documentation.

12. DEPOSITS FROM CLIENTS

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Demand deposits				
- In local currency	18.920.008	114.029	17.083.896	102.975
- In foreign currency	2.527.410	15.232	4.945.190	29.808
	21.447.418	**129.261**	**22.029.086**	**132.783**
Term deposits				
- In local currency	4.614.153	27.809	4.159.227	25.071
- In foreign currency	2.205.292	13.291	1.931.482	11.642
	6.819.445	41.100	6.090.709	36.713
	28.266.863	**170.361**	**28.119.795**	**169.496**

On 31 December 2017 and 2016, the major bank deposit was 13,76% and 16,93% of all deposits, respectively. The Top 20 deposits represented 55,35% and 64,45% of all deposits.

The analysis of the residual maturity profile is as follows:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Term deposits in local currency:				
Up to 3 months	2.917.556	17.584	2.383.543	14.368
From 3 to 6 months	1.564.795	9.431	1.661.249	10.014
From 6 to 12 months	125.224	755	114.435	689
More than 1 year	6.578	39	-	-
	4.614.153	**27.809**	**4.159.227**	**25.071**
Term deposits in foreign currency:				
Up to 3 months	1.077.241	6.492	857.908	5.171
From 3 to 6 months	766.676	4.621	723.165	4.359
From 6 to 12 months	361.375	2.178	350.409	2.112
	2.205.292	13.291	1.931.482	11.642
	6.819.445	**41.100**	**6.090.709**	**36.713**

13. PROVISIONS

	2017 AKZ'000	2016 AKZ'000
Opening Balance	**150**	**76.165**
- Reinforcements	-	-
- Deductions	-	(76.015)
Provisions for the year	-	150
Used	-	-
Closing Balance	**150**	**150**

The provisions for potential liabilities are the compensation for workers retirement, which were constituted on a yearly basis, as per the former Angolan Labour Law n° 02/00 of 11 February 2000. They were reversed in 2016, as the current Labour Law n° 07/2015 of 15 June 2015, does not require any entity to set aside provisions for compensation for workers.

14. INCOME TAXES

The income tax reconciliation at 31 December 2017 and 2016 is presented below:

	2017 AKZ'000	2016 AKZ'000
Income before tax	2.677.559	4.073.501
Changes in equity	-	398.965
Non deductable costs	313.046	127.117
Tax exempt income	(675.918)	(1.499.837)
Taxable profit	2.314.687	3.099.746
Nominal tax rate	30%	30%
Net income tax payable	**694.406**	**929.924**
Effective tax rate	26%	23%

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

15. OTHER LIABILITIES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Suppliers	426.567	2.570	917.998	5.533
Provisions	661.012	3.984	586.067	3.532
Staff	76.551	461	89.845	542
Fiscal obligations	34.682	209	42.741	258
Deposits for foreign Exchange operations	129.663	782	121.345	731
Dividends payable	106.542	642	102.508	618
	1.435.017	**8.648**	**1.860.504**	**11.214**

There is in "Provisions" account an amount of incurred costs whose invoices were not received as at 31 December 2017, such as, health care (AKZ 164.639 thousand), rent (AKZ 157.912 thousand), communications (AKZ 29.919 thousand), IT services (AKZ 57.272 thousand), probable contingencies (AKZ 121.753 thousand), and others whose payment had not been settled by the end of the year.

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

Fiscal Obligations refer essentially to income tax deducted from employees' salaries, stamp tax and social security contributions, and capital gains tax. All these amounts were liquidated on January 2018.

At 31 December 2017 (and 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 of dividends to be paid to the families of deceased shareholders, awaiting the court judgement on legal heirs. There are in this accounts, dividends belonging to actual shareholders, related to the shares acquired from the former shareholder ABSA, after its exit from the BCA shareholding structure. A decision on its division among the actual shareholders is been waited for.

16. 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 2017 and 2016 the bank shareholders structure did not change, and was as follows:

	Number of Shares	% of Capital
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 2017 and 2016.

16.1. Statement of Shareholders' Equity

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

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

The "Fair value adjustment reserves", derived from difference between the fair value assessment of assets available for sale, and their respective book value, after deduction of 30% recorded in "Deferred taxes receivable".

At 31 December 2017, the amount of AKZ 6,38 billion recorded in "Free reserves" account, could be used either to cover cumulated losses, or to increase the capital.

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

17. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets held for trading

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

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

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

Loans and advances

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

Deposits from Central Banks and Other Credit Institutions

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

Deposits from clients and other liabilities

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

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

	2017					
		Fair Value Valuation				
AKZ'000	Amortised Cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total Amount in Balance	Fair Value
Assets	27.173.388	-	9.557.702	-	36.731.090	36.731.090
Cash and balances at Central Bank	9.063.757	-	-	-	9.063.757	9.063.757
Balances at OCI	952.738	-	-	-	952.738	952.738
Placements with CB and OCI	4.193.975	-	-	-	4.193.975	4.193.975
Financial assets available for sale	-	-	9.557.702	-	9.557.702	9.557.702
- Bonds issued by government	-	-	9.288.312	-	9.288.312	9.288.312
- Bonds of other issuers	-	-	171.423	-	171.423	171.423
- Shares	-	-	97.967	-	97.967	97.967
Loans and Advances	12.366.749	-	-	-	12.366.749	12.366.749
Other Assets	596.169	-	-	-	596.169	596.169
Liabilities	(28.717.248)	-	-	-	(28.717.248)	(28.717.248)
Deposits from CB and OCI	(320.722)	-	-	-	(320.722)	(320.722)
Demand Deposits from Clients	(21.447.418)	-	-	-	(21.447.418)	(21.447.418)
Term Deposits from Clients	(6.819.445)	-	-	-	(6.819.445)	(6.819.445)
Deposits for FX Operations	(129.663)	-	-	-	(129.663)	(129.663)
	(1.543.860)	-	9.557.702	-	8.013.842	8.013.842

2016						
		Fair Value Valuation				
AKZ'000	Amortised Cost	Market quotations (Level 1)	Valuation model with parameters observable in the market (Level 2)	Valuation model with parameters non observable in the market (Level 3)	Total Amount in Balance	Fair Value
Assets	25.722.034	-	11.543.826	-	37.265.860	37.265.860
Cash and balances at Central Bank	5.164.522	-	-	-	2.880.636	2.880.636
Balances at OCI	5.367.258	-	-	-	5.367.258	5.367.258
Placements with CB and OCI	249.007	-	-	-	249.007	249.007
Financial assets available for sale	-	-	11.543.826	-	11.543.826	11.543.826
- Bonds issued by government	-	-	11.298.726	-	11.298.726	11.298.726
- Bonds of other issuers	-	-	174.229	-	174.229	174.229
- Shares	-	-	70.871	-	70.871	70.871
Loans and Advances	10.981.602	-	-	-	10.981.602	10.981.602
Other Assets	3.959.645	-	-	-	3.959.645	3.959.645
Liabilities	(30.847.429)	-	-	-	(30.847.429)	(30.847.429)
Deposits from CB and OCI	(2.606.289)	-	-	-	(2.606.289)	(2.606.289)
Demand Deposits from Clients	(22.029.086)	-	-	-	(22.029.086)	(22.029.086)
Term Deposits from Clients	(6.090.709)	-	-	-	(6.090.709)	(6.090.709)
Deposits for FX Operations	(121.345)	-	-	-	(121.345)	(121.345)
	(5.125.395)	-	11.543.826	-	6.418.431	6.418.431

18. INTEREST AND OTHER SIMILAR INCOME

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Loans & Advances to Customers	2.563.809	15.452	2.460.773	15.003
Term Deposits with Banks abroad	13.529	81	5.990	37
Interbank Lending	196.576	1.185	229.185	1.397
Other Debtors and Investments	16.378	99	69.700	425
Treasury Bonds and Bills	735.667	4.434	1.206.399	7.355
	3.525.959	21.251	3.972.047	24.217

The income above displayed were calculaded in accordance with the accounting policy n.º 2.3.11.

19. INTEREST AND OTHER SIMILAR EXPENSES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Term deposits from Clients	257.416	1.551	222.152	1.355
Deposits from OCI in the Country	37.776	228	55.274	337
	295.192	1.779	277.426	1.692

Both the interest and other similar income, the interest and other similar expenses were calculated in accordance with the accounting policy n.º 2.3.11.

20. FEE AND COMMISSION INCOME

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Withdrawal Fees	91.627	552	68.254	416
From general banking services	2.146.375	12.936	1.808.319	11.025
From guarantees given by the Bank	137	1	329	2
	2.238.139	13.489	1.876.902	11.443

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

21. FEE AND COMISSION EXPENSES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Electronic settlements fees	(61.212)	(368)	(37.210)	(227)
Fees paid to Nostro banks	(13.094)	(79)	(14.604)	(89)
	(74.306)	(447)	(51.814)	(316)

Both fee and comission expenses were calculated in accordance with the accounting policy n.º 2.3.12.

22. RESULTS OF FINANCIAL OPERATIONS

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Gains from FX transactions	1.270.185	7.655	1.418.685	8.650
Losses from FX transactions	(144.773)	(872)	(287.272)	(1.751)
Treasury bonds revaluations	884	5	865.005	5.273
	1.126.296	6.788	1.996.418	12.172

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

23. OTHER OPERATING EXPENSES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Taxes and Similar Expenses	(79.271)	(477)	(113.757)	(693)
Regulation's Penalty	(1.836)	(11)	(1.042)	(6)
Others	(20.016)	(121)	(17.954)	(110)
	(101.123)	(609)	(132.753)	(809)

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.º 23.3 of the Presidential Decree n.º 3/14; fees paid for the use of SPTR service provided by the Central Bank.

24. SALARIES AND OTHER PAYROLL EXPENSES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Corporate Board Salaries	98.699	595	85.975	524
Employees Salaries	1.125.788	6.785	1.250.828	7.626
Health, work accident insurance	204.257	1.231	107.618	656
Others	104.155	628	66.557	406
	1.532.899	9.239	1.510.978	9.212

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

All salaries and other payroll expenses are short term employee benefits, as per the accounting policy 2.3.9.1. The Bank had 267 employees at 31 December 2017 (269 at 31 December 2016).

25. THIRD PARTY SUPPLIES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Communication Costs	252.270	1.520	199.358	1.215
Stationary/Consumables	299.486	1.806	306.712	1.871
Water and Electricity	24.903	150	20.818	127
Repairs and Maintenance	97.280	586	44.563	272
Fuel and Lubricant	33.129	200	20.578	125
Professional Services	101.205	610	152.468	929
Travel and other related Costs	28.026	169	52.947	323
Marketing	102.022	615	89.227	544
Rentals	209.451	1.262	224.629	1.369
Insurance	13.591	82	9.997	61
IT services	120.838	728	112.904	688
Security Services	176.935	1.066	146.290	892
Transport for Staff and Assets	42.539	256	42.026	256
Staff Training	31.500	190	21.743	133
Casual Labours	48.228	291	45.489	277
Others	99.205	598	77.694	474
	1.680.608	10.129	1.567.443	9.556

The professional services were incurred acquiring external consultancy to implement the AML/FT, FATCA, fiscal, external audit, and others.

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

Leases	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Up to 1 Year	185.274	1.117	224.629	1.354
From 1 Year to 5 Years	926.369	5.583	1.127.448	6.796
	1.111.643	6.700	1.352.077	8.150

26. EARNINGS PER SHARE

Earnings per share are calculated as follows:

AKZ'000	2017	2016
Net Profit for the year	1.983.153	3.143.577
Adjusted net profit	1.983.153	3.143.577
Average number of shares	6.250.000	6.250.000
Basic earnings per share	0,32	0,50
Diluted earnings per share	0,32	0,50

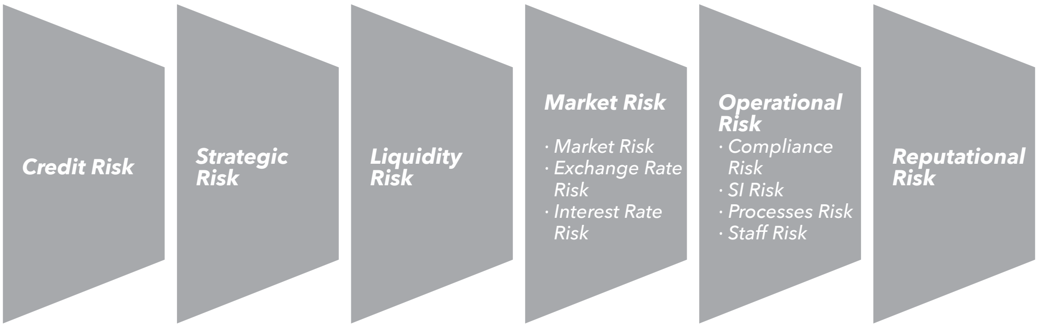
There are no preference shares in BCA share capital structure. The average number of shares was 6.250.000 in 2017 and 2016.

27. RISK MANAGEMENT

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

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

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

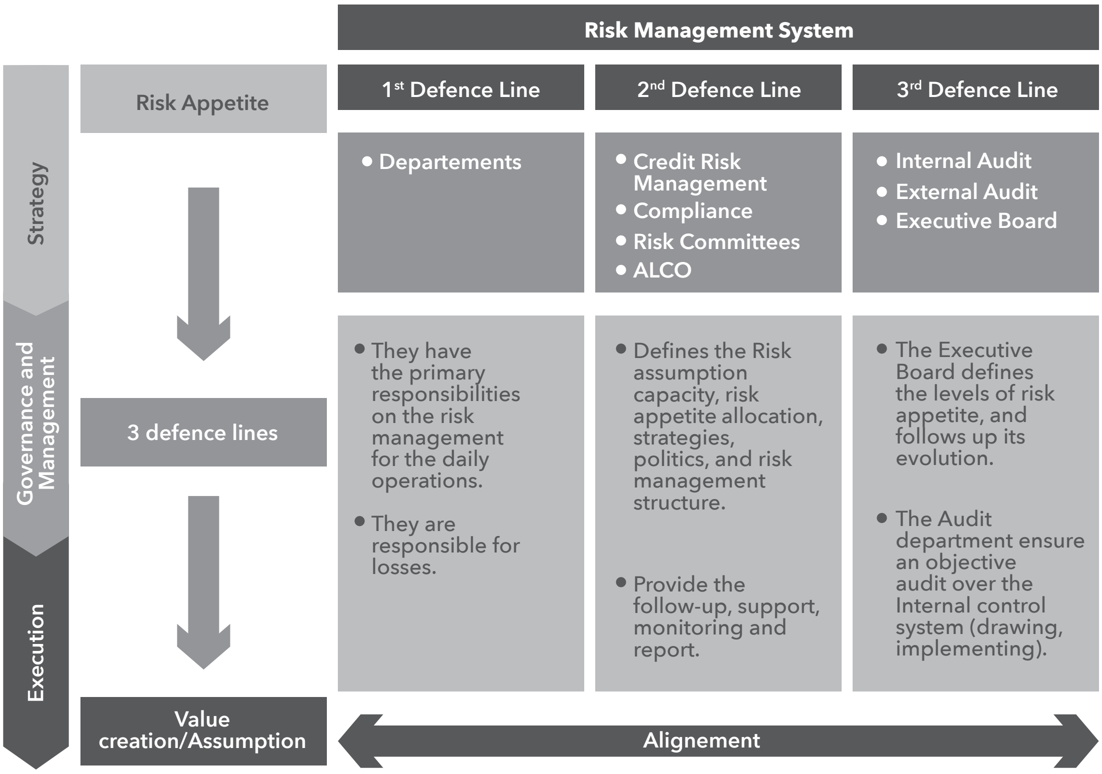


BCA's risk and ethical culture is aligned with its risk philosophy. The bank's objective is to ensure that a world-class risk management culture is sustained throughout its operations.

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

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



Credit and Counterparty risk

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

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

- merits of the business;
- debtor's financial position; and
- transaction (the decision should never be based on guarantee only).

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

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

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

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

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

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 2017, 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 other hand support levels to the business in the capture of good risk customers were intensified and improvements were implemented in the procedures with the objective to swiftly and effectively provide answers to customers' requests.

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

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

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

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

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

The maximum exposure of financial instruments to credit risk was:

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

2016			
AKZ'000	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
- Financial 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
- Undrawn commitments	10.986.654	-	10.986.654
	46.308.714	(335.110)	45.973.604

The "Other Commitments", recorded in off balance for the year ended 31 December 2016, had a collateral of 100% (see "Other Assets" account in balance, of the previous year), they had no credit risk exposure and, therefore, were excluded from this picture.

The credit risk quality of financial instruments, at 31 December 2017 and 2016 was:

AKZ'000	Internal Grade of Rating	In Balance Values	Gross Exposure	Impairment	Net Exposure
2017					
Balances at Central Bank	A	6.098.687	6.098.687	-	6.098.687
Balances at OCI	A	952.738	952.738	-	952.738
Placements		4.193.975	4.193.975	-	4.193.975
- With Central Bank	A	1.090.357	1.090.357	-	1.090.357
- With OCI	A	3.103.618	3.103.618	-	3.103.618
Fin. Assets Available for Sale		9.559.723	9.559.723	2.021	9.557.702
- Government Bonds	A	9.288.312	9.288.312	-	9.288.312
- Other Bonds issuers	B	173.082	173.082	1.659	171.423
- Shares	B	98.329	98.329	362	97.967
Loans and Advances		12.663.051	13.991.175	296.302	13.694.873
	A	9.221.943	10.479.956	-	10.479.956
	B	2.976.218	3.043.026	29.665	3.013.361
	C	154.110	156.714	7.646	149.068
	D	52.384	52.384	10.850	41.534
	E	16.661	16.661	8.331	8.330
	F	1.821	1.821	1.275	546
	G	239.914	240.613	238.535	2.078
Other Assets		647.019	647.019	50.850	596.169
- BAI collateral	B	596.169	596.169	-	596.169
- Custom Gains	G	50.850	50.850	50.850	-
		34.115.193	35.443.317	349.173	35.094.144

2016					
AKZ'000	Internal Grade of Rating	In Balance	Gross Exposure	Impairment	Net Exposure
Balances at Central Bank	A	2.880.636	2.880.636	-	2.880.636
Balances at OCI	A	5.367.258	5.367.258	-	5.367.258
Placements		249.007	249.007	-	249.007
- With OCI	A	249.007	249.007	-	249.007
Fin. Assets Available for Sale		11.545.847	11.545.847	2.021	11.543.826
- Government Bonds	A	11.298.726	11.298.726	-	11.298.726
- Other Bonds issuers	B	175.888	175.888	1.659	174.229
- Shares	B	71.233	71.233	362	70.871
Loans and Advances		11.314.541	24.377.764	332.939	24.044.825
	A	8.373.994	19.845.776	-	19.845.776
	B	2.527.413	3.858.266	31.157	3.827.109
	C	36.867	298.762	8.155	290.607
	D	52.655	52.655	10.991	41.664
	E	19.543	19.543	8.320	11.223
	F	66.020	66.020	42.941	23.079
	G	238.049	236.742	231.375	5.367
Other Assets		3.959.645	3.959.645	-	3.959.645
		35.316.934	48.380.157	334.960	48.045.197

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

The sector analysis of credit risk exposure for the years ended in 31 December 2017 and 2016, was as follows:

2017						
	Loans and Advances				Impairment	
AKZ'000	Performing	Non performing	Total Exposure	Relative Weighting	Amount	Coverage of exposure
Institutions	**10.606.177**	**211.666**	**10.817.843**		**94.814**	
Wholesale and retail	252.262	85.009	337.271	2%	87.042	26%
Other collective, social, and personnel services	150.726	126.657	277.383	2%	7.495	3%
Construction	6.526	-	6.526	0%	66	1%
Manufacturing industry	10.166.663	-	10.166.663	73%	-	-
Transport, warehousing, communication	30.000	-	30.000	0%	211	1%
Individuals	**3.111.565**	**231.505**	**3.343.070**		**201.488**	
Consumption	2.870.285	166.309	3.036.594	20%	179.576	6%
Housing	32.599	65.190	97.789	1%	11.258	12%
Other purposes	208.681	6	208.687	1%	10.654	5%
	13.717.742	**443.171**	**14.160.913**		**296.302**	

2016						
	Loans and Advances				Impairment	
AKZ'000	Performing	Non performing	Total Exposure	Relative Weighting	Amount	Coverage of exposure
Institutions	**19.444.966**	**100.770**	**19.545.736**		**124.480**	
Wholesale and retail	3.185.953	91.510	3.277.463	13%	85.679	3%
Other collective, social, and personnel services	52.131	-	52.131	0%	521	1%
Manufacturing industry	16.174.103	9.260	16.183.363	75%	6.784	0%
Transport, warehousing, communication	32.779	-	32.779	0%	31.496	96%
Individuals	**2.507.192**	**253.393**	**2.760.585**		**208.459**	
Consumption	1.885.787	46.535	1.932.322	8%	43.058	2%
Housing	517.753	115.086	632.839	3%	80.323	13%
Other purposes	103.652	91.772	195.424	1%	85.078	44%
	21.952.158	**354.163**	**22.306.321**		**332.939**	

The geographical concentration of credit risk at 31 December 2017, and 2016, was 100% in Angola.

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

The goods provided as real guarantees secured by mortgage are assessed either by indepedent evaluators, or by the own institution unity of structure, independent of the trading area. The assessment of goods is executed locally by external evaluators, in accordance with the best pratices of the market.

The calculation model of impairment losses of the Bank loans portfolio is implemented since December 2016, ruled by the general principles set in IAS 39, and the guidelines of IAS/ IFRS adoption established by BNA, in other to adjust the calculation process to the international best practices.

The Bank impairment losses model begins by segmenting the loans clients into groups, taking into account the signs of impairment (based on internal and external sources of information), and the size of exposures of each economic group/client.

In the individually significant group, the clients exposures are submitted to an individual analysis. This assessment is based on the debtor credit quality, and on the expectance of loan recovering, taking into account the collaterals, the existing guarantees, the historic financial information, and the forecasts (budgets and appraisals).

The amount of impairment loss for individually significant clients is assessed using the discounted cash-flows method, that is, the amount of impairment loss equates to the difference between the value of the loan, and the sum of the expected cash-flows regarding several operations of the client, upgraded in accordance with the interest rate of each operation.

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 being closed.

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

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

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

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

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

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

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

The liquidity risk process monitoring includes:

- Monthly Cash flows expressed as percentage of the total deposits and current accounts;
- Allocation of in-balance and off-balance positions to bands of time, in accordance with regulations;
- Required reserves and other required regulations.

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

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

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

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

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

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

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

2017 Summary of Liquidity Report – Local Currency				
AKZ'000	Weighted band of maturity - up to 1 month	Weighted band of maturity 2 - from 1 to 3 months	Weighted band of maturity 3 - from 3 to 6 months	Weighted band of maturity 4 - from 6 to 12 months
A. Net Assets				
Cash	2.240.732	-	-	-
Amount in transit	-	-	-	-
Balances with the Central Bank (including the Legal Reserves)	6.738.526	-	-	-
Assets eligible as guarantees in loans operations of BNA	7.450.790	-	-	-
Balances with foreign banks	-	-	-	-
Trading and investment securities	35.617	-	-	-
Total of Net Assets	16.465.665	-	-	-
B. Outgoing of cash-flows				
Demand deposits	6.330.666	-	-	-
Term deposits	68.453	105.368	120.178	29.019
Operations in MMI - with financial institutions	-	-	-	-
Irrevocable commitments to others	-	-	-	-
Total of Outgoing of Cash-Flows	6.399.119	105.368	120.178	47.204
C. ingoing of cash-flows				
Operations in MMI - with the Central Bank	300.357	-	-	-
Operations in MMI - with Financial Institutions	-	-	-	-
Loans and Advances	2.504.426	93.108	156.955	309.814
Total Ingoing of Cash-Flows	2.804.783	93.108	156.955	309.814
D. Liquidity and Observation Ratios				
Total of net assets (A)	16.465.665	-	-	-
Total of outgoing of cash-flows (B)	6.399.119	105.368	120.178	47.204
Total of ingoing of cash-flows (C)	2.804.783	93.108	156.955	309.814
Gap (A +C - B)	12.871.329	12.260	36.776	262.610
Cumulative gap	12.871.329	12.859.070	12.895.846	13.158.456
liquidity ratio (A. / (B. - min. (C ; B* 75%)	4,58			
Observation ratios((gap of previous band of maturity + c)/B)		123,04	108,31	279,76

AKZ'000	Weighted band of maturity - up to 1 month	Weighted band of maturity 2 - from 1 to 3 months	Weighted band of maturity 3 - from 3 to 6 months	Weighted band of maturity 4 - from 6 to 12 months
A. Net Assets				
Cash	2.965.070	-	-	-
Amount in transit	-	-	-	-
Balances with the Central Bank (including the Legal Reserves)	6.888.687	-	-	-
Assets eligible as guarantees in loans operations of BNA	8.745.379	-	-	-
Balances with foreign banks	950.997	-	-	-
Trading and investment securities	123.572	-	-	-
Total of Net Assets	**19.673.706**	-	-	-
B. Outgoing of cash-flows				
Demand deposits	20.722.872	-	-	-
Term deposits	124.052	268.106	169.052	272.298
Operations in MMI - with financial institutions	-	-	-	-
Irrevocable commitments to others	-	-	-	18.185
Total of Outgoing of Cash-Flows	**20.846.924**	**268.106**	**169.052**	**290.483**
C. ingoing of cash-flows				
Operations in MMI - with the Central Bank	300.357	-	-	-
Operations in MMI - with Financial Institutions	-	-	-	-
Loans and Advances	2.508.429	101.400	169.177	330.692
Total Ingoing of Cash-Flows	**2.808.785**	**101.400**	**169.177**	**330.692**
D. Liquidity and observation ratios				
Total of net assets (A)	19.673.706	-	-	-
Total of outgoing of cash-flows (B)	7.029.969	268.106	169.052	290.483
Total of ingoing of cash-flows (C)	2.808.785	101.400	169.177	330.692
Gap (A +C - B)	**15.452.522**	**166.706**	**125**	**40.209**
Cumulative gap	**15.452.522**	**15.285.816**	**15.285.941**	**15.326.150**
liquidity ratio (A. / (B. - min. (C ; B* 75%)	**4,66**			
Observation ratios((gap of previous band of maturity + c)/B)		**58.01**	**91.42**	**53.76**

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

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

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

2017
Residual Maturity Profile

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

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

2016
Residual Maturity Profile

AKZ'000	Demand	<= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Unlimited	Total
Assets	16.400.464	147.079	1.518.465	1.781.461	675.182	3.864.840	6.409.640	1.681.968	4.030.516	36.509.615
Balances with Central Bank	2.880.636	-	-	-	-	-	-	-	-	2.880.636
Balances with OCI	5.367.258	-	-	-	-	-	-	-	-	5.367.258
Placements with OCI	-	-	249.007	-	-	-	-	-	-	249.007
- Local financial institutions	-	-	-	-	-	-	-	-	-	-
- 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	70.871	11.692.237
- 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	-	-	-	-	-	-	-	-	70.871	70.871
Loans and dvances	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 OCI	(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)	(1.186.263)	202.402	(546.054)	(476.461)	3.859.923	6.409.640	1.681.968	3.681.185	5.662.186
Cumulative Gap	(7.964.154)	(9.150.417)	(8.948.015)	(9.494.069)	(9.970.530)	(6.110.607)	299.033	1.981.001	5.662.186	5.662.186

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

2017 Residual Contractual Maturity Profile										
AKZ'000	Demand	<= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Unlimited	Total
Assets	12.116.796	4.196.694	4.913.549	439.375	1.195.615	3.623.733	3.310.845	1.089.198	694.136	31.579.941
Balances with Central Bank	6.098.687	-	-	-	-	-	-	-	-	6.098.687
Balances with OCI	952.738	-	-	-	-	-	-	-	-	952.738
Placements with OCI	-	4.085.541	139.300	-	-	-	-	-	-	4.224.841
- Local financial institutions	-	3.090.000	-	-	-	-	-	-	-	3.090.000
- Foreign financial institutions	-	995.541	139.300	-	-	-	-	-	-	1.134.841
Assets available for sale	-	-	402.210	168.325	800.867	2.231.837	2.688.364	763.382	97.967	7.152.952
- Treasury bills	-	-	238.196	-	-	-	-	-	-	238.196
- Treasury Bonds	-	-	164.014	168.325	800.867	2.231.837	2.688.364	763.382	-	6.816.789
- Shares at EMIS	-	-	-	-	-	-	-	-	97.967	97.967
Loans and advances	5.065.371	111.153	4.372.039	271.050	394.748	1.391.896	622.481	325.816	-	12.554.554
Other assets	-	-	-	-	-	-	-	-	596.169	596.169
Liabilities	(21.490.136)	(1.644.957)	(1.362.651)	(2.615.301)	(1.153.318)	(500)	-	-	(129.663)	(28.396.526)
Deposits from OCI	-	-	-	-	-	-	-	-	-	-
Deposits from Clients	(21.490.136)	(1.644.957)	(1.362.651)	(2.615.301)	(1.153.318)	(500)	-	-	-	(28.266.863)
- Demand	(21.447.418)	-	-	-	-	-	-	-	-	(21.447.418)
- Term	(42.718)	(1.644.957)	(1.362.651)	(2.615.301)	(1.153.318)	(500)	-	-	-	(6.819.445)
Other Liabilities	-	-	-	-	-	-	-	-	(129.663)	(129.663)
Liquidity Gap	(9.373.340)	2.551.737	3.550.898	(2.175.926)	42.297	3.623.233	3.310.845	1.089.198	564.473	3.183.415
Cumulative Gap	(9.373.340)	(6.821.603)	(3.270.705)	(5.446.631)	(5.404.334)	(1.781.101)	1.529.744	2.618.942	3.183.415	3.183.415

The contractual cash flows for the capital, at 31 December 2016, were:

2016 Residual Contractual Maturity Profile										
AKZ'000	Demand	<= 1 month	> 1 month <= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 3 years	> 3 years <= 5 years	> 5 years	Unlimited	Total
Assets	16.054.173	147.079	1.377.921	1.713.866	675.182	3.076.201	6.480.190	1.566.452	4.030.516	35.121.580
Balances with Central Bank	2.880.636	-	-	-	-	-	-	-	-	2.880.636
Balances with OCI	5.367.258	-	-	-	-	-	-	-	-	5.367.258
Placements with OCI	-	-	248.854	-	-	-	-	-	-	248.854
- Local financial institutions	-	-	-	-	-	-	-	-	-	-
- 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	70.871	11.350.646
- 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	-	-	-	-	-	-	-	-	70.871	70.871
Loans and dvances	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 OCI	(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)	(1.305.439)	(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	3.681.185	4.327.073
Cumulative Gap	(8.306.621)	(9.465.315)	(9.392.833)	(10.003.072)	(10.472.038)	(7.400.754)	(920.564)	645.888	4.327.073	4.327.073

Market Risk

The market risk is the probability of negative impact occurance in the income statement, or in the capital, as a result of unfavorable movements in the market price of the trading portfolio, including variations in shares quotations, in bonds, and in commodities prices. The market risk derives from short term positions of debt securities, equity debt, currencies, commodities, and derivatives.

The market risk assessment takes into account:

- The volatility of the price of portfolio positions, mainly of debt securities, equity debt, currencies, commodities, and derivatives;
- The concentration risk of trading portfolio, mainly by identifying the significant positions – in the same kind of product, in the same currency, against the same counterparty or group of counterparties interconnected, against the same colateral, or against the same counterparty providing guarantee;

- The outcomes of correlation between the positions, ditacted by commom risk factors; and
- The amount of positions of assets with few liquidity (reduced volume of transactions).

The market risk is comprised of the following risks: market risk, exchange rate risk, and interest rate risk.

Exchange Rate Risk

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

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

Evaluation of Exchange Rate Risk considers:

- Total amount of positions subjected to reevaluation by the conversion to the base currency;
- Volatility of the relevant exchange rates; and
- Analysis of the magnitude of impacts on income and capital due to different scenarios of evolution in currency rates, through a simulations.

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

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

2016						
AKZ'000	- 20%	- 10%	- 5%	+ 5%	+ 10%	+ 20%
Currency						
USA 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)
	432.771	192.342	91.110	(82.432)	(157.371)	(288.514)

Interest Risk Rate

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

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

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

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

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

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

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

The assessment of interest rate risk should consider:

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

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

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

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

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

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

- Assets Margin: The assets margin at risk is the impact that adverse movements at price, volumes and assets composition level (product type, structures of the customers' base) have in the value of the Bank assets. Regarding the connection between the assets price and the loans risk, the expected loans losses constitute an intrinsic cost to the loan business. The loan risk is, however, managed as a part of the normal management activities process and the loans portfolio monitoring, according to the current loans risk policies;
- Liabilities Margin: The liabilities margin at risk is the impact that the adverse movements at prices and liability composition level (product type, etc.) have in the value of the bank liabilities;
- Operating Results: measured through the negative deviation from the set fees level, commissions and service rate, as a consequence of the business risk resulting from the non accomplishment of the sales objectives, reduction of prices due to pressures of the competitors and the reduction on the transactions volume. The risk associated to revenues from the trading and investment activities is managed as an integral part of the market, trade and investment risk;
- Operating expenses: measured through the negative deviation from the set operating expenses level, which can happen due to the occurrence of no planned costs, inadequate costs control and under-use of the installed capacity.

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

2017				
	Exposure to			
AKZ'000	Fixed Interest Rate	Variable Interest Rate	Items that are not subject to Interest Rate Risk	Total
Assets	**25.175.735**	**844.724**	**7.745.561**	**33.766.020**
Balances at Central Bank	-	-	6.098.687	6.098.687
Balances at OCI	-	-	952.738	952.738
Placements with CB and OCI	4.193.975	-	-	4.193.975
- with local financial institutions	3.093.950	-	-	3.093.950
- with foreign financial institutions	1.100.025	-	-	1.100.025
Financial assets available for sale	8.615.011	844.724	97.967	9.557.702
Loans and advances	12.366.749	-	-	12.366.749
Other assets	-	-	596.169	596.169
Liabilities	**(6.819.445)**	**-**	**(21.577.081)**	**(28.396.526)**
Deposits from clients	(6.819.445)	-	(21.447.418)	(28.266.863)
- Demand	-	-	(21.447.418)	(21.447.418)
- Term	(6.819.445)	-	-	(6.819.445)
Other liabilities	-	-	(129.663)	(129.663)
	18.356.290	844.724	(13.831.520)	5.369.494

AKZ'000	Exposure to Fixed Interest Rate	Exposure to Variable Interest Rate	Items that are not subject to Interest Rate Risk	Total
2016				
Assets	21.935.162	839.273	12.207.539	34.981.974
Balances at Central Bank	-	-	2.880.636	2.880.636
Balances at OCI	-	-	5.367.258	5.367.258
Placements with CB and OCI	249.007	-	-	249.007
- with foreign financial institutions	249.007	-	-	249.007
Financial 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 OCI	(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)
	13.525.682	839.273	(10.230.410)	4.134.545

Details of financial instruments exposed to interest rate risk as per interest rate reset date:

2017				
AKZ'000	From 1 to 3 months	From 3 to 6 months	Unlimited period of maturity	Total
Assets	-	844.724	-	844.724
Financial assets available for sale	-	844.724	-	844.724
Liabilities	-	-	-	-
Liabilities	-	-	-	-
Net exposure	-	844.724	-	915.594

2016				
AKZ'000	From 1 to 3 months	From 3 to 6 months	Unlimited period of maturity	Total
Assets	839.273	-	-	839.273
Financial assets available for sale	839.273	-	-	839.273
Liabilities	-	-	-	-
Liabilities	-	-	-	-
Net exposure	839.273	-	-	839.273

The average interest rate associated with the main category of the Bank financial assets and liabilities, as well as the corresponding average of profits and costs, for the years ended 31 December 2017 and 2016, were:

2017			
AKZ'000	Average Balance of Capital Invested in the Financial Year	Interest earned/paid during the Financial Year	Average Interest Rate
Investments	**267.532.934**	**3.525.959**	
- Loans and advances	11.017.160	2.580.187	23%
- Trading and investment securities	9.806.361	735.667	8%
- Placements with CB and OCI	246.709.413	210.105	0%
Intakes	**(36.115.673)**	**(295.192)**	
- Deposits from clientes	(6.580.725)	(257.416)	4%
- Deposits from CB and OCI	(29.534.948)	(37.776)	0%
Net interest margin	**231.417.261**	**3.230.767**	

2016			
AKZ'000	Average Balance of Capital Invested in the Financial Year	Interest earned/paid during the Financial Year	Average Interest Rate
Investments	**453.769.480**	**3.972.047**	
- Loans and advances	11.064.637	2.530.473	23%
- Trading and investment securities	13.510.468	1.206.399	9%
- Placements with CB and OCI	429.194.375	235.175	0%
Intakes	**(55.469.602)**	**(277.426)**	
- Deposits from clientes	(5.553.800)	(222.152)	4%
- Deposits from CB and OCI	(49.915.802)	(55.274)	0%
Net interest margin	**398.299.878**	**3.694.621**	

In 2017 and 2016, the placements with the Central Bank (CB) and with Other Credit Institutions (OCI) had an average maturity of six months. And the deposits from the Central Bank and from Other Credit Institutions had an average maturity of 2 days.

The decompositon of assets and liabilities by currency, at 31 December 2017 and 2016, was:

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

	2016				
AKZ'000	Kwanzas	USA Dollars	Euro	Other Currencies	Total
Assets	33.883.538	5.120.713	4.859.062	56.575	43.919.888
Cash and Balances at CB	3.849.163	760.864	552.765	1.730	5.164.522
Balances at OCI	109.904	1.487.471	3.716.050	53.833	5.367.258
Placements with CB and OCI	-	249.007	-	-	249.007
Financial Assets available for sale	9.670.047	1.873.779	-	-	11.543.826
Loans and Advances	10.263.272	718.326	4	-	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	31.266	590.243	1.012	4.868.897
Liabilities	(26.307.083)	(4.311.543)	(2.810.294)	(87.742)	(33.516.662)
Deposits from CB and OCI	(2.554.501)	(48.695)	(2.940)	(153)	(2.606.289)
Demand Deposits from Clients	(17.083.895)	(2.326.174)	(2.549.285)	(69.732)	(22.029.086)
Term Deposits from Clients	(4.159.228)	(1.723.797)	(207.684)	-	(6.090.709)
Provisions	(150)	-	-	-	(150)
Income Taxes	(929.924)	-	-	-	(929.924)
Other Liabilities	(1.579.385)	(212.877)	(50.385)	(17.857)	(1.860.504)
	7.576.455	809.170	2.048.768	(31.167)	10.403.226

Stress Test of financial instruments to the interest rate variations:

2017						
AKZ'000	- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
ASSETS						
Loans and Advances	239.733	119.867	59.933	(59.933)	(119.867)	(239.733)
Assets available for sale	414.603	207.301	103.651	(103.651)	(207.301)	(414.603)
Placements	3.722	1.861	930	(930)	(1.861)	(3.722)
Total of Assets	658.058	329.029	164.514	(164.514)	(329.029)	(658.058)
LIABILITIES						
Deposits	(41.809)	(20.904)	(10.452)	10.452	20.904	41.809
Total of Liabilities	(41.809)	(20.904)	(10.452)	10.452	20.904	41.809
Net Effect	699.867	349.933	174.966	(174.966)	(349.933)	(699.867)

2016						
AKZ'000	- 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)

Operational risk

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

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

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

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

- Reduce the operational risk management events and associated financial losses;
- Strengthen the BCA brand and the bank's economic capital;
- Satisfy the central bank requirements;
- Introduce and assess the fully implementation of tax reform rules, applicable to banking transactions;
- Make a proactive follow-up of significant operational risk management events, ineffective controls and possible breaches of indicative limits;
- Establish appropriate risk appetite and tolerance;
- Delegate competencies and authorisation limits;
- Define operational risk assignment, through a culture of a deeper aknowledgement of operational risk. Therefore the assessment bodies will consider the operational risk as an indispensable component for loans assessment; and
- Other tasks executed in management of operational risk.

BCA board of directors expects that operational risks related to the business activities might be fully identified, assessed, controlled, communicated and managed through an internal process designed DRACA (Detailed Risks Assessment and Control). Each BCA unity of business and tasks might manage its operational risk, in the acomplishment of this model. A record loss resulting from operational risk situations in order to create historical data base to be used in the future to move to an internal developed calculation model and operational risk management, is kept to be the most efficient of the three models accepted by Basel II.

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

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

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

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

Allocation of Equity

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

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

The regulatory own funds components are:

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

The BNA Notice nº 09/2016 stipulates, for the capital adequacy ratio calculation purpose, that all excess over the limit of risk exposure by clients must be deducted from the amount of regulatory owned funds.

Capital Adequacy Ratio		
AKZ'000	**31-12-2017**	**31-12-2016**
Regulatory Owned Funds	**9.965.557.235**	**10.505.709.035**
Risk weighted assets		**26.494.392.503**
Requirements of regulatory owned funds	2.016.300.796	
- Requirements of credit risk	1.152.582.544	N/A
- Requirements of market risk	80.216.768	N/A
- Requirements of Operational risk	783.501.484	N/A
***Weighting of equity requirements**	**20.163.007.962**	**N/A**
RSR	**49%**	**40%**
Minimum regulatory requirements	**10%**	**10%**

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

CAMELS Analysis

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

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

		Dec-17		Dec-16	
	Prudential Ratios	**%**	**Ratings (CAMELS)**	**%**	**Ratings (CAMELS)**
Capital adequacy	Tier-one owned funds / total assets => 10%	28%	1	21%	1
	Debt limit 10 times (1000%)	258%	1	319%	1
	Capital adequacy ratio 10%	49%	1	40%	1
Quality os assets	Non-performing loans / total of loans <= 5%	3%	1	3%	1
	Specific provisions / Non-performing loans >= 80%	57%	2	72%	2
	Top 20 loans/ regulatory owned funds <= 300%	82%	1	86%	1
	Total of loans / total of assets	30%	-	26%	-
	Loans in foreign currency / total of loans	6%	-	6%	-
	Fixed assets / regulatory owned funds < 100% FP	49%	1	54%	1
Profitability	Return on assets (ROA) > 3%	3%	1	7%	1
	Return on equity (ROE) > 15%	12%	1	35%	1
Liquidity	Deposits concentration =< 30%	42%	3	51%	3
	Liquidity ratio => 1	4,66	1	N/A	1
	Observation ratio => 1	58,01	1	N/A	1
Interest rate stress test	Economic effect >1 Year / Reg. owned funds < 20%	5%	1	N/A	1
	Economic effect up to 1 year / earnings Margin < 20%	5%	1	N/A	1
Exchange rate stress test	Long net open currency position – 20%	13%	1	14%	1
	Short net open currency position – 20%				
	FP regulamentares Activos ME / Passivo ME >100%	114%	1	131%	1

Stress Tests

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

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

The understanding and methodology of stress tests to be executed by BCA are in accordance with the requirements of Instruction n.º 02/2017, issued by BNA, which binds the banks to realise specific type of stress tests, their periodicity, and how they must be reported. BNA guidelines about a programme implementation of stress tests has been taken into account.

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

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

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

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

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

28. OFF BALANCE SHEET ITEMS AND CONTINGENCIES

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Guarantees given and other contingent liabilities				
Guarantees and sureties given	-	-	5.126	31
Letters of Credit issued	212.438	1.280	-	-
Undrawn commitments	1.115.596	6.724	10.986.654	66.225
Total	**1.328.034**	**8.004**	**10.991.780**	**66.266**
Other commitments	-	-	3.959.856	23.869
	1.328.034	**8.004**	**14.951.636**	**90.125**
Responsibilities for services rendered				
Guarantees received	**16.656.326**	**100.386**	**22.711.926**	**136.899**
Custodial Assets				
Treasury Bills held by Clients	30.030	181	265.298	1.599
Treasury Bonds held by Clients	10.841.562	65.341	11.939.098	71.965
	10.871.592	**65.522**	**12.204.396**	**73.564**

The Bank provides custodial services of safeguarding of clients assets (treasury bills, treasury bonds indexed to US Dollars), amounting to AKZ 10.871.592 thousand (2016: AKZ 12.204.396 thousand).

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

29. RELATED PARTY DISCLOSURE

The related parties are entities (individuals and institutions) having a significant influence on BCA management, composing the key-personnel of BCA decision-making board, or owning a qualifying shareholding in the capital of BCA. A shareholding is considered qualifying when it is above 10% of the total of the shares of BCA.

Disclosure of balance sheet:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Assets				
Loans and Advances	176.997	1.067	197.511	1.191
Impairment losses	(144.498)	(871)	(145.674)	(878)
	32.499	**196**	**51.837**	**313**
Liabilities				
Deposits				
- Demand	455.467	2.745	263.813	1.590
- Term	25.749	155	530.405	3.197
	481.216	**2.900**	**794.218**	**4.787**

Disclosure of Income Statement:

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Interest earned from loans and advances	5.414	33	11.263	69
Interest paid to Demand deposits	(601)	(4)	(12.721)	(78)
Net interest margin	**4.813**	**29**	**(1.458)**	**(9)**
Fee and commission income	4.460	27	-	-
Non-interest margin	**4.460**	**27**	**-**	**-**
Operating margin	**9.273**	**56**	**(1.458)**	**(9)**
Salaries and other payroll expenses	(98.699)	(595)	(85.975)	(524)
Loans and advances Impairment losses	1.176	7	(83.084)	(507)
	(97.523)	(588)	(169.059)	(1.031)
Losses before taxes	**(88.250)**	**(532)**	**(170.517)**	**(1.040)**
- Fiscal impact	26.475	160	51.155	312
Net Losses for the year	**(61.775)**	**(372)**	**(119.362)**	**(728)**

At 31 December 2017, the interest rates in the transactions held with related parties entities were on average 18% for loans and advances in local currency, and 10% for loans and advances granted in foreign currency. The interest rates for demand deposits, were in average, 2,50% in local currency, and 0,75% in foreign currency. The "Fee and Commission Income" refers to commission earned over the monthly amounts used on transactions with international credit cards.

30. SUBSEQUENT EVENTS

From 31 December 2017 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.

31. RELEVANT FACTS

31.1. APPLICATION OF IAS 29 IN THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The international accounting standard 29 (IAS 29) shall be applied to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy. Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:

a) the general population prefers to keep its wealth in non-monetary assets or in relatively stable foreign currency. Amount of local currency held are immediately invested to maintain purchasing power;
b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
d) interest rates, wages and prices are linked to a price index; and
e) the cumulative inflation rate over three years is approaching, or exceeds, 100%.

The Angolan Banker's Association (ABANC), in agreement with its associates, issued a memorandum which concluded that the requirements for the application of IAS 29 in Angola were not definitive, as follow:

- the number of entities that converted their liquidity into non-monetary assets is irrelevant in the economy. This fact is confirmed by the excess supply in housing sector, and by the deposits behaviour in banking sector;
- deposits in local currency increased from 2014 to 2017, at the same rate as M3, and there were no changes in depositors behaviour;
- credit puchases and credit sales practices, as described in accounting standard 29, did not occur;
- interest rates are not increasing in line with inflation. Real interest rate have been negative in the last years;
- salaries in Angola are not indexed to price índex. The national minimum salary, and the public sector salaries are updated under the inflation rate during the last years.

Therefore, ABANC concluded there were not enough requirements to warrant the application of IAS 29 in the country.

The Central Bank of Angola (BNA), in its communication number 139/DRO/18, of 07 February 2018, corroborates the ABANC position.

Taking into account the ABANC (organisation to which BCA is an integral part) and the BNA positions, above referred, BCA did not apply the accounting standard IAS 29 in its financial statements for the year ended 31 December 2017 and in the comparative year ended 31 December 2016.

31.2. IMPACT OF APPLYING NOTICE N° 02/2018 OF BNA

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

a) the minimum share capital of commercial bank at AKZ 7,50 billion, from 31 December 2018;

b) the methods to be observed to comply with Notice n.° 2/2018; and

c) the banks are requested to prepare an implemantion plan to achieve the objective set in the referred Notice, which must be submitted to BNA up to 120 days from the date of issue of Notice n.° 2/2018.

The method defined, to comply with the Notice are:

a) issue and subscription of new shares; or

b) incorporation of (free and/or statutory) reserves, audited retained income; or

c) fusion or disposal of entity to one or more banking entities authorized by the Central Bank.

As at the date of approval of its accounts BCA had equity amounting to AKZ 11,98 billion, composed of AKZ 7,46 billion of free and statutory reserves, and AKZ 1,98 billion of net profit for the year ended 31 December 2017 (as per Note 16), it pretends to comply with the limit set in Notice 02/2018 incorporating its free reserves in its share capital.

This operation will result in the following changes in shareholder's equity, during 2018:

AKZ'000	Share Capital	Capital Maintenance Reserves	Fair value Adjustment Reserves	Statutory Reserves	Free Reserves	Retaines Income	Profit for the Year	Total of Equity
Balance at 31-12-2016	**2.500.000**	**82.579**	**(139.678)**	**769.814**	**3.648.289**	**398.645**	**3.143.577**	**10.403.226**
Appropriation of 2016 retained income	-	-	-	314.358	2.730.156	(398.645)	(2.645.869)	-
2016 Dividends	-	-	-	-	-	-	(497.708)	(497.708)
2016 fair value adjustment	-	-	139.678	-	-	-	-	139.678
2017 fair value adjustment	-	-	(51.000)	-	-	-	-	(51.000)
Retained income	-	-	-	-	-	56		56
Profit for the year	-	-	-	-	-	-	1.983.153	1.983.153
Balance at 31-12-2017	**2.500.000**	**82.579**	**(51.000)**	**1.084.172**	**6.378.445**	**56**	**1.983.153**	**11.977.405**
Appropriation of 2017 retained income	-	-	-	198.315	1.784.894	(56)	(1.983.153)	-
Share capital increase	5.000.000	-	-	-	(5.000.000)	-	-	-
Balance after complying with Notice n.° 2/2018	**7.500.000**	**82.579**	**(51.000)**	**1.282.487**	**3.163.339**	**-**	**-**	**11.977.405**

The Bank shareholders structure will have the following changes:

	(%)	Number of Shares prior to Notice n° 2/2018	Number of Shares after Notice n° 2/2018
SADINO, Lda	13,08	817.528	2.452.584
Salomão José Luheto Xirimbimbi	11,05	690.587	2.071.761
GEFI	9,75	609.104	1.827.312
Fundo de Pensões	9,33	583.330	1.749.990
José Francisco Luís António	9,22	576.338	1.729.014
Julião Mateus Paulo "Dino Matrosse"	7,00	437.500	1.312.500
Mateus Filipe Martins	6,13	383.242	1.149.726
Afonso D. Van-Dúnem "Mbinda" (Herdeiros)	5,00	312.501	937.503
Casa Smart	3,80	237.552	712.656
Fernando José de Franca Van-Dunen	3,13	195.765	587.295
José Jaime Agostinho de S. Freitas	3,13	195.765	587.295
Visgosol	2,67	166.667	500.001
Lopo Fortunato Ferreira do Nascimento	2,10	130.962	392.886
Abel Fernandes da Silva	1,82	113.851	341.553
António Mosquito Mbakassy	1,82	113.851	341.553
Pedro de Castro Van-Dúnem (Herdeiros)	1,80	112.552	337.656
João Manuel de Oliveira Barradas	1,49	92.754	278.262
Augusto da Silva Tomás	1,44	90.042	270.126
Marcolino José Carlos Moco	1,44	90.042	270.126
Dumilde das Chagas Rangel	0,86	54.023	162.069
IMPORAFRICA-IMOBILIÁRIA, Lda.	0,86	54.023	162.069
Valentim Amões (Herdeiros)	0,75	47.008	141.024
Generoso Hermenegildo G. de Almeida	0,72	45.020	135.060
Benvindo Rafael Pitra (Herdeiros)	0,53	33.333	99.999
Estevão Pitra	0,27	16.665	49.995
Isaac Francisco Mário dos Anjos	0,27	16.665	49.995
José Amaro Tati	0,27	16.665	49.995
Santos Matoso Júnior	0,27	16.665	49.995
Total	**100**	**6.250.000**	**18.750.000**
Share Nominal Value	**AKZ 400**		

32. THE RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS WHICH HAVE ENTERED INTO FORCE AND WHICH THE BANK APPLIED IN PREPARING ITS FINANCIAL STATEMENTS ARE DETAILED BELOW:

The following were issued by the International Accounting Standards Board (IASB):

- On 19 January 2016 and applicable to annual periods beginning on or after 1 January 2017: amendments to IAS 12 that aimed to clarify requirements for recognition of deferred tax assets for unrealised losses to address diversity in practice.
- On 29 January 2016 and applicable to annual periods beginning on or after 1 January 2017: amendments to IAS 7, disclosure initiative, requiring that entities provide information on changes in liabilities arising from financing activities by furnishing information to help investors understand the entities' debt.
- Annual improvements to the 2014-2016 cycle, issued by the IASB on 8 December 2016, introduce amendments to IFRS 12 (clarification on the scope of the standard), effective on or after 1 January 2017.

Neither of these amendments had an impact on the Bank's financial statements.

32.1. ADOPTION OF IFRS 9 – IMPACT ON EXPECTED CREDIT LOSSES DISCLOSURES

In July 2014, the IASB published IFRS 9 "Financial Instruments". Mandatory as at 1 January 2018, and following the respective adoption by the National Bank of Angola (BNA) this standard supersedes IAS 39 "Financial Instruments: Recognition and Measurement".

IFRS 9 introduces changes to how financial institutions calculate impairment of their financial instruments, in particular with respect to customer credit. IFRS 9 replaces the Incurred Loss model used in IAS 39 with the Expected Credit Loss (ECL) model. Under the new model, companies must recognise expected losses before the occurrence of loss events. They are also required to include forward-looking information in estimates of expected loss through the inclusion of future scenarios and trends, in particular those of a macroeconomic nature.

Under the ECL model, assets subject to impairment calculation must be classified in one of the following categories (stages), depending on changes in credit risk since the initial recognition of the asset and not depending on credit risk at the reporting date.

- *Stage 1* – Starting with initial recognition of the asset, provided there has been no significant increase in credit risk since that date, the assets are classified in stage 1. For these assets, ECL impairment for the 1 year time horizon, starting at the reporting reference date, must be recognised;

- *Stage 2* – In the event of a significant increase in risk since initial recognition, assets are required to be classified in stage 2. In this stage, impairment will relate to the ECL for the remaining lifetime of that asset (ECL lifetime). The concept of significant increase in credit risk recommended in IFRS 9 introduces a higher degree of subjectivity in calculating impairment, and also requires a closer link with the company's credit risk management policies. The lifetime and forward-looking perspectives introduce modelling challenges for financial institutions with respect to credit risk parameters.

- *Stage 3* – Impaired assets must be classified in this stage with the ECL lifetime impairment. As for stage 2, the distinction relates to the manner of recognising effective interest, which must be based on the net carrying amount (gross amount in stage 2).

In view of the adoption of IFRS 9, a multidisciplinary task force was created in 2017 at the Banco Comercial Angolano (BCA) with staff from various areas. The task force's work is regularly monitored by the bank's executive committee.

To move forward with the early preparation of the relevant updates introduced through the entry into force of IFRS 9, the BNA sent the financial institutions an implementation plan in 2018. Hence, the Bank considers it advisable that quantitative impacts not be disclosed until the work has progressed sufficiently to make it possible to obtain stable, reliable estimates on the context of the financial instruments within the scope of the new standard and in the calculation of the impairment of such instruments.

IFRS 9 is summarised by topic below:

Classification and measurement of financial assets

- All financial instruments are measured at fair value upon initial recognition, adjusted for transaction costs if the instruments are not carried at fair value through profit or loss (FVTPL). Nevertheless, accounts of customers without a significant financing component are initially measured at transaction price, as defined in IFRS – 15 Revenue from Contracts with Customers.
- Debt instruments are subsequently measured based on their contractual cash flows and on the business model in which they are held. If the contractual cash flows from a debt instrument consist merely of the payments of principal and interest on the outstanding amount and it is held within a business model with the purpose of holding the assets in order to collect contractual cash flows, then the instrument is carried at amortised cost. If the contractual cash flows from a debt instrument consist exclusively of the payments of principal and interest on the outstanding amount and it is held within a business model the purpose of which is to collect contractual cash flows and to sell financial assets, then the instrument is measured at fair value through other comprehensive Income (FVTOCI) with a subsequent reclassification to income.

- All other debt instruments are subsequently carried at FVTPL. In addition, there is an option that allows financial assets, on initial recognition, to be designated as FVTPL if so doing eliminates or greatly reduces a significant accounting mismatch in the results for the year.
- Equity instruments are generally measured at FVTPL. Nevertheless, entities have the irrevocable option, on an instrument-by-instrument basis, to present changes in the fair value of non-trade instruments in the statement of comprehensive income (without a subsequent reclassification to results for the year).

Classification and measurement of financial liabilities

- For financial instruments designated as FVTPL using the fair value option, the amount of the change in these liabilities' fair value attributable to changes in credit risk must be presented in the statement of comprehensive income. The rest of the change in the fair value must be presented in income, unless presenting the change in fair value with respect to the credit risk of the liability in the statement of comprehensive income will create or increase an accounting mismatch in the results for the year.
- All other IAS 39 financial liability classification and measurement requirements were carried over to IFRS 9, including the rules on separation of embedded derivatives and the criteria for using the fair value option.

Impairment

- Impairment requirements are based on an Expected Credit Loss (ECL) model, which replaces the Incurred Loss model from IAS 39.
- The ECL model applies to: (i) debt instruments accounted for at amortised cost or fair value through comprehensive income, (ii) most loan commitments, (iii) financial guarantee contracts, (iv) contractual assets in the scope of IFRS 15, and (v) lease receivables in the scope of IAS 17 – Leases.
- Entities are generally required to recognise ECLs for 12 months or for their entire life, depending on whether credit risk has increased significantly since initial recognition (or since the commitment or guarantee was entered into). For accounts receivable from customers without a significant financing component, and depending on the entity's accounting policy choice for other loans to customers and lease receivables, a simplified approach may be applied in which lifetime ECLs are always recognised.
- ECL measurement should reflect the weighted probability of the result and the effect of the time value of money and be based on reasonable and supportable information available without undue cost or effort.

Hedge accounting

- Hedge effectiveness tests should be forward-looking and may be qualitative, depending on the complexity of the hedge, without the 80% – 125% test.
- A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable.
- The time value of an option, the forward element of a forward contract and any foreign currency basis spread may be excluded from the designation as hedge instruments and accounted for as costs of the hedging.
- A wider range of items may be designated as hedged items, including designations by layers and some net positions.

Derecognition and modification of contracts

- IFRS 9 incorporates the IAS 39 requirements for the derecognition of financial assets and liabilities without substantial amendments.
- The standard contains a specific accounting guidance when the modification of a financial instrument not measured through the FVTPL does not result in the derecognition of the instrument.
- The entity must recalculate the gross carrying amount of the financial asset (or amortised cost of the financial liability) deducting the modified contractual cash flows at the original effective interest rate and recognising any resulting adjustment as a modification to a gain or loss in income.

Gains or losses in income arising from changes to financial liabilities and from distressed financial instruments that do not lead to the derecognition thereof will not be recognised.

32.2. IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

IFRS 15 sets forth a five-step analysis model to determine when revenue is to be recognised along with the respective amount. The model specifies that the revenue must be recognised when an entity transfers goods or services to the customer, as measured by the amount that the entity expects to be entitled to receive. Depending on the fulfilment of some criteria, the revenue is recognised:

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

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

The Bank does not expect the adoption of this interpretation to have any significant impact.

32.3. IFRS 16 – LEASES

The IASB issued, on 13 January 2016, IFRS 16 – Leases, which is mandatory in annual periods beginning on or after 1 January 2019. Early adoption is permitted as soon as IFRS 15 is also adopted. This standard supersedes IAS 17 – Leases.

IFRS 16 withdraws the classification of leases as operating or financial (for the lessor – the customer of the leasing), treating all leases as financial leases.

Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the application of requirements of this standard.

The Bank has not yet thoroughly analysed the impacts of the implementation of the standard.

33. STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE BANK

33.1. IFRS 14 – REGULATORY DEFERRAL ACCOUNTS

The IASB issued, on 30 January 2014, a regulation that defines provisional measures for first-time adopters of the IFRSs having activities with regulated rates.

This regulation is not applicable to the Bank.

33.2. IFRIC 22 – FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

IFRIC interpretation 22, with a mandatory date of implementation for annual periods beginning on or after 1 January 2018, was issued on 8 December 2016.

The new IFRIC 22 sets forth that, if there have been foreign currency advances for purposes of asset acquisition, expense support or revenue generation, upon applying paragraphs 21 and 22 of IAS 21, the transaction date for the purpose of determining the exchange rate to be used in recognising the related asset, expense or revenue (or part thereof) is considered to be the date on which the entity initially recognises the non-monetary asset or liability resulting from the payment or receipt of the foreign currency advance consideration (or in the event of multiple advances, the rates in effect at the time of each advance).

The Bank expects no significant impacts from the adoption of this interpretation.

33.3. IFRIC 23 — UNCERTAINTY OVER INCOME TAX TREATMENTS

On 7 June 2017, an interpretation was issued on how to account for uncertainties over income tax treatment, especially when tax legislation requires a payment to the authorities in the scope of a tax dispute and the entity attempts to appeal the understanding that led to the payment being made.

The interpretation set forth that the payment may be considered a tax asset, in the event it is related to income taxes, under IAS 12, applying the probability criterion defined by the regulation with respect to the outcome in favour of the entity on the matter in dispute.

In such a context, the entity may use the most likely amount method, or, if the resolution may specify ranges of values in question, the entity may use the expected value method. IFRIC 23 is applied to annual periods beginning on or after 1 January 2019 and may be adopted early.

The Bank expects no significant impacts from the adoption of this interpretation.

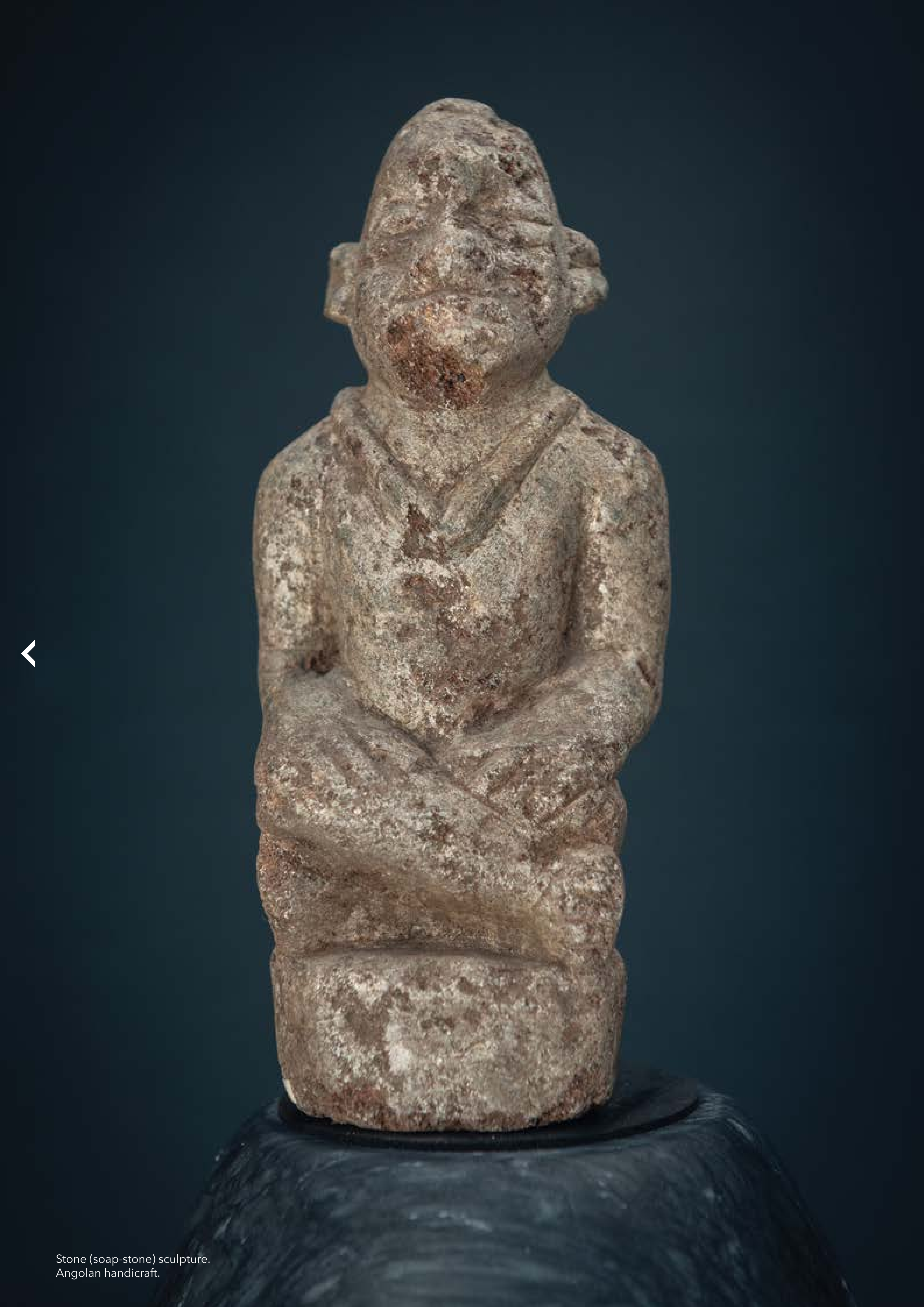
33.4. OTHER AMENDMENTS

- On 20 June 2016 and applicable to annual periods beginning on or after 1 January 2018, amendments to IFRS 2 – Classification and measurement of share-based payment transactions.
- On 8 December 2016 and applicable to annual periods beginning on or after 1 January 2018, amendments to IAS 40 – Transfers of investment property, clarifying the moment when the entity must transfer property under construction or development from, or to, investment properties when there has been an evident change in the use of the properties (in addition to that listed in paragraph 57 of IAS 40).
- The annual improvements to the 2014–2016 cycle, issued by the IASB on 8 December 2016, introduce changes, with an effective date of implementation for annual periods beginning on or after 1 July 2018, to IFRS 1 (elimination of the short-term exception for first-time applicants of the IFRS) and IAS 28 (measurement of an associate or joint venture at fair value).
- The annual improvements of the 2015–2017 cycle, issued by the IASB on 12 December 2017, introduce changes, with an effective date of implementation for annual periods beginning on or after 1 January 2019, to IFRS 3 (remeasurement of previously held interests in a joint operation when they obtain control of the business); IFRS 11 (non-remeasurement of previously held interests in a joint operation when they obtain control of the business); IAS 12 (accounting for all the tax consequences of consistently paying dividends); IAS 23 (treatment as general loans of any loan originally made to develop an asset when the asset becomes fit for use or sale).

The Bank expects no impact from the implementation of this amendment on its financial statements.

34. ACRONYMS AND ABBREVIATIONS

ABANC	Angolan Banks Association (in portuguese: *Associação Angolana de Bancos*)
AKZ	Kwanza
AKZ'000	Thousand of Kwanzas
ALCO	Assets and Libilities Committee
AML	Anti Money Laundery
BCA	Angolan Commercial Bank (in portuguese: *Banco Comercial Angolano, S.A.*)
BNA	National Bank of Angola (in portuguese: *Banco Nacional de Angola*)
CB	Central Bank
BT	Treasury Bills
CA	Board of Directors
CE	Executive Committee
CFT	Combating of Financial Terrorism
CMC	Central Management Committee
DO	Demand Deposits
DP	Term Deposits
ECL	Expected Credit Loss
EMIS	Interbank Service Company (in portuguese: *Empresa Interbancária de Serviços*)
FATCA	Foreign Account Tax Compliance Act
FPR	Regulatory own Funds
FVTPL	Fair value through profits and loss
IFRIC	Internacional Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
MINFIN	Ministry of Finance
Obrig.	Bonds
OCI	Other Credit Institutions
Op.	Operations
OT	Treasury Bonds
Res.	Resources
USD	United States Dollars
USD'000	Thousand of US Dollars



Stone (soap-stone) sculpture.
Angolan handicraft.

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 2017.

Throughout the year the Fiscal Council continually monitored the Bank´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 qualified opinion is that, except for the possible effect regarding the none application of IAS 29, the financial statements present fairly, in all material aspects, the financial position of BCA at 31 December 2017, the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

The opinion of the external auditor regarding application of IAS 29 is converse to the position of National Bank of Angola (BNA) and the Angolan Banker's Association (ABANC).

Having taken into consideration the external auditor's report, it is the opinion of the Fiscal Council that the Shareholders Assembly should approve the Annual Report and Financial Statements for the 2017 financial year.

The Fiscal Council, 05 April 2018

Paul de Sousa
Chairman of the Fiscal Council

Esperança Cahango
Member of the Fiscal Council

Domingos Filipe
Member of the Fiscal Council

Independent Auditor's Report

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(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.)

To the shareholders of
Banco Comercial Angolano, S.A.

Introduction

We have audited the accompanying financial statements of **Banco Comercial Angolano, S.A.**, which comprise the balance sheet as at 31 December 2017 (that shows a total of 42,694,563 thousands AOA and an equity of 11,977,405 thousands AOA including a net profit for the period of 1,983,153 thousands AOA), the statements of income, other comprehensive income, changes in equity and cash flows for the period then ended, and the corresponding Notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with the Technical standards of the Angolan Institute of Accountants and Chartered Accountants ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures included in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As described in note 31.1. of the Notes to the financial statements, Associação Angolana de Bancos ("ABANC") and Banco Nacional de Angola ("BNA") expressed an interpretation stating that the

KPMG

conditions required to classify the Angolan economy as a hyperinflationary economy on the period ended at 31 December 2017, in accordance with IAS 29 – Financial reporting in hyperinflationary economies, are not entirely fulfilled. Consequently, the Management of the Bank decided not to apply the provisions set in that Standard to its financial statements on that date. As at 31 December 2017, the accumulated inflation rate for the last three years was near or over 100%, depending on the index used, and there is an expectation that it will continue to cumulatively exceed 100% in 2018. This is an objective quantitative condition that leads us to consider that, in addition to other conditions set in IAS 29, the functional currency of the Bank´s financial statements as at 31 December 2017 corresponds to the currency of a hyperinflationary economy.

Under these circumstances, the Bank should have presented its financial statements, as at that date, considering that assumption and in accordance with the provisions set on that Standard, which also establish the restatement of the previous year financial statements, presented for comparative purposes. However, we did not obtain sufficient information that allow us to measure the effects of this situation on the Bank´s financial statements for the period ended at 31 December 2017, which we believe to be significant.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred in paragraph 1 above present fairly, in all material respects, the financial position of **Banco Comercial Angolano, S.A.** as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The financial statements of Banco Comercial Angolano, S.A. for the period ended at 31 December 2016 where audited by another Chartered Accountant which expressed an audit opinion without qualifications or emphasis of matter over those financial statements dated 19 April 2017. On 25 September 2017 we were appointed as auditors of Banco Comercial Angolano, S.A. for the period ended at 31 December 2017.

Luanda, 25 April 2018

SIGNED ON THE ORIGINAL

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

Represented by
Maria Inês Rebelo Filipe
Chartered Accountant (Member n.º 20140081)

Banco Comercial Angolano

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Edition:

Banco Comercial Angolano, S.A.

Design:

Futuro Publicidade, Lda.

Photos:

Kostadin Luchansky

Printing:

Futuro, Lda.

Printed in June 2018