BCI
BANCO DE COMÉRCIO E INDÚSTRIA

ANNUAL BALLANCE REPORT

2018

RUACANA FALLS ON THE CUNENE RIVER
CUNENE, ANGOLA

MILLENNIAL GIANT STONES
IONA NATURAL PARK
CUNENE, ANGOLA

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FILOMENO DA COSTA ALEGRE ALVES DE CEITA
CHAIRMAN OF THE BOARD OF DIRECTORS

1. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

As usual, we are called upon drawing some reflections of the financial performance of the Bank during the year of 2018.

Certainly this evaluation cannot be detached from the economical context, at a national and even international level, for the interconnections that make the Bank a piece of the Angolan finance system, which is affected by the international events related to finances.

Firstly, it is worth mentioning that due to the fast depreciation of the national currency in the foreign exchange of the economic year of 2018, with the foreign exchange rate "freeze" at the official market for around two years (2016 and 2017), the permanent foreign exchange parity remained, for that period, at 165,90 Kwanzas per North-American dollar. Therefore, in the first days of 2018, the national currency was depreciated in 10%, followed by other in a similar decreasing way, until reaching 308,60 Kwanzas per North-American dollar, in December 2018, which meant an increase of the foreign exchange rate of around 86%.

These circumstances have a significant impact in the economy may be perceived in two interpretations. The first and most obvious is that the depreciation affected, inevitably, the assets expressed in national currency, in around 45%, i.e., decreased to nearly half of its value in the beginning of the year.

The second, and opposed to the first, naturally anchored in the foreign exchange profit of the owners of property expressed or indexed to the foreign currency, with particular to the foreign exchange rates resulting from investments in Treasury Bonds, namely Treasury Bonds indexed to the North- American dollar.

Nevertheless, a third commentary can be added, given the pressure on the net international reserves and given that the North-American dollar price was relatively cheap in comparison with the parallel market (in the proportion of 1 to 5) and this stimulated speculation in favour of substantial gains with foreign exchange transactions. Due to the foreign exchange depreciation in the official market, both markets have re-balanced and therefore the speculative tendency was substantially reduced.

Another important event for the financial sector was the publication, on the 21 February, of Notice nº. 02/2018, of Banco Nacional de Angola, which set the 31 December 2018 as the deadline to the increase of the share capital of the financial banking institutions to 7,5 billion Kwanzas, in fact, an increase of 5 billion in comparison with the limit of 2013, in force until that moment. The compliance with this norm, by BCI, was not a constraint, given that the Bank helds share capital above that limit, and own funds above the regulations.

From a macro-economic point of view, despite the reduction, considering the acceptable standards for this important indicator of economic stability, the inflation rate is still high, at 18,2% by the end of the year, a value bellow the 26,2% registered in 2017 and also much below the 41,9% of 2016.

As a result, from the evolution of the average price of Oil at the international market and from the foreign exchange resources management, the Net International Reserves (NIR) changed from 13,3 billion North- American dollars reached in December 2017 to 10,6 billion North-American dollars attained by December 2018.

The NIR situation is still critic, as these have been falling since 2014, when the downward trend of the oil barrel price at the international marked started, and still remains at price levels below half the one reached in mid-2014.

Against this background, the country initiated negotiation with the International Monetary Funda (IMF) in order to obtain balance of payments financing agreements, in particular the Extended Fund Facility (EEF) at two years, extendable for one more year, if necessary. This facility is an agreement of commitment in which the Angolan Government commits towards adopting policies to solve the economical and structural problems of the country.
Amongst those policies to be adopted, many of them will extend to the financing sector, in particular to the banking sectored, that will be called upon clearing from their balance sheets the assets that might express impairment losses.

On what concerns the banking activity of 2018, with the exception of the facts mentioned above, the prevalent scenario was not different from the previous years. The practice was once more a larger allocation of resources on investments in Treasury Bonds, instead of investments in credit operations due to its high risk, related to already known factors that result from a cloudy business environment and from precarious physical and institutional infra-structures, despite the already achieved improvements, since the entrance of the Government after the elections of September 2017, with particular mention to the approval of the Competitiveness Law (Law n°.05/18 of 10 May).

It is likely that, once these circumstances are enhanced, they may ease the constraints to the recovering of default credit, which, during the year under analysis, forced the Bank to incorporate, in its accounts, considerable amounts in the quality of impairment losses. Moreover, the abrupt interruption of the negational process with Recredit to cease a part of the overdue credit portfolio, after all the premises fulfilled, forced the Bank to support a larger financial effort, and yet, it was possible to close the financial year with a positive result and an opinion without reserves from the external auditors.

In its internal aspect, BCI has continued to privilege the human assets development, particularly in terms of training and specialised technical workshops on the processes considered to be critic. In general terms, all collaborators, including the management team, took an intensive training in English language.

By the end of this financial year, with a prediction of positive perspectives open to 2019, we close by thanking to all those who have contributed to the growth and strengthening of the Bank.

The Chairman
Filomeno da Costa Alegre Alves de Ceita

FROM LEFT TO RIGHT:
CARLOS ALBERTO TEIXEIRA DE ALVA SEQUEIRA BRAGANÇA, JOÃO DE JESUS BATALHA FREIRE DOS SANTOS, JORGE LEÃO PERES, MARIA DO CARMO BASTOS CORTE REAL BERNARDO AND FILOMENO DA COSTA ALEGRE ALVES DE CEITA.

NAMIBE ARCH OASIS IN THE NAMIBE DESERT
NAMIBE, ANGOLA

2. KEY INDICATORS

Amounts expressed in Million AKZ

	2016	2017	2018	VAR. (%) 18/17
1. STRUCTURE				
Total Assets	180 827,8	176 138,9	175 059,9	-0,6%
Customer credit (Net impairment)	45 149,7	47 104,7	48 388,7	3%
Customer deposits	101 210,5	101 470,3	123 187,0	21%
Own funds	13 493,9	26 555,5	27 257,9	3%
Commercial network number [1]	148	158	155	-2%
Number of employees	1 095	1 130	1 131	0,1%
ATM´s[2]	155	162	159	-2%
APT´s[3]	1 486	2 083	1 990	-4%
Number of customers	452 159	490 438	547 667	12%
2. PROFITABILITY				
Net interest margin	7 895,7	8 257,7	11 182,9	35%
Complementary margin	9 349,3	13 151,3	9 085,5	-31%
Net operating income	17 245,0	21 409,0	20 268,4	-5%
Structural costs [4]	12 007,3	15 218,8	18 663,7	23%
Net Income	302,0	663,0	702,4	6%
Return On Equity (ROE)	2,2%	2,5%	2,6%	0,1 p.p.
Return On Assets (ROA)	0,2%	0,4%	0,4%	0,0 p.p.
3. SOLIDITY				
Loans overdue/ Total loans	17,3%	20,3%	28,7%	8,4 p.p.
Impairment/ Loans overdue	93,0%	93,2%	67,1%	-26,1 p.p.
Impairment/ Total loans	16,0%	18,9%	19,2%	0,3 p.p.
4. SOLVENCY				
Balance sheet solvency ratio	7,5%	15,1%	15,6%	0,5 p.p.
Balance sheet regulatory solvency ratio	19,7%	37,4%	19,8%	-17,6 p.p.
5. LIQUIDITY				
Loans/ Total deposits	44,6%	46,4%	39,3%	-7,1 p.p.
Term deposits/ Total deposits	36,0%	34,9%	31,7%	- 3,3 p.p.
6. PRODUCTIVITY AND EFFICIENCY				
Structural costs/ Net operating income	69,6%	71,1%	92,1%	21,0 p.p.
Net interest margin/ Net operating income	45,8%	38,6%	55,2%	16,6 p.p.
Net operating income/ Number of employees	15,7	18,9	17,9	-5%

[1] Includes agencies, branches and service points

[2] Automatic Teller Machines

[3] Automatic Payment Terminals

[4] Includes costs of staffing, supply of external services, other costs, depreciation and amortisation

3. BCI
CORPORATE GOVERNANCE AND INTERNAL SYSTEM CONTROL

The BCI's governance model consists of governing bodies, particularly, the General Meeting of Shareholders, the Board of Directors and the Audit Board.

The Board of Directors developed and approved a model of Corporate Governance pursuant to BNA Notices nº. 01/2013 and 02/2013, after having sent proposal for the model to the majority Shareholder in view of changes to the respective statutes and the approval in the General Meeting. The Bank is still awaiting the approval of the above-mentioned model for its implementation, which is expected in 2019.

Banco de Comércio e Indústria (BCI), S.A. was created by Decree nº. 8 - A/91 of 16 March of the Council of Ministers and formed by a Public Deed on 1st of August 1991.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or similar funds, which it combines with its own funds in order to grant loans, make deposits at the Banco Nacional de Angola, invest in credit institutions and purchase securities or other assets for which it is duly authorised. The Bank also provides other banking services and carries out various types of operations in foreign currencies.
The State is BCI's main shareholder with 98,92% of the capital stock, of which the remaining 1,08% are divided by the following public companies: Sonangol (0,19 %), ENSA (0,19 %), Porto de Luanda (0,19 %), TAAG (0,19 %), ENDIAMA (0,08 %), TCUL (0,08 %), CERVAL (0,08 %), Angola Telecom (0,08 %), e BOLAMA (0,01%).

GENERAL MEETING OF SHAREHOLDERS

The General Meeting (GM) is the company's highest governing body. Its purpose is to represent all the shareholders and its decisions are binding on all of them, provided that these are taken pursuant to the requirements of the law and the formally established statutes.

The General Meeting, in which any shareholder can participate, is held at least once a year, or, whenever legally convened. The functioning of this governing body is regulated by the provisions contained in Financial Institutions Law and the Commercial Companies Law.

The tasks of the General Meeting consist of:

- Approve changes in the Bank's statutes, as well as other fundamental contractual provisions;
- Approve the Corporate Governance Model, which best reflects the organisational processes, by validating and establishing the way the Bank's governing bodies function;
- Elect members to participate in the governing bodies and its own Board, guaranteeing that they have the adequate technical and behavioural profile pursuant to the Bank's internal and external context;
- In particular, set up a supervisory organ, as foreseen in the law, and monitor the performance of the approved Corporate Governance Model of the Bank and the appointed members;
- Decide on the Annual Balance Report, defining the application of the obtained results, as well as other reports of crucial importance to the Bank;
- Decide on any matter submitted by the management and supervisory bodies, that is specifically required by law or by the Bank's statutes or not foreseen in the duties of the other social organs or governing bodies;
- Analyse any extremely critical matter submitted in scope of the activity of the External Auditor;
- Designate a remuneration committee, that includes members, whether they are shareholders or not, that are elected by the General Meeting every three years, which decides on the remunerations of the members of the governing bodies.

Any shareholder can participate in the General Meeting. Without prejudice to its duties, the following members must be appointed by the General Meeting:

- The Chairman of the GM Board
- The Vice-Chairman of GM Board
- The Secretary of the GM

BOARD OF DIRECTORS

The Board of Directors (BD), elected by the shareholders in the General Meeting, defines, formalises, implements and periodically reviews the Bank's business strategy and guarantees the existence and sustainability of the adequate conditions to achieve the established objectives, in particular with regard to the organisational and functional structure and the systems of risk management and internal control.

The Board of Directors is responsible for:

- Defining, formalising, implementing and periodically reviewing:
  - The business strategy;
  - The organisational and functional structure;
  - The relations, policies and authority procedures, delegated powers, communication and the provision of information;
  - The risk management and internal control systems, in particular with regard to the policies and procedures of the risk management functions, compliance and internal audit;

- Distribute functions among its members, while respecting the rules of segregation between the business, control and support functions;

- Authorise the day-to-day management of the Bank's operations, in order to achieve the defined objectives, without exposing the institution to excessive risk or to a level higher than the established risk appetite;

- Follow up the day-to-day activities of the Bank's Departments and Offices, as well as its Commercial Network, evaluating its performance and the achievement of the established objectives;

- Analyse any matter relevant to the Bank's operations, reported by Operational Committees and forward it to the BD, if no conclusive solution is achieved;

- Put into practice any other competences, that the shareholders or the law assigned to it.

The Bank's corporate structure provides only one Board of Directors for its management.

The Board of Directors (BD), which has executive tasks, currently consists of five members, i.e. the Chairman of the BD and four Executive Directors, without providing non-executive Directors for its organisational statute. This governing body meets monthly, except in situations of exceptional unavailability of its members, in which case the resulting resolutions regarding the corporate governance are contained in the respective Minutes.

The segregation of the task distribution was revised and adjusted at the end of 2015 and in 2017 the distribution of functions among the members of the Board of Directors continued in business, support and control tasks in accordance with articles 8 or 10 of BNA Notice nº. 01/2013.

Within the framework of supervision over the areas of responsibility, it is up to each member of the Board of Directors to carry out the respective monitoring and take decisions that make the harmonious, efficient and dynamic functioning of the areas possible. The questions, that by their nature, require a more qualitative decision, are forwarded to the Chairman of the GM and/or the BD for further analysis and decision.

In order to support the functioning of the BD and the decision-making, the organisational structure of BCI integrates the following collegiate bodies:

- **Functioning Committee (FC) -** Promotes the communication between the Bank's Organisational Structures in order to debate the main critical points of the day-to-day management of BCI, while presenting the achieved results and defining solutions for possible functioning gaps. Periodicity: monthly. Composition BD and all Directors.

- **Credit Committee (CC) -** Its main objective is to analyse and approve all the credit operations above the determined competence limits, by managing and supervising the achievement of these limits, in order to not to affect BCI's financial sustainability. Stakeholders: PCA, Commercial Director, Corporate and Institutional Department (CID), Individual and Micro-Finance Department (IMD), Financial Management Department (FMD), Global Risk Department (GRD) and Legal Office (LO).

- **Financial Committee (FC) -** Its mission is to conceive the Bank's financial strategy and policy to be approved by the Board of Directors, manage, supervise and ensure the maintenance of sustainable liquidity levels. Periodicity: monthly. Stakeholders: Financial Management Director, Financial Management Department (FMD), International Relations Department (IRD), Strong Room and Branch Technical Support Department (SBD), Corporate and Institutional Department (CID), Individual and Micro-Finance Department (IMD), Accounting and Payment Department (APD), Operations Department (OPD), Electronic Banking Department (EBD) and Global Risk Department (GRD).

AUDIT BOARD

It is the Audit Board competence to:

- Supervise the Bank's management, by focusing on the compliance of the law and the company's contract;
- Verify the regularity of the books, accounting records and supporting documents, in particular, and validate it, whenever considered convenient and however it deems appropriate.
- Draw up an annual report on its supervising activity and give an opinion on the annual balance report and the proposals of the governing body;
- Evaluate the complete extent of the organisation and the day-to-day management by the members of the Board;
- Take decisions on any matter submitted by the Board of Directors, as well as make it aware of any matter that must be considered.

COMPOSITION OF THE GOVERNING BODIES

GENERAL MEETING OF SHAREHOLDERS :

Chairman: Maria Mambo Café "in memory of"
Vice-Chairman: Luvumbo Sebastião
Secretary: Alfredo Vale da Costa

BOARD OF DIRECTORS:

Chairman: Filomeno da Costa Alegre Alves de Ceita
Member: Maria do Carmo Bastos Corte Real Bernardo
Member: Jorge Leão Peres
Member: João de Jesus Batalha Freire dos Santos
Member: Carlos Alberto Teixeira de Alva Sequeira Bragança

AUDIT BOARD:

Chairman: Luís Filipe Teixeira
Member: Júlio João Moniz
Member: José Rela dos Santos Bento

The Banco de Comércio e Indústria has Crowe Horwarth as External Auditor since 2015.

ORGANISATIONAL STRUCTURE

In December 2018 the organisational structure of the BCI bank, consisted of 15 Departments and 7 Offices, distributed between and supervised by Members of the Board, as follows:

In 2018, the following structural units of the Bank were active:

BUSINESS AREAS

- **CID - Corporate and Institutional Department:** is the organisational unit dedicated to monitoring, at the level of the Bank's entire distribution network, the implementation of commercial banking operations in the corporate and institutional segment, while providing a more customized and higher quality service.

- **IMD - Individual and Micro-Finance Department:** is the organisational unit dedicated to monitoring, at the level of the Bank's entire distribution network, the implementation of the commercial banking operations of individual clients.

ACCOUNTING AND OPERATIONAL SUPPORT AREAS

- **EBD - Electronic Banking Department:** is the organisational unit responsible for the monitoring of the coordination, implementation, management and follow-up of products, channels and the electronic banking business segment; for invigorating the implementation of traditional business by making it available by means of the available electronic means, and its impact on the implementation of the entire support infrastructure on this type of business, as well as the management of all the instruments that monitor the functioning of the respective service.

- **APD - Accounting and Payment Department:** is the structural organisational unit at national level responsible for the Bank's accounting management, implementation control and budget and financial analysis of the cost centres, and the payments to suppliers for goods and services contracted by the Bank.

- **SBD - Strong Room and Branch Technical Support Department:** is the unit responsible for ensuring the correct management, the strong room accounting and control and providing technical support to the branch network, which leads to the provision, optimisation and control of all the payments and receipts, in order to minimise the risk of conferring and holding liquidity.

- **MCD - Marketing and Communication Department:** is the organisational unit, that has the mission of promoting its business, BCI culture and social responsibility, through an integrated and global marketing strategy, by using all of its tools in an ethic, competent, creative, innovating and professional manner.

- **OPD - Operations Department** is an organisational unit responsible for the analysis, processing and control of operations in national and international currency, namely general banking operations, the compensation of value, credit operation, international operations, as well as the monitoring of the compensation of values on the interbank market.

- **OQD - Organisation and Quality Department:** is the organisational unit that establishes the organisational rule, bank processes and procedures, in view of the rationalisation, simplification, normalisation, quality and uniformity of its services and products, systematically, as well as the plain satisfaction of internal and external clients.

- **FMD - Financial Management Department:** is the organisational unit responsible for conceiving and implementing, in coordination with the other BCI business areas, of the planning of daily, weekly, monthly, trimestral and yearly interventions of the monetary, financial and domestic exchange markets; during this process, the objective and targets regarding the maximisation of the Bank's liquidity and other financial assets must be adequate to the constraints related with the compliance of the obligatory regulations and preventive rules defined by the Central Bank.

- **PSD - Property and Service Department:** is the organisational unit that manages the acquisition under its responsibility, controls and carries out the management of the property, car fleet and the tangible assets of the Bank, and follows up the services provided by third parties regarding the maintenance and conservation of property, and monitors the Bank's telephonic communication system through the interaction with respective service providers.

- **HRD - Human Resources Department:** is the organisational unit, that supports the Board of Directors in defining the human sources policy, monitoring the staff service supply, as well as promoting the professional development of the employees through the design and implementation of the motivation system, the salary system and training.

- **IRD - International Relations Department:** is the organisational unit responsible for the analysis, processing and control of any policy of the Bank's international relations and transactions.

- **ITD - Information Technology Department:** is the organisational unit set up to concede, propose and participate in setting up information and communication systems, responsible for its implementation, maintenance, development, security and business continuity.

- **GCM - Granted Credit Monitoring Office:** is the organisational unit set up to monitor any granted credit This liability was attributed by the BD.

- **ADO - Administrative Office:** is the organisational unit tasked with providing the support necessary for the functioning of the Board of Directors and the other bodies with delegated competences.

- **SPO - Studies and Projects Office:** is the organisational unit set up to monitor and/or authorise all projects, for which the BD attributed liability.

- **LOF - Legal Office:** is the organisational unit, that coordinates and carries out any legal activity, ensuring that the Bank's activities remain within the limits established by law, by providing legal advice and technical support to the Bank's remaining service areas.

- **CRO - Credit Recovery Office:** is the organisational unit tasked with the recovery of credit and retaining the loyalty of customers through efficient and ethically implemented interventions.

CONTROL AREAS

- **GRD - Global Risk Department: i**s the organisational unit responsible for the protection of the Bank's capital and assets regarding the provision of all the risk management models, in particular the analysis and integrated management of credit risk policies.

- **GCP - Compliance Office:** is the organisational unit responsible for the design, implementation and monitoring of an information management model and an internal control system to identify, to prevent and counter actions suspect to be fraudulent or to be associated with money laundering. In addition, it manages the compliance risk and sets up the necessary internal control in order to ensure that the Bank's activity develops in conformity with the established standards and legislation.

- **IAD - Integrated Audit Department:** is the organisational unit set up to plan, propose and carry out an audit programme, that assesses the efficacy of the existing control regarding the Bank's objectives. It is tasked to ensure that the carried out internal control and procedures allow to guarantee the efficiency and efficacy of the areas, and to ensure that exact information can be supplied in good time, in order to support the Bank´s management regarding its decisions in scope of the achievement of the defined objectives and targets, while taking into account the mission established by the Internal Audit mandate.

- **FCO - Foreign Exchange Control Office:** is the organisational unit responsible for assuring the compliance with the Foreign Exchange law and regulations, as well as for registering and reporting to Banco Nacional de Angola.

INTERNAL CONTROL SYSTEM

The internal control system is mainly ensured by the Global Risk Department, by the Compliance Office and by the Integrated Audit Department (IAD), ultimately responsible for monitoring.

The Integrated Auditing Department is an organisational unit of first level in the Bank's structure and depends, in terms of hierarchy and functioning, from the Board of Directors, and its action has a national scope.

The internal auditing includes, not being limited to it, the examining and assessment of the adequacy and efficacy of policies, processes, procedures and functions of the Banks, as well as the quality of its performance aiming at the targets and objectives established. This involves:

- Assessing the fulfilment of the strategic objectives of the Bank, as well as the risk involved in its accomplishment;

- Assessing the reliability and integrity of the information and the means used to identify, measure, classify and report it;

- Assessing the established systems, granting the compliance with policies, plans, procedures, laws and regulation that may have a significant impact on the Bank;

- Assessing the means of a BCI's assets assurance, whenever necessary the verification of such assets;

- Assessing operations/programmes, by determining if results are consistent with the targets and objectives set by the Bank, as well as if those operations/programmes are implemented in accordance with the planning;

- Monitoring, assessing and proposing improvements to processes and operations of the institution, according to the planning and under request of the Board of Directors, as well as assessing the efficacy and the efficiency of the resources used.

- Monitoring, assessing and proposing improvements for the efficacy of the Bank's risk processes, as well as the robustness of the internal controls established;

- Reporting periodically, and whenever necessary, to the Audit Committee the purpose, the authority, the responsibility and the performance in relation to the internal audit activities plan;

- Reporting significant exposures to risk and issues related to control and other pertinent topics or requested by the Executive Commission and Audit Committee.

- Producing and presenting an Annual Activities Report with synthesis of the tasks performed, conclusions and recommended actions;

- Informing the Director responsible for this function of all the situations that may require his attention and proposing measures to contribute for the good functioning of the Bank.

Being a body with a national scope of action, it is the function of IAD's members to:

- Plan, propose and implement an audit programme to assess the efficacy of the existent controls regarding the defined objectives;

- Assure a rational periodical intervention in the structural bodies, through detailed audit programmes, aiming at analysing the operational process;

- Suggest changes to the existent procedures in order to assure the Bank's and the Customers' resources, as well as the compliance with the legal dispositions in force;

- Give an opinion about norm projects involving the establishment or executive circuits;

- Ensure the strict compliance with the procedures implemented;

- Produce periodic reports, as a result from audit tasks, that must be presented to the Executive Commission and the Audit Committee;

- Accompany the evolution of the action taken into practise, in view of the correction of any flaws or deviations;

- Analyse the movements and the positions of internal accounts (transitory and regulatory);

- Analyse the reconciliation of accounts with national and international Banks, and third partie accounts, except the customers' accounts;

- Assure the contacts with BNA's Bank Supervision and with the External Audit Consultants.

VISION

To be a Bank that is innovative, agile, flexible, with capacity of anticipation of the Customers' needs, by offering integrated products and services of a superior quality, aiming at conquering an outstanding position in the national and international market.

MISSION

The BCI's mission is to render financial services of recognised value to its clients and to provide an attractive profitability to its savers, shareholders and other interest groups.

VALUES

Orientation for the Customer

To satisfy the needs of our Customers, by providing them added value, through valued Products and Services.

Staff satisfaction:

To care for labour satisfaction of Employees, according to management policies based on team work, trust and motivation.

Employees Involvement:

To promote Employees' involvement, through an active and creative participation, for objective achievement, in compliance with their responsibilities in the Bank's management.

Organisational Commitment:
To facilitate the Employee's assumption of an organisation commitment, based on criteria of Justice and Integrity in decisions taking, conflicts management and Professional career, in order to potentiate the existing "Talents".

Safety at Work:
To create health and safety at work policies, in order to care for staff's health and well-being.

4. MAIN EVENTS OF THE YEAR 2018

APRIL
- General Meeting of Shareholders, in scope of the analysis and approval of the annual report relating to the financial year of 2017;
- Moving of the Branch "Morro Bento" to Rua do Kikagil, at 150 meters from Avenida Pedro de Castro Van-Dunem Loy.
- Closing of the Branch "Café", Uige Province.

MAY
- Start implementation of the action plan for the project "Cliente Misterioso", which aims at assessing quality of customer's attendance at the branches;
- Closing of the Branch "Quibaxe", Bengo Province;
- Participation in the International Fair, Cuanza-Norte Province.

JUNE
- Participation in the International Fair, Uige Province.

JULY
- Meeting of BCI staff, in the scope of the 27th Anniversary of the Institution. Under the moto "Promover a excelência e o mérito no BCI", the meeting, amongst other purposes, allowed to distinguish the employees who stood out in the last three appraisals, allowed to share experiences and to find solutions to improve the customers' support (internal and external).

AUGUST
- Creation of the Foreign Exchange Control Office, which aims at assuring the compliance with the Foreign Exchange law and regulations, as well as for registering and reporting to Banco Nacional de Angola.
- Closing of the Branch "Golungo Alto BUE", Cuanza-Norte Province;
- Participation at Expo International Fair, Humabo Province.

SEPTEMBER
- Creation of the product "Cheque Bancário sobre o estrangeiro nos "Emirados Árabes Unidos" for individual customers, in partnership with Real Transfer;
- Creation of the financial product "Poupança Monami" for individual customers, which allows the constitution of term deposits of at least 2 years, with advantageous conditions and an attractive interest rate;
- Launching the process of Mastercard Pré-pago MOXI cards mass issuing.

OCTOBER
- IV Workshop about financial education at Huila Province, promoted by BCI;
- Participation at the International Fair, Moxico Province.

NOVEMBER
- Participation at the Municipalities and Cities of Angola Fair, Benguela Province.

DECEMBER
- Opening of 3rd Tax Service Point, Luanda Province;
- Creation of the product "Cheque Bancário sobre o estrangeiro na "África do Sul" for individual customers, in partnership with Real Transfer;

5. DISTRIBUTION NETWORK

By the end of 2018, the distribution network of the Banco de Comércio e Indústria consisted of 155 offices, of which 95 are branches and 60 are customer service points.

In 2018 the Bank maintained its representation in all Provinces throughout the country.

For the purpose of increasing the search and proximity to customers as well as business turnover, the bank has made investments in order to enlarge its commercial network, by opening 1 customer service point in Luanda Province.

Within the framework of branch cost-effectiveness evaluation, 3 units were closed in 2018, namely: 1 branch in Uige Province, 1 branch in Bengo Province, and 1 customer service point in Kwanza-Norte Province.

Regarding the number of branches per province, Luanda is on top of the list, due to its population density, with a total of 86 branches, followed by Benguela with 11, Cabinda and Zaire Provinces, each with 8 branches, Huambo with 6 branches; Lunda Sul and Huila with 5 each, Cuanza Norte and Lunda Norte with 4 branches each, the Moxico, Cuanza Sul, Cunene Provinces with 3 branches each; Malange, Namibe and Uíge Provinces have 2 branches each, and, finally, the Cuando Cubango, Bengo and Bié Provinces with 1 branch each.

In the customized services for institutions and large companies segment, the BCI, in 2018, relied on a Business Centre, which is located in the installations of the "4 de Fevereiro" and "Nova Vida" branches.

GEOGRAPHIC DISTRIBUTION OF THE COMERCIAL NETWORK, DECEMBER/2018

PROVINCES	AGENCIES BRANCHES	CUSTOMER SERVICE POINTS	TOTAL
Luanda	43	43	86
Benguela	10	1	11
Cabinda	5	3	8
Zaire	6	2	8
Huambo	5	1	6
Lunda Sul	4	1	5
Huíla	4	1	5
Cuanza Norte	1	3	4
Lunda Norte	2	2	4
Moxico	3	0	3
Cuanza Sul	2	1	3
Cunene	2	1	3
Malange	2	0	2
Namibe	2	0	2
Uíge	1	1	2
Bengo	1	0	1
Cuando Cubango	1	0	1
Bié	1	0	1
Total	**95**	**60**	**155**

6. ECONOMIC AND FINANCIAL FRAMEWORK

INTERNATIONAL CONTEXT

WORLD PRODUCT

The world economy activity continues to register a positive evolution. In 2018, the world economy reached a growth of a 3,7%, slightly lower than the 3,8% registered in 2017.

ECONOMIC EVOLUTION IN OTHER REGIONS OF THE WORLD

in percentage

	ESTIMATE			PROJECTION	
	2015	2016	2017	2018	2019
World economy	3,2	3,2	3,8	3,7	3,5
Advanced economies	2,1	1,7	2,4	2,3	2,0
Emergent economies	4,0	4,4	4,7	4,6	4,5
Sub-Saharan Africa	3,4	1,4	2,9	2,9	3,5
USA	2,6	1,5	2,2	2,9	2,5
Euro Zone	2,0	1,8	2,4	1,8	1,6
Japan	1,2	0,9	1,9	0,9	1,1
China	6,9	6,7	6,9	6,6	6,2
Brasil	-3,8	-3,5	1,1	1,3	2,5
India	7,6	7,1	6,7	7,3	7,5
South Africa	1,3	0,3	1,3	0,8	1,4

Source: FMI

In 2018, the world economy's evolution was characterized by a general growth of the main regional economies, highlighting America, Europe and Asia.

According to the FMI, advanced economies have grown 2,3 in 2018, against 2,4% last year, emergent and developing economies, evolved 4,6%, slightly below 4,7% registered in the preceding year, while economies in the Sub-Saharan Africa, attained a growth of 2,9%, the results attained in 2017.

As a result of monetary and economic policies, United States of America's economy, maintains its vigorous growth trajectory, and in 2018 achieved a growth of 2,9%, against 2,2% registered in 2017.

Economic activity in the Euro Zone experienced an expansion of 1,8% (below 2,4% achieved in 2017)

The Euro zone's growth loss, was mainly due to the poor performance, registered mainly in the second semester of year, by the main economies of the European block. The German economy, the biggest in the euro zone, has grown 1,5% (2,5% in 2017), the United Kingdom has grown 1,5%, (below ,1,8%, registered in 2017), the French economy has grown 1,5%, against 1,5% in the last year, while the Italian as registered a growth of 1,0% (below 1,6%, registered in the previous year).

According to the FMI forecasts, the Japanese economy has attained a growth of 0,9% in 2018 (below 1,9% registered in 2017). Natural disasters that occurred at the end of 2018, are at the root of the weak growth registered.

Emergent economies, highlighting the Chinese, Indian and Sub-Saharan Africa region, contributed positively to the world's economy growth in 2018.

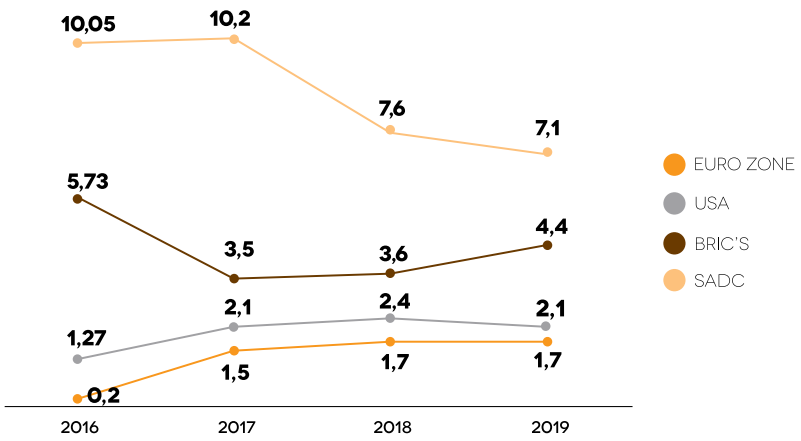
Forecasts indicate that the Chinese economy, has registered a growth of 6,6% (6,9% in 2017), the Indian Economy 7,3% (above 6,7% observed in the previous year), while Sub-Saharan Africa region registered a growth of 2,9% (the same registered in 2017)

Despite uncertainties in financial and monetary markets in some regions of the globe, highlighting the effects of the United Kingdom's exit from the European Union, the commercial disputes between China and the United States of America and the instability risks due to price evolution of commodities; FMI projections estimate that the world economy will reach a growth rate of 3,5% in 2019.

INFLATION

In 2018, the expectation is that the main economic zones register a growth of inflation, having into account the price evolution of commodities in foreign markets, in particular the price of oil.

EVOLUTION OF THE INFLATION RATE OF SOME MARKETS



Source: FMI

In 2018, the inflation rate in the United States observed an increase of 2,4%. In the Euro Zone, as a result of the economic growth and the increased demand, the inflation increased in 2018, and was at 1,7% (above the 1,5% of 2017).

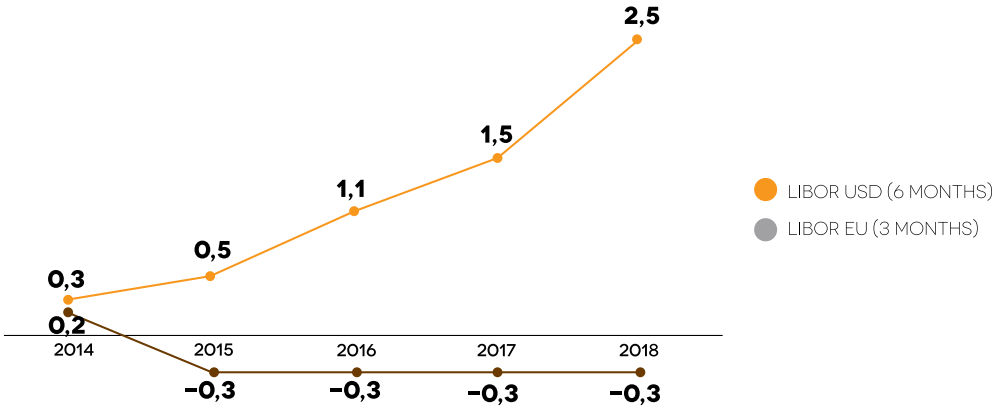
The BRICs will probably maintain relatively high inflation rates, which means 3,6% in 2018 e 4,4% in 2019.

In 2018, despite high inflation rates in the SADC region, these went down from 10,2% in 2017 to 7,6% in 2018

INTEREST RATES

According to the IMF, the reference interest rate (London InterBank Offered Rate - LIBOR), in the form of six-month deposits, in American dollars, increased from 1,5 % in 2017 to 2,5% in 2018, and the three-month deposits in euros remained at -0,3% in 2017 and 2018.

EVOLUTION OF THE REFERENCE INTEREST RATES



Source: FMI

NATIONAL CONTEXT

GROSS DOMESTIC PRODUCT

According to the official figures presented in the general budget for 2019, Angola's economy, recorded again, a recession of Gross Domestic Product, -1,1%, against -0,1%, attained in 2017.

CHANGES IN GROSS DOMESTIC GROWTH (%)

	2016	2017	ESTIMATE 2018
GDP	-2,6	-0,1	-1,1
Oil Sector	-2,7	-5,3	-8,2
Non-Oil Sector	-2,5	1,2	1,0
Agriculture	1,8	1,4	3,1
Fishing and derivatives	7,5	-1,1	1,3
Diamonds and others	0,0	-0,8	0,8
Manufacturing industry	11,6	1,2	0,1
Construction	2,5	2,5	2,1
Energy	8,8	-1,7	30,0
Market services	-5,2	1,5	1,0
Others (Public sector - administration)	-16,4	0,3	2,0

Source: MEP.

The negative performance registered by the oil sector, with a growth of -8,2% (against -5,3% registered in 2017), mainly contributed to the national economy's recession.

In spite of oil price increases in foreign markets, due to many reasons, the levels of oil production were below expectations, having a negative influence in the economic performance of the sector and the Angolan economy.

Non-Oil sector registered a growth rate of 1,0%, lower to the registered in 2017 of 1,2%. The biggest contribution for the sector's growth in 2018, was Energy with 30,0%, followed by Agriculture with 3,1%, Construction and derivatives with 2,1%, Others (Public Sector – Administration) with 2,0%, Fishing and derivatives with 1,3%, Market services with 1,3%, Diamond sector and others with 0,8%, and Manufacturing industry with 0,1%.

In general, the Angolan's economy performance continued to be affected by oil production level's evolution, and by low prices registered in international markets. As a consequence, the State continued to observe low exchange rate revenues, due to a limited capacity to offer the necessary currency to the activities of the different sectors, causing the economy as a whole to slow down.

MACROECONOMIC INDICATORS

In macroeconomic terms, the Angolan economy continued to register a degradation of some indicators.

EVOLUTION OF ECONOMIC INDICATORS

	2015	2016	2017	2018
Inflation Rate	14,2%	41,9%	26,2%	18,2%
Exchange Rate (USD/AOA)	135,3	165,9	165,9	308,6
Basic rate BNA	11,0%	16,0%	18,0%	16,5%
Marginal Liquidity Lending Facility (Overnight)	12,5%	20,0%	20,0%	16,5%
Marginal Liquidity Obsorbing Facility (Overnight)	0,0%	7,3%	0,0%	0,0%
Net external reserves (USD billion)	24,2	21,3	13,3	10,6
Monetary Base M3 (AOA billion	5 711,0	6 528,8	6 521,6	8 110,9
LUIBOR Rate (Overnight)	11,3%	23,4%	17,8%	16,8%
Rates of Nominal Asset Interest MN - Particulares (untill 180 days)	16,4%	20,2%	24,2%	27,3%
Rates of Nominal Loan Interest MN (from 181 days to 1 year)	3,8%	3,9%	4,3%	8,2%

Source: Banco Nacional de Angola

In spite of a decrease, the inflation rate remains high, and at the end of the year was 18,2%, a figure below 26,2%, registered in 2017.

As a result of the reduction in the average oil price on the international markets and the management of foreign exchange resources, the State's Net Official International Reserves, decreased from USD 13,3 billion attained in December 2017, to USD 10,6 billion in December 2018.

On the exchange market, the Banco Nacional de Angola carried out several interventions on the primary market, through currency auctions and direct sales. The pressure on the Kwanza was constant throughout the year, but, as a result of BNA's foreign exchange policy, the average foreign exchange rate of Kwanza compared to the US Dollar, went from Kz 165,9, in December 2017, to Kz 308,6 in December 2018, corresponding to a 54% depreciation of the kwanza.

In 2018, banks developed their activities under a difficult macroeconomic environment, total assets from banks, went from Kz 10.911.793 million, registered in 2017, to Kz 14.143.727 million achieved in 2018, which corresponds to an increase of 29,6%.

28 banks were in activity in 2018, 3 of which were state held banks (BCI, BPC, and BDA).

The system deposit portfolio (expressed by M3), registered an increase of 26,8%, while the credit portfolio, grew 16,8%.

According to preliminary data from the BNA, at the end of the year, total bank deposits amounted to Kz 6.102.992 million; total credit was Kz 4.712.945 million.

As a result of monetary and tax policy conducted by the Angolan authorities and as a result of the macro-economic situation, the basic BNA rate went from 18,0% registered in 2017, to 16,5% in 2018, marginal liquidity lending facility went from 20% to 16,5, while the absorbing (overnight), stayed at 0,0%. As a consequence, assets and liability rates practiced by the banks registered an increase. Consequently, the average credit rate in national currency related to the private sector, for a maturity of 180 days, was 27,3% (24,2% in 2017); term deposits for maturities between 181 days and 1 year, was set at 8,2% (4,3% in 2017)

It's important to highlight, that in 2018, Banco Nacional de Angola continued to offer products, in the primary market, favoring Treasury Bills and Treasury Bonds. In December 2018, average rate for Treasury Bills, with 91 days maturity, was at 13,60%; 182 days, in 17,05%, and 364 days, at 19,05%. At the end of the year, Average rates for Treasury Bonds, with 5 years maturity, indexed to the exchange rate, was about 5,00%, and 5,50% for 7 years maturity.

RELEVANT REGULATORY CHANGES IN 2018

MONTH	INSTRUMENT	SUBJECT
JANUARY	Notice no. 01/2018 of 22 January	Limits for currency position
	Instruction no. 01/2018 of 19 January	Buying and Selling of Foreign Currency Auctions - Procedures of Participation
	Instruction no. 02/2018 of 19 January	Procedures to be observed in foreign exchange operation
	Instruction no. 03/2018 of 19 January	Exchange rate regime
	Instruction no. 04/2018 of 19 January	Liquidity Supply Operations of Development Banks
	Directive no. 01/DSI/DRO/DMA/2018 of 29 January - Daily Information - Commercial Banks	Limits for currency position
MARCH	Notice no. 02/2018 of 02 March	Adequation of the Regulatory Minimum Share Capital and Own Funds In Financial Bank Institutions
	Notice no. 03/2018 of 02 March	Exemption from Commissions for Minimal Bank Services
	Notice no. 04/2018 of 07 March	Changes to the text of the Article 12th of the Notice no. 09/17, of 12 Setembro, about Infractions
APRIL	Directive no. 01/DCC/2018 of 03 April	Sending of information regarding Needs Maps
MAY	Instruction no. 05/2018 of 25 May	Obligatory Reserves
JUNE	Instruction no. 06/2018 of 19 June	Foreign Exchange Regime over Goods' Export
	Instruction no. 07/2018 of 19 June	Creation of an Independent Fund for Foreign exchange Control in the Financial Bank Institutions.
	Instruction no. 08/2018 of 19 June	Temporary Suspension of the Licence for Foreign Exchange Operations of Goods' Import
JULY	Instruction no. 09/2018 of 02 July	Limits to Good's Foreign Exchange Operations
	Directive no. 04/DMA/2018 of 17 July	BNA Rate - Notice no.. 10/2011, of 20 Outubro
	Directive no. 05/DMA/DRO/2018 of 18 July	Access Requirements to Marginal Liquidity Overnight Lending Facility (OLF)
	Instruction no. 10/2018 of 19 July	Obligatory Reserves
	Directive no. 04/DSP/DRO/2018 of 19 July	Requirements for the Calculation and Accomplishment of Obligatory Reserves
	Directive no. 03/DRO/2018 of 31 July	Guidance for the implementation of the effort tests program
AUGUST	Notice no. 06/2018 of 02 August	Limits for currency position
	Directive no. 05/DSB/DRO/DMA/ 2018 de 22 August	- Daily Information - Commercial Banks
SEPTEMBER	Instruction no. 11/2018 of 11 September	Liquidity Supply Operations of Development Banks
	Instruction no. 12/2018 of 14 September	Payment of Hospital and School Expenses
	Instruction no. 13/2018 of 19 September	Prevention of money laundering and terrorist financing In International Trading Operations

NOVEMBER	Directive no. 03/DCC/2018 of 06 November	Sending of information regarding Needs Maps
	Notice no. 07/2018 of 16 November	Requirements and Procedures for the Authorisation for the Constitution of Non-Banking Financial Institutions
	Notice no. 08/2018 of 16 November	Adequency of the Regulatory Minimal Share Capital and Own Funds to Non-Banking Financial Institutions
	Notice no. 09/2018 of 16 November	Operation Rules for Foreign Currency Offices
	Notice no. 10/ 2018 of 16 November	Delay of the Periodic Information (Financing System)
	Instruction no. 14/2018 of 19 November	Remuneration of Collateral Associated with Letters of Credit
	Instrutivo n.º 15/2018 de 19 de Novembro	Salle of Foreign Currency to Foreign Exchange Offices and Service Payment Suplly Societies
	Instruction no. 16/2018 of 21 November	Limites for Selling Foreign Currency Applicable to Service Payment Suplly Societies and Foreign Exchange Offices
	Notice no. 11/ 20178 of 26 November	Payment services Operation Rules for Money Transport Services
	Instruction no. 17/2018 of 28 November	Operational rules (Repatriation of Financial resources)
	Instruction no. 18/2018 of 28 November	Convertion of Credit granted in Foreign Currency to Individual Customers
DECEMBER	Notice no. 12/ 2018 of 03 December	Limits for currency position
	Instruction no. 19/2018 of 03 December	- Buying and Selling of Foreign Currency Auctions - Procedures for Oragnisation and Functioning
	Instruction no. 20/2018 of 03 December	- Reference Foreign Exchange Rate - Calculation Methodology - Foreign Exchange Rate of the Financial Bank Institutions
	Directive no. 06/DEF/DRO/ 2018 of 04 December	Changes to the remunoratory interest rate of the product Bankita à Crescer
	Instruction no. 21/2018 of 11 December	Extension of Temporary Suspension of the Licence for Foreign Exchange Operations of Goods' Import
	Directive no. 06/DMA/2018 of 11 December	Sending of Information of the Interbanking Foreign Currency Market

7. BUSINESS AREAS

INDIVIDUAL AND MICROFINANCE

Within the framework of its responsibilities, the Department of Individual and Microfinance, has undertaken several actions in order to attend the needs of individual customers, and has maintained relations with institutional entities within the scope of the support programme for micro, small and medium-sized enterpreneurs. .

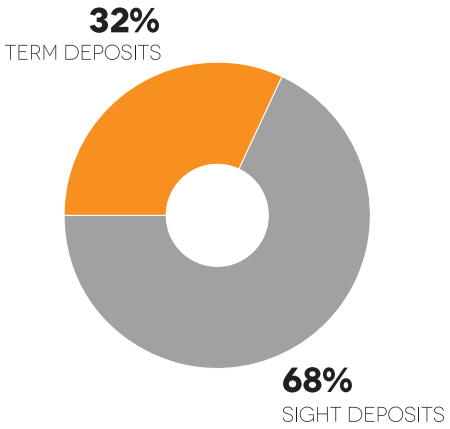
The main activities developed by the Department of Individual and Microfinance were the following:

- Analysis and monitoring of relevant indicators regarding the management of the credit portfolio of the Bank's private customers, particularly per branch;
- Monitoring of the project Educação Financeira, (produto Bankita), promoted by the BNA;
- Treatment and analysis of submitted credit requests and purchase and transfer of foreign exchange currency.

In December 2018, the Bank had a total of 501.986 private costumers, above the 447.081 registered in the preceding year.

Private costumer deposits, totaled Kz 43,3 billion in December 2018, against Kz 40,0 billion, registered last year. Of which, Kz 29,5 billion represents sight deposits and 13,8 billion, term deposits.

COMPOSITION OF THE DEPOSIT PORTFOLIO OF PRIVATE CUSTOMERS IN 2018



Credit stock granted to this segment of costumers, reached in the end of 2018, the amount of Kz 21,6 billion, compared to Kz 17,1 billion observed in 2017.

In terms of products, the ones that presented a bigger volume of granted credit in 2018 were Adiantamento de Salário, Cria Condições, Créditos Sociais, Crédito Rendas and Crédito MINFIN.

Within the framework of the financial education project of the population, promoted by the BNA, that targets citizens with low income, the BCI opened a total of 6.183 sight accounts (Bankita product), against 2.995 opened in 2017, which corresponds to a significant increase of 106,4%. Consequently 7.776 ATM cards were issued during the year, above the 4.658 cards issued last year.

As for term deposits (Poupança a Crescer product) 17 accounts were constituted, below the 19 constituted in 2017.

Overall, since the beginning of the project until the end of 2018, the total accounts of the two products, ascended to 30.641 sight accounts and 474 term accounts; 21.129 debit cards were active.

In 2018, the Bank provided the remittance of cash service to customers through the international Western Union network, having been issued 29.034 remittances.

CORPORATE AND INSTITUTIONAL

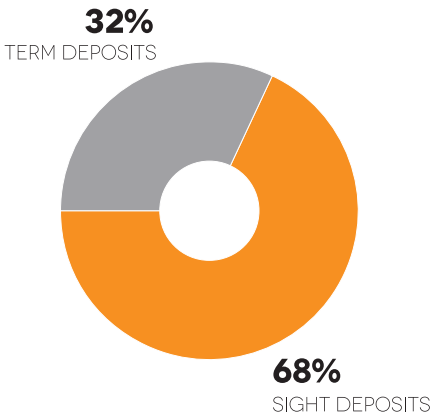
In 2018, the Corporate and Institutional Department has taken a series of actions with regard to corporate and institutional customers, with the main purpose of providing a more customized service, in order to increase customer retention and the number of total customers in this segment.

Accordingly, this Department focused its activities on the management and monitoring of credit processes of companies and institutions, particularly for the Angola Investe and Projovem credits, and carried out, at a national level, a series of visits to several project promoters, in order to obtain information about the state of the activity development, as well as to strengthen relations.

By the end of December 2018, the bank had a total of 45.681 business class customers, corporate and institutional i.e. a higher number than the 43.357 registered in the previous year.

The deposit portfolio of this segment is comprised of Local and Central Government, Funds and Autonomous Public Services, Social Security and Enterprises, it totaled Kz 79,8 billion in 2018, an amount higher than the Kz 61.0 billion of the previous year. Of this amount, Kz 54,6 billion represent sight deposits and Kz 25,1 billion represent term deposits.

COMPOSITION OF THE CORPORATE AND INSTITUTIONAL DEPOSITS PORTFOLIO IN 2018



In 2018, the bank continued to attend the credit needs of corporate clients and institutions, from various sectors of activity, having a granted credit stock portfolio of Kz 38,5 billion, below the value of Kz 41,2 billion achieved in 2017.

From the total credit granted over the year, it's important to highlight credit granted under the form of overdraft credit accounts, with an amount of Kz 4,2 billion, followed by credit in advance with Kz 2,3 billion, general credit with Kz 1,6 billion, Angola Investe credit with Kz 1,4 billion and Projovem credit with 1,0 billion.

8. BUSINESS SUPPORT AREA

ELECTRONIC BANKING

Through its Departament of Electronic Banking, special attention was dedicated to this market segment by the bank in 2018, for this purpose, it invested in new Automated Teller Machines, in Automated Payment Terminals, as well as improvements to internet banking services and its Call Center.

In 2018 the Bank attended its clients through the attribution of MULTICAIXA network cards, having registered by the end of the year a total of 346.074 valid cards, of which 207.313 active cards, which represented a figure of 60% active cards over the valid ones. This indicator is 11% below in the network average which was 71%.

In terms of MULTICAIXA cards, throughout the year 2018, 239.813 cards were issued in national currency, which means 118.656 more than the 121.157 registered in 2017.

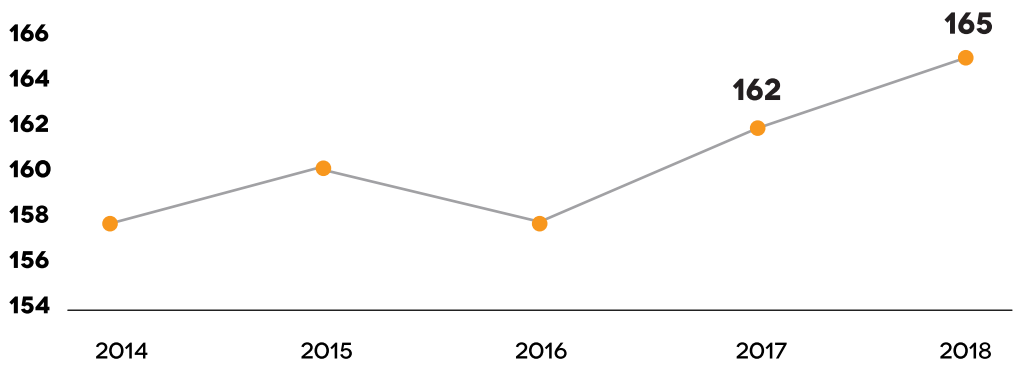
In 2018, in accordance with its business plan and the massification campaign, BCI started up the distribution of international credit cards and prepaid cards with Mastercard symbol. By the end of the year, there were 9.222cards in the portfolio, of which 2.378 were active cards.

By the end of December 2018, from the 2.275 cards issued throughout the year, 1.822 are travelling cards, 292 of allowance (family support) and 161 credit cards.

In relation to Automatic Teller Machines (ATM's), by the end of 2018 and in a total of 17 provinces, BCI had 171 machines, which represents a decrease of 2 Automatic Teller Machines, comparing to the 173 existing in the previous year.

Within the MULTICAIXA network, 165 of the 171 Automatic Teller Machines were registered in the MULTICAIXA network, of which 159 were active, against a background of 3.017 active terminals of the total number of Banks, which represents 5,5% of the total number.

REGISTERED AUTOMATIC TELLER MACHINES

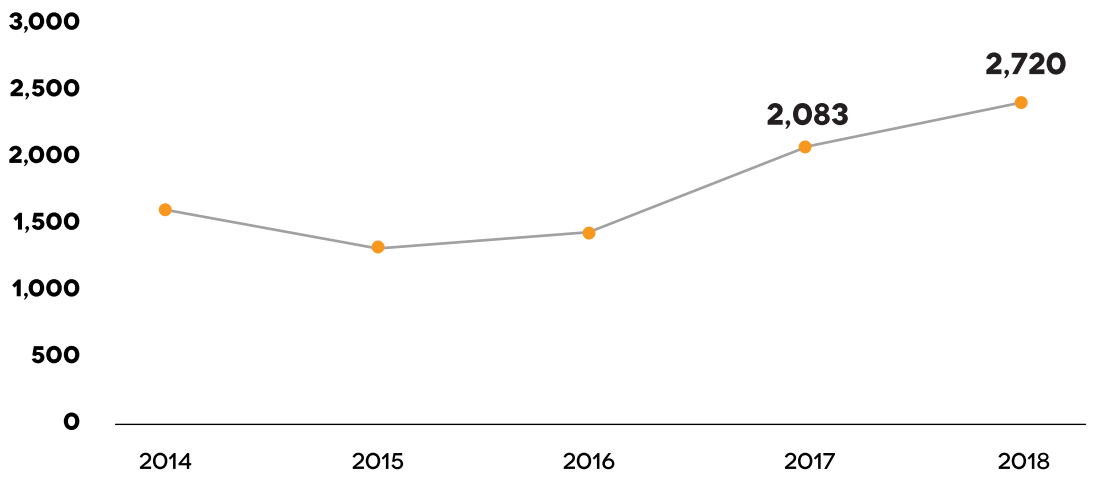


Luanda province showed the highest number of registered automatic teller machines, totalling 82, i.e. the same as in the previous year, followed by Benguela province with 23, Huambo province with 10 and Zaire with 8.

Throughout the year, several operations were carried out in the bank's ATM network, especially in terms of withdrawal transactions, which totalled Kz 88,0 billion (8% more than the previous year), of which Kz 52,7 billion in Luanda and Kz 35,2 billion in the remaining provinces.

In relation to the Automatic Payment Terminals (APTs), the BCI network had, in December 2018, 2.720 terminals, compared to the 2.083 registered in December 2017, which represented an increase of 30,5%.

AUTOMATIC PAYMENT TERMINALS



Throughout the year, there was a relevant take-up of the electronic Internet Banking service, and, by the end of the year, a total number of 5.699 Customers, of which 4.673 individual, 926 companies and 100 employees were registered.

In terms of operations through Internet Banking, the highlight in 2018, was for the internal transactions, that totalled Kz 6,8 billion, i.e. Kz 1,3 billion more than the previous year. In 2018, the interbank transactions were started up, through STC platform, in the amount of 1,5 billion, above the 1,0 billion observed in 2017.

In 2018, the BCI Call Center service, responsible for the personal contact with and technical support of customers by phone, electronic message, letter, Internet or through EMIS, responded to a total number of 1.503 complaints.

MARKET SHARE OF AUTOMATIC TELLER MACHINES AND ACTIVE APTS (DECEMBER/2018)

DESCRIPTION	BCI	MARKET	% BCI
Active Automatic teller Machines	159	3.017	5,3%
Automatic Payment Terminals	1.990	62.967	3,2%

HUMAN RESOURCES

By 31 december 2018, BCI had a total of 1.131 employees, of which:

- 638 were male, i.e. 56%;
- 493 were female, i.e. 44% of the total staff..

The following table illustrates the staff's evolution over the past years.

BCI STAFF 2014/2018

YEAR	MEN	WOMEN	TOTAL	DIFERENCE
2014	609	464	1.073	-
2015	623	486	1.109	36
2016	610	485	1.095	-14
2017	632	498	1.130	35
2018	**638**	**493**	**1.131**	**1**

STAFF DISTRIBUTION

The Staff of the governing bodies structure is distributed as follows: Board of Directors, 15 Central departments and 7 Offices.

The Staff is distributed over the provinces, in accordance with the following table:

BCI STAFF BY PROVINCES ON 31 DECEMBER 2018

STAFF BY PROVINCES	TOTAL
Luanda	743
Bengo	7
Benguela	83
Bié	7
Cabinda	41
Cunene	11
Huambo	33
Huíla	32
Cuanza - Norte	19
Cuanza - Sul	21
Cuando Cubango	6
Lunda - Norte	8
Lunda - Sul	22
Malange	14
Moxico	17
Namibe	13
Uíge	10
Zaire	44
TOTAL	**1.131**

STAFF AGE

The distribution of employees per age group and seniority as of December 2018 is shown in the following table:

STAFF AGE ON DECEMBER 2018

AGE	EMPLOYEES	%
Until 19	0	0%
20-24	18	2%
25-29	189	17%
30-34	314	28%
35-39	206	18%
40-44	128	11%
45-49	101	9%
50-54	103	9%
55-59	59	5%
60>60	13	1%
	1.131	**100%**

The table shows that the age group from 30 to 34 has the highest number of employees, i.e. 314 in total, with na average age of 38 years, which demonstrates that BCI's staff keeps getting younger.

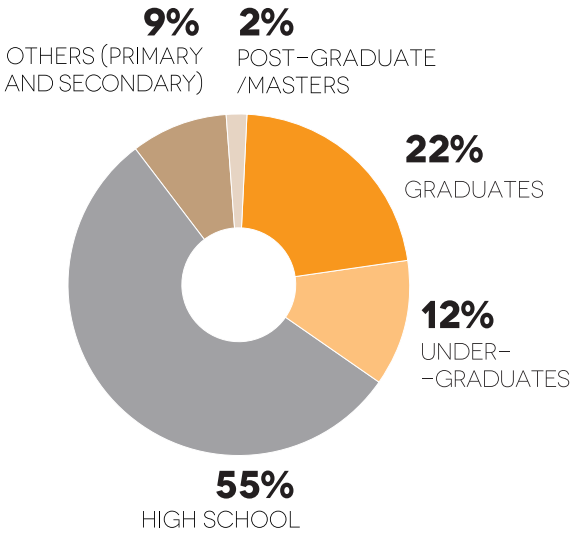
EDUCATIONAL ATTAINMENT LEVELS

In December 2018, 54,6% of the Bank's employees had a high school degree and 22,2% a university degree, as shown in the following table:

EDUCATION ATTAINMENT LEVELS ON DECEMBER 2018

EDUCATION ATTAINMENT LEVELS	TOTAL	%
Post-Graduate/Masters	19	2%
Graduates	252	22%
Under-graduates	139	12%
High-School	618	55%
Others (Primary and Secondary)	103	9%
TOTAL	**1.131**	**100,0%**

GRAPHICAL DISTRIBUTION OF EDUCATIONAL ATTAINMENT LEVELS IN DECEMBER 2018



TRAINING

In order to empower the employees with solid scientific knowledge, the Bank continued to invest in training throughout 2018, by organising 38 courses in the most diverse areas, that are considered critical in view of the global objectives.

The number of participants in the training courses totalled 1.441 hours for 1.498 Employees, 755 male and 743 female.

The main training courses ran in 2018, were the following:

- High Performance Teams
- Speaking and Writting for Business
- Western Union Training (Compliance e Fraud Prevention)
- Introductory Level to Banking Business
- Teaching for Workshop Leader Continuous Training
- Seminar on Ocupational Qualifier
- Workshop II Conference on Ocupational Health Services
- Workshop on Disciplinary Procedures
- Management by Objectives – New Leadership
- Techniques for Legal and Executive Opinion or Information.
- English Language Course
- Training & Coaching Plan
- Sales Coordinator Course
- Human Resources Director Training
- Occupational Safety, Hygiene and Health
- Motivational Lectures
- Proadet – BCI High Performance
- 3rd Level Internal Audit
- Training on Prevention of Money Laundering, Terrorist Financing and International Sanctions
- Assets Management
- Training on Fire Safety Brigade
- Budget Planning and Management
- Project Management Training
- Behavioural Profile Mapping
- Foreign Exchange Transactions
- Management by Objectives.

MAIN ACTIVITIES DEVELOPED BY THE HUMAN RESOURCES DEPARTMENT

According to the Objectives and Activities Plan of the Human Resources Department (HRD), the following strategic initiatives were organised:

- Improvement and automatisation of the Human Resources Department's critical processes
- Human resources norms and procedures reinforcement
- Analysis on reducing the staff costs by headings
- Analysis on reducing the number of disciplinary processes
- "Programa BCI Vida" Implementation
- 2018 training plan implementation
- Annual prizes "Worker of the Year"
- Assessment analysis on work environment (2nd stage)

ACCOUNTING AND PAYMENTS

In 2018, the Banco de Comércio e Indústria had fully adopted the International Accounting and Financial Report Standards (IAS/IFRS) as the existing legal framework for financial banking institutions in Angola, in accordance with Notice no. 6/2016 of 22 June of Banco Nacional de Angola. This had direct impact on the accounting of the transactions registerer since the beginning of 2018. For this purpose, the BANKA and FINANCA system were reparametrised as follows, so that the changes resulting from the full adoption of IAS/IFRS were treated automatically:

- Accounting treatment of the commissions associated to credit granted to customers, that were deferred throughout the lifetime of the respective loan;
- Separation of the subsidised rates of credit to Employees of the Bank from the staff costs supported by such subsidy;
- Accounting of bond interests through effective interest rate (yeld);
- Changes to the credit write-off from assets, so that the system ceases to perform this task automatically as has been the case until now (in accordance with Notice no. 3/2012 of 28 March of Banco Nacional de Angola). Currently this write-off is only performed when the Bank has no other possibility to recover the overdue credit.

Besides the compulsory changes, the Accounting and Payments Department carried out other tasks with the purpose of improving and refining the financial information of the Bank and providing its Executive Body with instruments, which may allow, for instance, the analysis of the profitability of branches that have been subject to metric adjustments, aiming at a fair cost reduction at several branches.

OPERATIONS

Throughout 2018, the Transactions Department has taken a range of actions supporting the bank's transactions, especially in view of compensation, general transactions and State General Budget, processing of credit accounts, as well as transactions abroad.

On what concerns cheque compensation, the balance was positive on 31 December and reached Kz 21,9 billion.

With regard to Real Time Payment System (RTPS) transactions, a total amount of Kz 161,9 billion was sent and Kz 131,5 billion were received. With regard to the receipts, it must be noted that the amounts received for the Single Treasury Account (STA), to cover budget units, with accounts in BCI, that totalled Kz 33,4 billion, more than the Kz 29,4 billion received in the previous year. For the STA, and in the scope of the revenue collection agreement with the Ministry of Finance, in 2018 the amount of Kz 82,4 billion was transferred.

Throughout the financial year, through the Credit Transfer System (CTS) a total amount of Kz 45,5 billion was transferred and a total of Kz 148,5 billion was received, which equal a positive balance of Kz 102,9 billion.
During the financial year 2018, the Operations Department performed 993 financing operations, compared to the 1108 operations performed in 2017.

In 2018, the transactions abroad, in particular the issued payment orders, totalled 14.087, compared to the received 433.

It must be noted that in 2018, as a result of the partnership with Banco Millennium from Portugal and Real Transfer, a total number of 1.628 foreign cheques was issued, namely to Portugal, Arab United Emirates and Namibia.

GLOBAL RISK

Within the framework of the several risks faced by the bank, the Global Risk Department is the structure unit responsible for the appropriate management of credit risk and other future risks. It ensures compliance with rules and internal regulatory procedures, that guarantee the most adequate practice, quality in granting and monitoring the portfolio, as well as the safeguarding of the integrity of the support documents. Its mission is to protect the institution's capital, regarding the conception of risk models, analysis and integrated management of credit policies, market risk and operational risk.

Within the framework of the several risks faced by the bank, in 2018, The Global Risk Department paid special attention to credit risk. Therefore, 37.429 cases related to the different credit products marketed by the bank were analysed. The total amount of granted credit was Kz 23,6 billion.

The major part of the analysed credit processes relates to "Adiantamento de salários" product with 34.480, followed by "Cria Condições" with a total number of 1.792, the Employees' Social Fund with 614, the "Crédito Rendas" with 157, the "Minfin" with 112, by the "Projovem" with 89 proccesses.

Throughout the financial year, the Global Risk Management Department developed other activities in scope of the implementation of the BNA standards concerning risks, of which the following must be highlighted:

1. Calculation of the impairment losses for the the credit portfolio, according to the Instruction n. 5/2016 of 08 August;

2. Monthly reports on credit risk and its exposure in the several products broken down by segments;

3. Monthly and semestrial reports on the risk management system;

4. Updating of the tolerance leves for the Strategic, Credit and Finantial Risks;

5. Semestrial report of the effort test;

6. Sending of reports within the framework of New Regulatory Package

INTERNAL CONTROL

In order to carry out its activity and plan and targets set out for the year of 2018, the Internal Audit Department developed a series of initiatives, which basically focused on the adjustment of procedures and regulations for the best activity performance in the institution.

The Department's activities were centred on auditing the branches and the Central Services proccesses.

In scope of the auditing of 86 branches, the activities focused on assessing the compliance of the standards and procedures established in the institution, regarding the process of credit granting and control, the opening and updating of accounts, the values' transfer, the treasury and values transport process, the issuing of Multicaixa cards, the anlaysis os costs related to the Provinces' branches, the closing and loading of automatic teller machines, as well as the cheques' registration and issuing.

With regard to the Central Services, 8 audits were carried out, namely:

- Internet Banking Managment
- Call Center Services Management
- Automatic Teller Machine's (ATM) Technical Problem Solving
- Opening of "Cliente e Conta Particular"
- Opening of "Cliente e Conta Empresa"
- Payment Accounting and Execution
- Credit Granting to companies
- Cash Receive

It must be highlighted that other tasks were carried out by the Board in scope of its functions, such as the responses to the 392 demands from the PGR, 317 from the Province Court of Luanda, 254 demands from AGT, and from 82 companies.

COMPLIANCE

The Compliance Department established the following objectives for 2018:

1. Report Suspicious Operations;

2. PEPs. NGOs and importing companies identification and Exchange Offices registration;

3. Implement the Risk Matrix for Money Laundering and Terrorism Financing (MLTF);

4. Update the Individual and General Norms for prevention of MLTF for accounts' opening;

5. Control the compliance of 30 BNA standards e 20 internal standards;

6. Training at least 300 employees on MLTF and Conflicting Interests;

7. 3 jobs opening.

Globally, the plan was achieved in 50% and the following should be considered:

- Several suspicious operations were reported to the Financial Information Unit;

- Customers were identified and grouped in the cathegories considered of high risk or special attention;

- The MLTF risk matrix was not implemented, however the project of improvement of the Argus Application's functioning was aproved.

- At the level of conformity control, the compliance by the Bank with 20 internal Standards and 30 BNA Standards was checked, as established in the planning.

- Throughout the year, the Compliance Office promoted training courses about MLTF for the employees of 31 branches. A training course for 236 employees on Foreign Transactions (FT) was carried out in Luanda.

CREDIT RECOVERY

In coordination with the commercial areas and the Legal Department, the Credit Recovery Department, throughout the year, persisted in contacting customers with past due loans, which made the recovery of a considerable amount of Kz 1,2 billion possible, which is a value above the Kz 762,5 million recovered in 2017.

The thorough work held by the Department in the scope of the negotiation proccess with Recredit should be highlighted.

The recovery of non-performing loans, among other factors, was hampered mainly by the economic and financial crisis that the Angolan economy has registered over the past years with negative repercussions in the economic agents' capacity to pay to the banks. Therefore, the Office has been searching, as far as possible, for negotiated solutions with the customers, in order to safeguard the Bank's assets and maintain the commercial and financial relationship between the parties.

INFORMATION TECHNOLOGY

In 2018, the Information Technologies Department developed a series of activities, that had a positive impact on the banking transaction performance and on the business of the institution. The following are worth mentioning:

- Implementation and migration of jobs from the Kanalo Platform to PFS

- Renewal of the 30% of the IT equipment

- Instalation of the new Kasperky anti-virus in machines

- Migration of internal communication documents to the cloud

- Migration to optical fibre of 20 branches with damaged communication

- Improvement of the wiring network in 8 branches in which it was provisory

- Acquisition of 2 servers to reinforce the VMware virtual infra-estructure's proccessing capacity

- Implementation of the withdrawn without cards project in the Multicaixa network

- Implementation of the coorporate cards project
- Consolidation of the High Availability Module for the internet Banking chanels
- Configuration of the indicators for DOP platform
- Start to the new internet banking e Kiosk
- Start to the foreign exchange transations Workflow project
- Start to the purchasing management project
- Implementation of the Microsoft ATA platform for AD audits
- Manual of Procedures for the DTI
- Manual of business continuity

INTERNATIONAL RELATIONS

Throughout the year, the permanent contact with the actual and potential correspondent banks continued to be the priority for the International Relations Department, of which the main function consists in maintaining relations with operators of foreign banking markets. On one hand, the Department strengthened the existing relations with several correspondent banks, and, on the other hand, created new financial connections with the most active banks on international level, always focused on the following objectives:

- Increasing the variety of options in terms of international operations;
- Increasing the product offer related to foreign exchange transactions;
- Finding better service solutions in terms of quality/price;
- Diversifying the financing alternatives for its activity;
- Increasing the profitability of the asset in foreign currency;
- Negotiating new credit lines and facilities.

Within this scope, during the year 2018, the International Relations Department had several meetings with the following Institution: Millennium BCP, Novo Banco, Banco Privado do Atlântico Europa, Real Tranfers, Spress Money, EU Exange.

From these meeting it is worth mentioning the agreements with Real Tranfers, Spress Money, EAU Exange, concerning the issuing and trading of foreign banking cheques to Namibia, Arab United Emirates and South Africa. These products are already being offered to BCI customers.

MARKETING AND COMMUNICATION

The Marketing and Communication Department has the mission of promoting BCI's business, culture, social responsibilities, through a global and integrated marketing strategy, by using tools in an ethical, competent, creative, innovative and professional way. It also has the responsibility of improving the Bank's image, the quality of BCI's products and services, to maintain the name of the Bank in several social media, to advertise products and services and to increase the visibility of the Bank.

In fact, throughout 2018, the Department developed several action, with particular mention to advertising campaigns, the improving of the branches' image and support, researches and analysis, creative projects, communication, products and services as well as support to customers.

In view of the identification and analysis of the branches' functioning and needs, in terms of image, communication with Customers and sales techniques, the Departament proceeded to 47 visits, of which 39 were in Luanda and the remaining to branches in the Provinces of Huambo, Moxico, Uíge and Cuanza Norte.

In 2018, in order to answer to the customers applications's needs, the Bank created the product, Conta Poupança "Monami", which offers advantajous conditions and an attractive remunoratory rate.

Throughout the year, the Board held comparative research on market products and services, and, within the scope of the Customers support assessment, implemented the action plan for the project "Cliente Misterioso" in 16 Braanches in Luanda. BCI participated in 4 International Fairs, in the Provinces of Cuanza-Norte, Uíge, Huambo and Moxico, with the main

objective of promoting Brand Positioning, introducing and selling our products and services, and also capturing Customers in order to increase of the deposit and Customers portfolio, with a wide range of several services offered by the Bank.

On what concerns communication, several activities were carried out, with particualr mention to the update of relevant information in the website and the intranet, with the creation of 8 posts per month in social networks (Facebook/ LinkedIn).

Internal and External Newsletters were published, aiming at exposing in detail the services and products, as a way of supporting the deposit portfolio reinforcement, the sale of IT services and others to the internal target audience (employees).

In terms of publicity, and according to the established plan, 4 above the line caimpaigns were carried out, namely:

1. Adiantamento Salario (Campaign for reinforcement of the deposit Portfolio, through short term loans);

2. Monamy (Campaign for reinforcement of the deposit Portfolio, through the savings product);

3. Alta Disponibilidade (Campaing for increasing IT services which may subsequently lead to the increase of deposits);

4. Institucional (Campaign for reinforcing the label BCI).

ORGANISATION AND QUALITY

During the financial year 2018, the Organisation and Quality Department, within the scope of its functions, developed activities to guarantee the accurate definition and documentation of the organisation of the Bank's working processes and procedures, as well as to control the organisational rules and procedures, that are essential for the functioning of the Institution, aiming at the improvement of the quality and service standardisation levels, with particular mention to:

- Revision of the tactical objectives of the Bank's areas in collaboration with the Financial Magement department;

- Update/ Draw-up of the Role Structure and Description Manual (DPM, DEP, GCC, DOP);

- Completion of 19 reports of assessement of the Bank areas's activities;

- Draw up of Dispatches from GAD;

- Draw-up/revision of General Standards, Particular Standards, Service Orders;

- Quality control and assessment of the models of the Bank, including Cheques;

- Update of the Signature Book;

- Update of the Bank's dotation;

- Update of the BNA Instructions table;

- Update of BNA maps;

- Convertion of forms to PDF;

- Upload of published documents to the BCI cloud;

- Follow-up of the opening of 1 Service Point and 2 Branches Changes;

- Follow-up of the closing of 3 Branches;

- Draw-up of 358 circulars, 7 Particular Standards, 14 General Standards, 7 Service Orders

9. SOCIAL RESPONSIBILITY

Considering that the social responsibility is an ethic commitment, which creates value towards organisations and society in general, BCI sponsored several initiatives in the areas of health, education, culture, religion, sports, with mention to the following institutions and individuals:

- Lar o Caminho;

- Lar Nossa senhora das Mercês - Malange;

- João Lourenço Morgado;

- Administração do Município do Buco-Zau;
- Unidade Operativa da Polícia Provincial de Luanda;
- Helga Santos - Centro Nacional de Oncologia;
- Radio Cunene;
- Coprat Futsal club;
- Grupo Desportivo do BCI;
- Liga da Velha Guarda de Malange;
- Sr.Nicásio Ingasipola;
- Escola Superior Politécnico do Cuanza Norte;
- Associação dos Antigos Combatentes;
- TPA- Mbanza Congo;
- Sr. Cesar G. Neto;
- Projecto Criança Desprotegida;
- Organização de Defesa do Consumidor;
- Sr. Joaquim Nascimento.

10. RISK MANAGEMENT

The following key areas of Internal Control and Risk Management were created in BCI, with autonomous statute and the respective Directors appointed:

- Global Risk Management Department (GRMD);
- Compliance Office (OG);
- Foreign Exchange Control Office (GCC)

The Global Risk Management Department is an organisational unit of the first level of the Bank's structure and depends, in terms of hierarchy and functioning from the Board of Directors, with national scope action.

It is formally constituted and is independent, and an employee is appointed with adequate statute and sufficient powers to take this position and to report directly to the executive body.

The Department is composed by two sections:
- Global Risk Analysis;

- Follow-up of Customers and Models.

The Global Risk Management has the following main powers:
- Defining risk analysis and assessment methodologies and monitoring risk policies based on design of models that better meet the institution's interest;
- Projecting credit risk behaviour and profiles based on client and operation analysis and diverse pondering;
- Taking part in the identification of the country' activities sectors with preference for granting of credit with more stability, growth rate, profitability rate, among others;
- Orientating and implementing operational risk management processes, based on the design of models that may better satisfy the institution's interests, namely on what concerns, control, fraud detection and mitigation, non-compliance with establish procedures and operational mistakes resulting from banking activity;
- Following-up and monitoring the market risk, based on the design of models that may better satisfy the institution's interests, namelyon what concerns liquidity management, interest rates and foreign exchange rates.

Since the approval from the Executive Board in 2016, the Global Risk Management Department follows the Policy and the Risk Management Manual, that defines the risk management methodologies for the whole institution.

The BCI's risk management follows six fundamental and irrevocable principles, that must be taken into account at any time by every Employee, regardless their position. Those are:

- **Full Scope:** A risk management and internal control culture, spread over the whole bank, must be developed in order to

guarantee that all the activities are cautiously performed by the Employees with a command of the procedures in force:

- **Adequacy:** The risk management models must be adapted to the dimension, nature and complexity of the Bank's activities, to the risk profiles, degree of centralisation and to the level of competences delegation and existent responsibilities;

- **Totality:** All the risks to which the institution is exposed must be identified, assessed, mitigated, monitored and reported, and the internal controls must be characterised, implemented, monitored and assessed;

- **Consistency e objectivity:** The risk management and internal control processes must be carried out consistently and objectively, in order to guarantee, from every Employees, the application of homogeneity and uniformity in the whole Bank;

- **Transparency and integrity:** The detailed procedures for risk management and internal control must be formalised in autonomous documentation, clearly written, so that the information is not adulterated throughout the process in a way that its meaning is explicit to all;

- **Timeliness:** The activities held in the scope of risk management and internal control must respect the defined rules and timeliness, and any delay or flaw must be immediately reported and managed in order to avoid any undue exposure to risk.

The BCI's risk management activity takes into consideration six distinct categories, in accordance with Notice no. 02/2013 of Banco Nacional de Angola, with a deepness of intervention in the functioning model adequate to the level of exposure of each of these categories.

- **Strategy Risk:** Coming from adverse changes to the institution's business environment, and from the deficient response to these changes and from deficient strategic management decisions.

- **Credit Risk:** Results from the non-compliance of the borrower or a counterpart not complying with the financial obligations established in a contract.

- **Liquidity risk** Results from the incapacity of the institution fulfilling its responsibilities when these are required;

- **Market risk:** Results from the price fluctuation of bonds, shares and goods (commodities), including:
  - Foreign exchange risk: coming from the movements on foreign exchange rates that result from foreign exchange positions generated by financial instruments expressed in different currencies;

  - Interest rate risk: coming from movements on interest rates, that result from the mismatch of the amount on maturities or interest rates fixing date observed on financial instruments with receivable or payable interest;

- **Operational Risk:** Coming from infringements or breaches of the law, rules, regulations, contracts, prescribed practises and ethical standards.
  - Information technology risk: coming from information technology inadequacy in terms of processing, integrity, control, availabilityand continuity resultant from inadequate strategies or uses;

  - Compliance risk: coming from infringements or breaches to laws, rules, regulations, contracts, prescribed practises and ethical standards.

- **Reputation Risk:** Coming from a perception adverse to the public image of the financial institutions, amongst customers, counterparts, shareholders, investors, supervisors or public opinion in general.

The risk management model functioning has three interconnected components:

1. Strategy and risk management policy: in line with the annual risk management cycle;

2. Risk management system: macro-processes occur both in the interim and in the continuous risk management cycle;

3. Internal control system: activities occur both in the interim and in the continuous risk management cycle.

Although the components of the functioning model apply transversally to all the risk categories to which the Bank is subject, the methodological approach to be used regarding each category depends on its relevance for the institution's

risk profile, on the characteristics inherent to its risks, on the product and on the services provided by the Bank, on human resources, among other factors.

Therefore, BCI identified its exposure to credit and operational risk and appointed specialised teams responsible for the analysis and action in the scope of these categories.

CREDIT RISK

The credit risk is managed through the follow-up and detailed study of indicators distributed throughout the three phases of a product's life cycle: **i)** granting and analysis; **ii)** follow-up; **iii)** recovery. Whenever necessary, individual analyses are carried out, in order to identify the credit risk related to a Customer or operation. Additionally, the risk management function is responsible for calculating provisions and impairment losses related to the credit portfolio.

Based on the performed analysis, the risks are identified and assessed, and action is taken at the BCI commercial and support areas level, so that products, processes, procedures and other components may mitigate the identified risk.

OPERATIONAL RISK

The operational risk is managed under a dual and complementary perspective: **i)** quantitative, through a systematic process that allows the creation, maintenance and revitalisation of entire risk and control portfolios of the Bank; **ii)** quantitative, supported a record of the organisation's loss events, that show the BCI's main foci of operational risk.

The information system risk is included in the practice mentioned above and is managed at least held on a monthly basis, through meetings with the area responsible for the maintenance and development of the technological infrastructure of the Bank.

The Compliance Risk is included in the central operational risk management practises. However, due to the growing importance of risks of this nature in the Angolan banking system, its management is the responsibility of the compliance function, which must establish autonomous policies, processes and procedures for this purpose.

STRATEGIC AND FINANCIAL RISKS

Strategy and reputation risk are considered within the scope of strategic risks. Differently, financial risks exclude credit risk but include liquidity and market risks.

- The strategy risk is managed through **i)**follow-up of macro-economic indicators critical for the Bank's activity, aiming at identifying changes in the context external to the organisation that may enforce to revision of the strategic and/or business plans; **ii)** follow up of deviations between the strategic plan design for the financial year and the actual results of that period;

- Reputation risk is managed through meetings, that take place at least every month, between the risk management function and the areas responsible for human resources, and internal and press communication.

- The liquidity risk is managed through meetings, held at least every two weeks, between the risk management function and the areas responsible for treasury and currency (national and international);

- The market risk, both foreign exchange and interest rate risk, is managed through meetings, held at least every months, between the function of risk management and client bonds and own portfolio.

The Compliance Office, during the year 2018, among other procedures, performed the CDD measures (diligences), transactions monitoring, communication to FIU (Financial Information Unit) and assessed the degree of compliance of a set of legal and regulatory norms.

The Foreign Exchange Control Office, during the year, began its activities of organisation and process control related to all kinds of foreign exchange transactions, and reported to the BNA all the required information.

11. FINANCIAL ANALYSIS

ASSETS

On 31 December 2018, the total of BCI's net asset amounted at Kz 175.059,9 million, against Kz 176.138,9 million achieved in 2017, which means a slight negative variation of 0,6%.

Million Kwanzas

ASSETS	2017	2018	VARIATION %
Cash and disposable assets at central banks	29 749,6	27 986,1	-6%
Disposals in other credit institutions	8 554,1	10 877,4	27%
Investments in central banks and other credit institutions	4 165,7	11 909,4	186%
Financial assets at fair value through profit and loss	115,5	565,9	390%
Financial assets available for sale	485,0	0,0	-100%
Investments held to maturity	55 634,7	43 323,4	-22%
Hedge derivatives	0,0	0,0	0%
Loans to customers	47 104,7	48 388,7	3%
Non-current assets held for sale	0,0	0,0	0%
Other tangible assets	7 394,3	7 628,1	3%
Intangible assets	672,4	997,9	48%
Investments in subsidiaries, partners and joint ventures	300,4	91,8	-69%
Current tax assets	305,2	332,9	9%
Deferred tax assets	1 598,5	1 596,2	0%
Other assets	20 058,7	21 362,2	6%
TOTAL ASSETS	**176 138,9**	**175 059,9**	**−0,6%**

Cash and Disposable assets in central banks attained by the end of 2018, the global amount of Kz 27.986,1 million, which represents an increase of 6% in comparison to the Kz 29.749,6 million registered in 2017. In terms of composition, Cash attained Kz 6.926,1 million, while Disposable assets at central banks were at Kz 21.060,0 million, in the period under analysis. This table shows that Cash and Disposable Assets continued at high values, which allowed the Bank to comply with the obligatory reserves defined by Banco Nacional de Angola, as well as to answering to the withdrawal request from customers at the branches and through instructions for bank transfers.

The Disposable Assets in other credit institutions, during the period under analysis, had a growth of 27%, from Kz 8.554,1 million registered in 2017 to Kz 10.877,4 million in December 2018. The Disposable assets in other institutions are mainly constituted in international credit institutions, and by the end of the year, attained Kz 10.551,0 million. On the other hand, the Loans in the payment system, that compose the heading Disposable assets, in 2018, attained the amount of Kz 326,2 million.

By the end of the year, the Applications at central banks and other credit institutions attained KZ 11.909,4 million, which means an increase of 186% compared to the 4.165,7 million registered in the same period in 2017. This growth was mainly influenced by the application of deposits in foreign credit institutions.

The financial assets at fair value through profit and loss composed by Treasury Bills increased from Kz 115,5 million in 2017 to Kz 565,9 million in 2018. This considerable increase was due to classification change of the Treasury Bills that were registered in 2017 as financial assets available for sale and, in 2018, pursuant to the IAS/IFRS, were classified as Assets at fair value.

Therefore, financial Assets available for sale, changed from Kz 485,0 million registered by the end of the year, to a balance of zero (0,00) in 2018.

Investments held to maturity attained Kz 43.323,4 million, bellow the Kz 55.634,7 million obtained in 2017. The reduction observed was due to fact that several Bonds

reached maturity throughout the year and were not renewed. In December 2018, the portfolio was composed by several types of Treasury Bonds, namely, Kz 3.341,8 million in Bonds, Kz 7.817,4 million of Obligations indexed to the exchange rate, Kz 4.731,6 million of foreign currency Obligations and Kz 27.432,3 million of non-adjustable Treasury Obligations in national currency.

BCI continued respond to credit needs of the Customers, and the credit net portfolio attained by the end of the year an amount of Kz Kz 48.388,7 million, compared to Kz 47.104,7 registered in 2017, which corresponds to an increase of 3%.

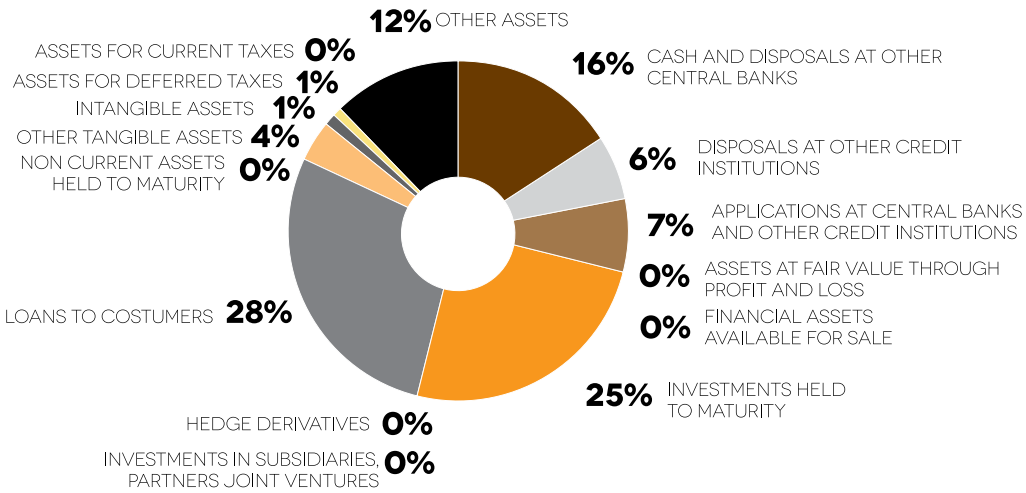
In fact, in December 2018, the outstanding credit attained Kz 43.029,3 million, the overdue credit attained Kz 17.197,8million, the deferred credit commissions registered an amount of -- Kz 311,8 million, the credit card registered an amount of Kz 23,2 million, while accumulated impairment losses attained Kz 11.526,7 million, above the Kz 10.987,1 registered in 2017.

With regard to the Credit granting portfolio, it is important to mention the volume granted to individual Customers through the products "Cria condições" e "Adiantamento de Salário", and the volume granted to companies, through "Crédito Geral", "Angola Investe", "Projovem" and "Adiantamento".
In December 2018, the tangible Bank's Assets attained Kz 7.628,1 millions (Kz 7.394,3 millions in 2017), and the Untangible Assets Kz 997,9 million (Kz 672,4 million in 2017). The investments in subsidiaries, partners and joint ventures, as a result of the performance of affiliated, registered a reduction of 69% and, from Kz 300,4 million in 2017, to Kz 91,8 million in 2018.

Assets for current taxes, in 2018, registered an amount of Kz 332,9 million, an increase of 9% compared to Kz 305,2 million, registered in the previous year, while Deferred tax assets registered a slight decrease, i.e. from Kz 1.558,5 million obtained in 2017, to Kz 1.596,2 million in the following year.

Other Assets, composed by Receivable from sundry debtors, tax credits, dividends, receivable taxes, exchange forward transactions and Regularisation accounts and other registered a variation of 6%, from Kz 20.058,7 million, observed in 2017, to Kz 21.362,2 million registered in 2018.

COMPOSITION OF ASSETS IN DECEMBER 2018



In the asset's structure, Loans to Costumers had the biggest representation with 28%, followed by Investments Held to Maturity (Bonds and Real Estate assets) with 25%, Cash and Disposals at other Central Banks with 16%, Other Assets with 12%, Applications at Central Banks and other Credit Institutions with 7%, Disposals at other Credit Institutions with 6%, Other Tangible Assets with 4%, Assets for Deferred Taxes with 0,9%, Intangible Assets with 0,6%, Assets at Fair Value Through Profit and Loss with 0,3%, Assets for Current Taxes with 0,2%, Investments in subsidiaries, partners and joint ventures with 0,1%, and finally Hedge Derivatives and Non Current Assets held for Sale, both with 0%.

LIABILITIES

In December 2018 total Liabilities, ascended to Kz 147.802,1 million, showing a decrease of 1,2%, compared to Kz 149.583,4 million obtained in 2017..

Million Kwanzas

LIABILITIES	2017	2018	VARIAÇÃO %
Resources from central banks and other credit institutions	21 513,9	4 524,8	-79%
Resources from customers and other loans	101 470,3	123 187,0	21%
Demand deposits	65 908,6	83 483,3	27%
Term deposits	35 437,7	38 995,9	10%
Other Deposits	123,9	707,9	471%
Liabilities represented by securities	0,0	0,0	0%
Liabilities at fair value through profit and loss	0,0	0,0	0%
Hedge Derivatives	0,0	0,0	0%
Liabilities related to transferred assets	0,0	0,0	0%
Non-current liabilities held to maturity	0,0	0,0	0%
Provisions	3 399,4	4 074,1	20%
Current Tax Liabilities	11,5	18,4	60%
Deferred Tax Liabilities	0,0	0,0	0%
Subordinate Liabilities	11 232,7	11 695,8	4%
Other liabilities	11 955,6	4 301,9	-64%
TOTAL LIABILITIES	**149 583,4**	**147 802,1**	**−1,2%**

The reduction in liabilities was influenced mainly by the Resources of the Central banks and other credit institutions, which reached Kz 4.524,8 million by the end of 2018, compared to the Kz 21.513,9 million in 2017, which means a 79% decrease. The non-renewal of an operation on the national interbank network in the amount of Kz 20.000,0 million provided the basis for the recorded balance.

By the end of the year, the deposit portfolio attained Kz 123.187,0 million, compared to the Kz 101.470,3 million reached in 2017, which meant a significant increase of 21%.

It is worth mentioning that the increase was observed in Sight Deposits, which increased 27%, reaching Kz 83.483,3 million by the end of the year, compared to the Kz 65.908,6 attained in the previous year. On the other hand, the Term deposits also registered an increase, from Kz 35.437,7 million, registered in 2017, to Kz 38.995,9 million, which corresponds to an increase of 10%.

Other deposits attained Kz 707,9 million by the end of the year, a value much higher than the Kz 123,9 million registered in December 2017.

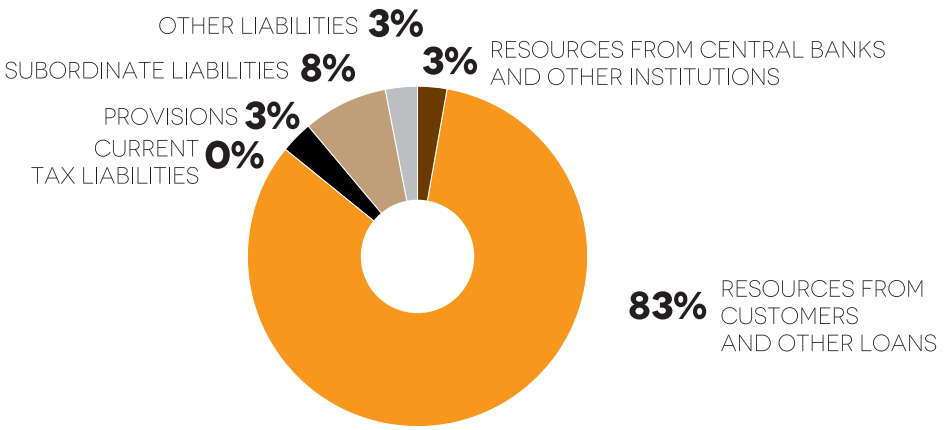
In December 2018, the Provisions exceeded the amount of Kz 4.074,1 million, i.e. 20% above the Kz 3.399,4 million observed in the same period of 2017.

Current tax liabilities registered an increase of 60%, since it registered an amount of Kz 18,4 million, while in December 2017 this value was Kz 11,5 million.

Subordinate liabilities represented, on the one hand, by loans that BCI is operationalizing in partnership with BDA and the Government, and on the other hand, by the credit line concluded with Novo Banco, attained the amount of Kz 11.695,8 million in December 2018; 4% more compared to Kz 11.232,7 million registered in 2017. From the total registered in 31 December 2018, Kz 8.645,2 are connected to Meu Negócio Minha Vida credit line, Kz 1.870,8 million to Crédito Agrícola de Investimento credit line, Kz 620,6 million to Projovem credit line, Kz 536,4 million to Novo Banco's credit line and Kz 22,6 million BDA's credit line.

Other liabilities observed a negative variation of 64% and attained Kz 4.301,69 million in 2018, compared with Kz 11.995,6 million achieved last year.

COMPOSITION OF LIABILITIES IN DECEMBER 2018



The figure above reveals the Liabilities composition, in which the Resources from Customers (Deposits), that represent 83% of the total, stand out, followed by Subordinate Liabilities and Other liabilities with 8%, Resources from central banks and other institutions with 3,1%, Other liabilities with 2,9%, Provisions with 2,8% and Current taxes liabilities with 0,0%. .

OWN FUNDS

By the end of 2018, BCI's equity registered a growth of 3% and attained Kz 27.257,9 million, compared to the Kz 26.555,5 million in 2017. The increase of Net Profit and Loss contributed mainly to the increase of Own Funds..

Million Kwanzass

OWN FUNDS	2017	2018	VARIATION %
Share Capital	6 416,1	37 254,1	481%
Issue Premium	653,6	653,6	0%
Own Shares	0,0	0,0	-
Other capital instruments	0,0	0,0	-
Revaluation reserves	0,0	0,0	-
Other reserves and retained earnings	18 822,8	-11 352,2	-160%
Funds and reserves	30 097,2	-608,2	-102%
Retained earnings	-11 274,4	-10 744,0	-5%
Prepaid dividends	0,0	0,0	-
Individual net income for the financial year	663,0	702,4	6%
TOTAL OWN FUNDS	**26 555,5**	**27 257,9**	**3%**

After the formalisation of the reinforcement of share capital at the Notarial Office, issued by the State Shareholder in previous years, by the end of 2018, the Share Capital went from Kz 6.416,1 million registered in 2017, to Kz 37.254,1 million, over the limit of Kz 7.500,0 million demanded by the BNA.

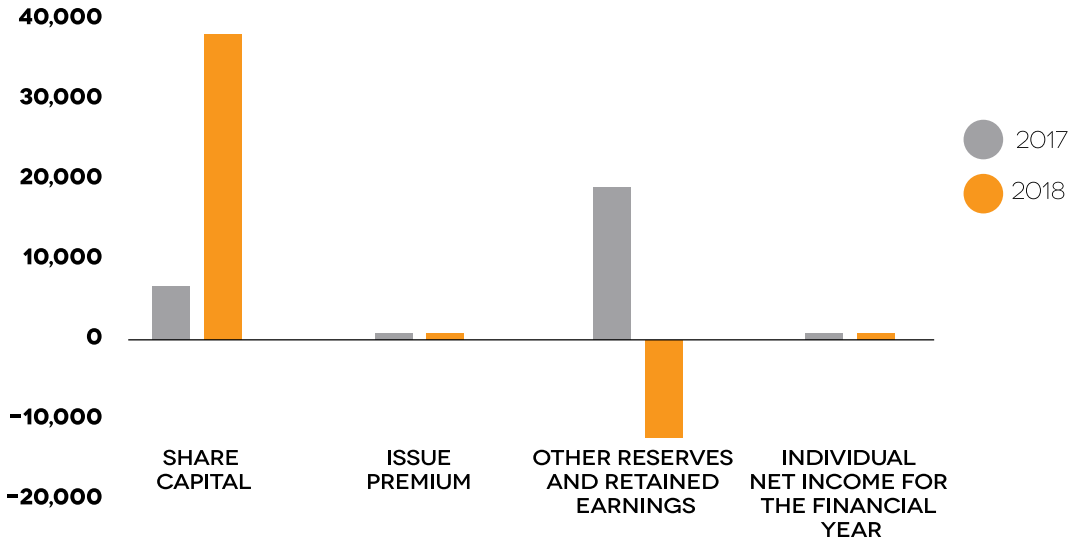
At the end of 2018, Issue Premia, remained at the same of value of Kz 653,5 million.

In December 2018, Reserves and retained earnings were valued at Kz -11.352,2 million, compared to Kz 18.822,8 million registered in 2017, which corresponds to a decrease of 160%. This decrease was a result of the transfer made to the heading Share Capital, with the value of Kz 30.388,0 million, in reference to the reinforcement of share capital, issued by the State Shareholder in previous years.

As a result of the evolution of Regulatory Own Funds and the requisites for the Solvency Ratio, the Solvency Ratio attained and remained by the end of the year at 2018 at 19,8%, compared to the 37,4% registered in 2017.

The observed decrease in the Solvency Ratio is essentially due to changes made in the calculation of Own Funds methodology by the National Bank of Angola

EVOLUTION OF OWN FUNDS (IN MILLION KWANZAS) – (2017/2018)



PROFIT AND LOSS ACCOUNT

Million Kwanzas

PROFIT AND LOSS ACCOUNT	2017	2018	VARIATION %
Banking product	21 409,0	20 268,4	-5%
Structure cost	(15 219)	(18 664)	23%
Net provisions from settlements	(611)	(472)	-23%
Net loan impairment of reversions and recoveries	(4 416)	(40)	-99%
Impairment of other financial assets net of reversals and recoveries	0,0	0,0	0%
Impairment of other assets net of reversals and recoveries	(15)	(122)	727%
Profit and loss from subsidiaries, partners and joint ventures (equity equivalence)[1]	(429)	(266)	-38%
Net monetary position[2]	0,0	0,0	0%
Profit and loss before the tax on continuing operations	720	705	-2%
Profit and Loss Tax	0,0	0,0	0%
Current	0,0	0,0	0%
Deferred	(57)	(2)	-96%
Profit and loss after tax from continuing operations	663	702	6%
Profit and loss from discontinued and/or discontinuing operations	0,0	0,0	0%
INDIVIDUAL NET INCOME FOR THE FINANCIAL YEAR	**663,0**	**702,4**	**6%**

BANKING PRODUCT

The Bank's banking product Profit and loss on 31 December 2018 is presented in the following table:

BANKING PRODUCT

Million Kwanzas

	2017	2018	VARIATION %
Net Interest Income	8 257,7	11 182,9	35%
Complementary margin	13 151,3	9 085,5	-31%
TOTAL BANKING PRODUCT	**21 409,0**	**20 268,4**	**−5%**

Net interest income, in 2018, increased 35%, and attained Kz 11.182,9 million, while in 2017 it totalled Kz 8.257,7 million. This result was due to the result of Interest and similar income that in 2018 attained Kz 16.239,9 (Kz 17.294,0 million obtained in 2017). This had also the contribution from Credit Profits, that attained Kz 8.261,0 million, the Securities Profit with Kz 7.404,2 million and the Profit from applications at Banks and other credit institutions with Kz 305,5 million.

Interest and similar charges decreased from Kz 9.036,3 million, observed in 2017, to Kz 5.057,0 million by the end of 2018, mainly due to the decrease of Resources of other credit institutions, that, in the period under analysis, attained Kz 1.714,5 million, against Kz 5.333,8 million attained in the previous year. On the other hand, the Costs with deposits contributed equally for the decrease of the total of Charges, given that these registered an amount of Kz 3.294,1 million, below Kz 3.620,1 million of 2017

NET INTEREST INCOME

Million Kwanzas

	2017	2018	VARIATION %
Interest and similar income	17 294,0	16 239,9	-6%
Interes and similar charges	(9 036,3)	(5 057,0)	-44%
TOTAL NET INTEREST INCOME	**8 257,7**	**11 182,9**	**35%**

Considering the restrictions registered in the foreign exchange market throughout the year, the Profit and loss from foreign exchange operations were at Kz 4.282,6 million, below Kz 7.838,2 million registered in 2017, which represents a decrease of 45%

The Profits from services and commissions decreased 13% in 2018 and attained Kz 6.140,0 million, compared to Kz 7.035,7,5 million in 2017. On the other hand, Charges with services and commissions increased and remained at Kz 1.088,7 million, slightly above the Kz 1.014,3 million observed in the previous year.

Other operating profit and loss, mainly supported by taxes and other taxes paid for applications and other penalties, passed from a positive balance of Kz 715,5 million registered in 2017, to a Kz 282,8 million in December 2018, which corresponds to a reduction of 60%.

Profit and loss of assets and liabilities evaluated at fair value through profit and loss were, by the end of the year, at Kz 28,6 million (Kz 4,2 million in 2017) and Profit and loss from disposal of other assets were fixed at Kz 5,8 million, above the amount of Kz 2,9 million attained in the previous year.

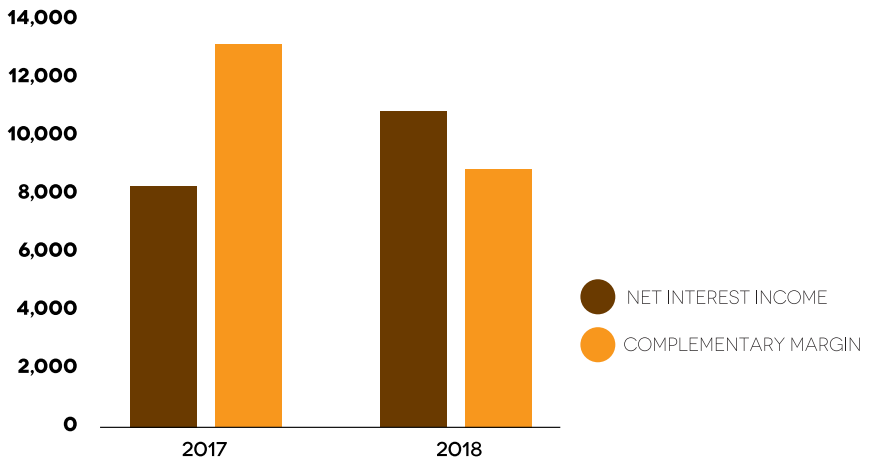
COMPLEMENTARY MARGIN

Million Kwanzas

	2017	2018	VARIATION %
Profit from capital instruments	0,0	0,0	0%
Profit from services and commissions	7 035,7	6 140,0	-13%
Expenses with services and commissions	(1 014,3)	(1 088,7)	7%
Profit and loss of assets and liabilities evaluated at fair value through profit and loss	4,2	28,6	584%
Profit and loss of financial assets available for sale	0,0	0,0	0%
Profit and loss from investments held to maturity	0,0	0,0	0%
Profit and loss in other financial assets	0,0	0,0	0%
Profit and loss from foreign exchange	7 838,2	4 282,6	-45%
Profit and loss from disposal of other assets	2,9	5,8	100%
Other operating income	(715,5)	(282,8)	-60%
TOTAL COMPLEMENTARY MARGIN	**13 151,3**	**9 085,5**	**−31%**

In view of the net interest and complementary income's evolution, the Banking Product recorded a decrease of 5%, by attaining Kz 20.268,4 million in 2018, when in the previous year its value was Kz 21.409,0 million.

COMPOSITION OF THE BANKING PRODUCT (IN MILLION KWANZAS)



STRUCTURAL COSTS

In 2018, the structural costs, as a result of the investments made in scope of the expansion of the commercial network and the training of employees, recorded a 23% increase, under the influence of the 31% increase of the Staff related costs (Kz 2.661,0 million more), External services and supplies, that increased 11% (Kz 612,4 million more) and Depreciations and amortisations, which evolved 15% (Kz 171,4 million).

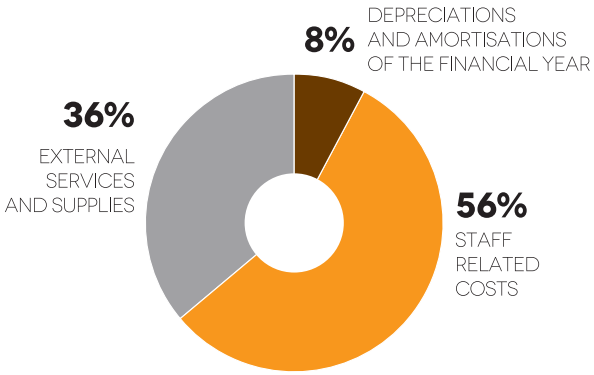
STRUCTURE COSTS

Million Kwanzas

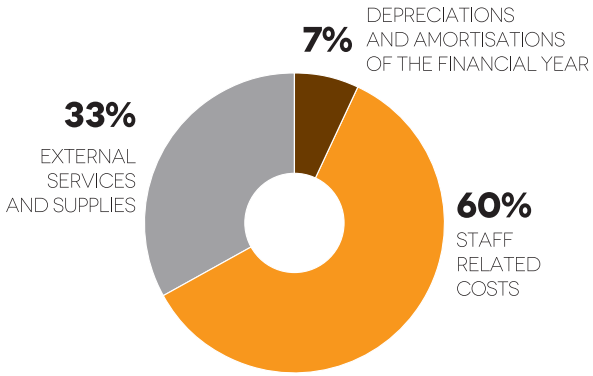
	2017	2018	VARIATION %
Staff related costs	(8 494,8)	(11 155,9)	31%
External services and supplies	(5 556,3)	(6 168,8)	11%
Depreciations and amortisations of the financial year	(1 167,6)	(1 339,0)	15%
TOTAL STRUCTURE COSTS	**(15 218,8)**	**(18 663,7)**	**23%**

COMPOSITIONS OF STRUCTURE COST

DECEMBER 2017



DECEMBER 2018



Within the Administrative Costs composition, the Staff-related costs, which in 2017 had absorbed 56% of the total, increased to 60% in 2018, while External Supplies and Services, went from 36% down to 33%; Depreciations and amortizations decreased from 8% to 7%..

RATIOS

The Accounting Solvency Ratio obtained 15,1%, while the Regulatory Solvency Ratio recorded a decline, by attaining 19,8%, compared to the 37,4% of the previous year.

The loan quality registered a deterioration, given that Credit overdue, in relation to the Total credit, passed from a 20,3% ratio in 2017, to 28,7% in 2018.

The impairments over credit overdue diminished from the 93,2% ratio in 2017 to the 67,1% ratio in the following year, due to the fact that credit overdue has registered a 45,9% increase in the analyzed period.

The Liquidity Ratios remain positive, given that Total deposit credit registered 39,3% (46,4% in 2017) and the Term Deposits had a weight of 31,7% of the Total Deposits (34,9% in the previous year).

In terms of efficiency, the relation Structural Costs/Banking Product increased by attaining 92,1% in 2018, compared to 71,1% registered in 2017.

The Net Interest Income, compared to the Banking Product, increased from 38,6% in 2017 to 55,2% in the following year.

12. PROPOSAL FOR THE APPROPRIATION OF PROFITS

In accordance with the legal provisions and considering the need to maintain a high value of equity, in order to achieve the strategic objectives, the Board proposes the following appropriation of the results from the financial year 2018, of Kz 702.359.264,68:

- **Legal Reserves:**
A value corresponding to 20% of the result, i.e. Kz 140.471.852,94;

- **Resultados transitados:**
A value corresponding to 80% of the result, i.e. Kz 561.887.411,74.

CABO LEDO SUNSET
LUANDA, ANGOLA

FINANCIAL STATEMENTS

BALANCE SHEET ON 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Kwanzas - mAKZ)

	NOTES	31/12/2018	31/12/2017
ASSET			
Cash and disposable assets at central banks	17	27 986 133	29 749 571
Disposable assets at other credit institutions	18	10 877 361	8 554 136
Applications at central banks and other credit institutions	19	11 909 395	4 165 666
Financial assets at fair value through profit and loss	20	565 909	115 500
Financial assets available for sale	21	0	485 046
Investments held to maturity	22	43 323 381	55 634 710
Hedge derivatives		0	0
Credit to customers	23	48 388 660	47 104 685
Non-current assets held for sale		0	0
Other tangible assets	24	7 628 063	7 394 322
Intangible assets	25	997 919	672 352
Investments in subsidiaries, partners and joint ventures	26	91 788	300 394
Current tax assets	27	332 877	305 235
Current tax assets	27	1 596 192	1 598 547
Other Assets	28	21 362 239	20 058 692
TOTAL ASSETS		175 059 917	176 138 856
LIABILITIES AND EQUITY			
Resources from central and other credit institutions	29	4 524 817	21 513 850
Resources from customers and other loans	30	123 187 045	101 470 312
Responsibilities represented by securities		0	0
Financial Liabilities at fair value through profit and loss		0	0
Hedge derivatives		0	0
Financial liabilities associated to transferred assets		0	0
Non-current assets held for sale		0	0
Provisions	31	4 074 146	3 399 350
Current tax liabilities	32	18 379	11 506
Liabilities for deferred assets		0	0
Subordinate liabilities	33	11 695 782	11 232 723
Other liabilities	34	4 301 885	11 955 611
TOTAL LIABILITIES		147 802 054	149 583 352
Share capital	35	37 254 079	6 416 079
Issue premium		653 582	653 582
Own shares		0	0
Other capital Instruments		0	0
Revaluation reserves		0	0
Other reserves and retained earnings	36	(11 352 157)	18 822 821
Prepaid dividends		0	0
Individual net income for the year		702 359	663 022
TOTAL EQUITY		27 257 863	26 555 504
TOTAL LIABILITY AND EQUITY		175 059 917	176 138 856

FINANCIAL STATEMENTS ON 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Kwanzas - mAKZ)

	NOTES	31/12/2018	31/12/2017
Interest and similar income	4	16 239 919	17 294 028
Interest and similar charges	4	(5 057 026)	(9 036 290)
NET INTEREST INCOME		**11 182 893**	**8 257 738**
Receipts from capital instruments		0	0
Receipts from services and commissions	5	6 140 020	7 035 703
Charges with services and commissions	5	(1 088 740)	(1 014 254)
Profit and loss of financial assets evaluated at fair value through profit and loss	6	28 624	4 184
Profit and loss from financial assets available for sale		0	0
Profit and loss from investments held to maturity		0	0
Profit and loss from other financial assets		0	0
Foreign exchange profit and loss	7	4 282 586	7 838 214
Profit and loss from other assets disposal	8	5 824	2 912
Other operating profit and loss	9	(282 823)	(715 491)
BANKING GROSS INCOME		**20 268 384**	**21 409 006**
Staff costs	10	(11 155 887)	(8 494 844)
Supply and Services to third parties	11	(6 168 790)	(5 556 322)
Depreciations and amortisations of the financial year	12	(1 339 018)	(1 167 585)
Net Provisions from settlements	13	(472 482)	(610 775)
Loan impairment, net of reversals and recoveries	14	(39 763)	(4 416 171)
Impairment of other financial Assets net of reversals and recoveries		0	0
Impairment of other assets net of reversals and recoveries	15	(122 051)	(14 760)
Profit and loss from subsidiaries, partners and joint ventures (equity equivalence)[1]		(265 679)	(428 702)
Profit and loss on net monetary position[2]		0	0
PROFIT AND LOSS BEFORE THE TAX ON CONTINUING OPERATIONS		**704 714**	**719 847**
Profit and loss taxes			
Current	16	0	0
Deferred	16	(2 355)	(56 825)
PROFIT AND LOSS AFTER TAX ON CONTINUING OPERATIONS		**702 359**	**663 022**
Profit and loss discontinued and/or in discontinuation		0	0
INDIVIDUAL NET INCOME OF THE FINANCIAL YEAR		**702 359**	**663 022**

[1]This heading is only applicable in situations where the financial institutions register their participations together with, subsidiaries, partners and joint ventures in their individual financial demonstrations according to their equity method.

[2]This heading is only applicable in situations hyperinflation. The institutions should consider the meeting the requirements of the IAS 29 - Financial Reporting in Hyperinflationary Economies

FINANCIAL STATEMENT OF CHANGES TO EQUITY FOR THE FINANCIAL YEARS ENDED IN 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Kwanzas - mAKZ)

	SHARE CAPITAL				OTHER RESRVES AND RETAINED EARNINGS							
	ORDINARY SHARES	RESERVE FOR MONETARY CORRECTION OF SHARE CAPITAL	SUBTOTAL	ISSUE PREMIUM	LEGAL RESERVE	OTHER RESERVES	OTHER FUNDS	CHANGES TO ACCOUNTING POLICIES	RETAINEDS EARNINGS	SUBTOTAL	NET PROFIT	TOTAL
BALANCE ON 1 JANUARY 2017	**6 240 372**	**175 707**	**6 416 079**	**653 582**	**1 617 751**	**19 491 634**	**43 804**	**(3 657 415)**	**(11 373 563)**	**6 122 211**	**302 043**	**13 493 9145**
Transfer of income of 2016	-	-	-	-	-	-	-	-	302 043	302 043	(302 043)	-
Reserves and funds constitution	-	-	-	-	101 432	-	-	-	(101 432)	-	-	-
Receipts for share capital increase (2017)	-	-	-	-	-	12 500 000	-	-	-	12 500 000	-	12 500 000
Other movements	-	-	-	-	-	-	-	-	(101 433)	(101 433)	-	(101 433)
Year income	-	-	-		-	-	-	-	-	-	663 022	663 022
BALANCE ON 31 DE DECEMBER 2017	**6 240 372**	**175 707**	**6 416 079**	**653 582**	**1 719 183**	**31 991 634**	**43 804**	**(3 657 415)**	**(11 274 385)**	**18 822 821**	**663 022**	**26 555 504**
Transfer of income of 2017	-	-	-	-	-	-	-	-	663 022	663 022	(663 022)	-
Reserves and funds constitution	-	-	-	-	132 604	-	-	-	(132 604)	-	-	-
Equity increase	30 838 000	-	30 838 000	-		(30 838 000)	-	-	-	(30 838 000)	-	-
Other movements	-	-	-	-	-	-	-	-	-	-	-	
Year income	-	-	-	-	-	-	-	-	-	-	702 359	702 359
BALANCE ON 31 DE DECEMBER 2018	**37 078 372**	**175 707**	**37 254 079**	**653 582**	**1 851 787**	**1 153 634**	**43 804**	**(3 657 415)**	**(10 743 967)**	**(11 352 157)**	**702 359**	**27 257 863**

FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR FINANCIAL YEARS ENDED ON 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Kwanzas - mAKZ)

	NOTES	31/12/2018	31/12/2017
Individual net income for the financial year		702 359	663 022
Other comprehensive income		0	0
INDIVIDUAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**702 359**	**663 022**

FINANCIAL STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Kwanzas - mAKZ)

	NOTES	31/12/2018	31/12/2017
CASH FLOWS OF OPERATIONAL ACTIVITIES			
Interest, commissions and other similar profit received		18 708 388	24 600 815
Interest, commissions and other similar profit paid		(6 409 113)	(9 387 009)
Payments to employees and suppliers		(17 011 316)	(13 898 806)
Payments and contributions for pension funds and other benefits		0	0
Recovery of credit written-off from assets		496 526	1 225 346
Other profit and loss		4 041 083	7 138 516
CASH FLOWS BEFORE CHANGES IN OPERATIONAL ASSETS AND LIABILITIES		**(174 432)**	**9 678 862**
(Increase)/Decrease of operational assets:			
Applications at central banks and other credit institutions		(7 723 363)	3 411 795
Financial assets at fair value through profit and loss		(508 515)	39 943 457
Financial assets available for sale		538 283	(7)
Held to maturity		15 198 630	(17 027 228)
Loans to customers		(994 303)	(9 726 181)
Non-current assets held to maturity		0	0
Other Assets		(1 301 952)	(230 098)
NET FLOW FROM OPERATIONAL ASSETS		**5 208 780**	**16 371 738**
Increase/(Decrease) of operational assets:			
Resources from central banks and other credit institutions		(16 526 457)	(20 369 468)
Financial liabilities at fair value through profit and loss		0	0
Resources from customers and other loans		21 517 505	217 280
Non-current liabilities held to maturity		0	0
Other Liabilities		(8 027 395)	851 295
NET FLOW FROM OPERATIONAL LIABILITIES		**(3 036 347)**	**(19 300 893)**
Net cash from operating activities before income tax		1 998 001	6 749 707
Paid income tax		0	0
NET CASH FROM OPERATIONAL ACTIVITIES		**1 998 001**	**6 749 707**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Received dividends		0	0
Acquisition of other tangible assets, net of sale disposals		(1 383 141)	(1 490 827)
Acquisition of intangible assets, net of sale disposals		(518 132)	(377 414)
Acquisition of shares in subsidiaries, partners and joint ventures, net of sale disposals		0	0
NET CASH FROM INVESTMENT ACTIVITIES		**(1 901 273)**	**(1 868 241)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) of share capital		0	0
Acquisition of own shares, net of sale disposals		0	0
Issue of other capital instruments, net of reimbursement and purchase		0	0
Dividends distribution		0	0
Issue of responsibilities represented by securities, net of reimbursement and purchase		0	0
Issue of subordinate liabilities, net of reimbursement and purchase		463 059	182 513
Liabilities related to transferred assets		0	0
Remuneration for responsibilities represented by securities		0	0
Remuneration for subordinate liabilities		0	0
NET CASH FROM FINANCING ACTIVITIES		**463 059**	**182 513**
NET CASH VARIATIONS AND ITS EQUIVALENTS		**559 787**	**5 063 979**
Cash and its equivalents in the beginning of the period		38 303 707	33 239 728
Effects of cash foreign exchange rate variation and its equivalents		0	0
CASH AND ITS EQUIVALENTS AT THE END OF THE PERIOD		**38 863 494**	**38 303 707**
Cash and its equivalents includes:			
Cash	17	6 926 107	4 706 058
Disposable assets in the Central Bank	17	21 060 026	25 043 513
Disposable assets in the other credit institutions	18	10 877 361	8 554 136
		38 863 494	**38 303 707**

SERRA DA LEBA PASS
HUILA –NAMIBE, ANGOLA

14. NOTES TO THE FINANCIAL STATEMENTS

BANCO DE COMÉRCIO E INDÚSTRIA, S.A.
NOTES TO THE FINANCIAL STATEMENTS ON 31 DECEMBER 2018 AND 2017

1. INTRODUCTORY NOTE

Banco de Comércio e Indústria, S.A. (hereinafter referred to as "Bank" or "BCI") was constituted by Public Decree on 11 March 1991, by Decree-Law 8 - A/91 of 11 March BCI operates and has its head office at Rua Rainha Ginga, Largo do Atlético – Luanda in Angola.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or similar funds, which it combines with its own funds in order to grant loans, make deposits at the Banco Nacional de Angola, invest in credit institutions and purchase securities in other assets for which it is duly authorised. The Bank also renders other banking services and conducts various types of operations in foreign currencies. For this purpose, it has a network of 94 branches.

With regard to its shareholding structure, as detailed in note 35, the Bank belongs to the Angolan State, as well as to entities of the Angolan Public Sector.

2. MAIN ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

The financial statements presented in this report were prepared under the assumption of transaction continuity, based on the ledgers and records kept by the Bank and pursuant to the accounting principles established in the IFRS (International Financial Reporting Standards), in accordance with Notification Aviso no. 6/2016 of 22 June, issued by Banco Nacional de Angola (hereinafter referred to as "BNA")

The IFRS include the accounting standards established by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and its predecessor bodies.

The present individual financial statements of the Banco de Comércio e Indústria reflect the results of the Bank's transactions regarding the financial year ended on 31 December 2018.

The financial statements of BCI relative to the year ended on 31 December 2018 were approved by the Board of Directors on 29 March 2019.

The accounting policies presented in this note were applied consistently in all the periods of the present financial statements, and were prepared in accordance with the historical cost principle, with the exception of assets and liabilities, registered at fair value, namely assets and liabilities at fair value through profit or loss and financial assets available for sale.

The preparation of financial statements in accordance with the IFRS requires that the Bank makes judgements and estimates, uses suppositions, that affect how accounting policies and the amounts of income, costs, assets and liabilities are applied. Changes made in such suppositions or differences between them and reality might have an impact on the current estimates and judgements. The areas that imply a higher level of judgement or complexity, in which suppositions and significant estimates in the preparation of the financial statements are applied, are described and analysed in Note 3.

The Bank's financial statements for the years ended on 31 December 2018 and 2017 are expressed in thousand Angolan Kwanza (mAKZ), pursuant to BNA Notice no.15/2007, art. 5, whereby all the assets and liabilities denominated in foreign currency were converted at the reference average exchange rate published by the BNA on the reporting date.

On 31 December 2018 and 2017, the exchange rate of the Kwanza (AKZ), published by the BNA, compared to the United States Dollar (USD) and the Euro (EUR) was the following:

	31.12.2018	31.12. 2017
1 USD =	308,6070	165,9235
1 EUR =	353,0150	185,4000

2.2 FOREIGN EXCHANGE TRANSACTIONS

Foreign exchange transactions are registered, pursuant to the principles of the multi-currency system, whereby each transaction is recorded in the currency in which it is denominated. Foreign exchange transactions are converted to Kwanzas, based on the reference exchange rate of the day of the transaction, published by the BNA. Asset and liability transactions stated in foreign currency are converted to Kwanzas based on the reference exchange rate published by the BNA on the day of the balance sheet. The realised or potential costs and income, arising from exchange rate variation, are recorded in the income statement of the financial year during which they occur.

The non-monetary assets and liabilities, stated in foreign currency and registered at historical cost, except financial fixed assets, are converted to Kwanzas based on the reference exchange rate of the day of the transaction, published by the BNA. The non-monetary assets and liabilities registered at fair value are converted to Kwanzas based on the reference change rate on the day on which the fair value is determined against profit and loss, except for financial assets available for sale, for which the difference is recognised against equity.

Forward and spot purchases and sales in foreign currency are immediately stated in the foreign exchange position on the contract date. Whenever such operations lead to changes in the net balances of the different currencies, entries are made to the spot or forward foreign exchange position account, whose contents and revaluation criteria are described below:

Spot currency position

The spot currency position in a given currency corresponds to the net balance of assets and liabilities expressed in that currency, of the spot transactions pending settlement and of the forward operations coming due within two working days. The spot currency position is revalued daily based on the reference exchange rate of that day, published by the BNA, which leads to the movement of the exchange position (national currency), stated against the income.

Forward currency position

The forward currency position in a given currency corresponds to the net balance on forward operations pending settlement, except those maturing in the following two business days. All the contracts relating to these operations are revalued at market forward exchange rates (currency forwards) or, if not available, as calculated on the basis of the interest rate applicable to the residual maturity of each transaction. The difference between the counter values in Kwanzas at the forward revaluation rates applied and the counter values at the contracted rates, that represent income or costs or the forward currency position revaluation cost, is recorded in the captions "Foreign exchange transactions" of the assets or liabilities, with a corresponding income entry.

2.3 LOANS

Loan classification

Loans granted to customers, whenever initially registered by the Bank with no intention of selling in the short term, are considered to be financial assets initially registered at fair value and subsequently are valued at the amortised cost, based on the effective interest rate method, and presented on the impairment net balance sheet.

The related transaction costs are part of effective interest rate of these financial instruments. Interests recognised by the effective interest rate method are recognised in the net interest income.

Loans granted to customers is derecognised when:
i) The Bank's contractual rights on the respective cash flows expired;

ii) All the credit risks and benefits were substantially transferred by the Bank;

iii) The assets control was transferred, although the Bank, although the Bank has retained a part, but not substantially all of the credit risks and benefits..

The responsibilities for guarantees and sureties provided and documentary credits are recorded in off-balance sheet entries by the value at risk, the interest flows, commissions and other income recorded are registered in results items throughout the lifetime of the operations.

Since the entry into force on 1 January 2016 of BNA Notice no. 11/2014 of 10 December, subsequently repealed by BNA Notice no. 3/2012 of 28 March, loan operations are granted in national currency, by disbursement, to all entities, except to the State and exporting enterprises regardless of purpose or deadline.

The classification of the operations of loans granted to customers and guarantees and sureties provided and documentary credits is determined by its risk and subject to the constitution of provisions, pursuant to BNA Notice No. 11/2014 of 10 December, that entered into force on 1 January 2016 and repealed BNA Notice No. 3/2012 of 28 March, subject to impairment in scope of new BNA standards, particularly Notice No. 12/2014 of 10 December, that entered into force 1 January 2016, and Instructions No. 1/2015, of 14 January and No. 09/2015 of 4 June, on the methodology and classification of loans granted to customers, risk assessment based on country risk and the constitution of the respective impairments. In accordance with Notice no.09/2015, in order to calculate the credit impairment, BCI opted for its own methodology, which is in line with the requirements established in IFRS, whose model was in good time sent to BNA, and that fulfils the procedures described in Notice no. 05/2016 of 8 August.

In accordance with Notice no. 11/2014 of 10 March of the BNA, the Bank classifies the operations of loans granted to customers and guarantees and sureties provided and documentary credits by increasing order of risk, to the following categories:

LEVEL	RISK
A	Minimal
B	Very low
C	Low
D	Moderate
E	High
F	Very high
G	Maximum

Besides the above mentioned risk level, the Bank defines the country risk of each position at risk in accordance with Instructive No.1/2015 of 14 January of BNA, that defines 5 risk groups, by counterpart country.

The loan operations that enter in default are classified pursuant to the risk levels associated to future and overdue loans of each operation on the reference date of the financial statements, taking into account the classification given during the loan granting phase and elapsed default time, respectively.

The revision and reclassification of the risk level of any operation results from the assessment periodically carried out by the Bank, taking into account the risk perception associated to the loan operation and the existence of possible guarantees that collateralise the debt with the Bank.

Notwithstanding the foregoing, the loan operation classification is monthly revised, pursuant to the time elapsed since the default entry date of the operations, in accordance with the following table::

Risk levels	A	B	C	D	E	F	G
Time elapsed since default date	until 15 days	15 to 30 days	1 to 2 months	2 to 3 months	3 to 5 months	5 to 6 months	more than 6 months

In accordance with the delay reduction, the loan reclassification with regard to a lower risk level is limited to the level established in the initial classification or in the classification that results from the periodical risk assessment.

Impairment for bad debt and provision of guarantees

The policy of the Bank consist of the regular assessment of objective impairment in the credit portfolio. The impairment losses are recorded by income counterpart, and subsequently converted later by profit and loss if a reduction of the estimate loss amount occurs.

After initial recognition, a loan or a loan portfolio, defined as a group of loans with similar credit risk characteristics, may be classified as portfolio with impairment whenever the objective impairment resulting from one or more events is observed, whenever these have an impact on the estimated future cash flow values or on the clients loan portfolio, that can be duly estimated.

Monthly, the receivable credit and amounts, guarantees and irrevocable commitments are subject to impairment tests.

Any events that might be objective evidence of impairment are defined by IAS/IFRS as follows:

i) Breaching of the contract – delay in the capital or interest payment;

ii) The probability of the borrower's bankruptcy, etc., however in some circumstances the determination of the impairment losses implies the use of a professional judgement.

The existence of objective evidence of impairment is assessed with reference to the date of presentation of the financial statements.

IAS 39 establishes two methods for the calculation of impairment losses:

i) Individual Analysis;

ii) Collective analysis

The impairment assessment is carried out on an individual basis for loans of a significant amount and on collective basis for the non-significant operations.

The impairment determination the Bank's credit portfolio is broken down as follows:
a) Employees
b) Excise
c) Companies
d) Private Companies
e) Public Companies
f) Housing
g) Business
h) Other
i) SMSC
j) Retail
k) Salary

The Bank assures that the referred analysis is made on a monthly basis for all the exposures previously referred and whenever credits present signs of impairment or are in non-compliance situation.

i) Individual Analysisl
The assets with objective evidence of impairment on an individual basis, the impairment calculation is carried out operation by operation, with reference to the information available in the Bank's risk analysis models, which consider, amongst other, the following aspects:

a) Global exposure of the customer and responsibilities held with the Bank: financial or non-financial operations (namely responsibilities of a commercial nature and performance guarantees;

b) Customers credit rating through a system implemented by the Bank.
This credit rating includes, amongst others, the following characteristics:
1. Costumer's financial and economic situation
2. Activity sector related risk;
3. Costumer's management quality, measured by the experience in the relationship with the Bank and the existence of incidents;
4. Quality of the accounting information presented;
5. Nature and quality of the guarantees of responsibilities held with the Bank;
6. Credit overdue for more than 30 days.

In this situations, the amount of identified losses is calculated with basis on the difference between the balance sheet and the estimated credit's value expected to be recovered, after the recovery costs, updated to the effective interest rate during a period which corresponds to the difference between the date of the impairment calculations and expected recovery date.

It is to be highlighted that the expectable credit recovery value demonstrates the cash flows that might result from the application of guarantees or collateral related to the granted credit, deduced from the cost involved in the recovery process.

The assets assessed individually, and to which no impairment losses have been identified, are recorded in a group of assets with similar risk characteristics, and the existence of impairment is assessed collectively.

ii) Collective analysis
The future cash flows of credit groups subject to impairment collective analysis are estimated with basis on the historical experience of assets loss with similar credit risk characteristics.

The collective analysis involves the following risk factors:

a) Possibility of an operation or customer in regular situation demonstrating signs of impairment evident through delays during the emergency period (period of time between the loss event and its identification by the Bank). As foreseen in IFRS, these situations correspond to incurred losses but not reported, i.e. cases in which, for part of the credit portfolio, the loss event has incurred but the Bank has not identified it yet.

b) Possibility of a delayed operation or customer incur into default (adversarial litigation) during the residual maturity of the operation.

c) Economical loss of the operation in case these are in default.

The payments made by the customers after the default and the recovery through guarantees application, deduced from the direct cost of the recovery process, are considered for the determination of the percentage of loss estimated for the operation or customers in default. The considered flows are discounted at the operations' interest rate and compared with the existing exposure at the default moment.

The inputs for collective impairment calculation are determined with basis is statistic models for credit groups and reviewed regularly to approximate estimate to actual amounts.

The amount of the estimated loss results from the comparison between the balance sheet amount and the actual estimated future cash flows.

For future cash flows discount, the operations' interest rate is considered on the date of each analysis.

Recording of impairments

The impairments for granted loans are recorded in the asset in heading "Accumulated impairment losses", to deduce from heading "Loans" (see note 23) and the provisions for guarantees and sureties are recorded in the liabilities, in heading " Provisions for guarantees and commitments" (see note 31).

Reversal of impairment

If, in any subsequent period, the impairment amount decreases, the loss for impairment previously recognised is reverted, and the reversal amount is recognised in the profit and loss of the income statement.

Credit transferred to losses

The writing-off of loans from assets, i.e. the accounting annulment of loans is, as prescribed in IAS 39, is made on an economic basis, and only when the Banks sees no realistic recovery perspectives for these asset. For collateralised credits, the same applies whenever the funds coming from collaterals' sales have been received.

The bank writes off this credit from the asset and uses the respective impairment. In addition to this, these loans remain registered in an off-balance sheet for a minimum period of ten years.

Credit Recovery

In the situations in which written-off loans are recovered from assets by using impairment, the received amounts are recorded as profit for the income statement.

Appropriation of income

The bank writes off the interest due for more than 90 days and does not recognise interest from that day on, regarding default loan operations, until the customer solves the situation.

2.4 OTHER FINANCIAL INSTRUMENTS

a) Classification, initial recognition and subsequent measurement

The Bank recognises the receivable and payable accounts, deposit and subordinate liabilities in the originating date. All the other financial instruments are recognised on the transaction date, which is the moment from when the Bank becomes part of the contract and are classified according to their underpinning intention at the acquisition time, according to the following categories:

i.Financial assets at fair value through profit and loss (held for trading or designated at fair value through profit and loss);
ii. Investments held to maturity;
iii. Financial assets available for sale;
iv. Receivable accounts;
v. Financial liabilities.

A financial asset or liability is initially measured at fair value, plus the transaction costs directly attributable to acquisition and issuing, except when these are recorded at fair value through profit and loss, in which the transaction costs are immediately recognised as expenses of the income statement.

Financial assets at fair value through profit and loss – held for trading

The financial assets held for trading are acquired to be traded in the short term or are held as part of an assets portfolio in relation to which evident recent activities lead to profit in the short term.

Investments held to maturity

This category recognises non derivative financial assets, with fixed or determinable payments and with fixed maturity, that the Bank intends to and is able hold to maturity and that were not mentioned in any other financial assets category. These financial assets are initially recognised at amortised cost and consequently measured at amortised cost, using the effective interest rate method. The interest rate is calculated through the effective interest rate method and recognised in net interest income. The impairment losses are recognised in profit and loss whenever identified.

Any reclassification or sale of assets recognised in this category, if not held close to maturity, will force the Bank to fully reclassify this portfolio to financial assets available for sale and will be prevented from classifying any financial asset I this category, for two years.

Financial assets available for sale

This category classifies the non derivative financial assets that the Bank intends to hold for an indeterminate period, which are considered available for sale in the moment of their initial recognition or that do not fit in the categories described above. This category may include capital or public debt securities.

The financial assets available for sale are recognised at fair value, including the transaction's costs and profits, and will be subsequently measured at fair value. The changes to fair value are registered as counter parties of fair value reserves until the moment in which they are sold or until the recognition of impairment losses, and in this case are recognised in profit and loss. The unquoted capital instruments of which the fair value is impossible to reliably calculate are registered at cost.

In the possible disposal of financial assets available for sale, accumulated gains and losses recognised in reserves at fair value, are recognised in the heading Profit and losses of the financial assets available for sale in the financial income statement. The capital fluctuation of foreign currency debt securities is registered in the income statement. On what concerns capital instruments, since these are non monetary assets, the foreign exchange fluctuation is recognise in Fair Value Reserves (Equity), as a component of the respective fair value.

The debt instruments' interest is recognised with basis on the effective interest rate in net interest income including premium or discount when applicable. Dividends are recognised in profit and loss when the right to receive them is awarded.

Financial liabilities

A financial instrument as financial liability, when there is a contractual obligation of liquidity to be affected through the delivery of cash or other active asset, regardless its legal form.

Non-derivative financial liabilities include resources from credit institutions, customers, credit loans, responsibilities represented by securities other subordinate liabilities and short sales.

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. The related transaction costs are part of the effective interest rate. Interest is recognised through the effective interest rate method in net interest income.

b) Amortised cost

The amortised cost of a financial asset or liability is the amount by which it is initially recognised, increased or deduce from accumulated amortisations, by using the effective interest rate, which results from the difference between the value initially recognised and the amount at maturity, less the deduction resulting from impairment losses.

c) Measurement at fair value

The fair value is receivable price at an asset's sale, either paid to transfer a liability, in a transaction between market participants on the measurement date, or, in its absence, the most advantageous market to which the Bank has access to operate the transaction at that date. The fair value of a liability evidences the credit risk of the Bank.

When available, the fair value of an investment is measured by using its market quotation in market that is active for that instrument. The market is considered active when transactions' frequency and volume are sufficient for a constant price quotation. In the absence of a quotation in an active market, the Bank will use valuation techniques to maximise the use of verifiable market data e to minimise the use of non verifiable data in the market. The valuation technique chosen comprehends all the factors that a market participant would take into consideration to calculate the price of a transaction.

d) Identification and measurement of impairment

Additionally to the impairment analysis over granted loans, in each balance sheet date the assessment of objective evidence of impairment is made to all the remaining financial assets that are not registered at fair value through profit and loss. The financial asset, or group of financial assets, is considered to be in impairment whenever observed an evidence of impairment, resulting from one or more events occurred after the initial recognition have impact on future cash flows and may be reliably estimated.

In accordance with IFRS, the Bank assesses regularly the existence of objective evidences of signs of impairment in a financial assets or a group of assets.

The events that occur after the initial recognition and that may originate an impairment recognition are, for example:
i) i)The significant or prolonged decline of the market value, bellow the acquisition cost, in shares and other capital instruments;

ii) For debt securities, whenever this event (or events) has an impact on the reasonably estimated value of future cash flows.

Concerning investments held to maturity, the impairment losses correspond to the difference between the accounting assets value and the estimated actual future cash flows (considering the recovery period) discounted from the original effective interest rate and registered through profit and loss.

These assets are presented in the impairment net balance sheet. If the asset has a floating interest rate, the discount rate used to determine the respective impairment loss is the effective interest rate, determined with basis on the rules of each contract. If in a subsequent period, the impairment loss amount decreases, and if that loss relates objectively with the occurred event after the impairment recognition, it is reverted through the income statement.

Moreover, whenever impairment is evident in the financial assets available for sale, the potential loss accumulated in reserves corresponds to the difference between the acquisition cost and actual fair value, deduced from any asset impairment loss previously recognised in profit and loss, is transferred to profit and loss. If in a subsequent period the amount for impairment loss decreases, the impairment loss previously recognised is reversed through the income statement up to the acquisition cost, if the increase is directly related with an event occurred after the impairment loss recognition, except for shares or other capital instruments, from which assets are recognised in reserves.

e) Transfer between categories

The Bank only transfers non derivative financial asset with fixed or determinable payment and defined maturities, from financial assets available for sale to financial assets held to maturity whenever there is the intention and the financial capacity to hold these assets to maturity.

These transfers are based on the transferred assets' fair value determined of the transfer date. The difference between this fair value and its respective nominal value is recognised in profit and loss until the asset's maturity, based of the effective rate method. The fair value reserve on the transfer date is also recognised in profit and loss, based on the actual rate method.

f) Derecognition

The Bank derecognises its financial assets when **(i)** all future cash flow rights expire, **(ii)** the Bank has substantially transferred all risks and an benefits related to them, or **(iii)** the Bank retains a part, but does not hold substantially all the risks and benefits.

The Bank derecognises financial liabilities when these are cancelled, extinguished or expire.

g) Compensation of financial instruments

The Bank compensates financial assets and liabilities, by presenting a net value in the balance sheet only when the Bank has the irrevocable right to compensate them on a net basis and has the liquidity intention on a net basis or the intents to receive the asset and settle the liability simultaneously.

Gains and losses are only compensated when such is allowed by IFRS or for gains and losses resulting from a set of transaction of similar nature.

2.5 CAPITAL INSTRUMENTS

A financial instrument is classified as a capital instrument, in the absence of contractual obligation at settlement to deliver cash or other financial asset to another entity, independently of its legal form, and in the evidence of a residual interest in the entity's assets after deducting all of its liabilities.

Transaction costs directly attributable to a capital instruments' issuance are recognised in equity as a deduction to the amount issued. The amounts paid and received for purchase and sales of capital instruments are recognised in equity, net of transaction costs. The income from capital instruments (dividends) are recognised when the right to receive them is established and deduced from equity.

2.6 OTHER TANGIBLE ASSETS

Recognition and measurement

Other tangible assets are recorded at acquisition cost, deduced from respective accumulated amortisations and impairment losses. The cost includes expenses directly related to the acquisition of goods.

Subsequent costs

The subsequent costs are recognised and asset only separate in the possibility of leading to economical benefits for the Bank. The expenses with maintenance and repair are recognised as cost as these incur according to the principle of specialisation of tasks.

Amortisations

Land is not amortised. The Bank uses the straight-line method to calculate the amortisations, over the following periods, which correspond to their estimated useful life: :

	Years
Properties for own use	
. Buildings	25
. Works	5
Equipment:	
. Furniture and material	6 to 8
. Machines and tools	3 to 8
. Hardware and software	3
. Indoor installations	5 to 10
. Transport material	4
. Security equipment	8
. Other equipment	3 to 5

When an asset is indicated as in impairment, IAS 36 (Assets Impairment) requires the estimation of its recoverable value, and the impairment loss must be recognised whenever the net value of an asset exceeds its recoverable value. The impairment losses are recognised in the income statement.

The recoverable value is determined as the highest between its net disposal and its use value, and calculated with basis on the actual estimated future cash flows expected through the continued use and disposal of the asset at the end of its useful life.

2.7 INTANGIBLE ASSETS

Software

The costs incurred from the acquisition of software from third parties are capitalised, as well as the additional expenses related to its implementation. These costs are amortised on a straight-line basis over the estimated useful life period, which is normally around 3 years.

2.8 NON-CURRENT ASSETS HELD FOR SALE

The non-current assets, groups of non-current assets held for sale (groups of assets with their respective liabilities, which include at least one non-current asset) and discontinued operations are classified as held for sale in the existence of settlement intention for the referred assets and liabilities, and the assets or groups of assets are available for immediate sale and their sale is very plausible.

2.9 LEASES

The Bank classifies the leasing operations as financial or operational leases according to their substance and not to their legal form. In financial leases the risks and benefits of the assets property is transferred to the lessee. All the remaining leasing operations are classified as operational leases.

For the lessee, the financial leasing contracts are recorded on its starting date as asset and liability at the leased property fair value, which is equivalent to the actual outstanding lease rentals. The lease rentals correspond to the financial charge and the capital's financial amortisation. The financial charges refer to the period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability, for each period.

Assets held under finance leases for a lessor are recorded in the balance sheet as a receivable capital at an amount equal to the net investment in the lease. Lease rentals are a combination of the financial profit and the capital's financial amortisation. The recognition of finance income is based on a constant periodic rate of return on the remaining lessor's net investment.

The Bank records payments of operation leases in costs in the respective periods.

2.10 INCOME TAX

In scope of the normal course of its activity, the Bank's income is subject to several taxes, depending on its nature.

In this manner, the Bank is taxed for its entire profit, either in the country or outside of the country, and its taxable profit equals the difference between the total income and the total cost and losses of the financial year under review, where necessary adjusted in accordance with the terms and conditions of the Industrial Tax Code.

The Bank is subject to Industrial Tax and considered, for tax purposes, a group A taxpayer. Its income is taxed under the terms of the new Industrial Tax Code, approved by Law no. 19/14 of 22 October, that entered in force on 1st of January 2015, that defines the new tax rate of 30%. It must be highlighted that the new Industrial Tax determines that profit subject to Capital Gains Tax is deductible for the calculation of the taxable profit in view of the Industrial Tax. The Capital Gains Tax is not a fiscally accepted cost.

In accordance with article 48 of the Industrial Tax Code, the tax losses of each financial year can be deducted from taxable from of the following three years.

The tax declarations are subject to revision and correction from tax authorities throughout a period of 5 year, and this may result, due to different interpretations of the tax law, on possible adjustments to the taxable income of the financial years from 2014 to 2018. It cannot be predicted if any of these adjustments of these financial years will occur. If they do occur, a significant impact on the balance sheets is not to be expected.

The total of income tax accounted in earnings includes current and deferred tax.

Current tax

The current tax calculation is based on the taxable income of the financial year, which differs from the accounting results due to adjustments arising from costs or profits which are not relevant for tax purposes or which will be considered in other accounting periods.

In addition to this, the Industrial Tax is also subject to provisional settlement, through the yearly instalment until the end of August. This tax, to be settled in advance, is calculated at a 2% rate over the result generated by the financial intermediation operations, calculated in the first 6 months of the previous financial year, without the profit subject to Capital Gains Tax.

The Capital Gains Tax is generically charged on profit resulting from financial applications of the Bank, namely profit from applications, debt securities interest, and generically, any other profit resulting from application of capital.

Deferred Tax

Deferred tax corresponds to the impact on the future receivable/payable tax resulting from the temporary taxable or deductible difference between the value of an asset or a liability and its taxable base, used to determine the taxable income. Deferred tax asset and liability is calculated with basis on the tax rates in force

for the period when the respective asset or liability is expected to be realised. The reportable tax losses also originate deferred tax assets.

Deferred tax liability is normally recorded for all the taxable temporary difference, while deferred tax asset is only recognised up to the amount in which it is probable to have future taxable income which allows the use of the correspondent tax difference or of tax losses report. Additionally, deferred tax asset is not recorded in cases when its recoverability might be questionable due to other situations, including questions of interpretation of the tax law in force.

However, deferred tax assets or liabilities are not recorded when referring to temporary difference originated in the initial asset and liability recognition in transactions that do not affect the tax result or the taxable income.

In the financial statements, the bank only recognised active deferred taxes related with adjustments carried out for the full adoption of the IFRS.

2.11 BENEFITS TO EMPLOYEES

The short term benefits for employees are registered as cost as soon as the associated service is provided. A liability is recognised by the probable amount to settle, when the Bank has a present legal obligation of paying this amount as a result of service provided in the past by the employee and such obligation can be duly estimated.

Retirement pensions liability

The Law no. 07/04, of 15 October, that revoked the Law no. 18/90, of 27 October, which regulates the Social Security System of Angola, predicts the allowance of retirement pensions to Angolan workers registered with Social Security. The calculation of

these pensions is based on a table proportional to the number of working years, considering the average of monthly net salaries received in the periods before the date when the employee ends his activity. According to Decree no. 38/08, of 19 June, the rate of contribution to this system is 8% for the entity and 3% for the workers.

In addition to this, according to Law no. 2/2000 and with the articles 218 and 262 of General Labour Law, the compensation to be paid by the Bank, in case of working contract expiration by retirement of the worker is determined by the multiplication of 25% of the basic monthly salary in force by the date when the worker achieves the legal age for retirement by the number of years of seniority. However this compensation was cancelled by the new Labour Law approved by Law no. 7/15 of 15 June, that entered in force on 15 September 2015. Nevertheless, BCI's responsibilities concerning supplementary pensions, provided for in the previous General Labour Law, are registered in the heading "Provisions for charges with benefits for employees" (see note 31).

On the other hand, on 15 March 2010, the Bank has signed a protocol with Banco Nacional de Angola, aiming at the assumption of costs of retirement pensions supplementary to the Social Security System of Angola for the Bank's employees coming from that institution. These charges are paid through a Monthly Life-long Income from the moment when employees retire, being assumed in a shared way and proportionally to the period of employment in each of the institutions (see note 31).

In the financial year 2016, the Bank initiated the recognition of its responsibility (for services in the past) with retirement pensions of those employees, based on an actuarial study carried out for this purpose.

Given the high value of this responsibility, the Bank decided to recognise it for 5 years (2016 until 2020), considering the value of this responsibility at each moment.

Provision for holidays and holidays allowance

The General Labour Law, in force on 31 December 2017, determines that the amount of holidays allowance payable to workers in a certain year is a right acquired in the year preceding. Consequently, the Bank accounts in the financial year the values relative to holidays and holidays allowance payable in the following year (see note 34).

2.12 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when:

i) The Bank has the present obligation (legal o resultant from past practise or published policies, which may imply the recognition of certain responsibilities);;

ii) The payment can be demanded;

iii) A reliable estimate can be made of the amount of the obligation.

The measurement of provision takes into consideration the principles defined in IAS 37 with regards to the best expectable cost estimate, to expectable result of the actions under way and the risks and uncertainties involved in the process.

The provisions are reviewed by the end of each reporting date and adjusted to reflect the best estimate, and reverted through net income in the proportion of the improbable payments.

The provisions are derecognised through their use for the obligations for which they were initially accounted or when these cease to be observed.

If no future disbursement of resources is probable, then it is a contingent liability. Contingent liabilities are only object of disclosure, unless the probability of its occurrence is low.

2.13 RECOGNITION OF INTEREST

The profit and loss from asset and liabilities financial instruments measured at the amortised cost are recognised in heading interest and similar income or interest and similar charges (net interest income), through the effective interest rate method. The actual rate interest of financial assets available for sale are recognised in net interest income as well as financial assets and liabilities through profit and loss.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period) for the current net balance sheet value of the financial assets or liabilities.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (example: early payment options) but without considering future impairment losses. The calculation includes the commissions and receipts as part of the effective interest rate, transaction costs, all premia or discounts directly related to the transaction, except for financial assets or liabilities at fair value through profit and loss.

If a financial asset or a group of similar financial assets, for which impairment losses were recognised, the interest registered in profit and loss is defined based on the tax rate used for the discount of future cash flows in the measurement of the impairment loss.

Specifically, with regards to recording policy of due credit interest the following aspects are considered:

- Due credit interest with actual guarantees until the coverage limit cautiously assessed is recorded trough profit and loss, in accordance with IAS 18 - Revenue, with the assumption of a reasonable probability of its recovery; ;

- Interest already recognised and not paid in relation to credit due for more than 90 days covered for actual guarantees are cancelled, and only recognised if received, given that within the scope of IAS-18 revenue, their recovery is considered implausible. .

2.14 RECOGNITION OF PROFITS FROM SERVICES AND COMMISSIONS

The income resulting from services and commissions is recognised according to the following criteria::

- When obtained throughout the period of service, their recognition in profit and loss is made in the period they refer to;

- When resulting from a service, the recognition is made when the service is concluded;

- When these are part of the effective interest rate of a financial instrument, the profit from services and commissions are recorded in net interest income, diluted throughout the financial instrument's maturity.

2.15 PROFIT AND LOSS IN FINANCIAL OPERATIONS

Profit and loss in financial operations include gains and losses generated from financial assets and liabilities at fair value through profit and loss, namely trading portfolios and other assets and liabilities at fair value, including these portfolios' dividends.

These profit and loss include gains from the disposal of financial assets available for sale, and financial assets held to maturity.

2.16 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise balances sheet values with less than three months' maturity as from the balance sheet date, in which are included cash and disposable assets at central banks and cash and disposable assets at other credit institutions.

2.17 FINANCIAL GUARANTEES AND COMMITMENTS

Financial guarantees are contracts that lead the Bank to reimburse the guarantees holder for a loss incurred when a debtor fails a payment.

Commitments are firm commitments (irrevocable) and aim at providing credit under pre-determined conditions.

Liabilities that result from financial guarantees and commitments given for granting a loan at an interest rate below the market value are initially recognised at fair value, and the initial fair value is amortised throughout the guarantees or commitment' useful life period. Subsequently, the liability is recorded at the highest value between the amortised value and the current value of any payment expected to be settled.

2.18 PROFIT PER SHARE

Profit and loss per share is calculated by dividing the net profit attributable to the shareholders of the Bank by the weighted average of ordinary shares outstanding, excluded the average number of own shares held by the Bank.

For the profit and loss per share diluted, the average number of ordinary shares outstanding is adjusted in order to show the effect of all the potential ordinary shares treated as dilutive. Contingent or potential share issues are treated as dilutive when their conversion into shares decreases the profit and loss per share.

If the profit per share is changed as a consequence of an issue with premium or discount or other event capable of changing the potential number of ordinary shares or changes in the accounting policies, the calculation of profit per share for all the time periods presented is retrospectively adjusted.

3. MAIN ESTIMATES AND JUDGMENTS USED IN THE FINANCIAL STATEMENTS

IFRS establish several accounting procedures and require from the Bank's Board of Directors judgements and estimates in order to decide on the best accounting procedure.

The main accounting estimates and judgements used in the application of the accounting principles are presented in the present Note, aiming at improving the understanding of how its application affects results reported and published by the Bank. A detailed description of the Bank's accounting policies is presented in note no.2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting procedure adopted by the Board of Directors, the results reported by the Bank could be different if any other procedure had been adopted. The Board considers that the adopted criteria are appropriate and that the financial statements present adequately the financial position of the Bank and of its transactions in all material relevant aspects.

3.1 IMPAIRMENT LOSSES IN GRANTED LOANS

The Bank revises monthly its credit portfolio in order to assess impairment losses, as referred in accounting policy described in note 2.3.

The credit portfolio's assessment process to determine if an impairment loss shall be recognised is subject to several estimates and judgements. This process includes factor as non-compliance probability, risk rating, each operation's collateral value, recovery taxes and estimate both of future cash flows and receipt date.

Other alternative methodologies and the use of other assumptions and estimates could result in different levels of recognised impairment losses, with the consequent impact on the Bank, however, the Bank considers that the impairment determined through the methodology described in note 2.3. represents adequately the risk in its portfolio of credit granted to customers, in accordance with the rules defined by the norm IAS 39.

3.2 IMPAIRMENT LOSSES IN FINANCIAL ASSETS AVAILABLE FOR SALE

The Bank considers its financial assets impaired when there has been a significant or prolonged decline in the fair value or when an impact on the future cash flows is predicted. This determination requires judgement, in which the Bank collects and assesses information relevant for a decision, namely the financial instruments' normal prices volatility. For this purpose and as a consequence of the strong volatility of markets, the following parameters indicate the existence of impairment:

i) Equity securities: significant or continued decline in its market value in relation to its acquisition value. The Bank considers it a continued decline if the fair value is bellow the acquisition cost for a period of 12 months and continuous if the decline is equal or above 30% of the acquisition cost;

ii) Debt securities: whenever there is objective evidence of events with impact on future cash flows of those assets;

The use of alternative methodologies and the use of other assumptions and estimates could result in different levels of recognised impairment losses, with the consequent impact on the Bank. The impairment for financial assets available for sale, calculated with basis in the criteria above mentioned is presented in note 21.

3.3 INVESTMENTS HELD TO MATURITY

The Bank classifies non derivative financial assets, with fixed or determined payments and with defined maturities, as investments held to maturity, in accordance with IAS 39. This classification requires a significant level of judgement that leads the Bank to assess its intention and capacity of holding those investments to its maturity. In case of not being able to hold these investments for maturity, except for very specific circumstances such as, for example, the disposal of a significant part close to maturity, the reclassification of the whole financial assets available for sale portfolio is required, with the consequent measurement at fair value and not at the amortisation cost.

The assets held to maturity are subject to tests, through which the bank analyses and decides on the possibility of impairment. The use of different methodologies and assumptions would have a different impact on the Bank's results.

3.4 INCOME TAX

The income tax is determined by the Bank based on the rules defined by the current tax law (Industrial Tax Code approved by Law no. 19/14 of 22 October). However, in some situations, the tax law may not be sufficiently clear and objective and may generate different interpretations, and this may result in different income taxes, current and deferred, recognised in the financial year.

The Tax General Authority has the possibility of revising the calculation of the Banks' taxable income, during the period of 5 years. This way, corrections to the taxable income may occur, as a result of differences in the interpretation of tax law, and, in view of this probability, the Board of Directors considers that those shall not have an effect materially relevant in the financial statements.

4. NET INTEREST INCOME

The value of this heading corresponds to:

	31/12/2018			31/12/2017		
	FROM ASSETS/ /LIABILITIES AT AMORTISED COST AND ASSETS AVAILABLE FOR SALE	FROM ASSETS/ /LIABILITIES AT FAIR VALUE RESULTS	TOTAL	FROM ASSETS/ /LIABILITIES AT AMORTISED COST AND ASSETS AVAILABLE FOR SALE	FROM ASSETS/ /LIABILITIES AT FAIR VALUE RESULTS	TOTAL
Interest and similar revenues						
Interest from customer credit	8 530 180	0	8 530 180	8 809 338	0	8 809 338
Interest from financial assets at fair value results	0	12 739	12 739		5 603 517	5 603 517
Interest from assets and investments in credit institutions	305 524	0	305 524	237 275	0	237 275
Interest from investments held until maturity						
	7 391 476	0	7 391 476	2 643 898	0	2 643 898
	16 227 180	**12 739**	**16 239 919**	**11 690 511**	**5 603 517**	**17 294 028**
Interest and similar expenses						
Interest from resources held at central banks and financial institutions	1 714 544	0	1 714 544	5 333 885	0	5 333 885
Interest from client resources	3 294 181	0	3 294 181	3 620 150	0	3 620 150
Interest from subordinated liabilites	48 301	0	48 301	82 255	0	82 255
	5 057 026	**0**	**5 057 026**	**9 036 290**	**0**	**9 036 290**
FINANCIAL MARGIN	**11 170 154**	**12 739**	**11 182 893**	**2 654 221**	**5 603 517**	**8 257 738**

The credit interest heading on 31 December 2018 includes the amount of 269.146 mAKZ (171.306 mAKZ on 31 December 2017) which refers to commissions accounted for in accordance with the effective interest rate method.

5. INCOME AND EXPENSES FROM SERVICES AND COMMISSIONS

The value in this head is composed by:

	31/12/2018	31/12/2017
Income from services and commissions		
Revenues collection	1 033 077	900 365
Operations related to abroad	1 811 874	2 191 505
Western Union	8 197	23 065
Opening/Updating of documentary credit	492 197	162 678
Opening/Updating/Renewal/Antecipation of credit	40 979	93 749
Opening/Renewal/Immobilisation of current accounts	24 553	66 598
Transactions	88 746	80 492
Purchase/Sale/Withdrawal foreign currency	680 903	1 890 736
Bank cards	380 338	72 438
Cheques	116 361	178 682
Extracts	2 378	8 879
Transactions ATM/TPA/MULTICAIXA	949 696	692 302
Renting TPA	41 126	29 619
Withdrawals	216 023	206 511
Intermediation of securities	70 396	41 544
Guarantees provided	16 583	8 059
Account maintenance	157 484	386 402
Services for collection of money	3 420	0
Other	5 689	2 079
	6 140 020	**7 035 703**
Expenses with services and commissions		
Transactions TPA/MULTICAIXA	503 297	309 238
Operations related to abroad	40 236	34 336
Importation of notes	298 002	456 685
Bank cards	115 032	151 628
Others	132 173	62 367
	1 088 740	**1 014 254**
PROFIT AND LOSS FROM SERVICES AND COMMISSIONS	**5 051 280**	**6 021 449**

The balance in heading "Received commissions - Revenues collection" registers the commissions attributed to the Bank from the Ministry of Finance's taxes and the Ministry of Justice's and charges.

6. PROFIT AND LOSS FROM ASSETS AND LIABILITIES EVALUATED AT FAIR VALUE THROUGH PROFIT AND LOSS

The value in this head is composed by:

	31/12/2018			31/12/2017		
	PROFIT	COSTS	TOTAL	PROFIT	COSTS	TOTAL
Securities held for trading						
Securities						
Debt securities and other fixed income securities						
From public issuers	28 624	0	28 624	4 184	0	4 184
From other issuers	0	0	0	0	0	0
Shares	0	0	0	0	0	0
Other variable yield securities	0	0	0	0	0	0
	28 624	**0**	**28 624**	**4 184**	**0**	**4 184**
	28 624	**0**	**28 624**	**4 184**	**0**	**4 184**

7. FOREIGN EXCHAGE PROFIT AND LOSS

The value in this head is composed by:

	31/12/2018			31/12/2017		
	PROFIT	COSTS	TOTAL	PROFIT	COSTS	TOTAL
Profit and Loss from foreign exchange transactions	3 470 827	1 681 763	1 789 064	2 484 200	1 506 162	978 038
Profit and Loss from bank notes	247 568	316	247 252	6 860 712	2 170	6 858 542
Profit and Loss from exchange rate revaluation	210 062 715	207 816 445	2 246 270	1 970 316	1 968 682	1 634
	213 781 110	**209 498 524**	**4 282 586**	**11 315 228**	**3 477 014**	**7 838 214**

This heading includes profit and loss from exchange rate revaluation concerning monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described on Note 2.2.

8. PROFIT AND LOSS FROM OTHER ASSETS DISPOSAL

The value of this heading is composed by:

	31/12/2018	31/12/2017
Other tangible assets	5 824	2 912
	5 824	**2 912**

This heading presents gains on the disposal of other tangible assets.

9. OTHER OPERATING PROFIT AND LOSS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Other operating income		
Other income	136 444	94 168
	136 444	**94 168**
Other operating expenses		
Bank transaction tax	335 023	655 818
Urban property tax	18 939	17 073
Stamp duty	40 201	56 405
Other taxes and rates	7 251	2 414
Penalties applied by Regulatory Authorities	10 231	3 112
Other Expenses	7 622	74 837
	419 267	**809 659**
	(282 823)	**(715 491)**

10. STAFFING COSTS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Members of the management and supervisory bodies		
Wages and salaries:		
Basic remuneration	142 953	91 182
Additional remuneration	144 145	78 947
Other costs	20 380	25 394
	307 478	**195 523**
Staff		
Wages and salaries:		
Basic remuneration	6 016 436	4 684 198
Additional remuneration	3 199 510	2 414 659
Training	91 476	52 488
Subsidised interest rates	475 182	301 890
Other costs	6 949	5 173
	9 789 553	**7 458 408**
Welfare costs		
Mandatory	505 403	387 931
Optional	553 453	452 982
	1 058 856	**840 913**
	11 155 887	**8 494 844**

The Bank's employees are divided into the following professional categories:

	31/12/2018	31/12/2017
Executive positions	5	5
Directive positions	22	21
Coordination and management positions	217	209
Technical positions	749	761
Administrative and other positions	138	134
	1 131	**1 130**

11. THIRD PARTY SUPPLIES AND SERVICES

The value of this heading is composed by:

	31/12/2018	31/12/2017
Rentals	469 560	470 203
Publicity and publications	249 155	250 771
Communication and distribution	590 862	640 611
Maintenance and repair	1 020 095	973 831
Travels and expenses	167 126	219 996
Water, energy and fuel	489 415	482 784
Services for collection of money	88 790	91 334
Sundry materials	560 042	464 862
Specialised services	769 791	407 465
Insurance	91 413	65 651
Consulting and auditing	178 600	123 829
Security and surveillance	1 303 303	1 192 726
Other costs	190 638	172 259
	6 168 790	**5 556 322**

12. DEPRECIATION E AMORTISATION OF THE FINANCIAL YEAR

The value of this heading is composed by:

	31/12/2018	31/12/2017
Intangible assets		
Automatic data treatment system	192 565	115 955
	192 565	115 955
Other tangible assets		
Properties for use		
Properties for own use	110 537	110 537
Maintenance and repair in properties for own use	83 338	150 021
Furniture, utensils, buildings and equipment		
Furniture and supplies	47 898	33 316
Machines and tools	250 587	220 567
IT equipment	130 028	105 752
Indoor instalations	21 593	18 358
Transport material	357 237	257 617
Security equipment	30 121	25 436
Comunication facilities	1 688	1 323
Other equipment	20 702	25 026
Maintenance and repair in rented buildings	84 156	98 105
Others	8 568	5 572
	1 146 453	**1 051 630**
	1 339 018	**1 167 585**

13. WRITE OFF NET PROVISIONS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Allocation for the financial year	3 245 195	1 149 786
Reversion of the financial year	(2 772 713)	(539 011)
	472 482	**610 775**

14. NET CLIENT LOAN IMPAIRMENT OF REVERSIONS AND RECOVERIES

The value of this heading is composed by:

	31/12/2018	31/12/2017
Allocation for the financial year	39 514 521	40 782 110
Reversion of the financial year	(38 978 232)	(35 140 593)
Recovery of credit write-offs	(496 527)	(1 225 346)
	39 762	**4 416 171**

15. NET IMPAIRMENT OF REVERSIONS AND RECOVERIES FOR OTHER ASSETS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Allocation for the financial year	122 051	14 760
Reversion of the financial year	0	0
	122 051	**14 760**

16. INCOME TAX

The value of this heading is composed by:

	31/12/2018	31/12/2017
Defered tax		
Impairment on direct credit	0	0
Impairment on signature credit	0	0
Efective tax on credit	(19 978)	(34 317)
Amortized cost of securities	17 623	(22 508)
Current tax	0	0
	(2 355)	**(56 825)**

17. CASH AND DEPOSITS AT CENTRAL BANKS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Cash		
National bank notes and coins	3 909 077	3 739 805
Foreign bank notes and coins	1 461 249	211 654
Bank notes in ATMs	1 555 781	754 599
	6 926 107	4 706 058
Deposits in central banks		
National Bank of Angola		
In national currency	19 511 245	24 193 782
In foreign currency	1 548 781	849 731
	21 060 026	25 043 513
	27 986 133	**29 749 571**

Deposits at central banks in national and foreign currency aim to comply with the provisions in force on the maintenance of compulsory reserves, which are not remunerated.

The mandatory reserves are established in accordance with the BNA Instruction on Monetary Policy, and these are held in Angolan currency as well as in foreign currencies, in function of the respective denomination of the liabilities, that are its basis, and must be maintained throughout the period to which they relate.

In order with the Instruction nº. 10/2018, of 19 July, of the Banco Nacional de Angola, the requirements for obligatory money reserves, on the 31 December 2018, were established in accordance with following table:

		NATIONAL CURRENCY	FOREIGN CURRENCY
Reserve base tax			
Central Government	Daily clearence	17%	100%
Local Governments and Municipality Administrations		17%	100%
Other sectors	Weekly clearence	17%	15%

In the last week of the year 2018, the mandatory reserves, in total, amounted to 15.623.363 mAKZ

18. DEPOSITS IN OTHER CREDIT INSTITUTIONS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Deposits in other national credit institutions		
Current account	0	0
Other deposits - Transactions pending settlements	326 273	297 450
	326 273	**297 450**
Deposits in other foreign credit institutions		
Current account		
In EUR currency	2 895 134	4 140 860
In USD currency	7 520 918	4 012 103
In other currencies	135 036	103 723
	10 551 088	**8 256 686**
	10 877 361	**8 554 136**

The heading for transactions pending settlements refers to bank cheques that will be sent for clearing on the first working day of 2019 and 2018, respectively.

19. SAVINGS DEPOSITS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Savings deposits in foreign credit institutions		
Term deposits	11 870 974	4 147 612
Payable interest	38 421	18 054
	11 909 395	**4 165 666**

On 31 December 2018 and 2017, the savings deposits in foreign credit institutions include the collateral in American dollars registered at Novo Banco, S.A., as a credit line guarantee, related to the issue of credit letters, in the amounts of mAKZ 7.406.568 e mAKZ 3.982.164, respectively (see note 33), remunerated at an interest rate of 1,68% and 1,68% respectively

On 31 December 2018 and 2017, savings deposits in central banks and other credit institutions, are scheduled by the period of maturity, as follows:

	31/12/2018	31/12/2017
Until three months	3 086 070	-
From three months to one year	7 494 546	4 033 725
From one to five years	0	0
More than five years	0	0
Undetermined period	1 290 358	113 887
	11 870 974	**4 147 612**

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The value of this heading is composed by::

	31/12/2018	31/12/2017
Financial assets held for trading		
Securities		
Bonds and other fixed-income securitieso		
From public issuers	11 277	115 500
Shares	554 632	-
	565 909	**115 500**

The portfolio of financial assets defined at fair value through profit and loss, on 31 December 2018, was composed by Treasury Bills and stock (which were transferred from the heading financial assets available for sale), on 31 December 2017, it was composed just by Treasury Bills. Having into consideration the situation and risk analysis on the recoverability of invested sums, the bank maintained the record of these shares at fair value, which were already registered in 2017, through constituted impairment on the investment made. Note that participations exist on companies that no longer operate, or that still operate but under severe restrictions.

21. FINANCIAL ASSETS AVAILABLE FOR SALE

The value of this heading is composed by:

	COST [1]	IMPAIRMENT LOSSES	BOOK VALUE
Shares	-	-	-
BALANCE ON 31 DECEMBER DE 2018	**–**	**–**	**–**
Shares	538 284	(53 238)	485 046
BALANCE ON 31 DECEMBER DE 2017	**538 284**	**(53 238)**	**485 046**

(1) Acquisition cost regarding shares and other equity instruments at amortised cost for debt securities

In 2018, shares that were registered under this heading were transferred to the heading financial assets at fair value through profit and loss, by its fair value.

The movement from impairments to financial assets available for sale for the periods ending in 31 December 2018 and 2017 were as follows:

	31/12/2018	31/12/2017
Balance on the 1 January	53 238	53 238
Financial allocations	0	0
Reversions	0	0
Transfers	-53 238	
BALANCE ON THE 31 DECEMBER	**0**	**53 238**

22. INVESTMENTS HELD UNTIL MATURITY

The value of this heading is composed by:

	31/12/2018	31/12/2017
Bonds and other fixed-income securities		
From public issuers		
Treasury bonds	3 341 897	20 993 966
Bonds in national currency	27 432 336	26 822 193
USD linked treasury bonds	7 817 482	5 003 576
Bonds in foreign currency	4 731 666	2 814 975
	43 323 381	**55 634 710**
Others	0	0
Impairment losses	0	0
	43 323 381	**55 634 710**

Referring to 31 December 2018, the Bank assessed the existence of any objective impairment in its portfolio of investments held to maturity, and did not identify any events with an impact on the recoverable amount of future investment cash flows.

On 31 December 2018 and 2017, the investments held to maturity are scheduled by maturity periods, as follows:

	BETWEEN THRE MONTHS AND ONE YEAR	FROM ONE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Bonds from public national issuers				
Treasury bonds	3 341 897	0	0	3 341 897
Bonds in national currency	0	610 144	26 822 192	27 432 336
USD linked treasury bonds	0	1 797 825	6 019 657	7 817 482
Bonds in foreign currency	0	0	4 731 666	4 731 666
BALANCE ON THE 31 DECEMBER 2018	**3 341 897**	**2 407 969**	**37 573 515**	**43 323 381**
Bonds from public national issuers				
Treasury bonds	20 993 966	0	0	20 993 966
Bonds in national currency	0	0	26 822 193	26 822 193
USD linked treasury bonds	0	2 593 375	2 410 201	5 003 576
Bonds in foreign currency	0	0	2 814 975	2 814 975
BALANCE ON THE 31 DECEMBER 2017	**20 993 966**	**2 593 375**	**32 047 369**	**55 634 710**

23. LOANS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Other credits		
Companies		
Current account credits	4 899 261	2 055 998
Loans	14 378 849	20 929 055
Overdrafts	2 925	1 169
Credit cards	60	0
Individuals		
Housing	1 255 992	121 252
Consumption and others	16 736 584	16 792 536
	37 273 671	**39 900 010**
Overdue credits and interest		
Until three months	2 992 983	5 059 742
From three months to one year	6 960 210	4 574 274
From one to three years	5 077 818	274 349
For more than three years	9 455	0
	15 040 466	**9 908 365**
	52 314 137	**49 808 375**
Credit programmes of the Angolan Executive		
Companies		
Loans	291 888	531 358
Individuals		
Current account credits	11 323	11 963
Loans	5 140 667	5 857 109
	5 443 878	**6 400 430**
Overdue credits and interest		
Until three months	862 990	968 535
From three months to one year	202 663	876 265
From one to three years	1 091 738	38 245
	2 157 391	1 883 045
	7 601 269	**8 283 475**
Total Credit	59 915 406	58 091 850
Impairment losses	(11 526 746)	(10 987 165)
	48 388 660	**47 104 685**

The heading "Overdue credit and interest" included the total instalments (due and falling due) related to credit transactions of which instalments are not paid at the due date.

On 31 December 2018, the ten major customers of the Bank represent approximately 29% (31 December 2017: 26%) of the total of the loans portfolio.

The loan is scheduled by periods of residual maturity, on 31 December 2018 and 2017, as follows:

	31/12/2018	31/12/2017
Until three months	2 428 986	1 108 028
From three months to one year	6 609 033	2 477 761
From one to five years	21 301 608	24 520 976
More than five years	12 361 359	18 171 526
Undetermined period	16 562	22 149
Overdue credit	17 197 858	11 791 410
	59 915 406	**58 091 850**

The movements in the impairment loss, shown in the assets as a correction of the loan values, were the following::

	31/12/2018	31/12/2017
Initial balance	10 987 165	8 673 729
Allocations	39 514 521	40 782 110
Reversions	(38 978 231)	(35 140 593)
Usage	0	(3 266 598)
Exchange rate changes	3 291	(61 483)
FINAL BALANCE	**11 526 746**	**10 987 165**

On 31 December 2018 and 2017, all the loan operations present a fixed interest rate. .

24. OTHER TANGIBLE ASSETS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Other tangible assets		
Real estate		
For own use	7 523 048	7 040 307
Works in rented buildings	1 082 744	1 049 565
	8 605 792	**8 089 872**
Equipment		
IT equipment	907 741	728 852
Indoor instalations	152 393	139 483
Furniture and material	774 998	648 481
Security equipment	343 147	308 117
Machine and tools	2 222 761	1 894 948
Transport equipment	2 111 889	1 792 088
Comunication equipment	20 597	16 213
Others	199 095	181 562
	6 732 621	**5 709 744**
Current fixed assets		
Real estate	505 486	531 723
Equipment	118 122	337 366
	623 608	**869 089**
Other fixed assets		
Others	87 094	39 099
	87 094	**39 099**
	16 049 115	**14 707 804**
Accumulated depreciation		
Concerning the current financial year	1 146 453	1 051 630
Write-offs	(38 883)	(2 392)
Concerning the previous financial years	7 313 482	6 264 244
	8 421 052	**7 313 482**
Impairments	0	0
	7 628 063	**7 394 322**

The movements in the heading Other Tangible Assets, during the years 2018 and 2017, are analysed as follows:

	BALANCE ON 31-12-2017	INCREASE	DISPOSALS/ WRITE-OFFS	TRANSACTIONS/ REGULARIZATIONS	BALANCE ON 31-12-2018
Acquisition cost					
Properties for own use	7 040 307	48 656	0	434 085	7 523 048
Works on rented properties	1 049 565	22 552	0	10 627	1 082 744
Equipament	5 709 744	988 456	(41 489)	75 910	6 732 621
Other tangible assets	39 099	12 325	0	35 670	87 094
Current fixed assets	869 089	311 152	0	(556 633)	623 608
TOTAL GROSS ASSETS	**14 707 804**	**1 383 141**	**(41 489)**	**(341)**	**16 049 115**
Accumulated amortisations					
Properties for own use	3 141 629	193 875	0	0	3 335 504
Works on rented properties	809 750	84 156	0	0	893 906
Equipament	3 353 081	859 854	(38 883)	0	4 174 052
Other tangible assets	9 022	8 568	0	0	17 590
TOTAL ACCUMULATED AMORTISATIONS	**7 313 482**	**1 146 453**	**(38 883)**	**0**	**8 421 052**
TOTAL NET WORTH	**7 394 322**	**236 688**	**(2 606)**	**(341)**	**7 628 063**

	BALANCE ON 31-12-2016	INCREASE	DISPOSALS/ WRITE-OFFS	TRANSACTIONS/ REGULARIZATIONS	BALANCE ON 31-12-2017
Acquisition cost					
Properties for own use	6 935 886	17 642	0	86 779	7 040 307
Works on rented properties	950 477	25 472	0	73 616	1 049 565
Equipament	4 618 317	992 103	(2 913)	102 237	5 709 744
Other tangible assets	26 457	12 250	0	392	39 099
Current fixed assets	690 544	443 360	0	(264 815)	869 089
TOTAL GROSS ASSETS	**13 221 681**	**1 490 827**	**(2 913)**	**(1 791)**	**14 707 804**
Accumulated amortisations					
Properties for own use	2 881 071	260 558	0	0	3 141 629
Works on rented properties	711 645	98 105	0	0	809 750
Equipament	2 668 078	687 395	(2 392)	0	3 353 081
Other tangible assets	3 450	5 572	0	0	9 022
TOTAL ACCUMULATED AMORTISATIONS	**6 264 244**	**1 051 630**	**(2 392)**	**0**	**7 313 482**
TOTAL NET WORTH	**6 957 437**	**439 197**	**(521)**	**(1 791)**	**7 394 322**

25. INTANGIBLE ASSETS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Intangible assets		
Systems of automatic data treatment	1 116 370	599 388
Current fixed assets		
Systems of automatic data treatment	375 878	374 728
	1 492 248	**974 116**
Acumulated depreciation		
Regarding the current financial year	192 565	115 955
Regarding the previous financial years	301 764	185 809
	494 329	**301 764**
Impairment	0	0
	997 919	**672 352**

The movements in the heading Intangible Assets during the years 2018 and 2017 are analysed as follows:

	BALANCE ON 31-12-2017	INCREASE	DISPOSALS/ WRITE-OFFS	TRANSACTIONS/ REGULARIZATIONS	BALANCE ON 31-12-2018
Acquisition cost					
Systems of automatic data treatment	599 388	32 792	0	484 190	1 116 370
Current fixed assets	374 728	485 340	0	(484 190)	375 878
TOTAL GROSS ASSETS	**974 116**	**518 132**	**0**	**0**	**1 492 248**
Accumulated amortisations					
Systems of automatic data treatment	301 764	192 565	0	0	494 329
TOTAL ACCUMULATED AMORTISATIONS	**301 764**	**192 565**	**0**	**0**	**494 329**
TOTAL NET WORTH	**672 352**	**325 567**	**0**	**0**	**997 919**

	BALANCE ON 31-12-2016	INCREASE	DISPOSALS/ WRITE-OFFS	TRANSACTIONS/ REGULARIZATIONS	BALANCE ON 31-12-2017
Acquisition cost					
Systems of automatic data treatment	358 199	14 193	0	226 996	599 388
Current fixed assets	237 508	363 221	0	(226 001)	374 728
TOTAL GROSS ASSETS	**595 707**	**377 414**	**0**	**995**	**974 116**
Accumulated amortisations					
Systems of automatic data treatment	185 809	115 955	0	0	301 764
TOTAL ACCUMULATED AMORTISATIONS	**185 809**	**115 955**	**0**	**0**	**301 764**
TOTAL NET WORTH	**409 898**	**261 459**	**0**	**995**	**672 352**

26. INVESTMENTS ON SUBSIDIARIES, PARTNERS AND JOINT VENTURES

The value in this heading is composed by: :

	31/12/2018				31/12/2017			
	DIRECT SHAREHOLDING	SHAREHOLDING COST	EQUITY METHOD.	NET VALUE	DIRECT SHAREHOLDING	SHAREHOLDING COST	EQUITY METHOD	NET VALUE
Subsidiairies								
BCI imobiliária	100,00%	2 000	(2 000)	0	100,00%	2 000	(2 000)	0
Multitel	20,00%	123 443	(66 832)	56 611	20,00%	66 369	198 848	265 217
Ilha	100,00%	471 000	(435 823)	35 177	100,00%	471 000	(435 823)	35 177
Partners and joint ventures								
EBA - Empreendimentos e prestações de serviços	33,33%	129 148	0	129 148	33,33%	123 776	0	123 776
Servauto	20,00%	227 627	0	227 627	20,00%	124 895	0	124 895
Mutombe	30,00%	2 778	0	2 778	30,00%	1 493	0	1 493
		955 996	**(504 655)**	**451 341**		**789 533**	**(238 975)**	**550 558**
Impairment losses				(359 553)				(250 164)
				91 788				**300 394**

On 31 December 2018, considering the negative equity presented by the BCI Imobiliária and the intention of the Bank of keeping its financial support to the subsidiary, the provision for additional losses reached the amount of mAKZ 1.668.829 (31 December 2017: mAKZ 1.435.722) (see note 31).

On 14 November 2017, considering the macro-economic situation of Angola over the past years and what is predictable for the next two years, the Bank decided to suspend indefinitely the activity of its subsidiary Ilha, Sociedade Gestora de Organismos de Investimento Colectivo. Therefore, the Bank felt compelled to incur a loss equal to the retained earnings of the above mentioned company, in the amount of mAKZ 435.823, by applying the equity method of accounting.

The movements of impairment losses, related to investments in subsidiaries, affiliates and joint ventures in 2018 and 2017 were as follows:

	31/12/2018	31/12/2017
Initial balance	250 164	250 148
Allocations	5 372	-
Reversions	-	-
Exchange variation	104 017	16
FINAL BALANCE	**359 553**	**250 164**

Considering the Bank's assessment of the associated companies and the risk related to the recoverability of the invested amounts, the Bank maintains an impairment amount equal to the amount invested in these companies.

27. TAXES

The heading assets from current taxes is composed by:

	ASSETS	
	31/12/2018	31/12/2017
Provisional industrial tax	312 928	285 465
Industrial tax withheld at source	19 949	19 770
	332 877	**305 235**

The heading assets by deferred tax is composed by:

	ASSETS	
	31/12/2018	31/12/2017
Direct credit impairment	1 506 163	1 506 163
Subscribed credit impairment	49 115	49 115
Effective credit rate	23 292	43 269
Effective securities rate	17 622	-
	1 596 192	**1 598 547**

The deferred taxes are calculated based on the tax rates expected to be in force by the date of the reversion of temporary differences, which correspond to the rates approved on the date of the balance sheet. The deferred tax for 2017 and 2016 based on a rate of 30%.

The Bank evaluated the recoverability of its deferred taxes, based on the expected taxable future profit.

The following compensations arose from the movements in the heading deferred tax assets:

	31/12/2018	31/12/2017
Initial balance	1 598 547	1 655 372
Identified in profit and loss	(2 355)	(56 825)
FINAL BALANCE	**1 596 192**	**1 598 547**

28. OTHER ASSETS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Other assets of a civil nature		
Sundry debtors		
Public administrative sector		
Credit programmes of the Angolan Executive	13 004 585	13 006 977
Comissions for revenue collection	2 944 044	1 986 630
Receivable subsidised credit	1 267 107	913 577
Circulation tax	12 263	12 059
Others	14 067	7 563
	17 242 066	**15 926 806**
Additional instalments		
Multitel - Serviço de Telecomunicações	43 669	43 669
EMIS - Empresa Interbancária de Serviços	7 147	37 122
	50 816	**80 791**
Supplements		
Mutombe	142 600	80 162
EMIS - Empresa Interbancária de Serviços	0	3 273
	142 600	**83 435**
BCI Imobiliária	3 892 923	3 838 407
Abanc	26 050	26 050
Advances to suppliers	0	44 976
Others	342 050	261 909
	4 261 023	**4 171 342**
	21 696 505	**20 262 374**
Other assets of an administrative and trading nature		
Advances to employees	32 765	46 476
Prepaid expensess		
Insurance	57 509	65 443
Rents	7 907	15 322
Others	19 278	4 123
	84 694	**84 888**
	117 459	**131 364**
Investments in gold and other precious metals	17 847	17 847
Other assets	6 345	6 345
Impairment for other assets	(475 917)	(359 238)
	21 362 239	**20 058 692**

On 31 December 2018 and 2017, the heading "Other values of a civil nature - Sundry Debtors - Public administrative sector – Credit programmes of the Angolan Executive" shows amounts payable by the State referring to credit defaults, given under the Credit programmes promoted by the Angolan Executive.

On 31 December 2017 and 2016, the balance in the heading "Other values of a civil nature - Sundry debtors – Administrative Public Sector - Commissions for revenue collection" corresponds to the commission receivable from the Ministry of Finance for tax collection. The calculation of these commissions is made through the application of 1% over the total of tax collected

On 31 December 2018 and 2017, the heading "Other values of a civil nature - Sundry debtors - Administrative PublicSec tor - Receivable subsidised credits" shows the interest rate subsidies receivable from the Ministry of Finance, for the credit granted in scope of the credit programme "Angola Investe" of the Angolan Government, which aims at the promotion of granting credit to micro, small and medium-sized enterprises, in partnership with the commercial banks.

On 31 December 2018 and 2017, the balance in the heading "Other values of a civil nature - Sundry debtors - BCI Imobiliária", shows the sums advanced by the Bank to its subsidiary, mainly on account of real estate development expenses.

On December 31 December 2018 and 2017, the heading "Other values of an administrative nature - Advances to employees" includes mainly the expenses with medical services handled by the Bank of which regularisation is made on a monthly basis, through debit from employees' salaries.

The impairment movement for other assets in the financial years that ended on 31 December 2018 and 2017 was as follows:

	31/12/2018	31/12/2017
Initial balance	359 238	344 478
Allocations	116 679	14 760
Usage	0	0
Reversions	0	0
FINAL BALANCE	**475 917**	**359 238**

29. RESOURCES FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Resources from other national credit institutions		
Interbank money market		
Liquidity	3 000 000	20 000 000
Payable interest	273 863	736 438
Liabilities in the Payment System	1 250 954	777 412
	4 524 817	**21 513 850**

The Interbank Money Market's transactions were scheduled by periods of maturit on 31 December 2018 and 2017, as follows:

	31/12/2018	31/12/2017
Untill three months	0	0
From three months to one year	3 273 863	20 736 438
From one to three years	0	0
More than five years	0	0
	3 273 863	**20 736 438**

The heading "Liabilities in the Payment System" on 31 December 2018 and 2017 refers to:

	31/12/2018	31/12/2017
Liabilities in the Payment System		
Payable cheques	263 967	542 889
Payable orders	196 861	95 137
STC clearing	106 936	2 063
Rede Multicaixa clearing	610 832	7 747
Western Union clearing	159 728	100 158
Mastercard clearing	(87 424)	29 364
Other clearing operations	54	54
	1 250 954	**777 412**

30. RESOURCES FROM CLIENTS AND OTHER LOANS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Sight deposits		
Sight deposits	83 483 310	65 908 642
Term deposits		
Term deposits	38 995 880	35 437 721
Other deposits		
Prepaid cards	707 855	123 949
	123 187 045	**101 470 312**

On 31 September 2018 and 2017, most customers' sight deposits are not remunerated..

On 31 September 2018 and 2017, all the transactions of term deposits have a fixed interest rate.

The resources from clients and other loans by maturity periods are scheduled, on 31 December 2018 and 2017, as follows:

	31/12/2018	31/12/2017
Payable sight deposits	84 191 165	66 032 591
Payable term deposits		
Until three months	10 466 119	21 736 009
From three months to one year	28 390 973	13 544 039
From one to five years	138 788	152 564
More than five years	0	5 109
	38 995 880	**35 437 721**
	123 187 045	**101 470 312**

31. PROVISIONS

The movements of the provisions on 31 December 2018 and 2017 was the following:

	PROVISIONS FOR GUARANTEES AND OTHER COMMITMENTS	OTHER PROVISIONS FOR RISKS AND CHARGES	TOTAL
BALANCE ON 31 DECEMBER 2016	**209 392**	**2 579 183**	**2 788 575**
Allocations	563 511	586 275	1 149 786
Reversions	(539 011)	0	(539 011)
Transfers	0	0	0
Exchange rate differences	0	0	0
BALANCE ON 31 DECEMBER 2017	**233 892**	**3 165 458**	**3 399 350**
Allocations	2 483 545	761 650	3 245 195
Reversions	(2 772 712)	0	(2 772 712)
Transfers	0	0	0
Exchange rate differences	202 313	0	202 313
BALANCE ON 31 DECEMBER 2018	**147 038**	**3 927 108**	**4 074 146**

The balance in this heading will cover several duly identified contingencies resulting from the Bank's activity, which are reviewed on each reporting date, in order to establish the most accurate amount estimate and the respective payment probability.

The heading "Other provisions for risks and charges" breaks down on 31 December 2018 and 2017, as follows:

	31/12/2018	31/12/2017
Provisions for retirement complements	379 843	379 843
Provisions for retirement funds	1 585 629	1 057 086
Other provisions	1 961 636	1 728 529
	3 927 108	**3 165 458**

On 31 December 2018 and 2017, the balance of the heading "Provisions for retirement complements" is meant to cover liabilities related to "Retirement Compensations", in accordance with Law 2/2000 and Articles 218 and 262 of the General Work Law. Although, as mentioned in note 2.11, this complement ceased to exist in the new General Labour Law, adopted by Law nº. 7/15 of 15 June, that entered in force on 15 September 2015, the Bank maintained part of this provision, based on the assumption of granting this complement all the same to the elder employees of the institution.

On 31 December 2018 and 2017, the balance of the heading "Provisions for retirement funds", registers the initial allocation of the responsibility for the retirement pensions complementary to the social security system of Angola, for the employees of BCI coming from Banco Nacional de Angola. Due to its high value, calculated by an actuarial study carried out by ENSA in September 2016, the Bank's administration decided in 2016 to recognise this responsibility for five years (from 2016 to 2020).

On 31 December 2017, the balance of the heading "Other provisions", includes the provision for additional losses constituted by the Bank in the amounts of mAKZ 1.668.829 (31 December 2017: mAKZ 1.435.722), as a result of negative own capital of BCI Imobiliária and the Bank's intention to maintain the financial support of its subsidiary.

32. CURRENT TAX LIABILITIES

The value of this heading is composed by:

	31/12/2018	31/12/2017
Property Tax on owned real estate	14 718	7 625
Stamp duty supported by the banko	3 661	3 881
	18 379	**11 506**

33. SUBORDINATE LIABILITIES

The value of this heading is composed by

	31/12/2018	31/12/2017
Credit programmes of the Angolan Executive		
Crédito Meu Negócio Minha Vida	8 645 221	8 645 221
Crédito Agrícola de Investimento	1 870 800	1 870 800
PROjovem / Working capital	643 308	81 622
Received credit lines	4 689 766	3 200 000
Funded projects	(4 046 458)	(3 118 378)
Assets bound to letters of credit	536 453	635 080
	11 695 782	**11 232 723**

On 31 December 2018 and 2017, the balance of the heading "Subordinated liabilities – Credit programmes from the Angolan Government" refers to financial conventions concluded with the Banco de Desenvolvimento de Angola, Ministry of Finance and Ministry of Economy, who finance the Bank credit grants to small entrepreneurs and specific activity sectors.

On 31 December 2018 and 2017, the balance of the heading "Assets bound to letters of credit" refers to a funding line from Banco Novo, S.A., aimed at providing documentary credits to the customers (see note 19).

34. OTHER LIABILITIES

The value of this heading is composed by:

	31/12/2018	31/12/2017
Liabilities of a Social and Statutory Nature		
Supplements	81 796	81 796
Liabilities of a Fiscal Nature		
Tax payable (withheld from third parties)		
Dependent employment income tax	129 302	88 015
Stamp duty	21 535	17 985
Urban property tax	5 704	3 464
Employed capital tax	17 219	10 571
Industrial tax on service supply	24 798	27 780
Excise duty	391	1 106
Social security	0	42 310
Others	0	0
	198 949	**191 231**
Liabilities of a Civil Nature		
National Treasury account and collected revenue	1 510 085	3 819 919
Creditors due to resources to disburse	235 846	6 192 108
Liability transactions pending settlement	158 045	89 805
Suppliers	493 286	313 307
Social fund for the employees	408 666	407 710
	2 805 928	**10 822 849**
Administrative and Trading Liabilities		
Staff – Salary and other remuneration		
Estimate of holidays and holidays allowances	1 169 760	839 283
Labour union and sports association	10	4 215
Other administrative costs		
Estimate of other costs	45 442	16 237
	1 215 212	**859 735**
	4 301 885	**11 955 611**

On 31 December 2018 and 2016, the heading "Liabilities of a Social or Statutory Nature - Supplements" refers to the supplements from the Bank's shareholders.

On 31 December 2018 and 2017, the heading "Fiscal Liabilities - Tax payable" registers the various taxes retained by the bank in December, as well as the social security to be submitted to the Ministry of Finance and the INSS in January 2019 and 2018, respectively.

On 31 December 2018 and 2017, the heading "Liabilities of a Civil Nature - National Treasury accounts and revenue collections" refers mainly to amounts to be handed to the Ministry of Finance, resulting from the revenue collection.

On 31 December 2018 and 2017, the heading "Liabilities of a Civil Nature - Creditors due to resources to disburse" registers the liquidity funds from documentary credit transactions.

On 31 December 2018 and 2017, the heading "Liabilities of a Civil Nature - Social Fund for the employees" registers the amount deducted from the Bank's employees to the social fund.

35. SHARE CAPITAL

The 25th Ordinary General Meeting of Shareholders of BCI, held on April 2018, approved an increase of the share capital of the Bank in the global amount of mAKZ 30.838.000, fully subscribed and paid for by the main shareholder (Ministry of Finance), in cash in 2014, in the value of 4.338.000, and in Treasury Bonds in 2015, 2016 and 2017, in the value of mAKZ 4.000.000, mAKZ 10.000.000 and mAKZ 12.500.000, respectively. The Bank recorded the referred capital increase initially in the heading "Other reserves and Funds", given that, up to that date, this capital increase had not yet been approved by the Ordinary General Meeting of Shareholders. On December 2018, the Bank signed the public deed for the share capital increase, registered it at the notarial Commercial Registry, formalised it in the National Bank of Angola, and the accounting for the correspondent balance in the heading "Share Capital" was made.

As a result of the transactions described above, on 31 December 2018 and 2017, the share capital of the Bank is composed as follows:

	31/12/2018	31/12/2017
Ordinary shares	37 078 372	6 240 372
Monetary updating of capital reserve	175 707	175 707
Share premium	653 582	653 582
	37 907 661	**7 069 661**

On 31 December 2018 and 2017, the shareholders structure of the Bank has the following composition:

	31/12/2018		31/12/2017	
	SHARE %	AMOUNT	SHARE %	AMOUNT
Ministry of Finance	98,92%	36 679 448	93,60%	5 841 448
Sonangol	0,19%	70 615	1,13%	70 615
Ensa	0,19%	70 615	1,13%	70 615
Porto de Luanda	0,19%	70 615	1,13%	70 615
TAAG	0,19%	70 615	1,13%	70 615
Cerval	0,08%	27 850	0,45%	27 850
TCUL	0,08%	27 850	0,45%	27 850
Endiama	0,08%	27 850	0,45%	27 850
Angola Telecom	0,08%	27 850	0,45%	27 850
Bolama	0,01%	5 064	0,08%	5 064
	100,00%	**37 078 372**	**100,00%**	**6 240 372**
Monetary updating of share capital reserve		175 707		175 707
		37 254 079		**6 416 079**

36. OTHER RESERVES AND RETAINED EARNINGS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Reserves and Funds		
Legal Reserves	1 851 788	1 719 183
Change in accounting policies	(3 657 415)	(3 657 415)
Other reserves and funds	1 197 436	32 035 438
	(608 191)	**30 097 206**
Retained Earnings	(10 743 966)	(11 274 385)
	(11 352 157)	**18 822 821**

Under the terms of the legislation in force, the Bank should constitute a legal reserve fund until its concurrence with its share capital. For this purpose, a minimum of 10% of the net income of the previous year is transferred annually to this reserve. This reserve may be used to cover accumulated losses, only when all other constituted reserves have been depleted.

Throughout the year 2014, the share capital was increased, in the amount of mAKZ 4.338.000, and was fully subscribed and paid for in cash by the main shareholder, the Ministry of Finance. The Bank registered the above-mentioned capital increase in the heading "Other Reserves and Funds", given the absence of a notary's registry and formalisation at the BNA.

Throughout the year 2015, the share capital was increased, in the amount of mAKZ 4.000.000, and was fully subscribed and paid for in Treasury Bonds by the main shareholder, the Ministry of Finance. The Bank registered the above-mentioned capital increase in the heading "Other Reserves and Funds", given the absence of a notary's registry and formalisation at the BNA.

Throughout the year 2016, the share capital was increased, in the amount of mAKZ 10.000.000, and was fully subscribed and paid for in Treasury Bonds by the main shareholder, the Ministry of Finance. The Bank registered the above-mentioned capital increase in the heading "Other Reserves and Funds", given the absence of a notary's registry and formalisation at the BNA.

Throughout the year 2017, the share capital was increased, in the amount of mAKZ 12.500.000, and was fully subscribed and paid for in Treasury Bonds by the main shareholder, the Ministry of Finance. The Bank registered the above-mentioned capital increase in the heading "Other Reserves and Funds", given the absence of a notary's registry and formalisation at the BNA.

On 2018, all the amounts mentioned above were transferred to the heading "Share Capital", given the signing of the notarial deed of the share capital increase and its formalisation at BNA.

37. GUARANTEES AND OTHER COMMITMENTS

The value of this heading is composed by:

	31/12/2018	31/12/2017
Guarantees provided	1 051 799	543 876
Open documentary credits	10 762 076	3 444 526
Irrevocable credit lines	2 280 581	2 357 408
Received guarantees	(82 140 209)	(77 060 892)

The guarantees and sureties are bank operations which do not consist on call for funds by the Bank, being related with guarantees provided for support of import transactions and for the execution of contracts by the Bank's customers. The guarantees provided represent values, which can be required in the future.

The opened documentary credits are the Bank's irrevocable commitments, on the costumer's behalf, to pay/send a pre-determined amount to the supplier of a certain good, within the established period of time, against the presentation of documents referring to the goods dispatch. The quality of irrevocable consists on the fact of not being viable its cancellation or modification without the agreement of all the involved parties.

The irrevocable credit lines (commitments assumed to third parties) represent contractual agreements with the Bank's customers for loans granting (for example, unused credit lines), which, generally, are hired with fixed deadlines or with other expiration requirements and, normally, require a commission payment. Those commitments represent values, which can be required in the future.

Despite the singularities of these commitments, the analysis of these operations follows the same basic principles of any one another commercial operation, namely the solvency of the underlying client and business. The Bank requires that these operations are duly collateralised when necessary. Since it is probable that most amounts expire without having been used, the indicated amounts do not necessarily show the need of future cash flows.

The financial instruments accounted as Guarantees and Other Commitments are subject to the same approval and control procedures applied to the credit portfolio, namely, on what concerns the adequacy evaluation of the provisions made as described in the accounting policy in note 2.17. The maximum credit exposure is represented by the contingent liabilities and other Bank's commitments nominal value that could be lost in the event of non-compliance by the respective counter parties, without taking into consideration the potential credit or collateral recoveries.

38. TRANSACTIONS WITH RELATED PARTS

In accordance with IAS 24 (Disclosure of Related Parts), the following entities are considered to be related to the Bank:

i) Shareholders of qualified holdings - Shareholders, assuming that such takes place when the shareholding is not less than 10%;

ii) Entities directly and indirectly involved in dominance or group relationship - Subsidiaries, partners or joint control companies;;

iii) Members of the management and auditing boards of the Bank, and their spouses, descendents or ascendants until the second degree of direct relatedness, who are considered the last transactions or assets' beneficiaries.

On 31 December 2018 and 2017, the main balances and transactions held with shareholders, subsidiaries and other related entities, are the following::

	31/12/2018				31/12/2017			
	SHAREHOLDERS	SUBSIDIARIES	OTHER ENTITIES	TOTAL	SHAREHOLDERS	SUBSIDIARIES	OTHER ENTITIES	TOTAL
Assets								
At fair value through profit and loss	11 277	-	554 632	565 909	115 500	-	-	115 500
Held to maturity	43 323 381	-	-	43 323 381	55 634 710	-	-	55 634 710
Loans to costumers	-	3 105 223	691 806	3 797 029	-	1 866 029	565 610	2 431 639
Other assets	16 281 506	4 079 192	7 147	20 367 845!	15 298 842	3 962 238	40 395	19 301 475
Deposits								
Sight deposits	2 466 978	184 878	87 617	2 739 473	1 076 342	161 955	95 300	1 333 597
Term deposits	844 576	309 206	19 580	1 173 362	937 363	234 173	20 097	1 191 633
Subordinated liabilities	10 516 021	-	-	10 516 021	10 516 021	-	-	10 516 021
Other liabilities	1 790 830	-	-	1 790 830	4 050 636	-	-	4 050 636

On 31 de December 2018 the shareholders entities are the following:

Ministry of Finance
Sonangol, EP
ENSA – Empresa Nacional de Seguros de Angola
Porto de Luanda
TAAG - Linhas Aéreas de Angola
Cerval
TCUL
Endiama
Angola Telecom
Bolama

On 31 December 2018, the subsidiary entities are the following:

Servauto, S.A.R.L.
EBA - Empreendimentos e prestações de serviços
Multitel, Lda.
Mutombe, Lda.
BCI Imobiliária, S.A.R.L.
ILHA - Sociedade Gestora de Organismos de Investimento Colectivo, S.A.

On 31 December 2018 the other related entities are the following:

Bricomil, S.A.R.L.
Sociedade Angolana Promoção de Shoppings
CLV - Viana Park
EMIS - Empresa Interbancária de Serviços
Filomeno da Costa Alegre Alves de Ceita
Maria do Carmo Bastos Corte Real Bernardo
Jorge Leão Peres
João de Jesus Batalha Freire dos Santos
Carlos Alberto Teixeira Dalva Sequeira Bragança

All the transactions with related parties are held at normal market prices, pursuant the fair value principle

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value is based on the quoted market prices, whenever those are available. If they do not exist, the fair value is estimated through the internal models based on cash flow discount techniques. The cash flow generation of the different instruments is based on the respective financial characteristics, and the discount rates incorporate both the market interest rate curve and the respective issuer's actual risk levels.

The fair value is influenced by the parameters used in the evaluation model, which necessarily incorporate a certain level of subjectivity, and presents exclusively the value given to the several financial instruments.

Whenever applicable, the Bank uses the following fair value hierarchy, with three levels in the valuation of financial instruments (assets and liabilities). This demonstrates the level of judgement, the level of used data observation and the importance of the parameters used to determinate the instrument's fair value, in accordance with IFRS 13 (Measurement of fair value):

Level 1: The fair value is based on non-adjusted quoted prices, taken in transactions in active markets involving financial instruments identical to the instruments to be evaluated. Whenever more than one active market for the same financial instrument exists, the relevant price is the one applicable in the instrument's main market, or the most advantageous, which is accessible;

Level 2: The fair value is calculated through the assessment techniques based on data observed on the active markets, whether they are direct (prices, rates, spreads) or indirect (derivatives) data, and valuation assumptions similar to data, that an unrelated third party would use for the fair value estimate of the same financial instrument. Instruments, of which the valuation is obtained using prices made available by independent entities, whose markets have less liquidity, are included as well;

Level 3: The fair value is defined based on unobservable data on active markets, by means of techniques and assumptions, that the market participants would use to assess the same instruments, including the assessment assumptions of the risks inherent in the applied assessment technique, the used inputs and included in the review procedures of the acuity of the obtained data.

On 31 December 2018 and 2017, the presentation of the financial instruments distributed in accordance with the above mentioned levels established by the IFRS 13 does not apply, as the total number of financial instruments registered in the balance sheet on those dates are registered at amortised cost.

In accordance with the assessment carried out by the Bank's Board, the fair value of the financial instruments, registered in the balance sheet on 31 December 2018 and 2017, does not differ significantly from its book value.

The Treasury Bonds (TB) are registered in the Bank's balance sheet in the heading Investments held to maturity. Consequently, they are maintained at amortised cost. The calculation of the fair value of these titles was not carried out, as far as:
i) They are not traded in an active market;

ii) The transactions between financial institutions are infrequent and may not reflect the fair value of the securities;

iii) There are no market inputs available, that can be obtained on a regular basis, that could allow the assessment of TB in the portfolio..

The Bank takes into account an active market for a financial instrument on the date of the measurement, depending on the turnover and the conducted liquidity operations, on the relative volatility of the quoted prices and on the available information, therefore taking into account the following minimum conditions:
i) The existence of frequent day-to-day negotiation quotations over the past year;

ii) The above mentioned quotations change regularly;

iii) The existence of executable quotations of more than one entity.

A parameter used through a valuation technique is considered relevant on the market, if the following conditions are fulfilled:
i) If its value is determined on an active market;

ii) If there is an OTC market and it is reasonable to assume that the conditions of the active market are verified, with the exception of the condition of the trading volumes;

iii) The value of the parameter can be obtained through the inverse calculation of the financial instrument prices and/or derivatives, where the remaining necessary parameters for the initial valuation can be observed on a liquid or OTC market, which meet the previous paragraphs.

40. ACTIVITY RISK MANAGMENT

Risk is an element, that is part of any activity in our lives, and, consequently, it is inherent in the banking activity. Any type of risk (financial and non-financial) is included in the concept of risk that companies have to face and consider as an uncertainty.

The Bank is not an exception, concerning the profit and loss value, related to both the potential profit and the exposure to loss.

Given its specific nature, the banking activity implies the exposure of the institution to several types of risks. Taking risks is at the core of a financial institution's activities.

In the banking context, risk is understood as the probability of loss, i.e. the risk can be anything that may have an impact on the institutions' capital, resulting from expected or unexpected events.

The banking risks can be differentiated according to its nature, as follows:
i) Financial Risk: when the risk is directly related to monetary assets and liabilities;

ii) Non-financial risk: when the risk results from external (social, political or economic) or internal (human resources, technology, procedures and others) circumstances regarding the institution;

iii) Other risks: specific risk of which the impact leads to a strong imbalance for the whole financial system, at national or international scale.

As mentioned above, banks are subject to many risks that go beyond financial risks. However, the focus is on the banks' financial risks approach promoted by regulators of the sector, who have defined the principles and the basic rules to apply on the financial institutions.

CREDIT RISK

Loans are one of the oldest banking activities, and the credit risk is related to the loss by absence of payment (or breach of contract) by the counterpart. It corresponds to the risk of the financed counterpart breaching its obligation on a specific date.

With this in mind, but considering the assessment of the credit risk, it is noticed that borrowers might not pay the borrowed credit and its tax rate, and therefore, before the granting of credit, it is necessary to carefully assess the conditions to be established, including real, personal and other guarantees, and the information concerning their situation and activity.

The credit risk is the most important risk in the bank sector, defined as the risk of the counterpart breaching the payment obligation. The risk of credit is divided in several risk components, of which the following stand out:
i) Default Risk: is the risk of the borrower not fulfilling the debt service of a loan resultant of a default event, in a certain period of time. Examples: the payment delay; a restructuring operation and the debtor's bankruptcy or liquidity, that may cause a total or partial loss of the value granted to the counterpart.

ii) Concentration risk: possibility of loss resulting from concentrations of high loans to a small number of borrowers and/or risk group, or in few activity sectors;

iii) Risk of guarantee's degradation (collateral): it does not lead to an immediate loss, but in the probability of a default event, resulting from the fall of the offered quality caused by a collateral devaluation in the market, or from the the disappearance of the borrower's assets.

The Basel Committee for Banking Supervision - BCBS, faces the credit risk as the possibility of the bank's borrower or counterpart bracing their obligations in compliance with the terms agreed upon (BCBS, 2000:1). IASB, in the International Financial Reporting Standard - IFRS - Financial Instruments, defines the risk of a financial instruments' participant not fulfilling an obligation, and causing a financial loss for the other participant.

The credit risk is considered the main risk underpinning the banking activity, as its management consists of the implementation of strategies to maximise results in view of the exposition to the risks assumed in credit operations, always with respect for the supervisor's regulatory requirements.

MARKET RISK

There is a variety of market risk concepts and the institutions are subject to market risks, whether these are placed in constant balance sheet position or in off-balance sheet positions. The market risk consists on the possibility of losses resulting from situations adverse to the market prices, such as changes to interest rates, exchange rates, shareholding market and goods prices. (commodities).

Therefore, one can say that the market risk results from potential losses in business (trading book) or investment portfolios, that result from the changes in the economic and financial market conditions. When approaching the investment portfolios, the composition of a security portfolio, this risk can not be fully eliminated through diversification, as the market risk affects all the securities and, therefore, all the portfolios.

The market risk is defined as the risk that a financial instrument's fair value or future cash flow may fluctuate, due to changes to market prices, and this may imply three type of risks, namely:

i) Foreign exchange risk: the risk that a financial instrument's fair value and future cash flow may fluctuate due to changes in foreign exchange rates;

ii) Interest rate risk: the risk that a financial instrument's fair value and future cash flow may fluctuate due to changes interest rates in the market;

iii) Other price risks: the risk that a financial instrument's fair value and future cash flow may fluctuate due to changes in the market prices (not related to interest rate risks or foreign exchange rate risks), whether these changes may be caused by individual instrument and its issuer's specific factors, whether factors that might affect all similar instrument traded in the market (it can be associated to commodities, commodities risk, securities quotations risk and real estate risk).

LIQUIDITY RISK

The management of a certain liquidity level is one of the central concerns of financial institutions.

One of the critical aspects of the banking business is precisely the process of transforming short term funds into medium and long term. An adequate liquidity management translates into the institutions' capacity to continue the credit activity and face their responsibilities' maturity.

Or, lato sensu, the liquidity risk results from the mismatch between assets and liabilities maturity patterns, i.e., the liquidity risk results from the decompensation of the dimension and maturity between assets and liabilities.

The concept of liquidity can be used in several contexts. It can be used to describe financial instruments and their markets. A liquid market is composed by liquid assets, in which normal transactions may easily take place. And it can also be used in a sense of understanding the solvency of a company.

One of the main lesson from the recent financial crisis of mid 2007 in USA with the sub-prime crisis, was the evident level of fragility of the world financial market exposure to the liquidity risk.

On a moment when big financial institutions face an insolvency situation, it is possible to observe the effort from several banks to maintain adequate liquidity levels, which are required by the central banks of their countries, in order to sustain these banks transactions and, mainly, the banking system as a whole.

This way, the financial crisis pointed out the importance of liquidity risk in financial institutions and, at the same time, to the need of regulation.

OPERATIONAL RISK

The operation risk results from the flaw in the analysis, processing of transactions, internal and external frauds and from the existence of insufficient or inadequate human resources.

STRATEGY RISK

Results from inadequate strategic decisions, from deficient decision implementation or from the capacity of answering to the entourage and the changes to the institution's business environment.

REPUTATION RISK

Results from a negative perception of the institution's public image, whether or not justified, amongst customers, suppliers, financial analysts, employees, investors, press or public opinion in general.

COMPLIANCE RISK

Results from the breach of or non-compliance with laws, regulations, contracts, codes of conduct, usual practices and ethical principles.

COUNTRY RISK OR SOVEREIGN RISK

This type of risk is related to specific political, economic or financial changes or disruptions, in places where the counter parties operate, that might hinder compliance with the contract. It is also used to qualify the counterpart risk involved in loans to state institutions, given the similarity between the analysis methods used for a State country risk and counterpart risk.

41. IMPACT OF THE TRANSITION TO IFRS

The IFRS entrance into force in the Angolan market was planned in phases, and carried out in two distinct years. The Banco Nacional de Angola separated all banks into two groups, in accordance with duly defined criteria. The first group fully adopted the IFRS in 2016, and the second, in which BCI was included, in 2017.

With the entrance in force of IFRS on 1st January 2017 and according to Notice nº. 6/2016, of 22 June, from BNA, BCI needed to proceed with adjustments that resulted from the application of new accounting principles and that lead to changes to Balance Sheets values, Equity and Net Income of 2016, prepared in accordance with the previous accounting norms establish in the Financial Institutions Accounting Plan (CONTIF). The 2017 accounts were already prepared in accordance with the IFRS, and will not need further adjustments to the accounts, with the exception of monitoring the adjustments related with operations that were initially adjusted and that are still in force.

The transition adjustments with reference to 1st January and 31 December 2016 resulted on negative asset variation. In accordance with Industrial Tax Law currently in force, the negative asset variation is not relevant for the assessment of taxable income or the tax calculation. On 1st January and 31 December 2016, deferred active tax was created over transition adjustments, as presented in detail in note 27.

42. SUBSEQUENT EVENTS

Concerning the analysed financial year, we have no knowledge of any subsequent facts or events after 31 December 2018, until the approval of the Financial Statement, that may justify adjustments or acknowledgements in Notes to the Accounts that may affect significantly the situations and information presented there and/or that may have changed or that might further change, significantly, favourably or unfavourably, the Bank's financial situation, its profit and loss and/or its activities.

KALANDULA WATERFALLS, LUCALA RIVER
MALANJE, ANGOLA

15. OPINION OF THE AUDIT BOARD

OPINION ON FINANCIAL YEAR 2018

Dear Shareholders,

1. In accordance to the legal and statutory provisions, namely Law nº. 8-A/91, of 16 March, which creates Banco de Comércio e Indústria, S.A.R.L., (BCI) and approves its Articles of Association, and the Law nº. 42/01, of 6 July (Regulations of Supervisory Boards of Public Companies), the Law nº. 1/04 of 13 February (Company Acts) as well as the Banco Nacional de Angola (BNA) Notices, we present the Audit Board's opinion on the Annual Report regarding the financial year 2018.

2. During the referred financial year, we had the opportunity to follow the Bank's activity, through direct contact kept with the several areas of Accounting and Payment, and with the External Auditors, as well as through the accounting information that we received.

3. When performing our task, we appreciated the BCI Annual Report, having noted that:

3.1. In order to fulfil the requirements of BNA Notices nº.1 and 2/2013, regarding corporate governance and the internal control system, the shareholders, in General Assembly Meeting, have not yet approved the instruments referred in the 2015 Annual Report, namely:

- Corporative Government Model;

- Policy Manual of Risk Managment and Internal Control;

- Internal Audit Manual;

- Flowchart for Internal Control and Amendments to the Code of Conduct;

3.2. The Audit Board looks forward for the General Assembly of Shareholders to schedule the Executive Board's Internal Regulations appraisal.

3.3. From the Board of Directors Report, we highlight the most relevant aspects of BCI's activity in the year of 2018, which presents a Share Capital of AKZ 37.254,1 millions against AKZ 6.416,1 millions in 2017, that resulted from the State Shareholder's capital strenghtening performed in previous years. The Operating Income of the institution totaled at AKZ 20.268,4 millions, against AKZ 21.409,0 millions in the past year, mostly due to the decrease of the Complementary Margin, which, from AKZ 13.151,3 millions in 2017, decreased to AKZ 9.085,5 millions in 2018, despite the increase of the financial margin, which changed from AKZ 8.257,7 millions in 2017 to AKZ 11.182,9 millions in 2018.

3.4. The Net Income of the financial year was positive, for the second consecutive time, changed from AKZ 6663,0 millions in 2017 to AKZ 702,4 millions in 2018, meaning an increase of 6%.

3.5. The Supervisory Board analysed and agrees with the content of the External Audit Report.

3.6. On the other hand, the Supervisory Board did not identified, any violation of the Law or BCI's Statutes, during the financial year of 2018.

4. For all the mentioned above and in the scope of our opinion, we have the following recommendation for the Shareholders:

a) The approval of the 2018 Accounts Report;

Luanda, 15 Abril 2019

Executive Board

(signature)
Júlio João Moniz
(Chairman-in-Office)

(signature)
José Manuel Rela dos Santos Bento
(Board Member)

16. EXTERNAL AUDIT REPORT

INDEPENDENT AUDIT REPORT

(Values expressed in millions of Kwanzas)

To Board of Directors of Banco de Comércio e Indústria, S.A.

INTRODUCTION

1. We have audited the balance sheet as at 31 December 2018, (which presents a total of mAOA 175.059.917 and a total equity of mAOA 27.257.863, including a net income of mAOA 702.359), the income statement by natures, income statement by comprehensive result, the statement of change in equity and the cash flow statement referring to the financial year concluded on the date mentioned above, as well as the notes annex to the financial statements, which include a synthesis of significant accounting policies.

LIABILITY OF THE BOARD ON THE FINANCIAL STATEMENT

2. The Board of Directors is responsible for the preparation and the appropriate presentation of the referred components, in accordance with the International Financial Reporting Standards and the internal control which is considered necessary to allow the preparation of a those components free from material distortion due to fraud or error.

AUDIT RESPONSIBILITY

3. Our responsibility consists of expressing an independent opinion about the balance sheet and the financial statement, based on our audit, which was conducted according to the Technical Standards of the Accountants and Accounting Experts Association of Angola. These standards demand that we comply with ethical principles and that we plan and carry out the audit in order to obtain a reasonable assurance that the financial statement is free from any material distortion.

4. An audit implies carrying out procedures in order to obtain audit evidence concerning the figures and disclosures presented in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material distortion of the financial statement due to fraud or error. With this risk assessments, the auditor considers the internal control relevant to the preparation and presentation of the financial statement carried out by the entity in order to generate audit procedures appropriate for the circumstances, but not with the aim of expressing an opinion about the efficiency of the entity's internal control. An audit also includes assessing the adequacy of the accounting policies and the reasoning of the accounting estimates made by the Board, as well as the global presentation of the financial statement.

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

UNQUALIFIED OPINION

6. In our opinion, the balance sheet and the financial statement referred in paragraph 1 present appropriately in all the relevant material aspects, the financial position of Banco Comércio e Indústria, S.A. in 31 December 2018, as well as its financial performance and cash flows referring to the period ended on that date, according to the accounting principles generally accepted in Angola.

EMPHASIS

7. In accordance with the note 3.4 of the annex, the profit tax declarations and other taxes can be subject to revision and correction by the tax authorities within the five years following the financial year to which they refer (10 years for Social Security). However, the Board considers that eventual corrections resulting from those revisions will not be relevant for the annex financial statement.

Luanda, 11 April 2019

CROWE HORWATH ANGOLA
Represented by João Martins de Castro
Chartered Accountant registered at OCPCA under no. 20140123

BCI
MULTI FÁCIL

Levante até 50.000kz sem cartão.

Levantar dinheiro sem cartão no BCI é um processo de fácil execução, envolvendo uma transferência que fica disponível para o beneficiário na hora. O processo consiste em alguns passos rápidos que permitirão o levantamento a partir de uma caixa automática do BCI.

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